Exhibit A

THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AND IS SUBJECT TO THE QUALIFICATIONS SET FORTH HEREIN IN ALL RESPECTS.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	)	Chapter 11
GSC GROUP, INC., et al.,[1]	)	Case No. 10-14653 (AJG)
Debtor.	)	Jointly Administered

DISCLOSURE STATEMENT FOR THE JOINT CHAPTER 11 PLAN FOR GSC GROUP, INC. AND ITS AFFILIATED DEBTORS PROPOSED BY THE NON-CONTROLLING LENDER GROUP

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Dated: New York, New York
June 28, 2011

[1] The Debtors, along with the last four digits of each Debtor's federal tax identification number, are: GSC Group, Inc. (6382), GSCP, LLC (6520), GSC Active Partners, Inc. (4896), GSCP (NJ), Inc. (3944), GSCP (NJ) Holdings, L.P. (0940), GSCP (NJ), L.P. (0785), and GSC Secondary Interest Fund, LLC (6477).

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ARTICLE I.
INTRODUCTION

UNLESS OTHERWISE DEFINED HEREIN, ALL CAPITALIZED TERMS CONTAINED HEREIN HAVE THE MEANINGS ASCRIBED TO SUCH TERMS IN THE PLAN ATTACHED HERETO.

The Non-Controlling Lender Group, as Plan Proponents, submit this Disclosure Statement pursuant to section 1125 of title 11 of the United States Code (the "Bankruptcy Code") to Holders of Claims against and Equity Interests in GSC Group, Inc. ("GSC Group" or the "Company") and certain of its direct and indirect subsidiaries and GSC Active Partners, Inc. ("AP Inc.") as debtors (each a "Debtor," and collectively, the "Debtors") for (i) the solicitation of acceptances of the Joint Chapter 11 Plan for GSC Group, Inc. and its Affiliated Debtors Proposed by the Non-Controlling Lender Group, dated May 24, 2011, as the same may be amended or modified (the "Plan," attached hereto as Exhibit A), filed by the Plan Proponents with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") and (ii) the hearing to consider confirmation of the Plan (the "Confirmation Hearing"). Except as otherwise indicated in the Plan, the Plan applies to each of the Debtors.

The Non-Controlling Lender Group consists of virtually all of the Prepetition Lenders under the Debtors' Prepetition Credit Agreement (defined below) (each such Prepetition Lender, a "Non-Controlling Lender"). The substantial majority of the Non-Controlling Lenders are long-term Holders of Prepetition Lender Claims and nearly all of them acquired their Claims at par. Today, the Non-Controlling Lenders hold approximately 40% of the Prepetition Lender Claims.

A. General

The Non-Controlling Lender Group believes that the Plan represents a fair and responsible economic resolution for all of the Debtors' creditors and that the Plan will expedite the administration of the Debtors' Chapter 11 Cases and maximize recoveries. The Plan is the most equitable and economic mechanism for resolving these Chapter 11 Cases, as it will avoid the disenfranchisement of creditors and the significant tax liabilities that would result from a sale of the Debtors' Core Assets under section 363(b) of the Bankruptcy Code.

The Prepetition Lenders hold Claims against each of GSC Group, AP Inc., GSCP, LLC ("GSCP LLC"), GSCP (NJ), Inc. ("NJ Inc."), GSCP (NJ) Holdings, L.P. ("Holdings LP"), and GSCP (NJ), L.P. ("NJLP", and together with GSC Group, GSCP LLC, AP Inc., NJ Inc., and Holdings LP, the "Consolidated Debtors"). The Claims of the Prepetition Lenders are secured by a lien on and security interest in substantially all of the assets of the Consolidated Debtors. Based upon information provided by the Debtors' financial advisors, the Non-Controlling Lenders believe that the aggregate value of the Collateral securing the Claims of the Prepetition Lenders is less than the amount of such Claims, and, as a result, they believe that the Prepetition Lenders' Claims are undersecured, and because the Consolidated Debtors own virtually no property other than that which is pledged as Collateral to secure the Prepetition Lender Claims, no General Unsecured Creditor has any realizable economic interest in the estates of the Consolidated Debtors. Accordingly, the denial of the substantive consolidation of the

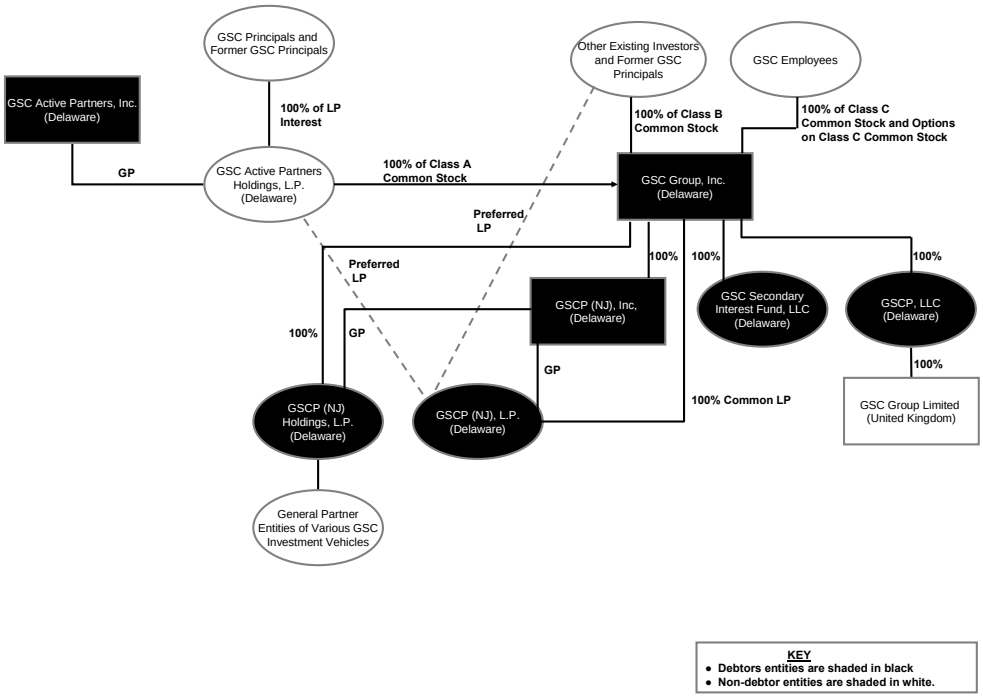
Consolidated Debtors would serve no legitimate interest and would result in an unnecessarily costly and time consuming administrative burden.

The Plan Proponents believe that the substantive consolidation of the Consolidated Debtors' estates solely for voting and distribution purposes is appropriate in these circumstances. Substantive consolidation is an equitable remedy designed to carry out the chief purpose of the Bankruptcy Code – the equitable treatment of all creditors. Where substantive consolidation will benefit all of the creditors of several affiliated debtor estates, substantive consolidation is appropriate. See Union Sav. Bank v. Augie/Restivo Baking Co. (In re Augie/Restivo Baking Co.), 860 F.2d 515, 518 (2d Cir. 1988). Here, substantive consolidation would benefit the creditors of the Consolidated Debtors through (i) "potential savings in costs and time by eliminating the need to disentangle the records and accounts of the debtors"; (ii) "elimination of duplicate claims and the need to adjudicate which debtor is liable"; (iii) "financial benefit from consolidating the operations of the debtors"; and (iv) "whether consolidation would enhance debtor rehabilitation and thereby produce a reorganized enterprise with greater profit potential." In re Drexel Burnham Lambert Grp., Inc., 138 B.R. 723, 765 (Bankr. S.D.N.Y. 1992). Additionally, no creditor of any of the Consolidated Debtors would be harmed by their substantive consolidation because only the Prepetition Lenders would ever be entitled to distributions from the estates of any of the Consolidated Debtors.

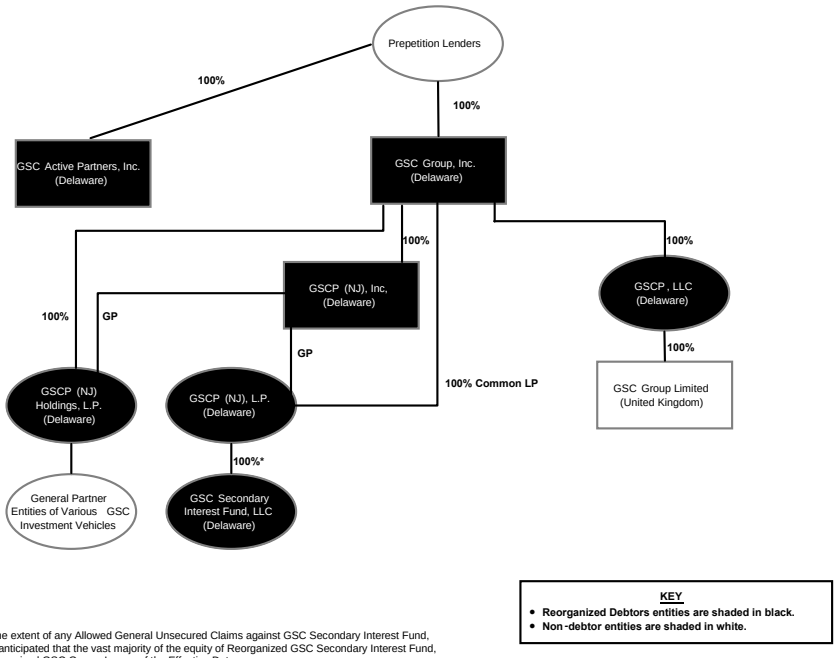
Moreover, substantive consolidation of the Consolidated Debtors' estates is appropriate in light of the substantial entanglement of their affairs. As examples, (1) GSC Group incurred, and all of the other Consolidated Debtors guaranteed the repayment of, the Prepetition Lender Claims, (2) there is in excess of $150 million of Intercompany Claims amongst the Consolidated Debtors, (3) few of the Consolidated Debtors have assets, (4) the Consolidated Debtors shared the costs of overhead, management, accounting, and other related expenses, (5) AP Inc. indirectly owns 100% of the Class A Common Stock of GSC Group, which itself directly or indirectly owns 100% of the Equity Interests in each of the other Consolidated Debtors, (6) the Boards of all of the Consolidated Debtors are effectively controlled by the same Person – Alfred C. Eckert III, and (7) the Consolidated Debtors act from the same business location. See Drexel Burnham, 138 B.R. at 764 (identifying factors that favor substantive consolidation).

The only Debtor not so entangled is GSC Secondary Interest Fund, LLC ("SIF"), which happens to be the only Debtor not obligated under the Prepetition Credit Agreement. However, according to the schedule of assets and liabilities filed by SIF with the Bankruptcy Court, SIF's only obligation is in respect of an approximately $50 million Intercompany Claim held by NJLP, which Claim NJLP has pledged to the Prepetition Lenders as part of the assets securing the Prepetition Lender Claims. To avoid any prejudice that would otherwise result to SIF's other creditors, if any, the Plan does not substantively consolidate SIF's estate with the estate of any other Debtor. Instead, the Plan contemplates the conversion of the NJLP Intercompany Claim against SIF, as well as any other Allowed General Unsecured Claims against SIF, into Equity Interests in the Reorganized SIF.

The reorganization proposed by the Plan will recapitalize the Debtors and will transform their corporate structure. The chart immediately below illustrates the corporate structure of GSC Group and its Affiliates as of the date of this Disclosure Statement.



The Plan contemplates (1) the conversion of the Prepetition Lender Secured Claims against the Consolidated Debtors into Reorganized NJLP New Senior Notes, Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock, (2) the conversion of NJLP's Intercompany Claim against SIF and any other Allowed General Unsecured Claims against SIF into Reorganized SIF Interests, (3) the cancellation of all Equity Interests of non-Debtors in any of the Debtors, and (4) the reinstatement of Equity Interests of any of the Consolidated Debtors in one another. As a result of the transactions contemplated by the Plan, the corporate structure of GSC Group and its Affiliates immediately after giving effect to the transactions contemplated by the Plan will be as follows:



* Subject to dilution to the extent of any Allowed General Unsecured Claims against GSC Secondary Interest Fund, LLC. In any event, it is anticipated that the vast majority of the equity of Reorganized GSC Secondary Interest Fund, LLC will be held by Reorganized GSC Group, Inc. as of the Effective Date.

B. Approval of the Disclosure Statement

On [_____], 2011, after notice and a hearing, the Bankruptcy Court approved this Disclosure Statement as containing adequate information of a kind and in sufficient detail to enable a hypothetical investor in Voting Classes to make an informed judgment whether to accept or reject the Plan (the "Disclosure Statement Order," attached hereto as Exhibit B). APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN OR AS TO THE ACCURACY OF ANY INFORMATION SET FORTH HEREIN OR AS TO THE LEGITIMACY OF ANY STATEMENT OR ALLEGATION CONTAINED HEREIN. Instead, approval indicates that the Bankruptcy Court found only that the Disclosure Statement contains information of a kind, in sufficient detail, and adequate to enable a hypothetical, reasonable investor typical of the Holders of Claims in the solicited Classes to make informed judgments with respect to the acceptance or rejection of the Plan.

The Disclosure Statement Order sets forth in detail, among other things, the deadlines, procedures and instructions for voting to accept or reject the Plan and for filing objections to confirmation of the Plan, the record date for voting purposes and the applicable standards for tabulating ballots. In addition, detailed voting instructions accompany each Ballot.

C. Voting Procedures

If you are entitled to vote to accept or reject the Plan, a ballot (a "Ballot") for the acceptance or rejection of the Plan is enclosed with the Disclosure Statement mailed to you for

the purpose of voting on the Plan. If you hold Claims in more than one Class and you are entitled to vote Claims in more than one Class, you will receive ballots enabling you to vote each separate Class of Claims. After carefully reviewing this Disclosure Statement, including the attached exhibits, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot and return the same to:

Epiq Bankruptcy Solutions, LLC
Attn: GSC Group Ballot Processing Center
757 Third Avenue, 3rd Floor
New York, New York 10017

DO NOT RETURN ANY OTHER DOCUMENTS WITH YOUR BALLOT.

TO BE COUNTED, YOUR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE **RECEIVED** BY NO LATER THAN **4:00 P.M. (PREVAILING EASTERN TIME) ON _____ __, 2011**. ANY EXECUTED BALLOT RECEIVED THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR A REJECTION OF THE PLAN SHALL NOT BE COUNTED.

Pursuant to the Disclosure Statement Order, the Bankruptcy Court set _____ __, 2011 as the record date for holders of Claims and Equity Interests entitled to vote on the Plan (the "Voting Record Date"). Accordingly, only Holders of record as of the Voting Record Date that otherwise are entitled to vote under the Plan will receive a Ballot and may vote on the Plan.

If you are a Holder of a Claim entitled to vote on the Plan and you did not receive a Ballot, received a damaged Ballot or lost your Ballot or if you have any questions concerning the Disclosure Statement, the Plan or the procedures for voting on the Plan, please call Epiq Bankruptcy Solutions, LLC at (877) 797-6086.

D. Confirmation Hearing

Pursuant to section 1128 of the Bankruptcy Code, the Confirmation Hearing will be held on __, 2011 at __:__ __.m. (prevailing Eastern Time) before the Honorable Arthur J. Gonzalez in Room [___], United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton House, One Bowling Green, New York, New York 10004. The Bankruptcy Court has directed that objections, if any, to Confirmation of the Plan must be served and filed so that they are actually filed and received on or before _____ __, 2011 at __:__ __.m. (prevailing Eastern Time). The Confirmation Hearing may be adjourned from time to time without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

E. Notice to Holders of Claims Entitled to Vote

The purpose of this Disclosure Statement is to enable you, as a creditor whose Claim is Impaired under the Plan, to make an informed decision in exercising your right to accept or reject the Plan.

THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN. PLEASE READ THIS DOCUMENT WITH CARE.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN AND, BECAUSE THE PLAN PROPONENTS DO NOT HAVE ACCESS TO THE DEBTORS' AND TRUSTEE'S BOOKS AND RECORDS, MANY OF SUCH STATEMENTS RELY UPON INFORMATION PROVIDED TO THE PLAN PROPONENTS OR THE BANKRUPTCY COURT. THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF REGARDLESS OF THE DATE OF ACTUAL DELIVERY OF THE DISCLOSURE STATEMENT. HOLDERS OF CLAIMS SHOULD CAREFULLY READ THIS DISCLOSURE STATEMENT IN ITS ENTIRETY, INCLUDING THE EXHIBITS, PRIOR TO VOTING ON THE PLAN.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND EQUITY INTERESTS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.

THE DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, AND NOTHING STATED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING ANY OF THE PLAN PROPONENTS OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE PLAN PROPONENTS OR HOLDERS OF CLAIMS OR EQUITY INTERESTS. CERTAIN OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, BY NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES.

NO RELIANCE SHOULD BE PLACED ON THE FACT THAT A PARTICULAR LITIGATION CLAIM OR PROJECTED OBJECTION TO A PARTICULAR CLAIM OR EQUITY INTEREST IS, OR IS NOT, IDENTIFIED IN THIS DISCLOSURE STATEMENT. THE REORGANIZED DEBTORS MAY SEEK TO INVESTIGATE, FILE, AND PROSECUTE CLAIMS AND INTERESTS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE REGULATORY AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT, OR THE

EXHIBITS OR THE STATEMENTS CONTAINED HEREIN, AND ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THIS DISCLOSURE STATEMENT IS NOT LEGAL ADVICE TO YOU. THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. EACH HOLDER OF A CLAIM OR AN EQUITY INTEREST SHOULD CONSULT HIS OR HER OWN LEGAL COUNSEL AND ACCOUNTANT WITH REGARD TO ANY LEGAL, TAX AND OTHER MATTERS CONCERNING HIS OR HER CLAIM OR INTEREST. THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN OR OBJECT TO CONFIRMATION OF THE PLAN.

ALL HOLDERS OF CLAIMS SHOULD CAREFULLY READ AND CONSIDER FULLY THE RISK FACTORS SET FORTH IN SECTION IX – "RISK FACTORS" OF THIS DISCLOSURE STATEMENT BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

SUMMARIES OF CERTAIN PROVISIONS OF AGREEMENTS REFERRED TO IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE COMPLETE AND ARE SUBJECT TO, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO, THE FULL TEXT OF THE APPLICABLE AGREEMENTS, INCLUDING THE DEFINITIONS OF TERMS CONTAINED IN SUCH AGREEMENTS.

CAUTIONARY STATEMENTS CONCERNING PROJECTIONS, VALUATION OF ASSETS, ESTIMATION OF CLAIMS AND FINANCIAL STATEMENTS; FORWARD-LOOKING STATEMENTS:

CERTAIN INFORMATION CONTAINED HEREIN, INCLUDING PROJECTIONS, VALUATION OF ASSETS, ESTIMATION OF CLAIMS AND FINANCIAL STATEMENTS WERE PROVIDED TO THE PLAN PROPONENTS BY THE TRUSTEE OR THE DEBTORS, PUBLICLY DISCLOSED BY THE TRUSTEE OR DEBTORS OR WERE OBTAINED FROM OTHER SOURCES. ALTHOUGH THE PLAN PROPONENTS AND THEIR ADVISORS AND REPRESENTATIVES CONDUCTED A REVIEW AND ANALYSIS OF THE DEBTORS' BUSINESS, ASSETS AND LIABILITIES, THEY RELIED UPON THE ACCURACY AND COMPLETENESS OF ALL SUCH INFORMATION AND ASSUMED THAT SUCH INFORMATION WAS REASONABLY PREPARED IN GOOD FAITH AND ON A BASIS REFLECTING THE TRUSTEE'S AND DEBTORS' MOST ACCURATE CURRENTLY AVAILABLE INFORMATION.

THE INCLUSION OF SUCH INFORMATION HEREIN SHOULD NOT BE REGARDED AS AN INDICATION THAT THE PLAN PROPONENTS OR ANY OF THEIR ADVISORS OR REPRESENTATIVES CONSIDER SUCH INFORMATION TO BE AN ACCURATE PREDICTION OF FUTURE EVENTS OR A COMPLETE AND ACCURATE REFLECTION OF THE DEBTORS' CURRENT FINANCIAL CONDITION AND SUCH INFORMATION SHOULD NOT BE RELIED ON AS SUCH. NEITHER THE PLAN PROPONENTS NOR ANY OF THEIR ADVISORS OR REPRESENTATIVES ASSUMES ANY RESPONSIBILITY FOR THE REASONABLENESS, COMPLETENESS, ACCURACY OR RELIABILITY OF SUCH INFORMATION AND NONE OF THEM INTENDS TO

UPDATE OR OTHERWISE REVISE SUCH INFORMATION TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE WHEN MADE OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS ARE SHOWN TO BE IN ERROR.

THE COURT APPOINTED TRUSTEE NEITHER AGREES NOR DISAGREES WITH THE FACTUAL STATEMENTS SET FORTH HEREIN. HOWEVER, THE TRUSTEE HAS FILED A SALE MOTION WITH THE BANKRUPTCY COURT IN WHICH HE IS SEEKING APPROVAL OF A PROPOSED SALE OF ASSETS TO BLACK DIAMOND AND BLACK DIAMOND AGENT UNDER A SECTION 363 SALE. IN CONNECTION THEREWITH, THE TRUSTEE HAS ASSERTED THAT HE BELIEVES THE PROPOSED 363 SALE IS IN THE BEST INTERESTS OF THE ESTATES AND THAT THE PLAN IS INFERIOR TO THE PROPOSED 363 SALE. MOREOVER, THE TRUSTEE HAS ASSERTED THAT HE BELIEVES THERE IS SUBSTANTIAL CONFIRMATION RISK ASSOCIATED WITH PURSUIT OF CONFIRMATION OF THE PROPOSED PLAN.

CERTAIN MATTERS DISCUSSED HEREIN (INCLUDING, BUT NOT LIMITED TO, THE PROJECTIONS) ARE FORWARD-LOOKING STATEMENTS THAT ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE STATEMENTS INCLUDED HEREIN (INCLUDING PROJECTIONS AND ANALYSES) AND SHOULD BE READ WITH CAUTION. THESE STATEMENTS INCLUDE, BUT ARE NOT LIMITED TO STATEMENTS AS TO: ESTIMATED PROCEEDS OF PROPOSED ASSET SALES, THE DEBTORS' EXPECTED FUTURE FINANCIAL POSITION, LIQUIDITY, RESULTS OF OPERATIONS AND CASH FLOWS, ESTIMATES AS TO RISK THE DEBTORS ARE UNABLE TO COLLECT UPON THEIR OUTSTANDING RECEIVABLES/ASSETS, FUTURE POTENTIAL EFFECTS OF THE CHAPTER 11 CASES, LIQUIDATION VALUATIONS OF ASSETS AND ESTIMATED AMOUNTS OF CLAIMS. THESE STATEMENTS REFLECT VIEWS AND ASSUMPTIONS THAT MAY BE AFFECTED BY VARIOUS FACTORS, INCLUDING THE PLAN PROPONENTS' ABILITY TO CONFIRM AND CONSUMMATE THE PLAN AND DISCHARGE OR SETTLE CLAIMS DURING THE CHAPTER 11 CASES, THE REORGANIZED DEBTORS' ABILITY TO COMPLETE ASSET SALES AND REALIZE EXPECTED RECOVERIES, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, ALL OF WHICH ARE DIFFICULT TO PREDICT AND MANY OF WHICH ARE BEYOND THE CONTROL OF THE PLAN PROPONENTS. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THESE STATEMENTS WILL PROVE ACCURATE, AND ACTUAL RESULTS MAY BE MATERIALLY DIFFERENT THAN THOSE CONTAINED HEREIN.

ARTICLE II.
GENERAL INFORMATION

The description of allegations set forth in this Article II and Article III below is based on the Plan Proponents' view of the matters discussed. As described in Article V, A, the Plan Proponents may move the Court to designate, or disqualify, the votes of Black Diamond Lender pursuant to section 1126(e) of the Bankruptcy Code as having been cast in bad faith. The

inclusion of the allegations set forth in Article II and Article III is not an endorsement by the or any finding by the Bankruptcy Court with respect to any of those allegations.

Black Diamond has advised the Plan Proponents that it contests virtually all of the allegations, and any inferences drawn therefrom, that are contained in this Disclosure Statement with respect to the history of Black Diamond's involvement with the Debtors and its rights and actions taken with respect to the Prepetition Credit Agreement, any conduct, motivation, intent, or the propriety of any of the foregoing, of either Black Diamond Lender or Black Diamond Agent in connection with any of the matters discussed herein. Black Diamond believes that virtually all of the allegations and renditions of alleged facts concerning it and its conduct in connection with Debtors both before and after the commencement of this proceeding are no more than a continuation of a months long attempt by the Plan Proponents to reverse the outcome of the court ordered auction of Debtors' assets held in October 2010 (at which the Debtors selected a joint bid by Black Diamond Capital Management, L.L.C. ("BDCM") and Black Diamond Agent as the winning bid) in favor of a bid placed by another bidder at the Auction. Black Diamond's position is that all of its actions taken in connection with the Debtors, before and after these cases were filed, were entirely proper and consistent with Black Diamond's contractual rights and applicable law. Black Diamond reserves all of its rights with respect to the Plan and the State Court Litigation. Black Diamond's views with respect to the allegations set forth herein are further expressed in its objection to the Plan Proponents' proposed disclosure statement filed with the Bankruptcy Code by Black Diamond on May 23, 2011, a copy of which is attached hereto as Exhibit C.

A. Business of the Debtors

GSC Group (initially established as Greenwich Street Capital Partners, Inc.) was founded in 1994 as a subsidiary of Travelers Group Inc. to invest in private equity transactions. In 1998, following the merger of Travelers Group Inc. and Citicorp, GSC Group became independent from Citigroup and became a diversified alternative asset manager. GSC Group provides debt-focused investment management of alternative assets with a full spectrum of complementary investment product offerings. At its peak, GSC Group had $28 billion of assets under management. As of March 31, 2010, GSC Group had approximately $8.4 billion of assets under management in approximately 28 separately managed investment funds.

The Debtors offer investment management and advisory services through their principal subsidiary, NJLP. NJLP has been a registered investment advisor with the Securities and Exchange Commission (the "SEC") since March 2001. The Debtors, through Holdings LP and SIF, hold investments in certain affiliated investment funds. NJ Inc. serves as the general partner of NJLP and Holdings LP. GSCP LLC is a subsidiary of GSC Group that provided investment advisory services to NJLP and monitoring and management services to certain portfolio companies of the funds. GSC Active Partners Holdings, L.P. ("AP Holdings"), which is not a Debtor, holds one hundred percent of the Class A common stock of GSC Group. AP Holdings was created in 2006 as part of a restructuring transaction pursuant to which some of the former owners of GSC Group contributed their partnership ownership interests in GSC Group in exchange for limited partnership interests in AP Holdings. Debtor AP Inc. was created as part of the same restructuring transaction and acts as the general partner of AP Holdings.

The Debtors focus their business and funds along certain product lines: Distressed Debt, U.S. Corporate Debt, European Corporate Debt and European Mezzanine Lending, and U.S. ABS CDOs.

- Distressed Debt. The Debtors' recovery funds employ a control distressed debt investment strategy that targets companies which the funds believe are operationally sound but overburdened with high levels of debt. The Debtors focus on securities that are either the most senior in the capital structure or have only a moderate level of debt senior to them. The acquired debt securities often are converted into new "restructured" equity at a cost basis that the Debtors believe represents attractive acquisition valuations. Post-restructuring, the funds seek to further enhance value as an active owner through various strategic and financial initiatives.

- U.S. Corporate Debt. The Debtors are experienced U.S. loan managers with eight CLOs and CDOs under management.

- European Corporate Debt. The Debtors have a strong presence as a manager of European CLOs with three such CLOs under management. The portfolios consist of loans and some mezzanine securities. The Debtors have expertise in credit analysis, diverse industries, and all parts of capital structure in many jurisdictions in Europe.

- European Mezzanine Lending. The Debtors' corporate mezzanine lending team provides mezzanine lending in the form of subordinated debt and preferred equity to support financial sponsors, corporations and others seeking to finance leveraged buyouts, strategic acquisitions, growth strategies or recapitalizations in Europe.

- U.S. ABS CDOs. The Debtors are experienced ABS CDO managers with approximately eleven ABS CDO Funds under management. On November 7, 2008, the Debtors entered into an agreement with Institutional Credit Partners, LLC ("ICP") for ICP to act as sub-advisor on the ABS CDO Funds. That relationship was terminated before the Petition Date.

The Debtors generate revenue through management fees, transaction and portfolio monitoring fees, incentive fees and returns on investments. The Debtors, through NJLP, earn fees for the management of funds. The nature and amount of the management fees earned are governed by the applicable management or advisory agreement and vary widely across the funds. The transaction fees are earned by GSC Group for structuring and negotiating transactions with portfolio companies in which the Debtors' funds invest. Portfolio monitoring fees are earned by the Debtors for providing management advisory services to portfolio companies owned by GSC Group-managed funds. Incentive fees are generally earned if the performance of an investment exceeds a threshold set forth in the applicable management contract. The Debtors also co-invest in their funds. As investors, the Debtors are entitled to returns on such investments in accordance with the provisions of the applicable fund documents.

B. Prepetition Management of the Debtors

Before the Petition Date, the Debtors' executive management and GSC Group's Board consisted of only two individuals – Mr. Eckert and Peter Frank. Mr. Eckert served as the chairman, chief executive officer and a director of GSC Group and an officer and director of all

or most of GSC Group's direct and indirect Affiliates. Mr. Eckert owns or controls, directly or indirectly, a substantial number of the shares in several series of common stock issued by GSC Group. Mr. Frank was the president and senior managing director of GSC Group.

On GSC Group's Board, the votes of Messrs. Eckert and Frank were not weighted. Accordingly, there was the possibility of a tie in the event of a vote of the Board. While there was no legal mechanism to address tie votes in corporate governance, Mr. Eckert testified that he would "break the tie" in such circumstances. Mr. Eckert claimed to have "control" under the relevant corporate documents in such circumstances because he could not be fired by the Board and nobody could serve on the GSC Group's Board that Mr. Eckert did not want on the Board. As a result, the Debtors were effectively only able to act through Mr. Eckert.

C. Prepetition Secured Debt

1. Prepetition Credit Agreement and the Swap

NJLP, as borrower, and all of the Consolidated Debtors and certain non-Debtor Affiliates, as guarantors, are parties to that certain Fourth Amended and Restated Credit Agreement dated as of February 28, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the "Prepetition Credit Agreement"), with Black Diamond Commercial Finance, L.L.C. (as Administrative Agent thereto and Collateral Agent under the Security Agreement (as defined below), "Black Diamond Agent"), and the lenders from time to time party thereto. Pursuant to the Prepetition Credit Agreement, NJLP borrowed $193.5 million in term loans (comprised of $73.5 million in new term loans and $119.1 million in continuing and refinanced existing term loans) and gained access to up to $56.5 million (subsequently reduced to $38 million) in revolving credit commitments.

In accordance with the terms of the Prepetition Credit Agreement, NJLP entered into a $97 million notional principle interest rate hedge contract (the "Swap") with Calyon New York Branch ("CALNY", now Crédit Agricole Corporate and Investment Bank) that matures February 15, 2012. Under the Swap, the Debtors were obligated to pay a fixed rate of interest and were entitled to receive from CALNY a three-month LIBOR flat rate. On April 7, 2009, CALNY presented NJLP with a Notice of Early Termination, indicating a termination date of April 14, 2009. The termination payment due from NJLP on that date was $10,192,828, which remains unpaid.

According to Black Diamond Agent, as of the Petition Date, on account of the obligations under the Prepetition Credit Agreement and the Swap (together, the "Prepetition Lender Claims"), the Prepetition Lenders were owed (1) outstanding principal indebtedness totaling $219,512,322.92, (2) accrued interest totaling $19,630,388.99, and (3) and any unpaid costs and expenses incurred by Black Diamond Agent and the Prepetition Lenders. According to information provided by Black Diamond Agent, the Prepetition Lender Claims totaled $255,387,555.59 as of May 31, 2011 (inclusive of accrued interest and exclusive of professional fees and expenses that may be, in each case, recoverable under the Prepetition Credit Agreement). According to Black Diamond Agent, an additional $61,748.36 of interest will accrue daily until June 27, 2011, on which date a new interest rate will be calculated in accordance with the provisions of the Prepetition Credit Agreement. The Plan Proponents

believe that the unpaid costs and expenses incurred by Black Diamond Agent and the Prepetition Lenders recoverable under the Prepetition Credit Agreement will exceed $10 million.

2. Security Agreement

Pursuant to that Second Amended and Restated Pledge and Security Agreement, dated as of February 15, 2006 (as amended and supplemented, the "Security Agreement"), the Prepetition Lender Claims are secured by liens and security interests in substantially all of the Debtors' assets. Also pursuant to the Security Agreement, the Debtors executed in favor of the Black Diamond Agent control agreements for each of their bank accounts. No party has contested the Prepetition Lender Claims or the liens and security interests which are currently allowed.

D. Events Precipitating the Bankruptcy Cases

1. Initial Distress

As a financial advisory firm, GSC Group is materially impacted by both the financial markets and worldwide economic conditions. During 2008 and continuing through the first half of 2009, GSC Group operated in an extremely unfavorable global business environment, which included, among other things, a lack of liquidity in the credit markets and declining asset values. These factors resulted in a substantial decline in the Debtors' revenues.

Specifically, GSC Group suffered a significant loss of asset value based on the significant decline of the investments held in the funds they managed. Based on the overall market conditions and the performance of certain funds, GSC Group resigned as manager to certain funds while other funds opted for early termination. GSC Group also experienced significant losses in certain of its CDO funds that were invested in securities impacted by the subprime crisis. Each of these factors impacted GSC Group's asset values and revenues. Due to economic conditions beyond its control, GSC Group was unable to monetize certain investments requiring it to maintain positions in illiquid assets. Decreasing asset values and liquidity constraints significantly strained investor relations.

2. Negotiations with Guggenheim and the Steering Committee

Hoping to address these financial concerns and liquidity issues, in early 2009 GSC Group called a meeting of all its Prepetition Lenders and revealed that it would be unable to repay its debts. The Prepetition Lenders, led by Guggenheim Corporate Funding, LLC ("Guggenheim"), then their administrative agent and collateral agent, and a steering committee (the "Steering Committee") consisting of a sub-group of Prepetition Lenders, began to negotiate a restructuring with the Debtors pursuant to which the Prepetition Lenders would have cancelled their Claims against the Debtors in exchange for approximately 35% of the Debtors' future fee revenue, ownership of certain fund interests, and a less than 35% share in revenue from new management contracts. The balance of the Debtors' fee revenue would have been retained by the Debtors (the "Revenue Share Proposal"). Ultimately, a deal was not reached on the Revenue Share Proposal, and the Prepetition Lenders and the Debtors continued to search for a consensual restructuring transaction.

Prior to July 2010, Black Diamond Lender held a small portion of the loans under the Prepetition Credit Agreement. In early 2010, following the failure of the Steering Committee to reach agreement with the Debtors on the Revenue Share Proposal, Black Diamond proposed a transaction that would have restructured the Debtors in a manner similar to that contemplated in the Revenue Share Proposal but which would have resulted in Black Diamond providing support services to the Debtors in exchange for Black Diamond receiving all or a portion of the revenues that would have otherwise been retained by the Debtors under the Revenue Share Proposal. Black Diamond Lender's proposal was ultimately rejected due to, among other things, concerns that the proposed transaction would not comply with the Investment Advisers Act of 1940.

3. Black Diamond Lender Acquires Majority Control of the Prepetition Credit Agreement

In the spring of 2010, Guggenheim, the Steering Committee, and the Debtors were in discussions about the Debtors' filing bankruptcy cases under chapter 11 of the Bankruptcy Code and thereafter selling the Debtors' assets in a section 363(b) sale. The contemplated transaction was to follow an open sale process that would be designed to maximize value for the benefit of all of the Debtors' Prepetition Lenders. There was no plan to sell any of the Debtors' assets to any individual Prepetition Lender. This proposal was nearing completion in July 2010 when Black Diamond Lender bought a controlling stake in the Prepetition Credit Agreement and terminated these discussions.

Black Diamond Lender acquired its controlling interest under the Prepetition Credit Agreement at a significant discount to par (less than $0.22/1.00). The Plan Proponents believe that most of the funds utilized to acquire its position were funds that Black Diamond was managing for others, not from Black Diamond's own proprietary coffers. The Plan Proponents believe that Black Diamond Lender's acquisition of its controlling interest under the Prepetition Credit Agreement and its actions thereafter were intended to permit Black Diamond Lender to acquire the assets and the business of the Debtors on the cheap by having Black Diamond Lender: (1) control the Debtors' restructuring process, including by having control over the timing of any bankruptcy filing and the terms of any bankruptcy sale process; (2) use the threat of a credit bid of the Prepetition Lender Claims in order to chill third-party interest in the Debtors' assets; and (3) disable the Non-Controlling Lenders from exercising their foreclosure/credit bid rights to protect against a predatory bid for the Debtors' assets by a Black Diamond affiliate.

The Plan Proponents believe that Black Diamond Lender used its control position under the Prepetition Credit Agreement to appoint a related entity, Black Diamond Agent, as Administrative and Collateral Agent. The Plan Proponents also believe that Black Diamond Lender took steps to control the Debtors and to direct Black Diamond Agent to refrain from exercising lender remedies while Black Diamond Lender attempted to coerce the Debtors into accepting a stalking horse bid that, if left unchallenged, would allow Black Diamond to acquire for itself substantially all of the Debtors' assets to Black Diamond Lender for a mere $5 million.

4. Black Diamond Lender's Alleged Domination and Control of the Debtors

The Plan Proponents believe that Black Diamond Lender utilized its control position under the Prepetition Credit Agreement, not to enhance its recovery on the Prepetition Lender Claims held by it, but instead, to destabilize the Debtors in order to force a sale to a Black Diamond Lender Affiliate at a fire sale price. In support thereof, Black Diamond Lender is believed by the Plan Proponents to have engaged in the following actions:

- controlling the Debtors' trade payable function;
- directing the Debtors to terminate their long standing relationships with their outside counsel;
- forcing the Debtors to terminate the employment of their sole in-house attorney;
- providing the Debtors with a list of specific employees to terminate and directing the Debtors not to honor their standard severance policies;
- forcing the Debtors to fire the head of their CLO group, notwithstanding that the Debtors and their professionals believed that the employee's departure would have a detrimental effect on the Debtors' business;
- poaching key employees, including a senior fund manager, notwithstanding that the Debtors and their professionals believed that these employees' departures would have a detrimental effect on the Debtors' business; and
- replacing the Debtors' head of fund accounting with Black Diamond's own chief accounting officer.

5. Black Diamond Lender's Alleged Compromise of the Debtors' Management

The Plan Proponents allege that Black Diamond Lender recognized that the Debtors' senior management stood to receive nothing from the disposition of the Debtors and saw that as an opportunity to purchase Messrs. Eckert and Frank's cooperation in what the Plan Proponents believe was a scheme to acquire the Debtors' assets for its own account at fire sale prices. Mr. Eckert was not coy about letting it be known that his cooperation could be bought. In a June 20, 2010 email to Steve Deckoff, the principal of Black Diamond Lender, Mr. Eckert stated that "[t]his letter may be too blunt, but I doubt it because I believe that you and I think in very similar ways. Bottom line, **I need $5 million now** . . . " (emphasis added). The Plan Proponents believe that Black Diamond used this as an opportunity to create compensation packages for Messrs. Frank and Eckert that were largely contingent on Black Diamond Lender acquiring the Debtors' assets. The Plan Proponents believe that these agreements served a dual function: to compromise the objectivity of the Debtors' senior management; and to send a message to other potentially interested parties not to invest resources in investigating a potential bid for the Debtors' assets as Black Diamond Lender already had the transaction sewn-up. Neither Mr. Frank's nor Mr. Eckert's agreement prevented either of them from negotiating and entering into employment agreements with any other party.

a. GSC Group Contracts

Even though each of the Debtors' directors was already party to a valid employment contract with GSC Group, with the approval of Black Diamond Lender, Messrs. Eckert and Frank executed new, lucrative employment contracts. Mr. Eckert executed a new employment agreement with GSC Group on or about July 29, 2010 (the "Eckert-GSC Employment Agreement"). The Eckert-GSC Employment Agreement provided Mr. Eckert with: (1) a $750,000 per annum salary through to the completion of the sale of the Debtors, which amount represented a $250,000 per annum increase over his prior salary; (2) the Debtors' payment of premiums for several of Mr. Eckert's director and officer insurance policies, including a tail policy that would extend for six years; (3) the transfer of beneficiary status in respect of a $65 million in term life insurance policies taken on his life, for which Debtor NJ Inc. had been the initial beneficiary; (4) an "incentive" bonus of $3 million – 50% paid on July 29, 2010 and the other 50% to be paid upon "the completion of the 363 Sale"; (5) future employment by the Debtors for three years following the bankruptcy sale with annual compensation to be not "less than $50,000 or more than $1,000,000, which adjustment shall take into account the number and size of the investment funds for which the Company or its affiliates remain as investment adviser/collateral manager following the 363 Sale"; and (6) permission to become a consultant to Black Diamond.

Mr. Frank also received a new, short-term employment agreement with GSC Group (the "Frank-GSC Employment Agreement"). The term of the Frank-GSC Employment Agreement ran from July 2010 and ends "on the closing of the 363 Sale." It provided Mr. Frank with an annual salary of $350,000 and an "incentive bonus" of $500,000 (apparently paid simultaneously with Mr. Eckert's $1.5 million bonus on August 6, 2010) and another $500,000 to be paid "upon the closing of the 363 Sale . . . ." Perhaps most significantly for Mr. Frank, the Frank-GSC Employment Agreement provided that the Company would purchase a tail insurance policy providing Mr. Frank with liability insurance coverage for a period of six years from the date that he stepped down as an officer and director of the Debtors.

b. Black Diamond Contracts

At about the same time as they executed new employment contracts with GSC Group, Messrs. Eckert and Frank were offered and executed what the Plan Proponents believe are lucrative contracts with BDCM. Mr. Eckert entered into the Consulting Agreement (the "Original BD-Eckert Consulting Agreement") with BDCM dated as of July 30, 2010 that would pay him $3 million to "render such consulting services . . . as may be reasonably requested by Stephen Deckoff," less salary received in respect of any employment of him by GSC Group. The term of the agreement commences "upon completion, following Bankruptcy Court approval, of a Section 363 sale of the assets of the GSC Group, Inc. in which the company (i.e., BDCM), or its affiliates, . . . is the winning bidder of a Substantial portion of the assets of GSC . . . ." Although structured as a consulting agreement, the Plan Proponents alleged that the understanding was that Mr. Eckert would not be required to perform any services thereunder. As Mr. Eckert, "[Mr. Deckoff] said, 'Well, I'll pay you $3 million and you can sit in New Jersey and play cards with your buddies.' . . . [that] is exactly what he said, so I don't have to do anything." Mr. Deckoff denies having said this to Mr. Eckert.

On August 24, 2010, Mr. Frank entered into a Confidential Employment Agreement with BDCM that would make him a senior managing director of BDCM, guarantee him payment of a minimum of $1.2 million annually for two years and provide him a $1 million forgivable loan. Afterward Mr. Frank would receive an annual base salary of $350,000 and a discretionary bonus. The term of employment commences "upon the completion of the proposed acquisition by Black Diamond or one or more of its affiliates of the general partnership interests and investment management agreements with respect to GSC Recovery II, L.P., GSC Recovery IIA, L.P., GSC Recovery III, L.P. and GSC Recovery III Parallel Fund, L.P. in a Section 363 sale in a bankruptcy proceeding commenced by or on behalf of GSC Group, Inc. and/or its affiliated entities . . . ."

ARTICLE III.
THE BANKRUPTCY CASES

On August 31, 2010 (the "Petition Date"), the Debtors filed these Chapter 11 Cases. The Chapter 11 Cases are being jointly administered for procedural purposes only. No committee of unsecured creditors has been appointed in the Chapter 11 Cases. Initially, the Debtors operated their business as debtors and debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code, but since January 7, 2011, the Debtors have been operated by James L. Garrity Jr., as chapter 11 trustee for the Debtors (the "Trustee").

A. The Plan Proponents Allege that Black Diamond Attempted to Force a Quick Sale of the Debtors to Black Diamond Lender Through Its Control of the Prepetition Credit Agreement

On the Petition Date, the Debtors filed a motion for authorization to utilize cash collateral, to grant adequate protection to the Prepetition Lenders, and to schedule a final hearing on the motion (the "Cash Collateral Motion"). The initial agreement with respect to the Debtors' authorization to use Cash Collateral was negotiated by Black Diamond and the Debtors' senior management without any input from the Non-Controlling Lenders. As initially filed, the Cash Collateral Motion required the Debtors to sell their assets on what the Plan Proponents believe was a lightning fast time-table over a period that included the Jewish High Holidays. The stated justification for the quick sale was the fragility of the Debtors' assets. However, the Plan Proponents now believe that time has shown that the assets are not so fragile. The Plan Proponents contend that this reveals that Black Diamond's true motivation for the accelerated timetable was to insure that no party other than Black Diamond, who was by then intimately familiar with the Debtors' assets and operations, would be in a position to analyze the Company and make a bid.

As filed, the Cash Collateral Motion required the Debtors to: (1) file a sale motion by September 3, 2010; (2) obtain an order approving bid procedures by September 14, 2010; (3) set a bid deadline of October 6, 2010; (4) conduct an auction by October 7, 2010; (5) obtain a sale order by October 22, 2010; and (6) close a sale by October 25, 2010. On September 2, 2010, the Debtors filed an emergency motion to establish bidding procedures and to sell its assets pursuant to section 363(b) (the "Initial Sale Motion"). On September 3, 2010, the Bankruptcy Court held a first day hearing and entered an interim order granting the Cash Collateral Motion.

Shortly after the September 3, 2010 first day hearing, the Non-Controlling Lender Group filed limited objections to the Cash Collateral Motion and the Initial Sale Motion. The Non-Controlling Lender Group's objections to the Debtors' motions noted, among other things, that the sale milestones were far too short and would chill interest in the proposed auction. Based on the representations of the Debtors' financial advisors that it was critical that the assets be disposed of promptly, the Non-Controlling Lenders ultimately agreed to certain modifications to the originally proposed time-table, and, on September 23, 2010, the Bankruptcy Court entered an order approving a modified version of the bidding procedures (the "Bidding Procedures Order"). The Bidding Procedures Order set October 22, 2010 as the bidding deadline and October 26, 2010 as the auction date. On October 8, 2010, the Bankruptcy Court entered a final order granting the Cash Collateral Motion (the "Cash Collateral Order"). The Cash Collateral Order modified the sale milestones included in the Cash Collateral Motion so that continued use of Cash Collateral required, among other things: (1) conducting an auction that would begin on or before October 26, 2010; (4) obtaining entry of an order approving the sale on or before December 7, 2010; and (5) closing the sale on or before December 10, 2010.

Additionally, the Cash Collateral Order incorporated stipulations by the Debtors as to the legal, valid, and binding nature of the Prepetition Credit Agreement, the Prepetition Lender Claims, and the continuing, first-priority security interests in and liens on the Collateral held for the benefit of the Prepetition Lenders. The Cash Collateral Order provided that these stipulations would be binding upon all other parties in interests (including any subsequently appointed chapter 11 trustee), unless (a) a party in interest filed an adversary proceeding or contested matter "challenging the validity, enforceability, priority or extent of the Prepetition Debt or the Prepetition Securities Interests on the Prepetition Collateral" or "asserting or prosecuting any action for preferences, fraudulent conveyances, other avoidance power claims or any other claims, counterclaims, or causes of action, objections, contests or defenses" by no later than the later of (i) October 19, 2010, (ii) such later date as has been agreed to, in writing, by the Agent in its sole discretion, or (iii) such later date as ordered by the Bankruptcy Court prior to the expiration of the period set forth in (i) or (ii), above, and (b) a final order in favor of the plaintiff sustaining any such challenge or claim is entered. No such adversary proceeding or contested matter has been filed, and it is believed that Black Diamond Agent has not agreed to an extension of the October 19, 2010 deadline.

B. The Debtors Are Authorized to Implement the Prepetition Employee Compensation Program Once Messrs. Eckert and Frank Have Been Removed from the Program

Promptly after the commencement of these Chapter 11 Cases, the Debtors' filed a motion for authorization to implement an employee compensation program they established in July 2010 (the "KEIP Motion"). Under this program, in anticipation of the commencement of the Chapter 11 Cases and the initiation of a sale process, the Debtors (i) fixed the bonus component of the compensation to be paid to eligible employees for the last six months of 2010, (ii) paid approximately 50% of this bonus to eligible employees, and (iii) committed to pay the remaining balance of this bonus (the "Unpaid 2010 Bonus") upon the satisfaction of the earliest of (a) the closing of the sale of substantially all of Debtors' assets to one or more buyers, (b) the Debtors' successful emergence from chapter 11, or (c) December 31, 2010.

Ultimately, the compensation program presented for Bankruptcy Court approval differed in three significant ways from the program established in July 2010. First, the KEIP Motion did not cover all the employees who received bonus payments in July. Messrs. Eckert and Frank were excluded from the coverage under the KEIP Motion at the insistence of the Non-Controlling Lender Group and the United States Trustee. Second, the Unpaid 2010 Bonuses were not payable unless the sale hearing had commenced by the scheduled date of December 6, 2010. Third, the Debtors' financial advisor, Capstone Advisory Group, LLC ("Capstone"), was to have discretion to determine if eligible employees should be paid an amount less than their Unpaid 2010 Bonuses in light of their contributions to the sale process. On December 3, 2010, the Bankruptcy Court granted the KEIP Motion and authorized the Debtors to implement the compensation program, as modified.

C. Messrs. Eckert and Frank Select Black Diamond as the Winning Bidder at the Auction

From October 26 through October 29, 2010, the Debtors held an auction (the "Auction") for substantially all of their assets pursuant to the Bidding Procedures Order. Following several preliminary rounds of bids, the Debtors' senior financial advisor approached representatives of the Non-Controlling Lenders and their counsel and advised that it was his belief that certain of the third party qualified bidders at the Auction would be able to provide more competitive bids if they were permitted to partner together and submit joint bids. The Debtors' senior financial advisor also advised that the Debtors refused to make such value enhancing procedural modifications to the bidding procedures unless the Non-Controlling Lender Group specifically agreed to permit BDCM to submit joint bids with Black Diamond Agent. The Non-Controlling Lenders objected to the Debtors' senior financial advisor's proposal and requested that no party be permitted to partner with Black Diamond Agent, but the Debtors' senior financial advisor rejected this request. Ultimately, based on the Debtors' senior financial advisor's assertions that the joint bid procedure would enable certain third party bidders to more effectively compete for the Debtors' assets, the Non-Controlling Lenders consented but expressed grave concern regarding the propriety of a joint bid by Black Diamond Agent and BDCM. The Non-Controlling Lenders reserved all claims and causes of action against Black Diamond Agent and BDCM for any improper use of the credit bid. The letter in which the Non-Controlling Lenders expressed their consent and reserved their rights is attached as Exhibit D.

Following the Debtors' announcement that joint bidding would be permitted, the Debtors adjourned the auction temporarily to allow the various bidders to engage with one another for the purpose of formulating potential joint bids. Following that process, Black Diamond submitted its first of several joint bids that linked what the Plan Proponents consider to be low-ball bids by BDCM for the Debtors' most valuable assets (the "BDCM Bid Assets") with what the Plan Proponents consider to be grossly excessive credit bids by Black Diamond Agent on behalf of all Prepetition Lenders for assets of what the Plan Proponents consider to be negligible value (the "Credit Bid Assets"). Several other bidders sought to link their bids to Black Diamond Agent's credit bid, but, at the direction of counsel to Black Diamond Lender, Black Diamond Agent refused to do so even though the bids of the third parties for the BDCM Bid Assets were in amounts much greater than the amount Black Diamond Lender bid and the combination of these other bids with Black Diamond Agent's bid would have yielded substantially greater recoveries to the estates than the joint bids of BDCM and Black Diamond Agent.

Eventually, the Debtors asked for final bids. Saratoga Partners, L.P. placed a bid that the Debtors then valued as worth $175.8 million. Sankaty placed a bid (the "Sankaty Bid") that the Debtors then valued as worth $193.7 million. Black Diamond placed (1) a joint bid (the "BD Joint Bid") of $11 million from BDCM for the BDCM Bid Assets and a $224 million credit bid by Black Diamond Agent for the Credit Bid Assets and also (2) a bid for all of the Debtors' assets, including the assets that were not up for auction, pursuant to which BDCM bid $11 million and caused Black Diamond Agent to credit bid $239 million. The Debtors did not value or consider the $250 million joint bid on the basis that it did not conform to the bidding procedures. After consulting with their advisors, Messrs. Eckert and Frank selected the BD Joint Bid as the successful bid.[2] After the Auction, the Debtors' senior financial advisor acknowledged that the assets of the Debtors to be acquired by BDCM on account of its $11 million bid were worth in excess of $126 million and that the assets of the Debtors to be acquired by Black Diamond Agent on behalf of the Prepetition Lenders with the $224 million credit bid were only worth approximately $5.1 million.[3] Accordingly, the BD Joint Bid was not, in the opinion of the Plan Proponents, unfair just to the Non-Controlling Lenders; it was also, in the opinion of the Plan Proponents, unfair to all Prepetition Lenders, including Black Diamond CLO 2006-1 (Cayman), Ltd. (a CLO managed by Black Diamond for the benefit of third-party investors). Indeed, Mr. Frank himself admitted at a hearing before the Bankruptcy Court that the BD Joint Bid was not fair to the Prepetition Lenders.

D. Certain Non-Controlling Lenders Sue Black Diamond

On November 13, 2010, certain of the Non-Controlling Lenders (the "Plaintiffs") filed a state court action (the "State Court Litigation") in the New York Supreme Court against Black Diamond Agent, BDCM, Black Diamond CLO 2006-1 (Cayman), Ltd. and certain John Does (collectively, the "Defendants"). On that date, the Plaintiffs filed a summons with notice which states that "Plaintiffs are seeking monetary damages and associated declaratory relief against Defendants under various legal and equitable theories including breach of contract, breach of duty and tort" for conduct allegedly undertaken by the defendants related to the Prepetition Credit Agreement and Security Agreement.

E. The Debtors and Black Diamond Execute the Asset Purchase Agreement

On November 18, 2010, the Debtors filed with the Bankruptcy Court an executed copy of the Asset Purchase Agreement ("APA") dated as of October 31, 2010 between GSC Acquisition Partners, LLC, a vehicle established by Black Diamond Lender, and the Debtors. The Debtors also filed a proposed sale order. The hearing to consider approval of the sale was scheduled for December 6, 2010.

[2] Actually, Mr. Eckert had so little doubt as to the eventual outcome of the Auction that he left the Auction several hours before its conclusion. Mr. Frank was the only employee of the Debtors to remain at the Auction through to its conclusion, and he selected Black Diamond as the successful bidder. The next day, Mr. Eckert was told of how the Auction finished, and Mr. Eckert then ratified the BD Joint Bid as the successful bid.

[3] See *infra* note 6.

F. Black Diamond Realizes It Overbid

The Plan Proponents contend that Black Diamond Lender had directed Black Diamond Agent to bid the maximum amount of the Prepetition Lender Claims possible to allow the residual Prepetition Lender Claims to fully encumber the remaining assets of the Debtors' estates that were not sold at the auction (the "Residual Assets") and that therefore, the credit bid bore no relation to the intrinsic value of the Credit Bid Assets. In testifying during his deposition on December 12, 2010 as to how Black Diamond Lender determined the amount that it would instruct Black Diamond Agent to credit bid, Mr. Deckoff stated " . . . we decided to bid the full amount less what we had valued for the assets that were being left behind." Similarly, during his testimony during the December 22, 2010 hearing: ". . . we decided to bid the full amount of our claim, subtracting out what we thought were the remaining assets that would still be at the estate because the debtor had taken some of the assets out of the auction, which we originally thought, and under the bid procedures, we thought were going to be in the auction." The Plan Proponents contend that the purpose of directing Black Diamond Agent to credit bid for the Credit Bid Assets an amount grossly in excess of the assets' true worth was to ensure that BDCM would obtain the BDCM Bid Assets for a nominal sum and not out of any particular desire to obtain the Credit Bid Assets.

The Plan Proponents believe that sometime after the Auction, Black Diamond realized that it had directed Black Diamond Agent to credit bid too much of the Prepetition Lender Claims as the remaining claim under the Prepetition Credit Agreement was far less than the expected value of the Residual Assets. In responding to a question regarding why Black Diamond had left a residual Prepetition Lender Claim that was insufficient to cover the value of the Residual Assets, Mr. Deckoff testified at the December 22, 2010 hearing: "That was based on what the people that work for me told me [the value of the Residual Assets was] at that point of time. I don't want to say whether it was a mistake, but I think they could have done a better job of it. On the cash [component of the Residual Assets] that they were assuming, they were low . . . And on the intercompany note, [we assumed that it was included in the auctioned assets.] When we put in that last bid, it was at 4:00 in the morning. It was after three days had gone by. We were tired. And after we did it, we realized that the debtor hadn't [included] the intercompany note [in the auctioned assets]." According to the Debtors' senior financial advisor, the value of the Residual Assets so greatly exceeded the balance of the Prepetition Lender Claims remaining after deduction of the $224 million credit bid that, after repayment of the balance of the Prepetition Lender Claims, there might be sufficient value to pay the Holders of General Unsecured Claims in full (including Mr. Eckert's $2 million claim and Mr. Frank's $1 million claim, both in respect of unpaid 2008 bonuses) and to provide Mr. Eckert with a recovery of between $5 million and $24 million on account of certain preferred equity interests that he held. The Plan Proponents believe that Mr. Deckoff threatened to terminate the transaction unless certain concessions were made to enable him to obtain some of the value that would otherwise pass to Mr. Eckert as a result of the excessive credit bid.

1. The Debtors and Black Diamond Amend the APA

On December 3, 2010, the Debtors filed the Notice of Amendment, attaching an amendment to the APA which recited that its purpose was to resolve a purported dispute that had arisen between the Debtors and Black Diamond in relation to the APA. The amendment

modified the APA (as amended, the "Amended APA") to sell additional assets to Black Diamond that were not subject to the Auction and to settle a purported dispute over whether BDCM was entitled to earnings from the Debtors' Partnership Contracts and Management Contracts generated prior to the time that Black Diamond would actually take over management control. Although the Debtors' legal and financial advisors had previously advised the Non-Controlling Lenders that BDCM's argument had no merit, the Amended APA resolved the dispute by awarding $5.2 million of the $6 million in controversy to BDCM. The Plan Proponents believe that the $5.2 million represented 100% of the amounts earned during the two month period from the Auction date to the projected closing date of the APA under the Partnership Contracts and Management Contracts that were to be purchased by BDCM with its $11 million bid. The Plan Proponents believe that the $0.8 million that Black Diamond let the Debtors keep under the "settlement" represented 100% of the earnings during the same two month period that were attributable to the Credit Bid Assets that were to be acquired with the $224 million credit bid. The Amended APA also purported to release Black Diamond of all liability on claims and rights that the Debtors might have against it relating "in any way to the Auction or to the negotiation or execution of" the Amended APA.

2. Mr. Eckert Enters Into a Settlement with the Debtors

Also on December 3, 2010, the Debtors filed an amended motion for approval of an amended settlement with Mr. Eckert (the "Eckert Settlement Motion"). The Eckert Settlement Motion sought approval of a settlement pursuant to which Mr. Eckert agreed to retain control of his stock in GSC Group until the Debtors' assets are sold and provide his medical records to potential bidders interested in bidding on corporate life insurance polices on Mr. Eckert's life. In return, a non-recourse loan the Debtors made to Mr. Eckert, which, as of October 31, 2010, had a balance of $168,917 consisting of principal and accrued interest, would be deemed satisfied, and Mr. Eckert would receive $1 million from the Debtors.

3. Mr. Eckert and BDCM Amend the Original BD-Eckert Consulting Agreement

Also on December 3, 2010, Mr. Eckert and BDCM executed an amendment to the Original BD-Eckert Consulting Agreement (as amended, the "Amended Consulting Agreement"). The amendment expanded the amounts deductable from Mr. Eckert's consulting fee to include not only his salary from the Debtors but also any pre-tax amounts Mr. Eckert would receive "from GSC . . . directly or indirectly, in the form of salary or bonus pursuant to [Mr. Eckert's] employment agreement with GSC . . ., dividends from GSC or any of its affiliated entities or other distributions from GSC or any of its affiliated entities." The Amended Consulting Agreement carved out from these expanded deductions amounts Mr. Eckert would receive from the Debtors pursuant to the Eckert Settlement Motion, any amount he would receive in respect of an unsecured claim against the Debtors, and the first $1.5 million "bonus" he received from the Debtors shortly before the Petition Date. The amendment also required Mr. Eckert to use his "best efforts to cause GSC to pay him an annual salary of $1,000,000," thus lessening BDCM's obligations to pay him.

4. Mr. Eckert and Black Diamond Enter into the Option Agreement

The Plan Proponents believe that at the same time Mr. Eckert and Black Diamond Lender were negotiating the Amended APA, the Eckert Settlement Motion and the Amended Consulting Agreement, Mr. Eckert and Black Diamond were also negotiating a private securities transaction (the "Option Agreement"), pursuant to which BDCM would pay Mr. Eckert $500,000 for an option to purchase for $1.5 million (1) 49% of Mr. Eckert's shares of common stock of AP Inc. and (2) his $2 million claim against GSC Group in respect of his unpaid 2008 bonus. The effect of the Option Agreement was that BDCM, but not any of the other Prepetition Lenders, would capture the benefit that Mr. Eckert would have otherwise received as a result of Black Diamond Agent's excessive credit bid. In the New Sale Motion (defined below) filed on June 8, 2011, the Trustee concurred in the Plan Proponents view that the Option Agreement benefited BDCM. Although the Debtors' legal and financial advisors knew that Mr. Eckert was negotiating the Option Agreement, they did not disclose this to the Court or to any other parties. They instead advised Mr. Eckert to defer execution of any such agreement until after the scheduled date of the sale hearing on December 6, 2010. Mr. Eckert did not heed this advice and on December 4, 2010, Black Diamond Lender's legal advisors distributed fully executed copies of the Option Agreement to the Debtors' legal and financial advisors.

G. The December 6, 2010 Sale Hearing Never Commences

On December 6, 2010, the Debtors and Black Diamond Lender appeared before the Bankruptcy Court, made no mention of the Option Agreement, and sought to proceed with the sale hearing. The Non-Controlling Lenders objected and requested an adjournment on the grounds that: the Non-Controlling Lenders had not had an opportunity to conduct discovery of the recent amendment to the APA; the Debtors had produced thousands of pages of documents the evening before the hearing; and their belief that Mr. Deckoff evaded service of a trial subpoena for the hearing. The Bankruptcy Court agreed to adjourn the sale hearing. Only after the sale hearing was adjourned did the Non-Controlling Lenders learn of the existence of the Option Agreement.

H. The Trustee Is Appointed

On December 20, 2010, after information concerning the details of the Amended APA and the existence of the Option Agreement were disclosed, the Non-Controlling Lender Group filed a motion for the appointment of a chapter 11 trustee (the "Trustee Motion"). On December 22, 2010, the Bankruptcy Court conducted an evidentiary hearing on the Trustee Motion, following which the Bankruptcy Court took the matter under advisement. After the hearing, the Debtors withdrew their request for approval of their pending sale to Black Diamond and terminated the Amended APA.[4] On or about December 27, 2010, Black Diamond Agent offered to purchase all of the Collateral securing the obligations in respect of the Prepetition Credit Agreement (including the Residual Assets) other than $1 million for a credit bid of the full amount of the Prepetition Lender Claims.

[4] In the Objection of Black Diamond Capital Management, LLC to the Debtors' Motion for Order Authorizing Marc Kirschner as CRO (Docket # 371), Black Diamond Lender stated: "Following the [December 22, 2010] hearing, the Debtors stated their intention to withdraw their support for the BDCM/Agent APA, and subsequently unilaterally abrogated the BDCM/Agent APA by written notice to BDCM and the Agent."

On December 30, 2010, the Debtors filed a motion for an order authorizing the appointment of Marc Kirschner as the Debtors' chief restructuring office (the "CRO Motion"). If the CRO Motion were granted, the Debtors represented that Messrs. Eckert and Frank would have recused themselves from any future discussions or decisions of the Debtors regarding any sale or other transaction relating to all or any part of the Debtors' business or assets and as to the investigation of potential avoidance actions and deferred such matters to Mr. Kirschner. The Debtors claimed that the appointment of a CRO would satisfy the issues raised in the Trustee Motion while avoiding the allegedly substantial risk that the appointment of a trustee would result in the non-Debtor counterparties to the Partnership Contracts and Management Contracts seeking to terminate those contracts. Based on these representations, the Non-Controlling Lender Group filed a pleading expressing general support for the CRO Motion. However, Black Diamond Lender and the United States Trustee objected to the CRO Motion, and Black Diamond Lender instead advised the Bankruptcy Court that it supported the appointment of a trustee.

On January 5, 2011, the Bankruptcy Court issued a bench ruling on the Trustee Motion in which, among other things, it found cause under section 1104(a)(2) of the Bankruptcy Code for the immediate appointment of a chapter 11 trustee and directed the United States Trustee to appoint a chapter 11 trustee. The Bankruptcy Court explained that "[t]he pre and postpetition actions of debtors controlling management, Mr. Eckert, regarding the sale process, including his relationship with Black Diamond, raises numerous concerns about the process and a fulfillment of his fiduciary duties regarding that process." Thereafter, the Bankruptcy Court entered a minute order granting the Trustee Motion. On January 7, 2011, the United States Trustee filed a notice of appointment of Mr. Garrity as the chapter 11 trustee, and the Bankruptcy Court entered an order approving Mr. Garrity's appointment.

I. The State Court Litigation Continues

On January 28, 2011, the Defendants in the State Court Litigation demanded service of a complaint. Because the precise nature of their state court claims depended significantly on the Trustee's decision regarding the disposition of the Debtors' assets, and because the Trustee had not at that point reached a decision, the Plaintiffs timely requested that the Defendants agree to a short extension of time to file a complaint. When the Defendants refused, the Plaintiffs timely moved on February 15, 2011 for a court order granting a thirty-day extension. On March 2, 2011, the Defendants filed their opposition to the Plaintiffs' motion for extension and cross-motioned to dismiss the action. At a hearing held on April 27, 2011, the Court directed the Plaintiffs to file their complaint by May 17, 2011. On May 17, 2011, the Plaintiffs filed their complaint. The Defendants subsequently requested an extension of their time to answer or otherwise respond to the complaint until June 22, 2011, and the Plaintiffs have agreed to this request. The case is currently pending before the Honorable Paul G. Feinman.

J. Cessna Finance Corporation Successfully Moves to Lift the Stay

On January 31, 2007, Cessna Finance Corporation ("CFC") made a secured loan to GSC Group to finance GSC Group's purchase of a 6.25% undivided property interest in a 2007 Bombardier BD-100-1A10 Challenger 300 aircraft, Serial No. 20128, FAA Reg. No. N529FX. GSC Group defaulted on its obligations to make the monthly payment that fell due on June 30, 2010 and each month thereafter. On December 17, 2010, CFC filed a motion for relief from the

automatic stay, requesting that the Bankruptcy Court vacate the automatic stay of 11 U.S.C. §362(a) to allow CFC to exercise its contractual and state law remedies. On March 2, 2011, the Bankruptcy Court entered an order granting CFC's motion for relief from the automatic stay.

K. The Bankruptcy Court Grants the Trustee's Retention Bonus Motion

On March 9, 2011, the Trustee filed a motion for an order approving a retention bonus program for certain employees (the "Retention Bonus Motion"). The Trustee claimed that the retention bonus program was needed because: (1) additional payments were necessary to maintain competitive and historically consistent compensation packages; (2) the continued retention of the covered employees was essential to the operation of the Debtors and preservation of value of the estates; and (3) payment of the Unpaid 2010 Bonuses and additional bonuses for 2011 service was fair and equitable. Under the Retention Bonus Motion, the Trustee proposed that eligible employees be paid: (1) upon entry of the order granting the motion, his/her Unpaid 2010 Bonus; (2) on April 30, 2011, a payment equal to one-third of the amount which the Trustee believes is an appropriate 2011 bonus (the "2011 Reference Bonus Amount") for each such employee; and (3) on the closing date of any transaction involving the sale or reorganization of all or substantially all of the Debtors' assets, and solely at the discretion of the Trustee, an additional bonus not to be greater than the product of (a) the number of months that each such employee worked from May 1, 2011 through to the closing date and (b) one-twelfth the each such employee's 2011 Reference Bonus Amount. On March 25, 2011, the Bankruptcy Court entered an order granting the Retention Bonus Motion.

L. The Bankruptcy Court Enters the Bar Date Order

On March 11, 2011, the Trustee filed an application for an order establishing a deadline for filing of proofs of claim (the "Bar Date Application"). On March 18, 2011, the Bankruptcy Court entered the Bar Date Order which set April 25, 2011 at 5:00 p.m. (prevailing Eastern Time) as the deadline for certain creditors to file Claims against any of the Debtors.

M. Black Diamond Agent Allows the Trustee's Use of Cash Collateral, Provided that the Trustee Pursues a Sale to Black Diamond

On May 23, 2011, the Non-Controlling Lender Group was informed that the Trustee has decided to execute documents that, if authorized by the Bankruptcy Court, would generally result in (i) Black Diamond Lender's designee, GSC Acquisition Holdings, LLC, purchasing the assets subject to the Auction pursuant to documentation similar to the BD Joint Bid selected as the winning bid at the Auction, (ii) Black Diamond Agent purchasing most of the remaining assets of the estates that were not subject to the Auction for a credit bid of that portion of the Prepetition Lender Claims remaining after application of the $224 million credit bid utilized at the Auction, and (iii) the Trustee retaining certain other assets that Black Diamond agreed to leave behind and not acquire.

On May 25, 2011, the Bankruptcy Court entered an order agreed upon by the Trustee and Black Diamond Agent amending the Cash Collateral Order (the "May Cash Collateral Order"). The May Cash Collateral Order allows the Trustee to continue to use the Cash Collateral provided that, among other things: the Bankruptcy Court enters on or before June 30, 2011 "the

'Sale Order' (as defined in that certain Asset Purchase Agreement dated as of May 23, 2011 between the Debtors and GSC Acquisition Holdings, LLC)."

On June 8, 2011, the Trustee filed a motion (the "New Sale Motion") authorizing it to sell the Debtors' assets to entities designated by BDCM pursuant to the agreements executed and or modified by it on or about May 23, 2011. According to the Trustee, the New Sale Motion will fully satisfy the Prepetition Lender Claims and leave the Debtors' estates with approximately $18.6 million in Cash and other assets (of which at least $4.6 million is projected to be allocated to Holders of General Unsecured Claims). It is unclear how the Prepetition Lenders would fare under the New Sale Motion, as the Trustee has testified that he is uncertain whether the Prepetition Lenders will receive any recovery under that transaction.

N. Black Diamond Lender Swears a "Blood Oath" That It Will Not Vote in Favor of the Plan

On May 25, 2011, the Bankruptcy Court held an initial hearing to consider the adequacy of this Disclosure Statement. Black Diamond Lender appeared through its counsel at the hearing and made clear that under no circumstances would it vote in favor of the Plan: ". . . I haven't figured out the equivalent of a blood oath, your Honor, in a procedural context, but I'm pretty comfortable telling the Court that Black Diamond is not going to change their mind on their resistance to the Plan." The Plan Proponents believe that this statement is quite illuminating and reveals that Black Diamond Lender has no intention of using its Prepetition Lender Claims to advance any legitimate creditor interest. This is because, in the opinion of the Plan Proponents, the recoveries on the Prepetition Lender Claims are substantially better by many orders of magnitude under the Plan than under the proposed sale transactions.

Under the Plan, Black Diamond Lender would be entitled to receive on account of its Prepetition Lender Secured Claims its pro rata share of between $173.6 million and $229.4 million in value on the Effective Date,[5] while the proposed sale transactions would, in the opinion of the Plan Proponents, provide Black Diamond Lender with its pro rata share of only between $24 million and $38.4 million on account of those claims.[6] It is also possible that Black Diamond Lender and the other Prepetition Lenders would recover an amount substantially lower than their pro rata share of that range since the proposed sale transactions contemplate the purchaser (effectively the Prepetition Lenders) indemnifying the Debtors for possible tax liabilities that the Debtors might incur as a result of the proposed sale transactions.

The Plan Proponents believe that statements such as those made at the May 25, 2011 hearing, as well as many of the actions taken by Black Diamond both before and during these Chapter 11 Cases, provide ample basis for designating pursuant to section 1126(e) of the Bankruptcy Code any votes cast by the Black Diamond Lender to reject the Plan if such actions become necessary in order to confirm the Plan.

[5] See Article V,C, 3 of this Disclosure Statement.

[6] This range of value is derived by adding the sum of: (i) the $5 million valuation ascribed to the Credit Bid Assets in Capstone's Summary of Lot Values Sold in the October 26-29, 2010 Auction (described below); (ii) the $11 million BDCM cash and note bid; and (iii) the value of the assets subject to the residual credit bid under the proposed sale transactions as detailed in Capstone's Recovery Analysis (described below).

O. A Sub-Group of Non-Controlling Lenders Offers the Trustee Financing, if Necessary

The Chapter 11 Cases are currently being financed through the Trustee's use of the Debtors' Cash pursuant to the May Cash Collateral Order. In the event that Black Diamond Agent refuses to continue to extend to the Trustee authorization to use the Debtors' Cash, and if the Trustee cannot otherwise obtain an order from the Bankruptcy Court authorizing the non-consensual use of the Debtors' Cash, a sub-group of Non-Controlling Lenders has agreed to provide the Trustee with financing in accordance with a postpetition credit agreement (the "Postpetition Credit Agreement") substantially in the form set in Exhibit E hereto. The Trustee has not indicated whether or not financing on such terms would be acceptable, and such financing would be subject to court approval.

ARTICLE IV.
SELECTED FINANCIAL INFORMATION

A. Financial Information for the Debtors

Attached hereto as Exhibit F is a true copy of the Consolidated Financial Statements of the Debtors as of and for the period ended September 30, 2008. The Plan Proponents do not have access to and are not aware of any more recent financial statements of the Debtors.

Attached hereto as Exhibit G is a true copy of a budget variance report (the "Budget Variance Report") for the Debtors dated as of April 21, 2011, which describes the Debtors' actual financial performance from August 31, 2010 through to April 17, 2011.

B. Significant Assets of the Debtors

Some of the Debtors' most significant assets include (but are not limited to):

1. Partnership Contracts and Management Contracts

By and through, among other things, the Partnership Contracts and Management Contracts, the Consolidated Debtors own equity interests in and/or provide management services to a number of private equity funds, collateralized loan obligations, and mezzanine debt funds.

a. Private Equity Funds

The Debtors own equity in and manage two private equity portfolios, Recovery II and Recovery III. Each fund group contains two funds, Recovery II and Recovery IIA and Recovery III and Recovery IIIP, respectively. If successful, the private equity funds can potentially generate future cash flows from several different streams: (1) senior management fees; (2) return of capital investments in the fund; (3) profits on capital investments (otherwise known as return on capital); and (4) carried interest fees.

b. Collateralized Loan Obligations

The Debtors own equity in and/or manage about thirteen (13) U.S. and European CLOs, each of which consists of multiple loans owed by a variety of corporations. The CLOs can potentially generate future cash flows through a variety of means: (1) management fees, which include senior fees, subordinated fees, incentive fees, and deferred fees; and (2) equity interests in the CLO funds.

c. **Mezzanine Debt**

The Debtors own equity in two funds that initially owned mezzanine debt obligations from a variety of corporations and special purpose vehicles.

2. Life Insurance Policies

Debtor NJLP is the beneficial owner of several whole life insurance policies covering the life of Mr. Eckert. These insurance policies have a cumulative death benefit of $50 million. In February 2011, Capstone valued these assets at approximately $5 million to $10 million.

3. Stock and Options of Safety-Kleen

The Debtors own 91,687.5 shares of common stock in Safety-Kleen and 44,010 options each with an exercise price of $4 per share. If the Debtors sell the Safety-Kleen securities, the Debtors must pay a $400,000 monitoring fee to Safety-Kleen. In February 2011, Capstone valued these assets at $900,000 to $1.35 million.

4. Cash

The Debtors have accumulated a substantial amount of Cash during the pendency of these Chapter 11 Cases. As of April 30, 2011, the Trustee held on behalf of the Debtors approximately $36.2 million in Cash.

5. Causes of Action

The Trustee could bring various causes of action, including, among others: breach of contract, breach of fiduciary duties, aiding and abetting breach of fiduciary duties, equitable subordination, fraudulent transfer, fraud, and conspiracy to commit fraud against Messrs. Eckert and Frank; and breach of contract, fraudulent transfer, equitable subordination, breach of fiduciary duties, aiding and abetting breach of fiduciary duties, tortious interference with a contract, tortious interference with a business relationship, fraud, and conspiracy to commit fraud against Black Diamond and Mr. Deckoff and their Affiliates. The Trustee can also bring various chapter 5 avoidance actions against the beneficiaries of fraudulent transfers and preferences. The avoidance actions are subject to the liens of the Prepetition Lenders pursuant to the Cash Collateral Order.

C. Valuation of the Debtors' Assets

During the Auction, Black Diamond Lender and Black Diamond Agent submitted the BD Joint Bid, which was in the aggregate face amount of $235 million, and which was selected as the winning bid. The BD Joint Bid, which was for less than all of the Debtors' assets, was

comprised of (i) an $11 million cash and note bid by BDCM (in its capacity as purchaser and not as a Prepetition Lender) for assets of the Debtors valued by Capstone at between $126,690,357 and $183,700,000 and (ii) a $224,000,000 credit bid by Black Diamond Agent for assets of the Debtors valued by Capstone at approximately $5,000,000.[7] Because the amount of the credit bid component of the BD Joint Bid was, in the Plan Proponents' opinion, nothing more than a "plug number" selected for the sole purpose of insuring that Black Diamond Lender would obtain the Debtors' most valuable assets for its own account for a nominal sum, the Plan Proponents do not believe that the BD Joint Bid is in any way indicative of the value of the Debtors' assets.[8]

Based upon, among other things, (i) statements made both on and off the record by the Debtors, Black Diamond, and the Trustee throughout these Chapter 11 Cases, (ii) the trading values of the Prepetition Lender Claims, and (ii) valuations prepared by Capstone, the Plan Proponents believe that the value of the Debtors' assets is substantially less than the amount of the Prepetition Lender Claims.

1. Tacit and Explicit Acknowledgements of Value

The Plan Proponents' contention that the Debtors' assets are worth less than the amount of the Prepetition Lender Claims is supported by various statements made by the Debtors, Black Diamond, the Trustee and their respective advisors throughout these cases. As examples:

- In the Declaration of Peter R. Frank In Support of First Day Motions and Applications and in Compliance with Local Rule 1007-2, Mr. Frank disclosed that the Debtors' "books and records reflect assets and liabilities for the Debtors and their non-debtor affiliates on a consolidated basis as of July 31, 2010, as follows: Total Assets: $119,790,643, Total Liabilities: $313,562,470."

- Shortly thereafter, at a September 23, 2010 hearing on the Bidding Procedures Order, the Debtors' counsel, D. Tyler Nurnberg, acknowledged that "[w]e don't believe, based on where we are today, that there will be a full recovery by our lenders, in which case there will be no distribution beyond our lender group."

- Then, at an October 19, 2010 hearing on the KEIP Motion, Mr. Nurnberg stated that "I think it's important to know that the lenders are the only stakeholders in this case who expect a recovery. I think it's also important to note that of their

[7] Attached as Exhibit I is Capstone's Summary of Lot Values Sold in October 26-29, 2010 Auction, dated December 10, 2010. While this summary indicates a value of $11.6 million for the Credit Bid Assets, Capstone subsequently acknowledged that the valuation was incorrect as it had mistakenly attributed $6.5 million in value to the equity of the SIF Debtor even though that entity was grossly insolvent.

[8] Testifying at the hearing on the Trustee Motion, Mr. Deckoff, the principal of Black Diamond, testified in the following manner regarding how he arrived at the amount of the credit bid portion of the joint bid: "[W]e decided to bid the full amount of our claim, subtracting out what we thought were the remaining assets that would still be in the estate because the debtor[s] had taken some of the assets out of the auction . . . ." Similarly, Mr. Frank, GSC Group's president and senior managing director, testified that he did not believe that BDCM would have been able to acquire the BDCM Bid Assets absent Black Diamond Agent's $224 million credit bid. At the December 22, 2010 hearing, Mr. Frank was asked "[a]bsent the 224 million dollar credit bid, did you have any reason to believe that Black Diamond could acquire the assets, the subject of the cash note bids, for 11 million dollars?" Mr. Frank responded "No."

secured claims in excess of $200,000,000, they are expecting to recover only a fraction of that debt."

- In a December 3, 2010 memorandum in support of their motion seeking authorization to sell the auctioned assets to GSC Acquisition Partners, LLC, the Debtors' stated that "[s]hould the sale not be approved, or fail to close, the Debtors believe that the likelihood of there being value beyond the lenders' claims is nearly impossible. Moreover, Capstone's valuations prior to the auction estimated the assets were worth less than half of the amount of the purchase price."

- At the December 22, 2010 hearing on the Trustee Motion, the Plan Proponents believe that Mr. Deckoff acknowledged that a true arm's-length third-party purchaser would not pay more than the Prepetition Lender Claims for the Debtors' assets. Mr. Deckoff testified that "when I walked into the auction . . . I didn't think . . . that people would bid in cash . . . enough to cover the secured debt."

- In his objection to the Plan Proponents' motion for approval of this Disclosure Statement, the Trustee requested further discussion in the Disclosure Statement about the "facts and valuations that will support the adequate protection of the Debtors' secured lenders in connection with the proposed priming DIP loan." However, as a matter of bankruptcy law, Prepetition Lenders would not be entitled to adequate protection if they were fully secured or oversecured.[9]

2. Trading Values

Virtually all of the Debtors' assets (other than the assets of Debtor SIF) are encumbered by the Prepetition Lenders' security interests. Mr. Manzo stated in his December 3, 2010 declaration in support of the Debtors' motion to sell the auctioned assets to Black Diamond that "[p]rior to the auction, the market was suggesting a price for the [Prepetition Lender Claims] in the range of $0.15 to $0.20, implying a value of $30 to $45 million for substantially all of GSC's assets." Subsequent to the Auction, the bid/ask for Prepetition Lender Claims did not substantially change.

3. Valuations Prepared by Capstone

While Capstone has conducted valuations of the Debtors' assets on several occasions, Mr. Manzo testified at the December 22, 2010 hearing on the Trustee Motion that he had never seen a valuation of the Debtors' assets that showed a value in excess of $200 million. Since that hearing, the Plan Proponents have repeatedly asked the Trustee and his advisors for an updated valuation, but none has been provided.

Capstone first conducted an initial assessment of the Debtors' assets in connection with Black Diamond's prepetition demand that the Debtors select a $5 million Black Diamond Lender

[9] Additionally, the Postpetition Credit Agreement would prime the liens and security interests of only the Plan Proponents who have each consented to the priming under that facility and who would not seek adequate protection.

bid as a "stalking horse" bid for all of the Debtors' assets.[10] Capstone advised the Debtors to reject this demand after making an initial assessment that the assets "had a value in the range of at least $50-$75 million."

Later, in connection with a more detailed analysis performed prior to the Auction that was "based upon, among other factors, the projected cash flow for each lot/asset being sold," Capstone concluded "that the value for all or substantially all of the assets could, in a best case scenario, potentially reach approximately $140 million."

Most recently, Capstone provided various analyses of the Debtors' assets as of December 31, 2010. These analyses, when aggregated, provide indicative values for the Debtors' assets of between $173.6 million and $229.4 million. These indications of value were derived by adding the sum of: (i) the Debtors' projected valuation of "current assets" not offered at the Auction of between $17.5 million and $18.3 million (derived from Capstone's Recovery Analysis, filed on December 3, 2010, attached hereto as Exhibit H); (ii) the combined value of the BDCM Bid Assets and the Credit Bid Assets, which Capstone estimated to range between $138.3 million (derived from Capstone's Summary of Lot Values Sold in the October 26-29, 2010 Auction, dated December 10, 2010, attached hereto as Exhibit I) and $183.7 million (derived from Capstone's valuation of the Sankaty Bid,[11] attached hereto as Exhibit J), and (iii) the estimated value of "other assets" not offered at the Auction of between $17.8 million and $27.4 million (derived from Capstone's December 3, 2010 recovery analysis). While the Plan Proponents understand that the Debtors' Cash balance has increased significantly since December 31, 2010,[12] they believe that this increase in Cash balances has largely been offset by a corresponding decrease in the value of the Debtors' Partnership Contracts and Management Contracts as future fees are converted into Cash over time and the expiration dates of the various Partnership Contracts and Management Contracts approach. Therefore, the Plan Proponents believe that the value of the Debtors' assets has remained relatively stable since December 31, 2010. Based on information made available to date, the Plan Proponents believe that these year-end 2010 Capstone valuations are the best indication of the current value of the Debtors' assets.

[10] Testifying on September 13, 2010 about Black Diamond's demand that the Debtors accept a $5 million "stalking horse" bid for all of the Debtors' assets, Mr. Eckert testified: "And we had a long argument, we had a long kind of heated discussion with Steve because he felt very strongly about it, and in the end it was the only issue I remember where Peter, Bob and I basically told Steve that we weren't going forward and he threatened us a little bit."

[11] Capstone initially valued the Sankaty Bid at $193.7 million, but it adjusted the valuation downward after realizing that it had mistakenly included the approximately $10 million present value of the $50 million Intercompany Claim owed by SIF in its valuation of the Sankaty Bid, even though that Intercompany Claim was to be retained by the Debtors and not sold at the Auction. Additionally, Black Diamond's financial advisor, Paul P. Huffard, Senior Managing Director of Blackstone Advisory Partners L.P., submitted an affidavit in support of the Debtors' motion to sell the auctioned assets to Black Diamond concluding that the value of the Sankaty Bid was $157 million, not the $193.7 million originally indicated by Capstone. It should be noted that the valuations described value the Sankaty Bid, net of the compensation to be paid to Sankaty in exchange for managing the assets.

[12] For example, in connection with the New Sale Motion, Mr. Manzo has submitted a declaration in which he states that the value of the assets being sold under APA 2 (which includes Cash and a substantial portion of the other assets not offered at the Auction) are now worth between $35.4 million and $40.3 million.

ARTICLE V.
EXPLANATION OF CHAPTER 11

A. Overview

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code, pursuant to which a debtor-in-possession or bankruptcy trustee may reorganize a debtor's business for the benefit of its creditors, equity holders, and other parties in interest. The formulation and confirmation of a plan of reorganization is the principal purpose of a chapter 11 case. The plan sets forth the means for satisfying the holders of claims against and interests in a debtor's estate.

A plan of reorganization may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of a debtor's assets. In either event, upon confirmation of a plan, it becomes binding on such debtor and all of its creditors and equity holders and the obligations owed by such debtor to such parties are compromised and exchanged for the obligations specified in such plan.

If all classes of claims and equity interests accept a plan of reorganization, the bankruptcy court may confirm the plan if the bankruptcy court independently determines that the requirements of section 1129(a) of the Bankruptcy Code have been satisfied. Section 1129(a) of the Bankruptcy Code sets forth the requirements for confirmation of a plan and, among other things, requires that a plan meet the "best interests of creditors" test and be "feasible." The "best interests of creditors" test generally requires that the value of the consideration to be distributed to the holders of claims or equity interests under a plan may not be less than those parties would receive if the debtor were liquidated pursuant to a hypothetical liquidation occurring under Chapter 7 of the Bankruptcy Code. Under the "feasibility" requirement, the bankruptcy court generally must find that there is a reasonable probability that the debtor will be able to meet its obligations under its plan without the need for further financial reorganization. **The Plan Proponents believe that the Plan satisfies all the applicable requirements of section 1129(a) of the Bankruptcy Code (other than section 1129(a)(8) of the Bankruptcy Code), including, in particular, the best interests of creditors test and the feasibility requirement.**

The Bankruptcy Code does not require that each holder of a claim or interest in a particular class vote in favor of a plan of reorganization for the bankruptcy court to determine that the class has accepted the plan. Rather, a class of creditors will be determined to have accepted the plan if the bankruptcy court determines that the plan has been accepted by a majority in number and two-thirds in amount of those claims actually voting in such class. Similarly, a class of equity security holders will have accepted the plan if the bankruptcy court determines that the plan has been accepted by holders of two-thirds of the number of shares actually voting in such class.

In addition, classes of claims or equity interests that are not "impaired" under a plan of reorganization are conclusively presumed to have accepted the plan and thus are not entitled to vote. Furthermore, classes that are to receive no distribution under the plan are conclusively deemed to have rejected the plan. Accordingly, acceptances of a plan will generally be solicited only from those persons who hold claims or equity interests in an impaired class. A class is "impaired" if the legal, equitable or contractual rights associated with the claims or equity

interests of that class are modified in any way under the plan. Modification for purposes of determining impairment, however, does not include curing defaults and reinstating maturity on the effective date of the plan. Classes 1-A and 1-B – Priority Non-Tax Claims, Class 2A – Black Diamond Agent Secured Claims, and Classes 2C-A and 2C-B – Other Secured Claims are unimpaired and are therefore deemed to have accepted the Plan. Classes 3A-A – General Unsecured Claims against the Consolidated Debtors, Classes 3B-A – Intercompany Claims against the Consolidated Debtors, Classes 3C-A and 3C-B – Section 510(b) Claims, and Class 4 – Equity Interests are not entitled to a distribution under the Plan and are therefore deemed to have rejected the Plan. Accordingly, the Plan Proponents are soliciting acceptances of the Plan only from the Holders of Claims in Class 2B – Prepetition Lender Secured Claims, Class 3A-B – General Unsecured Claims against SIF, and Class 3B-B – Intercompany Claims against SIF.

The Plan Proponents believe that the Plan will meet the requirements of section 1129(a)(10) of the Bankruptcy Code, which requires as a condition to confirmation that if a class of claims is impaired under a plan, at least one class of claims impaired under the plan has accepted the plan, determined without including an acceptance of the plan by insiders. 11 U.S.C. § 1129(a)(10). There are two impaired voting classes under the Plan that can be utilized to satisfy the requirements of section 1129(a)(10); Class 2B and Class 3A-B.[13] The acceptance by either class would satisfy the requirements of section 1129(a)(10). The Plan Proponents hope that both classes will vote in favor of the Plan. As proponents of the Plan, the Plan Proponents intend to vote in favor of the Plan. However, the Plan Proponents acknowledge that it is possible that Black Diamond Lender will vote against the Plan. While Black Diamond Lender has stated that it would not vote in favor of the Plan notwithstanding that the Plan provides significantly greater recoveries to the Prepetition Lenders than under the proposed sale transactions, the Plan Proponents believe that there are substantial grounds to designate any vote cast by Black Diamond Lender in Class 2B to reject the Plan pursuant to section 1126(e) of the Bankruptcy Code if it becomes necessary to do so in order to confirm the Plan.

In the event that Black Diamond Lender votes to reject the Plan, the Plan Proponents would move to designate the Black Diamond Lender votes. Section 1126(e) of the Bankruptcy Code provides that "[o]n request of a party in interest, and after notice and a hearing, the court may designate any entity whose acceptance or rejection of such plan was not in good faith . . . " 11 U.S.C. § 1126(e). In this context, "designate" means to disregard, and not count, votes when determining whether a class has accepted or rejected a plan. Some of the reasons that a Black Diamond Lender vote to reject the Plan would be lacking in good faith and highly susceptible to designation are, among other things, Black Diamond's actions and conduct before and after the filing of these Chapter 11 Cases as described in Articles II and III hereof. The Plan Proponents believe that evidence supporting the statements and allegations in those articles demonstrates that Black Diamond Lender has not been acting in these Chapter 11 Cases in order to protect legitimate creditor interests. Rather, Black Diamond Lender appears to have been acting solely to advance non-creditor strategic interests. The Plan Proponents do not believe that there is any good faith basis for Black Diamond Lender to vote against the Plan, which provides Black Diamond Lender with its ratable share of the Prepetition Lender Collateral, in favor of the New Sale Motion, which would provide little or no value to the Prepetition Lenders. If Black

[13] It should be noted that both the Debtors and Black Diamond Agent stated that they intend to file objections to each of the general unsecured claims in Class 3A-B.

Diamond Lender's votes are designated, then such votes will not be counted when considering whether Class 2B has voted to accept the Plan.

A bankruptcy court also may confirm a plan of reorganization even though fewer than all the classes of impaired claims and equity interests accept such plan. For a plan of reorganization to be confirmed despite its rejection by a class of impaired claims or equity interests, the plan must be accepted by at least one class of impaired claims (determined without counting the vote of insiders) and the proponent of the plan must show, among other things, that the plan does not "discriminate unfairly" and that the plan is "fair and equitable" with respect to each impaired class of claims or equity interests that has not accepted the plan.

Under section 1129(b) of the Bankruptcy Code, a plan is "fair and equitable" as to a rejecting class of claims or equity interests if, among other things, the plan provides: (a) with respect to secured claims, that each such holder will receive or retain on account of its claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; and (b) with respect to unsecured claims and equity interests, that the holder of any claim or equity interest that is junior to the claims or equity interests of such class will not receive or retain on account of such junior claim or equity interest any property from the estate, unless the senior class receives property having a value equal to the full amount of its allowed claim.

A plan does not "discriminate unfairly" against a rejecting class of claims or equity interests if (a) the relative value of the recovery of such class under the plan does not differ materially from that of any class (or classes) of similarly situated claims or equity interests and (b) no senior class of claims or equity interests is to receive more than 100% of the amount of the claims or equity interest in such class.

The Plan has been structured so that it will satisfy the foregoing requirements as to any rejecting Class of Claims or Equity Interests, and can therefore be confirmed, if necessary, over the objection of any Class of Claims or Equity Interests, provided Class 2B – Prepetition Lender Secured Claims or Class 3A-B – General Unsecured Claims against SIF votes to accept the Plan.

B. Confirmation of the Plan

1. Elements of Section 1129 of the Bankruptcy Code

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the conditions to confirmation under section 1129 of the Bankruptcy Code are satisfied.

Such conditions include the following:

- the Plan complies with the applicable provisions of the Bankruptcy Code;
- the Plan has been proposed in good faith and not by any means proscribed by law;
- any payment contemplated under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident

to the Chapter 11 Cases, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable;

- the Plan Proponents have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director of the Debtor or a successor the Debtor under the Plan and the appointment to, or continuance in, such office of such individual is consistent with the interests of creditors and equity holders and with public policy;

- with respect to each impaired Class of Claims or Equity Interests, each Holder of an impaired Claim or impaired Equity Interest either has accepted the Plan or will receive or retain under the Plan, on account of the Claims or Equity Interests held by such entity, property of a value, as of the Effective Date, that is not less than the amount that such entity would receive or retain if the Debtor was liquidated on such date under chapter 7 of the Bankruptcy Code;

- in the event that the Plan Proponents do not move to confirm the Plan non-consensually, each Class of Claims or Equity Interests entitled to vote has either accepted the Plan or is not impaired under the Plan;

- except to the extent that the Holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that Administrative Expense Claims and Priority Tax Claims will be paid in full, in Cash, on the Effective Date;

- at least one Impaired Class of Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in such class;

- confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any other successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan; and

- all fees payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the payment of all such fees on the Effective Date of the Plan.

The Plan Proponents believe that the Plan will satisfy all the statutory provisions of Chapter 11 of the Bankruptcy Code, that they have complied or will have complied with all of the provisions of the Bankruptcy Code and that the Plan is being proposed and submitted to the Bankruptcy Court in good faith.

2. Acceptance

A Class of Claims will have accepted the Plan if the Plan is accepted, with reference to a Class of Claims, by at least two-thirds in amount and more than one-half in number of the Allowed Claims of each such Class of Claims.

3. Best Interests of Creditors Test

With respect to each Impaired Class of Holders of Claims and Equity Interests, confirmation of the Plan requires that each such Holder either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the applicable consummation date under the Plan, that is not less than the value such holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

To determine what Holders of Claims and Equity Interests of each Impaired Class would receive if the Debtors were liquidated, the Bankruptcy Court must determine the proceeds that would be generated from the liquidation of the properties and interests in property of the Debtors in a chapter 7 liquidation case. The proceeds that would be available for satisfaction of unsecured Claims against and Equity Interests in the Debtors would consist of the proceeds generated by disposition of the equity in the properties and interests in property of the Debtor and the Cash held by the Debtor at the time of the commencement of the liquidation case. Such proceeds would be reduced by the costs and expenses of the liquidation and by such additional administration and priority claims that may result from the termination of the business of the Debtors and the use of chapter 7 for the purposes of liquidation.

The costs of liquidation under chapter 7 of the Bankruptcy Code would include the fees payable to the Trustee in bankruptcy, and the fees that would be payable to additional attorneys and other professionals that such a trustee may engage, plus any Allowed unpaid expenses incurred by the Debtors or the Trustee during the Chapter 11 Cases, such as compensation for attorneys, financial advisors, accountants and costs that are allowed in the chapter 7 cases. In addition, Claims could arise by reason of the breach or rejection of obligations incurred and executory contracts entered into or assumed by the Debtors during the pendency of the Chapter 11 Cases.

The foregoing types of Claims and such other Claims which may arise in the liquidation cases or result from the pending Chapter 11 Case would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay unsecured Claims arising on or before the Petition Date.

To determine if the Plan is in the best interests of each Impaired Class, the present value of the distributions from the proceeds of the liquidation of the properties and interests in property of the Debtors (net of the amounts attributable to the aforesaid claims) is then compared with the present value offered to such Classes of Claims and Equity Interests under the Plan.

After consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in the Chapter 11 Cases, including: (a) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to the Trustee and his professional advisors; (b) increased costs and expenses of a liquidation under chapter 7 arising from administrative expenses payable as a result of the sale of certain of the Debtors' assets; and (c) the erosion in value of assets in the context of the expeditious liquidation required under chapter 7 and the "forced sale" environment in which such a liquidation would likely occur, the Plan Proponents have determined that confirmation of the Plan will provide

each Holder of a Claim or Equity Interest with a greater or equal recovery than it would receive pursuant to liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

The liquidation analysis is further described in Article XII herein.

4. Feasibility

The Bankruptcy Code conditions confirmation of a plan of reorganization on, among other things, a finding that it is not likely to be followed by the liquidation or the need for further financial reorganization of a debtor. For purposes of determining whether the Plan satisfies this condition, the Plan Proponents have analyzed the capacity of the Debtors to service its obligations under the Plan. The Plan Proponents believe that the Debtors will be able to service its obligations under the Plan and confirmation of the Plan will not likely be followed by the need for further financial reorganization of the Debtors.

C. Cramdown

Because certain Classes are deemed to have rejected the Plan, it must be demonstrated to the Bankruptcy Court that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such Classes and any other Classes of Claims that vote to reject the Plan.

1. No Unfair Discrimination

A plan of reorganization does not discriminate unfairly if (a) the legal rights of a nonaccepting class are treated in a manner that is consistent with the treatment of other classes whose legal rights are similar to those of the nonaccepting class and (b) no class receives payments in excess of that which it is legally entitled to receive for its claims or equity interests. The Plan Proponents believe that under the Plan all Impaired Classes of Claims and Equity Interests are treated in a manner that is consistent with the treatment of other Classes of Claims and Equity Interests that are similarly situated, if any, and no Class of Claims or Equity Interests will receive payments or property with an aggregate value greater than the aggregate value of the Allowed Claims and Equity Interests in such class. Accordingly, the Plan Proponents believe the Plan does not discriminate unfairly as to any Impaired Class of Claims or Equity Interests.

2. Fair and Equitable Test

The Bankruptcy Code establishes different "fair and equitable" tests for classes of secured claims, unsecured claims and equity interests as follows:

a. **Secured Claims**

Either (i) each holder of a claim in an impaired class of secured claims retains its liens securing its secured claim and it receives on account of its secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, (ii) each holder of a claim in an impaired class of secured claims realizes the indubitable equivalent of its allowed secured claim or (iii) the property securing the claim is sold free and clear of liens, with such liens to attach to the proceeds and the treatment of such liens on proceeds as provided in clause (i) or (ii) of this subparagraph.

b. **Unsecured Claims**

Either (i) each holder of a claim in an impaired class of unsecured claims receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan of reorganization, subject to the applicability of the judicial doctrine of contributing new value.

c. **Equity Interests**

Either (i) each holder of an equity interest in an impaired class of interests will receive or retain under the plan of reorganization property of a value equal to the greater of (A) the fixed liquidation preference or redemption price, if any, of such stock or (B) the value of the stock or (ii) the holders of interests that are junior to the stock will not receive any property under the plan of reorganization, subject to the applicability of the judicial doctrine of contributing new value.

THE PLAN MAY BE CONFIRMED IF THE REQUISITE AMOUNT OF HOLDERS OF CLAIMS IN CLASS 2B – PREPETITION LENDER SECURED CLAIMS OR CLASS 3A-B – GENERAL UNSECURED CLAIMS AGAINST SIF VOTE TO ACCEPT THE PLAN. IT SHOULD BE NOTED, HOWEVER, THAT BOTH THE DEBTORS AND THE AGENT UNDER THE PREPETITION CREDIT AGREEMENT HAVE STATED THAT THEY HAVE FILED OR WILL FILE OBJECTIONS TO EACH OF THE CLASS 3A-B GENERAL UNSECURED CLAIMS AGAINST SIF.

D. Effect of Confirmation

Under section 1141 of the Bankruptcy Code, the provisions of a confirmed plan bind the debtor, any entity issuing securities under the plan, any entity acquiring property under the plan and any creditor or equity security holder, whether or not the claim or interest of such creditor or equity security holder is impaired under the plan and whether or not such creditor or equity security holder voted to accept the plan. Further, after confirmation of a plan, the property dealt with by the plan is free and clear of all claims and interests of creditors and equity security holders, except as otherwise provided in the plan or the confirmation order.

ARTICLE VI.
THE CHAPTER 11 PLAN

A. Classification

The classified Claims against, and Equity Interests in, the Debtors are classified as follows:

1. Class 1 Claims – Priority Non-Tax Claims.

Class 1-A Claims: Class 1-A Claims consist of all Priority Non-Tax Claims against the Consolidated Debtors.

Class 1-B Claims: Class 1-B Claims consist of all Priority Non-Tax Claims against SIF.

2. Class 2A Claims – Black Diamond Agent Secured Claims.

Class 2A Claims: Class 2A Claims consist of the Black Diamond Agent Secured Claim against the Consolidated Debtors.

3. Class 2B Claims – Prepetition Lender Secured Claims.

Class 2B Claims: Class 2B Claims consist of all Prepetition Lender Secured Claims of any of the Prepetition Lenders against the Consolidated Debtors.

4. Class 2C Claims – Other Secured Claims.

Class 2C-A Claims: Class 2C-A Claims consist of all Other Secured Claims against the Consolidated Debtors.

Class 2C-B Claims: Class 2C-B Claims consist of all Other Secured Claims against SIF.

5. Class 3A – General Unsecured Claims.

Class 3A-A Claims: Class 3A-A Claims consist of all General Unsecured Claims against the Consolidated Debtors.

Class 3A-B Claims: Class 3A-B Claims consist of all General Unsecured Claims against SIF.[14]

6. Class 3B – Intercompany Claims.

Class 3B-A Claims: Class 3B-A Claims consist of all Intercompany Claims against the Consolidated Debtors.

Class 3B-B Claims: Class 3B-B Claims consist of all Intercompany Claims against SIF.

[14] The Trustee for the Debtors and the Agent under the Prepetition Credit Agreement both believe that there are no General Unsecured Claims in this Class.

7. Class 3C – Section 510(b) Claims.

Class 3C-A Claims: Class 3C-A Claims consist of all Section 510(b) Claims against the Consolidated Debtors.

Class 3C-B Claims: Class 3C-B Claims consist of all Section 510(b) Claims against SIF.

8. Class 4 – Equity Interests.

Class 4 Claims: Class 4 Claims consist of all Equity Interests in any of the Debtors.

B. Summary of Distributions Under the Plan

The following tables designate the Claims against and Equity Interests in the Debtors and specifies which are (i) impaired or unimpaired by the Plan, (ii) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code, and (iii) deemed to reject the Plan. The estimates of recovery are based on information provided to the Plan Proponents, by the Debtors or Trustee, or publicly disclosed during the Chapter 11 Cases. The estimates of recovery may differ from that which Holders of Claims may realize.

UNCLASSIFIED CLAIMS

Designation	Treatment	Entitled to Vote	Estimated Recovery
Administrative Expense Claims	Unimpaired	No (deemed to accept)	100%
Postpetition Lender Secured Claims	Unimpaired	No (deemed to accept)	100%
Priority Tax Claims	Unimpaired	No (deemed to accept)	100%

CLASSIFIED CLAIMS AND INTERESTS

Class	Designation	Treatment	Entitled to Vote	Estimated Recovery
1-A	Priority Non-Tax Claims against Consolidated Debtors	Unimpaired	No (deemed to accept)	100%
1-B	Priority Non-Tax Claims against SIF	Unimpaired	No (deemed to accept)	100%
2A	Black Diamond Agent Secured Claims against Consolidated Debtors	Unimpaired	No (deemed to accept)	100%

2B	Prepetition Lender Secured Claims Against Consolidated Debtors	Impaired	Yes	67.98% to 89.82%[15]
2C-A	Other Secured Claims against Consolidated Debtors	Unimpaired	No (deemed to accept)	100%
2C-B	Other Secured Claims against SIF	Unimpaired	No (deemed to accept)	100%
3A-A	General Unsecured Claims against Consolidated Debtors	Impaired	No (deemed to reject)	No recovery
3A-B	General Unsecured Claims against SIF	Impaired	Yes	19.91% to 25.88%[16]
3B-A	Intercompany Claims against Consolidated Debtors	Impaired	No (deemed to reject)	No recovery
3B-B	Intercompany Claims against SIF	Impaired	Yes	19.91% to 25.88%[17]
3C-A	Section 510(b) Claims against Consolidated Debtors	Impaired	No (deemed to reject)	No recovery
3C-B	Section 510(b) Claims against Consolidated Debtors	Impaired	No (deemed to reject)	No recovery
4	Equity Interests	Impaired	No (deemed to reject)	Cancelled

C. Description and Treatment of Claims Against and Equity Interests in the Debtors

1. Unclassified Claims Against the Debtors

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Postpetition Lender Secured Claims and Priority Tax Claims have not been classified and thus are excluded from the Classes of Claims set forth in Article II of the Plan.

a. Administrative Expense Claims

Except to the extent that a Holder of an Allowed Administrative Expense Claim agrees to a less favorable treatment, on the later of the Effective Date and the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is

[15] According to information provided by Black Diamond Agent, the Prepetition Lender Claims totaled $255,387,555.59 as of May 31, 2011 (inclusive of accrued interest and exclusive of professional fees and expenses that may be, in each case, recoverable under the Prepetition Credit Agreement). The indicative value of the Debtors' assets ranges from $173.6 million to $229.4 million. The range of percentages was determined by dividing the amount of Prepetition Lender Claims into range of values for the Debtors' assets.

[16] According to Capstone's Recovery Analysis (attached as Exhibit H hereto), Debtor NJLP is owed $50.232 million in intercompany receivables from Debtor SIF and this Intercompany Claim is worth $10 million to $13 million. The range of percentages was determined by dividing the amount of Intercompany Claims against SIF into the ranges of values for the Intercompany Claim. The Trustee does not believe that there are any allowable Claims in Class 3A-B (General Unsecured Claims against SIF). If the Trustee is mistaken and there are Allowed General Unsecured Claims against SIF, the divisor will increase dollar-for-dollar by such amount resulting in a lower percentage recovery for Holders of Allowed Claims in both Class 3A-B (General Unsecured Claims against SIF) and Class 3B-B (Intercompany Claims against SIF).

[17] See *supra* note 16.

practicable, the Holder of such an Allowed Administrative Expense Claim shall receive payment in Cash in full satisfaction of any unsatisfied portion of such Claim, *first*, from Available Cash (to the extent available for payment of such Claim) and, *second*, from the proceeds of borrowings under the Exit Facility Agreement (to the extent of the availability under the Exit Facility Agreement) in an amount equal to any remaining Allowed amount of such Claim; *provided*, *however*, that (i) the Tranche A Commitment shall be available to pay only Postpetition Lender Secured Claims and the Tranche B Commitment shall not be available to pay Postpetition Lender Secured Claims; (ii) Allowed Administrative Expense Claims representing liabilities or other obligations incurred in the ordinary course of business by the Trustee shall be paid in full and performed by the Trustee in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions; and (iii) no Professional Fee Claim shall be Allowed unless (a) the Holder of such Professional Fee Claim files and serves on counsel for the Trustee, the Debtors, Black Diamond Agent, the Plan Proponents, and the United States Trustee a final fee application, pursuant to section 330 of the Bankruptcy Code and in compliance with the Trustee Guidelines and orders of the Bankruptcy Court, with the Bankruptcy Court requesting allowance of such Claim no later than 45 days after the Effective Date; and (b) the Bankruptcy Court enters a Final Order allowing such Professional Fee Claim; any Holder of a Professional Fee Claim that fails to timely file and serve such an application for final allowance of compensation and reimbursement of expenses in respect of such Claims shall be forever barred from asserting such Claims against the Debtors or Reorganized Debtors or their property, and the Debtors and Reorganized Debtors shall be discharged from such Claims and shall not be obligated to satisfy such Claims.

b. **Postpetition Lender Secured Claims**

Except to the extent that the Holder of an Allowed Postpetition Lender Secured Claim agrees to less favorable treatment, each Holder of an Allowed Postpetition Lender Secured Claim shall be paid in full on the Effective Date from, *first*, any unencumbered Available Cash, *second*, Available Cash designated to be applied for payment of Allowed Postpetition Lender Secured Claims under Section 4.3(c) of the Plan and, *third*, the proceeds of a borrowing under the Tranche A Commitment.

c. **Priority Tax Claims**

Except to the extent that a Holder of an Allowed Priority Tax Claim has been paid by or on behalf of a Debtor prior to the Effective Date or agrees to less favorable treatment, each Holder of an Allowed Priority Tax Claim shall receive Cash in an amount equal to the Allowed amount of such Priority Tax Claim on the later of the Effective Date and the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is practicable, from the proceeds of a drawing on the Exit Facility Agreement.

2. Classified Claims Against and Equity Interests in the Debtors

a. **Priority Non-Tax Claims (Classes 1-A and 1-B)**

Except to the extent that the Holder of an Allowed Priority Non-Tax Claim agrees to less favorable treatment or has been paid by or on behalf of the applicable Debtor on account of such Priority Non-Tax Claim prior to the Effective Date, each Holder of an Allowed Priority Non-Tax Claim in either of Class 1-A or 1-B shall be paid in Cash in each case on the later of the Effective Date and the date (if ever) each respective Priority Non-Tax Claim becomes an Allowed Priority Non-Tax Claim, or as soon thereafter as is practicable, in an amount equal to the Allowed amount of such Priority Non-Tax Claim, from the proceeds of a borrowing under the Exit Facility Agreement Tranche B Commitment.

b. **Black Diamond Agent Secured Claim (Class 2A)**

Except to the extent that the Holder of an Allowed Black Diamond Agent Secured Claim agrees to less favorable treatment, on the Effective Date, or as soon thereafter as is reasonably practicable, the Holder of an Allowed Black Diamond Agent Secured Claim in Class 2A shall receive on account of such Claim payment of the Allowed amount of such Claim in full in Cash from Available Cash, or if Available Cash is insufficient to pay such Allowed Claim in full, from the proceeds of a borrowing under the Exit Facility Tranche B Commitment.

c. **Prepetition Lender Secured Claims (Class 2B)**

Except to the extent that the Holder of an Allowed Prepetition Lender Secured Claim agrees to less favorable treatment, on the Effective Date, or as soon thereafter as is practicable, each Holder of an Allowed Prepetition Lender Secured Claim in Class 2B shall be satisfied with its pro rata share of (i) the Available Cash remaining after payment of the Allowed Black Diamond Agent Secured Claim, if any, on such date, (ii) the Reorganized GSC Group New Common Stock, (iii) the Reorganized NJLP New Senior Notes, and (iv) the Reorganized AP Inc. New Common Stock. However, any Cash Distributions that would otherwise be allocable to the Non-Controlling Lenders on account of their Allowed Prepetition Lender Secured Claims shall be applied *first*, to the payment of Allowed Postpetition Lender Secured Claims until the Holders of Allowed Postpetition Lender Secured Claims are paid in full in Cash and, *second*, the balance, if any, to the Non-Controlling Lenders based on each Non-Controlling Lenders' pro rata share of the Non-Controlling Lenders' Pro Rata Share of the Allowed Prepetition Lender Secured Claims.

d. **Other Secured Claims (Classes 2C-A and 2C-B)**

Except to the extent that the Holder of an Allowed Other Secured Claim agrees to less favorable treatment, each Holder of an Allowed Other Secured Claim in either of Class 2C-A or 2C-B shall receive, at the option of the Majority Plan Proponents, one of the following: (i) payment in Cash in an amount equal to the Allowed amount of such Other Secured Claim on the later of the Effective Date and the date such Other Secured Claim becomes an Allowed Other Secured Claim; (ii) the sale or disposition proceeds of the Collateral securing such Allowed Other Secured Claim to the extent of the value of the Holder's interest in the Collateral securing such Allowed Other Secured Claim; (iii) surrender to the Holder of such Allowed Other Secured Claim of the Collateral securing such Allowed Other Secured Claim; or (iv) such treatment that leaves unaltered the legal, equitable, and contractual rights to which the Holder of the Allowed Secured Claim is entitled. In the event an Allowed Other Secured Claim is treated under clause

(i) or (ii) above, the Liens securing such Claim shall be deemed released and extinguished without further order of the Bankruptcy Court.

e. **General Unsecured Claims (Classes 3A-A and 3A-B)**

(i) *Class 3A-A*

The Holders of Allowed General Unsecured Claims in Class 3A-A shall receive no Distribution on account of such Claims, and such Claims shall be extinguished as against the applicable Debtor.

(ii) *Class 3A-B*

Except to the extent that the Holder of an Allowed General Unsecured Claim in Class 3A-B agrees to less favorable treatment, on the Effective Date, or as soon thereafter as is practicable, each Holder of an Allowed General Unsecured Claim in Class 3A-B shall be satisfied by its pro rata share of the SIF General Unsecured Creditors' Pro Rata Share of the Reorganized SIF Interests to be issued pursuant to and in a manner consistent with the provisions of the Plan.

f. **Intercompany Claims (Classes 3B-A and 3B-B)**

(i) *Class 3B-A*

All Allowed Intercompany Claims in Class 3B-A shall be cancelled as of the Effective Date, and the Holders of such Allowed Intercompany Claims in Class 3B-A shall receive no Distribution on account of such Claims.

(ii) *Class 3B-B*

Except to the extent that the Holder of an Allowed Intercompany Claim in Class 3B-B agrees to less favorable treatment, on the Effective Date, or as soon thereafter as is practicable, each Holder of an Allowed Intercompany Claim in Class 3B-B shall receive its pro rata share of the SIF Intercompany Creditors' Pro Rata Share of the Reorganized SIF Interests to be issued pursuant to and in a manner consistent with the provisions of the Plan.

g. **Section 510(b) Claims (Classes 3C-A and 3C-B)**

The Holders of Allowed Section 510(b) Claims in either of Class 3C-A or 3C-B shall receive no Distribution on account of such Claims, and those Claims shall be extinguished as against the Debtors.

h. **Equity Interests (Class 4)**

The Holders of Equity Interests in Class 4 shall receive no Distribution on account of such Equity Interests.

ARTICLE VII.
TRANSACTIONS TO BE CONSUMMATED UNDER THE PLAN

A. Means for Implementation of the Plan

1. Partial Substantive Consolidation

The Plan contemplates the substantive consolidation of the estates of the Consolidated Debtors into a single Entity solely for purposes of Plan voting, confirmation, implementation, Distribution and consummation. The Plan Proponents request substantive consolidation of the Consolidated Debtors on the grounds that the amount of the Prepetition Lender Claims are far in excess of the value of the Consolidated Debtors' estates, and no Holder of a General Unsecured Claim would be entitled to receive any distribution under the Plan absent the consent of the Prepetition Lenders, and therefore, the denial of substantive consolidation would result in an unnecessarily costly, time-consuming administrative burden. Accordingly, on the Effective Date: (i) all Intercompany Claims held by a Consolidated Debtor against a Consolidated Debtor shall be cancelled; (ii) all assets and any proceeds thereof and all liabilities of any and all of the Consolidated Debtors, will be merged or treated as though they were the assets or liabilities jointly of all such Debtors; (iii) any obligation of a Consolidated Debtor upon which any one or more other Consolidated Debtors are primarily or secondarily liable will be deemed to be a single obligation of the Consolidated Debtors in the amount of the primary obligation; (iv) any Claims Allowed in connection with any such obligations will be deemed one Claim against the Consolidated Debtors in the amount of the primary obligation entitled to (at most) a single Distribution; (v) every Claim for which proof is filed or to be filed as against any one of the Consolidated Debtors shall be deemed one Claim filed against such Debtors; and (vi) Claims of a single creditor against more than one of the Consolidated Debtors in respect of single, discrete transactions shall be treated as a single Claim against the Consolidated Debtors in the aggregate amount of such all such Claims.

Notwithstanding the foregoing, (i) the estate of SIF will not be deemed consolidated with the estates of the Consolidated Debtors for any purposes; (ii) the Consolidated Debtors will not be deemed consolidated for any purpose after the Effective Date; (iii) the Debtors', Reorganized Debtors' and Trustee's rights of recovery against any Entity other than a Debtor with respect to any assets and the rights of any party with a security interest in any of the property of any of the Debtors shall not be prejudiced by such consolidation; and (iv) mutuality for purposes of setoff under section 553 of the Bankruptcy Code will not be affected by such consolidation.

2. Plan Transactions

a. **Reorganized NJLP New Senior Notes**

On the Effective Date, Reorganized NJLP shall execute and deliver the Reorganized NJLP New Senior Notes Indenture to govern the Reorganized NJLP New Senior Notes. A term sheet detailing the material provisions of the Reorganized NJLP New Senior Notes is attached hereto as Exhibit K.

b. **Exit Facility**

On the Effective Date, all of or a sub-group of the Non-Controlling Lenders (the "Exit Lenders") shall establish the Exit Facility and the Reorganized Debtors shall enter into the Exit Facility Agreement. The Exit Facility Agreement will (a) refinance amounts outstanding on the Effective Date under the Postpetition Credit Agreement, (b) make other payments required to be made on the Effective Date or a Distribution Date (after giving effect to the payments made with Available Cash on the Effective Date), and (c) provide additional borrowing capacity required by the Reorganized Debtors following the Effective Date to maintain their operations.

The Exit Facility shall consist of (i) a secured term credit facility in an amount equal to the difference between (a) the amount of indebtedness outstanding under the Postpetition Credit Agreement and (b) the sum of unencumbered Available Cash and Available Cash designated to be applied for payment of Allowed Postpetition Lender Secured Claims under Section 4.3(c) of the Plan (the "Tranche A Commitment"), and (ii) a multiple draw secured term loan facility in the amount of $7,000,000 (the "Tranche B Commitment").

The Exit Facility shall mature on the date that is 18 months after the Effective Date. Drawings under the Exit Facility shall be made in accordance with a budget reasonably acceptable to the Exit Lenders, to the extent the Reorganized Debtors do not have sufficient cash on hand to fund a budgeted item. The terms of the Exit Facility (including interest and commitment fees) shall be reasonably acceptable to the Majority Plan Proponents and the Exit Lenders, who shall be secured by a first priority lien on all assets of the Reorganized Debtors. A term sheet detailing the material provisions of the Exit Facility Agreement is attached hereto as Exhibit L.

c. Sankaty Sub-Advisory Agreement

On the Effective Date, the Reorganized Debtors shall enter into the Sub-Advisory Agreement pursuant to which Sankaty will provide the Reorganized Debtors certain investment advisory services. A term sheet detailing the material terms of the Sankaty Sub-Advisory Agreement is attached hereto as Exhibit M.

d. Cancellation of Old Securities

On the Effective Date, except as otherwise provided for herein, (i) any agreement, note, bond (with the exception of surety bonds outstanding), indenture or other instrument or document evidencing or creating any indebtedness or obligation of a Debtor, except such notes or other instruments evidencing indebtedness or obligations of a Debtor that are Reinstated, and all Equity Interests in the Debtors, other than Equity Interests of a Debtor in a Consolidated Debtor (which are Reinstated except as modified pursuant to Sections 6.6, 6.9 and/or Article VII of the Plan), and any instrument or document evidencing or creating such Equity Interests (other than Equity Interests of a Debtor in a Consolidated Debtor), shall be cancelled, (ii) the obligations of the Debtors under any agreement, note, bond (with the exception of surety bonds outstanding), indenture or other instrument or document evidencing or creating any indebtedness or obligation of a Debtor, except such notes or other instruments evidencing indebtedness or obligations of a Debtor that are Reinstated or assumed as provided in the Plan, shall be discharged. As of the Effective Date, all Equity Interests that have been authorized to be issued

but that have not been issued shall be deemed cancelled and extinguished without any further action of any party.

3. Provisions for Distributions of Plan Securities

a. **Creation and Distribution of New Securities**

On, or as soon as reasonably practicable after, the Effective Date, each of the Reorganized GSC Group, Reorganized AP Inc. and Reorganized SIF are authorized to and shall distribute, or cause to be distributed, its Reorganized GSC Group New Common Stock, Reorganized AP Inc. New Common Stock and Reorganized SIF Interests, as applicable, and they and the other Reorganized Debtors are authorized to issue any and all other new securities required to be issued, executed or delivered pursuant to the Plan, in each case without further (i) notice to or order of the Bankruptcy Court, (ii) act or action under applicable law, regulation, order or rule or (iii) the vote, consent, authorization or approval of any Entity. All documents, agreements and instruments entered into and delivered on or as of the Effective Date contemplated by or in furtherance of the Plan, and any other agreement or document related to or entered into in connection with same, shall become, and shall remain, effective and binding in accordance with their respective terms and conditions upon the parties thereto, in each case without further (i) notice to or order of the Bankruptcy Court, (ii) act or action under applicable law, regulation, order or rule or (iii) the vote, consent, authorization or approval of any Entity (other than as expressly required by such applicable agreement).

b. **Sale of Non-Core Assets and Distribution of Reorganized Debtors' Cash**

Any Non-Core Assets of a Debtor that have not been sold prior to the Effective Date shall vest in such Debtor as a Reorganized Debtor. After the Effective Date, the Reorganized Debtors will use their reasonable best efforts to sell the Non-Core Assets.

c. **Reorganized Debtors' Use of Cash**

Any Cash generated by the Reorganized Debtors after the Effective Date, excluding the Sankaty Fees, shall be deposited with the Exit Administrative Agent and applied as follows: *first*, to repay amounts outstanding under the Tranche A Commitment; *second*, an amount equal to the budgeted expenditures payable within the subsequent 30 days shall be retained by the Exit Administrative Agent to be released in accordance with the budget developed in accordance with the Exit Facility Agreement; *third*, to pay any amounts outstanding under the Tranche B Commitment; and *fourth*, to pay other amounts outstanding under the Exit Credit Agreement. No dividends or other distributions by the Reorganized Debtors will be permitted so long as the Exit Facility Agreement is in effect or any commitment thereunder is outstanding. Once the Exit Facility Agreement is no longer in effect and no commitments thereunder are outstanding, the Reorganized Debtors may make dividends and other distributions to the extent that cash on hand exceeds $7 million less the sum of all expenditures by the Reorganized Debtors since the Effective Date.

d. **Disposition of Partnership Contracts and Management Contracts**

All Partnership Contracts and Management Contracts shall be assumed by the Debtors and performed by the Reorganized Debtors who shall be sub-advised by Sankaty pursuant to the Sankaty Sub-Advisory Agreement. Notwithstanding the above, if Consent Parties to a particular Partnership Contract or Management Contract do not Consent to Sankaty serving as sub-advisor to the Reorganized Debtors for such contract, the Debtors or the Reorganized Debtors, as the case may be, may, among other things: (a) reject such Partnership Contract or Management Contract in accordance with the provisions of the Plan; or (b) assume the Partnership Contract or Management Contract in accordance with the provisions of the Plan and either (i) perform under the Partnership Contract or Management Contract without the assistance of Sankaty or any other sub-advisor, (ii) appoint a sub-advisor (if any) acceptable to the relevant Consent Parties to assist in performing under such Partnership Contract or Management Contract, (iii) assign such Partnership Contract or Management Contract to an Entity acceptable to the relevant Consent Parties in accordance with the provisions of the Plan, or (iv) employ Sankaty to serve as a sub-advisor to the Reorganized Debtors in respect of such Partnership Contract or Management Contract (but only to the extent a Final Order is entered authorizing the same).

The Plan Proponents anticipate that before the Confirmation Hearing all of the Consent Parties to all of the Partnership Contracts and Management Contracts will have consented to the Sankaty Sub-Advisory Agreement. Even though Black Diamond was not able to receive the necessary Consents from parties to several of the Partnership Contracts and Management Contracts, the Plan Proponents believe that Sankaty's reputation as a premier asset manager will enable it to fare better. As described its most recent Form ADV form, attached as Exhibit N hereof, Sankaty operates a well-structured and performing operation managing approximately $18 billion of assets as of December 31, 2010. In light of Sankaty's superior reputation, the Plan Proponents do not anticipate any significant issues in obtaining consents from the Consent Parties. Moreover, as stated elsewhere herein, the Plan Proponents do not concede that the Consent of the Consent Parties is necessary to consummate the transaction contemplated hereby.

In order to obtain Consents as a matter of process, the Plan Proponents have worked with Epiq Bankruptcy Solutions, LLC ("Epiq"), the Debtors' claims agent who managed the Debtors' earlier solicitation of Consent Parties. Epiq will utilize the same procedures that it did in connection with the Debtors' prior attempt to sell the assets in December 2010 pursuant to the Amended APA that was terminated by the Debtors after the December 22, 2010 hearing save for certain modifications Epiq requested to ensure a more efficient solicitation than that which was undertaken in connection with that prior transaction. Epiq intends to expeditiously provide Consent Parties with a Notice of Third Party Consent Solicitation, the form of which has been approved by the Court.

e. **Deemed Consent**

If a Consent Party has failed to object to the assignment of the Debtors' rights under the Partnership Contract or Management Contract for which it is a Consent Party or to the appointment of Sankaty as a sub-advisor for the Debtors in respect of such Partnership Contract or Management Contract on or before the earlier of (i) fifteen (15) days following service of notice or (ii) two (2) Business Days prior to the Confirmation Hearing, notwithstanding any terms in the operating Partnership Contract or Management Contract requiring Consent from the Consent Party, such Consent shall be deemed to have been given by such Consent Party.

f. Distributions of Plan Consideration

On the Effective Date, or as soon thereafter as practicable, the Reorganized Debtors shall make the Distributions of their Plan Consideration in accordance with the provisions of the Plan.

g. Distributions Free and Clear

Except as otherwise provided herein, any Distributions under the Plan shall be free and clear of any Liens, Claims, interests and encumbrances, and no other Entity, including the Debtors shall have any interest, legal, beneficial or otherwise, in assets transferred pursuant to the Plan.

h. Delivery of Distributions and Undeliverable Distributions

Distributions to Holders of Allowed Claims shall be made at the address of each such Holder as set forth on the proof of claim filed in respect of such Holder's Allowed Claim or on the Schedules filed with the Bankruptcy Court, unless the address on such Schedules is superseded by a new address as set forth (a) on a proof of claim filed by a Holder of an Allowed Claim or (b) in another writing notifying the Reorganized Debtors (at the addresses set forth in the Plan Supplement) of a change of address. If any Holder's Distribution is returned as undeliverable, no further Distributions to such Holder shall be made unless and until the Reorganized Debtor is notified of such Holder's then-current address, at which time all returned Distributions on such Claim shall be made to such Holder at its then-current address, without interest. All demands for undeliverable Distributions shall be made on or before six (6) months after the date such undeliverable Distribution was initially made. Thereafter, the amount represented by such undeliverable Distribution shall irrevocably revert to the applicable Reorganized Debtor, and any Claim in respect of such undeliverable Distribution shall be discharged and forever barred from assertion against any Debtor, Reorganized Debtor or their property.

i. Withholding and Reporting Requirements

In connection with the Plan and all instruments issued in connection therewith and distributed thereon, the Reorganized Debtors shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all Distributions under the Plan shall be subject to any such withholding or reporting requirements. Notwithstanding the above, each Holder of an Allowed Claim that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Unit, including income, withholding and other tax obligations, on account of such Distribution. Each of the Reorganized Debtors has the right, but not the obligation, to withhold a Distribution until such Holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations. Each of the Reorganized Debtors may require, as a condition to receipt of a Distribution, that the Holder of an Allowed Claim complete and return a Form W-8 or W-9, as applicable, to each such Reorganized Debtor. If a Reorganized Debtor makes such a request and the Holder fails to comply before the date that is 180 days after the request is made, the amount of such Distribution shall irrevocably revert to the Reorganized Debtor and any Claim in respect of such Distribution

shall be discharged and forever barred from assertion against the Reorganized Debtors or their respective property.

j. **Setoffs and Recoupment**

The Reorganized Debtors may, but shall not be required to, set off against or recoup from any Claim and the payments to be made pursuant to the Plan in respect of such Claim any Claims of any nature whatsoever that any Debtors may have against the Holder of the Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any such Claim any Reorganized Debtors may have against such Holder.

k. **Allocation of Distributions**

Distributions to any Holder of an Allowed Claim shall be allocated first to the principal portion of any such Allowed Claim (as determined for federal income tax purposes), and, only after the principal portion of any such Allowed Claim is satisfied in full, to any portion of such Allowed Claim comprising interest (but solely to the extent that interest is an allowable portion of such Allowed Claim).

l. **Maximum Distribution**

In no event shall any Holder of any Allowed Claim receive Distributions under the Plan in excess of the Allowed amount of such Claim, including after taking into account amounts received from sources other than the Debtors, the Trustee or Reorganized Debtors on account of such Allowed Claim.

B. <u>Conditions Precedent to the Effective Date of the Plan</u>

The following are conditions precedent to the Effective Date of the Plan with respect to each Debtor:

- the Confirmation Order, in form and substance acceptable to the Majority Plan Proponents, shall have been entered;
- the Sankaty Sub-Advisory Agreement shall have been executed by all parties thereto and all conditions to the effectiveness thereof shall have been satisfied or waived;
- the Exit Facility Agreement shall have been executed by all parties thereto and all conditions to the initial borrowing thereunder shall have been satisfied or waived;
- the sum of (i) the Non-Controlling Lenders' Pro Rata Share of Available Cash to be turned over pursuant to Section 4.3(c) of the Plan plus (ii) the proceeds of borrowings under the Tranche A Commitment shall be sufficient to pay all amounts owing under the Postpetition Credit Agreement;
- the assets of the Debtors have been assumed or have revested in the Reorganized Debtors in a manner satisfactory to the Majority Plan Proponents;

- all actions and all agreements, instruments or other documents necessary to implement the terms and provisions of the Plan are effected or executed and delivered, as applicable, in form and substance satisfactory to the Majority Plan Proponents;

- all authorizations, consents and regulatory approvals, if any, required in connection with the consummation of the Plan are obtained and not revoked; and

- the certificates of incorporation and by-laws and/or other relevant constitutive documents of the Debtors shall have been amended to the extent necessary to effectuate the Plan.

Notwithstanding the foregoing, the Majority Plan Proponents reserve the right to waive the occurrence of the conditions precedent to the Effective Date set forth in Section 11.1 of the Plan other than those set forth in Section 11.1(b) and (c) of the Plan. Any such waiver must be in writing and may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action. If the Majority Plan Proponents decide that one of the conditions precedent to the Effective Date of the Plan cannot be satisfied and the occurrence of such condition is not waived or cannot be waived, then the Plan Proponents shall file a notice of the inability to satisfy such condition precedent with the Bankruptcy Court.

C. Corporate Existence

Except as otherwise set forth in the New Certificates, after the Effective Date, the Reorganized Debtors may decide to (i) maintain each Reorganized Debtor as a corporation, limited liability company or partnership in good standing until such time as all aspects of the Plan pertaining to such Debtor have been completed, or (ii) at such time as the Reorganized Debtors consider appropriate and consistent with the implementation of the Plan pertaining to such Debtor, dissolve such Debtor or merge such Debtor with another Debtor and complete the winding up of such Debtor without the necessity for any other or further actions to be taken by or on behalf of such dissolving Debtor or its shareholder or any payments to be made in connection therewith subject to the filing of a certificate of dissolution with the appropriate governmental authorities (including, without limitation, the transfer of all or part of the assets of such Debtor to a liquidating trust).

On the Effective Date, the certificate of incorporation of each of Reorganized AP Inc. and Reorganized GSC Group shall be amended in its entirety to read substantially as set forth in Schedules 2A and 2B of the Plan, respectively.

D. Board of Directors

As of the Effective Date, the existing Board of GSC Group and the Board of each of the Debtors shall be terminated and new Boards shall be appointed by the Majority Plan Proponents. From and after the Effective Date, each of the Reorganized Debtors shall be managed by its new

Board. Thereafter, the directors of the Reorganized Debtors shall be selected and determined in accordance with the provisions of the organizational documents of the Reorganized Debtors and applicable law. The initial directors of the new Boards shall be as identified in the Plan Supplement.

The new Board of each Reorganized Debtor shall have full discretion with respect to the continued retention or termination of any existing managers or advisors to the Debtors except as set forth in the New Certificates, provided that the appointment of Sankaty as sub-advisor for the Reorganized Debtors pursuant to the Sankaty Sub-Advisory Agreement may not be terminated except pursuant to the Sankaty Sub-Advisory Agreement.

E. Restructuring Transactions

Except as otherwise provided in this Plan, pursuant to section 1123(a)(5) of the Bankruptcy Code, on or after the Effective Date, the applicable Reorganized Debtors may enter into such transactions and may take such actions as may be appropriate to effect a restructuring of their respective businesses, to otherwise simplify the overall corporate structure of the Reorganized Debtors, or to reincorporate certain of the Reorganized Debtors under the laws of jurisdictions other than the laws of which the applicable Reorganized Debtors are presently incorporated. Such restructuring is contemplated to include one or more mergers, consolidations, restructures, dispositions, liquidations, or dissolutions, as may be determined by the Debtors or Reorganized Debtors to be necessary or appropriate (collectively, the "Restructuring Transactions"). The actions to effect the Restructuring Transactions may include: (i) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, disposition, liquidation or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable state law and such other terms to which the applicable Entities may agree; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms to which the applicable Entities may agree; (iii) the filing of appropriate certificates or articles of merger, consolidation or dissolution pursuant to applicable state law; and (iv) all other actions that the applicable entities determine to be appropriate, including making filings or recordings that may be required by applicable state law in connection with such transactions. The Restructuring Transactions may include one or more mergers, consolidations, restructurings, dispositions, liquidations or dissolutions, as may be determined by the Reorganized Debtors to be necessary or appropriate to result in substantially all of the respective assets, properties, rights, liabilities, duties and obligations of certain of the Reorganized Debtors vesting in one or more surviving, resulting, or acquiring corporations. In each case in which the surviving, resulting or acquiring corporation will perform the obligations of the applicable Reorganized Debtor pursuant to the Plan to pay or otherwise satisfy the Allowed Claims against such Reorganized Debtor, except as provided in any contract, instrument or other agreement or document effecting a disposition to such surviving, resulting or acquiring corporation, which may provide that another Reorganized Debtor will perform such obligations.

F. Certificates of Incorporation and By-Laws

As of the Effective Date, each New Certificate shall, among other things, prohibit the issuance of nonvoting equity securities, but only to the extent required by section 1123(a)(6) of the Bankruptcy Code. Except for the GSC Group Certificate of Incorporation, the New Certificates of each of the Reorganized Debtors shall be included in the Plan Supplement.

ARTICLE VIII.
OTHER ASPECTS OF PLAN

A. Plan Supplement

The New Certificates (other than the New GSC Group Certificate of Incorporation), the Reorganized NJLP New Senior Note Indenture, a list of any contracts or leases, other than Management Contracts and Partnership Contracts, to be assumed or assumed and assigned, a list of the Management Contracts and Partnership Contracts to be rejected by the Debtors in accordance with Section 10.1 of the Plan, the cure amounts of any executory contracts to be assumed by the Debtors,[18] the Sankaty Sub-Advisory Agreement, and the Exit Facility Agreement shall be contained in the Plan Supplement that is filed with the Clerk of the Bankruptcy Court at least five (5) days prior to the last day upon which holders of Claims may vote to accept or reject the Plan.

B. Procedures for Treating Disputed Claims

1. Objections

As of the Effective Date, objections to, and requests for estimation of, all Claims against the Debtors may be interposed and prosecuted only by the Reorganized Debtors. Objections to and requests for estimation of Claims shall be filed with the Court and served on the claimant on or before the later of (a) the date that is six (6) months after the Effective Date and (b) such later date as may be determined by the Bankruptcy Court for cause shown.

2. Restrictions on Distributions

Notwithstanding any other provision hereof, if any portion of a Claim on account of which the Holder of such Claim is to receive a Distribution by and through the Plan (i.e., Administrative Expense Claims, Priority Tax Claims, Priority Non-Tax Claims, Postpetition Lender Secured Claims, Black Diamond Agent Secured Claims, Prepetition Lender Secured Claims, Other Secured Claims, General Unsecured Claims against SIF, and Intercompany Claims against SIF) is a Disputed Claim, no Distribution shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim, whether or not an undisputed or Allowed portion of such Claim exists.

[18] Based upon earlier provided information, the Plan Proponents believe that the cure amounts of many of the assumed executory contracts will be $0.00.

3. Estimation of Claims

An order of the Bankruptcy Court may be sought and used to calculate and to establish the amount of the Disputed Claims Estimated Amount. The Reorganized Debtors or the Holder of a Disputed Claim may, at any time, request that the Bankruptcy Court estimate any Disputed Claim, and the Bankruptcy Court will retain jurisdiction to estimate any Disputed Claim at any time during litigation concerning any objection to any Disputed Claim, including during the pendency of any appeal relating to such objection. In the event that the Bankruptcy Court estimates any Disputed Claim, that estimated amount may, as determined by the Bankruptcy Court, constitute (a) the Allowed amount of such Disputed Claim, (b) a maximum limitation on such Disputed Claim, or (c) in the event such Disputed Claim is estimated in connection with the estimation of other Claims within the same Class, a maximum limitation on the aggregate amount of Allowed Claims on account of such Disputed Claims so estimated; *provided, however*, that if the estimate constitutes the maximum limitation on a Claim, or on more than one such Claim within a Class of Claims, as applicable, the Reorganized Debtors may elect to pursue supplemental proceedings to object to any ultimate allowance of any such Disputed Claim. All of the objection, estimation, settlement and resolution procedures set forth in the Plan are cumulative and not necessarily exclusive of one another. Disputed Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

4. Reserve for Disputed Claims

The Reorganized Debtors shall hold for the benefit of each Holder of a Disputed Claim the Cash or the Reorganized GSC New Securities that would have been distributed to the Holder of such Disputed Claim if it were an Allowed Claim in an amount equal to the lesser of (i) the amount listed in the Schedules with respect to such Claim, or (ii) the amount set forth in a proof of claim filed by or on behalf of the Holder of such Claim; *provided, however*, that if an order of the Bankruptcy Court provides an estimation of the amount of such Disputed Claim for the purpose of reserving for Distribution thereon, then the amount so estimated shall be the amount reserved in respect of such Claim. Such amount so reserved shall constitute the maximum amount of Distribution to which such a Holder of a Disputed Claim may ultimately be entitled; *provided, however*, that nothing herein shall be interpreted as requiring the Reorganized Debtors to reserve Distributions for the benefit Holders of Claims which, even if Allowed, are not to receive a Distribution under the Plan.

5. Resolution of Disputed Claims

On and after the Effective Date, the Reorganized Debtors shall have the authority to settle or otherwise resolve or withdraw any objections to Claims and to compromise, settle or otherwise resolve any Disputed Claims. Notwithstanding any requirements that may be imposed pursuant to Bankruptcy Rule 9019, from and after the Effective Date, the Reorganized Debtors shall have the authority to settle or compromise all Claims and Disputed Claims without further review or approval of the Bankruptcy Court.

6. Disallowance of Claims or Equity Interests

EXCEPT AS OTHERWISE AGREED, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE APPLICABLE DEADLINE FOR FILING SUCH PROOFS OF CLAIM SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM IS DEEMED TIMELY FILED BY A FINAL ORDER OF THE BANKRUPTCY COURT ON OR BEFORE THE LATER OF (1) THE CONFIRMATION HEARING AND (2) 45 DAYS AFTER THE APPLICABLE DEADLINE FOR FILING SUCH PROOFS OF CLAIM.

All Claims of any Entity from which property is sought by the Trustee or the Reorganized Debtors under section 542, 543, 550, or 553 of the Bankruptcy Code or that the Trustee or the Reorganized Debtors allege is a transferee of a transfer that is avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code shall be Disallowed if (a) the Entity, on the one hand, and the Trustee or the Reorganized Debtors, on the other hand, agree or the Bankruptcy Court has determined by Final Order that such Entity or transferee is liable to turn over any property or monies under any of the aforementioned sections of the Bankruptcy Code and (b) such Entity or transferee has failed to turn over such property by the date set forth in such agreement or Final Order.

7. No Interest

Holders of Disputed Claims shall not be entitled to postpetition interest if such Disputed Claim becomes an Allowed Claim unless the holder of such Allowed Claim is entitled to postpetition interest on such Claim under the Bankruptcy Code and the Plan.

C. Treatment of Executory Claims

1. Executory Contracts and Unexpired Leases

Except as provided in respect of Management Contracts and Partnership Contracts below, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between a Debtor and any Entity, except Management Contracts and Partnership Contracts, shall be deemed rejected as of the Effective Date, except for any executory contract or unexpired lease (i) that has been assumed pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) as to which a motion for approval of the assumption or rejection of such executory contract or unexpired lease has been filed prior to the Confirmation Date, or (iii) that is specifically designated in the Plan Supplement as a contract or lease to be assumed; *provided, however*, that the Majority Plan Proponents reserve the right, on or prior to the Confirmation Date, to amend the Plan Supplement to remove any executory contract or unexpired lease therefrom or add any executory contract or unexpired lease thereto, in which event such executory contract(s) or unexpired lease(s) shall be deemed to be, respectively, rejected or assumed. All Management Contracts and Partnership Contracts between any Debtor and any Entity shall be deemed assumed as of the Effective Date, except for

any Management Contract or Partnership Contract (i) that has been rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) as to which a motion for rejection of such Management Contract or Partnership Contract has been filed prior to the Confirmation Date, or (iii) that is specifically designated in the Plan Supplement as an executory contract or unexpired lease to be rejected; *provided, however,* that if the Bankruptcy Court determines by a Final Order that (i) a particular Management Contract or Partnership Contract cannot be assumed, without the consent of a relevant Consent Party, such Management Contract or Partnership Contract shall not be assumed unless the requisite consent of such Consent Party is obtained or (ii) Sankaty cannot be appointed as a sub-advisor with respect to such Partnership Management Contract or Partnership Contract, Sankaty shall not be so appointed and the Reorganized Debtors (or Trustee, if not yet discharged) may at their (his) option reject or assume and/or assign such Management Contract or Partnership Contract after such determination becomes a Final Order. The Plan Proponents shall provide notice of any amendments to the Plan Supplement to the parties to the executory contracts and unexpired leases affected thereby. The listing of a document in the Plan Supplement shall not constitute an admission by the Plan Proponents, Trustee or Reorganized Debtors that such document is an executory contract or an unexpired lease or that the Debtors have any liability thereunder.

2. Approval of Assumption and Rejection of Executory Contracts and Unexpired Leases

Entry of the Confirmation Order shall, subject to and upon the occurrence of the Effective Date, constitute (i) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption of the executory contracts and unexpired leases assumed or assumed and assigned pursuant to the Plan and (ii) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the rejection of the executory contracts and unexpired leases rejected pursuant to the Plan. To the extent any provision of an executory contract or unexpired lease to be assumed under the Plan limits a Debtor's ability to assign such executory contract or unexpired lease, the effectiveness of such provision shall be limited or nullified to the full extent provided in section 365(f) of the Bankruptcy Code.

3. Cure of Defaults

Except as may otherwise be agreed by the Reorganized Debtor and other Entities party thereto, within thirty (30) days after the Effective Date, the Reorganized Debtors shall cure any and all undisputed defaults under any executory contract or unexpired lease assumed pursuant to the Plan in accordance with section 365(b) of the Bankruptcy Code. All disputed defaults that are required to be cured shall be cured either within thirty (30) days of the entry of a Final Order determining the amount, if any, of the Reorganized Debtor's liability with respect thereto, or as may otherwise be agreed to by the parties. The cure amounts, if any, for the executory contracts shall be specified in the Plan Supplement, and such cure amounts shall be deemed consented to by the non-Debtor counterparties thereto unless such Entity objects to the stated cure amount in respect of its contract within fourteen (14) days after the filing of the Plan Supplement and mailing notice thereof to the affected non-Debtor counterparties.

4. Bar Date for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to the Plan

Claims arising out of the rejection of an executory contract or unexpired lease pursuant to the Plan must be filed with the Bankruptcy Court and served upon the Reorganized Debtors no later thirty (30) days after the later of (i) notice of entry of an order approving the rejection of such executory contract or unexpired lease, (ii) notice of entry of the Effective Date, and (iii) notice of an amendment to the Plan Supplement relating to such executory contract or unexpired lease. **Except as set forth in the preceding sentence, all such Claims must otherwise comply with the provisions of the Bar Date Order. All such Claims not filed in accordance with the Bar Date Order or outside time limits set forth above will be forever barred from assertion against the Debtors and their estates and the Reorganized Debtors and their property.** Any Claim arising out of the rejection of an executory contract or unexpired lease pursuant to the Plan shall be classified pursuant to Article III of the Plan.

5. Insurance Policies

All of the Debtors' insurance policies and any agreements, documents, or instruments relating thereto, to the extent they constitute executory contracts, shall be deemed assumed under the Plan. Nothing contained herein shall constitute or be deemed a waiver of any Litigation Claims that the Debtors may hold against any Entity, including, without limitation, the insurer, under any of the Debtors' policies of insurance.

D. Effect of Confirmation

1. Vesting of Assets

Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the Debtors' estates and any property acquired by a Debtor or Reorganized Debtor under the Plan shall vest in the Reorganized Debtors free and clear of all Claims, liens, encumbrances, charges and other interests, except as provided herein. On and after the Effective Date, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the Confirmation Order. To the extent that the Reorganized Debtors require professional services in connection with these Chapter 11 Cases or any other matter, the Reorganized Debtors will be free to retain professionals of their choosing to do so and the expenses thereof shall be paid, as otherwise permitted in the Plan, with proceeds of the Exit Facility or Cash generated by the Reorganized Debtors.

2. Binding Effect

On and after the Effective Date, the provisions of the Plan shall bind any Holder of a Claim against, or an Equity Interest in, the Debtors and their respective successors and assigns, whether or not the Claim or Equity Interest of such Holder is part of a Class Impaired under the Plan and whether or not such Holder has accepted the Plan.

3. Discharge

Except for Distributions under the Plan, and as otherwise provided in the Plan or in the Confirmation Order, on the Effective Date, the Confirmation Order shall operate as a discharge under section 1141(d)(1) of the Bankruptcy Code, and release any of any and all Debts of, and Claims against, one or more of the Debtors that arose at any time before the Confirmation Date, including, but not limited to, all principal and interest, whether accrued before, on or after the Petition Date, regardless of whether (i) a proof of claim in respect of such Claim has been filed or deemed filed, (ii) such Claim has been Allowed, or (iii) the Holder of such Claim has voted on the Plan or has voted to reject the Plan. Without limiting the generality of the foregoing, on the Effective Date, the Debtors shall be discharged from any Debt that arose before the Confirmation Date and any Debt of a kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code and shall have all of the benefits and protections set forth in section 1141(d)(1) of the Bankruptcy Code. Except as otherwise specifically provided herein, nothing in the Plan shall be deemed to waive, limit or restrict in any manner the discharge granted upon Confirmation of the Plan pursuant to section 1141 of the Bankruptcy Code.

4. Release and Exculpation

On and after the Effective Date, the Reorganized Debtors, the Released Parties, and all parties in interest, including, without limitation, Entities who have held, hold or may hold Claims against or Equity Interests in any or all of the Debtors, along with such Holders' respective present or former employees, agents, officers, directors and principals, shall be deemed to have released the Released Parties from, and none of the Released Parties shall have or incur any liability for, any Claim, Cause of Action or other assertion of liability for any act taken or omitted to be taken during the Chapter 11 Cases in connection with, or arising out of, the Chapter 11 Cases, the formulation, dissemination, confirmation, consummation or administration of the Plan, property to be distributed under the Plan or any other act or omission in connection with the Chapter 11 Cases, the Plan, the Disclosure Statement or any contract, instrument, document or other agreement related thereto; *provided, however,* that (i) in no event shall any Litigation Claim, Cause of Action or other Claim or assertion of liability against any Released Party for any act taken or omitted to be taken prior to the Petition Date be released by the Plan, and (ii) nothing herein shall affect the liability of any Entity that otherwise would result from any such act or omission to the extent such act or omission is determined by a Final Order to have constituted willful misconduct or gross negligence; *provided, further,* that nothing in the Plan shall limit the liability of the professionals of the Debtors and the Trustee to their respective clients pursuant to DR 6-102 of the Model Code of Professional Responsibility.

5. Injunction

Except as expressly provided in the Plan, the Confirmation Order, or a separate order of the Bankruptcy Court, all parties in interest, including Entities who have held, hold or may hold Claims against or Equity Interests in any or all of the Debtors (whether proof of such Claims or Equity Interests has been filed or not), along with such Holders' respective present or former employees, agents, officers, directors and principals, are permanently enjoined, on and after the Effective Date, with respect to any Claims and

Causes of Action which are extinguished or released pursuant to the Plan from (i) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Released Parties or the property of any of the Released Parties, (ii) enforcing, levying, attaching (including, without limitation, any prejudgment attachment), collecting, or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree, or order against the Released Parties or the property of any of the Released Parties, (iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Released Parties or the property of any of the Released Parties, (iv) asserting any right of setoff, directly or indirectly, against any obligation due the Released Parties or the property of any of the Released Parties, except as contemplated or allowed by the Plan, (v) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan, and (vi) taking any actions to interfere with the implementation or consummation of the Plan.

6. Terms of Injunctions or Stays

Unless otherwise provided in the Plan, the Confirmation Order, or a separate order of the Bankruptcy Court, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

7. Retention of Litigation Claims and Reservation of Rights

Except as expressly provided in the Plan, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or the relinquishment of any rights or Litigation Claims that the Reorganized Debtors may have or choose to assert on behalf of their respective estates under any provision of the Bankruptcy Code or any applicable nonbankruptcy law. Except as expressly provided in the Plan, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any Litigation Claim, right of setoff, or other legal or equitable defense which a Debtor or the Trustee had immediately prior to the Confirmation Date, against or with respect to any Claim. The Reorganized Debtors shall have, retain, reserve, and be entitled to assert all such Litigation Claims, rights of setoff, and other legal or equitable defenses which they had immediately prior to the Petition Date fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights respecting any Claim may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

Except as expressly provided in the Plan, each of the Reorganized Debtors shall, after the Effective Date, retain the rights of each Debtor and the Trustee to prosecute any Litigation Claims that could have been brought by such Debtor and the Trustee at any time.

E. Statutory Fees

All fees payable on or before the Effective Date pursuant to section 1930 of title 28 of the United States Code and accrued interest under section 3717 of title 31 of the United States Code

will be paid by the Debtors on or before the Effective Date and all such fees payable after the Effective Date will be paid by the applicable Reorganized Debtor.

ARTICLE IX.
RISK FACTORS

THE IMPLEMENTATION OF THE PLAN IS SUBJECT TO A NUMBER OF MATERIAL RISKS, INCLUDING THOSE ENUMERATED BELOW. ADDITIONALLY, THE DISCLOSURE STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTY. THE REORGANIZED DEBTORS' ACTUAL PERFORMANCE MAY DIFFER MATERIALLY FROM THAT ANTICIPATED IN SUCH FORWARD-LOOKING STATEMENTS AS A RESULT OF A VARIETY OF FACTORS, INCLUDING THOSE SET FORTH IN THIS SECTION OF THE DISCLOSURE STATEMENT AND ELSEWHERE HEREIN.

The Holder of a Claim against a Debtor that is entitled to vote on the Plan should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference herein or in the Plan) before deciding whether to vote to accept or reject the Plan.

THESE RISK FACTORS IDENTIFIED HEREIN SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS EXISTING IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

A. Certain Bankruptcy Law Considerations

1. The Plan May Not Be Confirmed or Consummated

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan and requires, among other things, a finding by a bankruptcy court that: (a) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (b) the value of distributions to non-accepting holders of claims and equity interests in the debtor within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code. If the Bankruptcy Court cannot make findings, or the required findings identified above in Section VII in respect of the Plan, it will not confirm the Plan.

2. Parties in Interest May Object to Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or interests in such class. The Debtors believe that the classification of Claims against and Equity Interests in the Debtors under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Equity Interests, each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

3. Nonconsensual Confirmation

In the event that any Impaired Class of Claims against or Equity Interests in does not accept the Plan, the Bankruptcy Court may nevertheless confirm the Plan at the Majority Plan Proponents' request if at least one Impaired Class has accepted the Plan (with such acceptance being determined without including the vote of any Insider in such Class) and, as to each Impaired Class that has not accepted the Plan, the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to the rejecting Impaired Classes. In the event that any Impaired Class of Claims or Equity Interests does not accept the Plan, the Majority Plan Proponents may request such nonconsensual confirmation in accordance with section 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will find the Plan meets the requirements of section 1129(b) of the Bankruptcy Code.

4. Risk of Non-Occurrence of the Effective Date

Although the Plan Proponents believe that the Effective Date may occur shortly after the Confirmation Date, there can be no assurance as to such timing, or as to whether the Effective Date will, in fact, ever occur. If the Effective Date does not occur within a reasonable period of time, the Plan may be withdrawn, in which case a new Plan may be proposed, or one or more of the Chapter 11 Cases may be dismissed or converted to cases under chapter 7 of the Bankruptcy Code.

B. Risk Factors That May Affect the Value of the Securities to Be Issued Under the Plan

1. Plan Proponents Cannot State with Certainty What Recovery Will Be Available to Holders of Allowed Claims in Voting Classes

No less than three unknowns make absolute certainty in predicting the recoveries in each Class under the Plan impossible: (a) the indeterminate amount of Cash that will remain after paying all senior Allowed Claims; (b) the number and amount of Claims that will ultimately be Allowed; and (c) the number and amount of senior Claims that will ultimately be Allowed.

2. A Liquid Trading Market for the Reorganized GSC New Securities May Not Develop

There can be no assurances that liquid trading markets for the Reorganized GSC New Securities will develop. The liquidity of any market for the Reorganized GSC New Securities will depend, among other things, upon the number of Holders of Reorganized GSC New Securities, the Reorganized Debtors' financial performance and the market for similar securities, none of which can be determined or predicted with certainty. Therefore, the Plan Proponents cannot provide assurances that an active trading market in respect of the Reorganized GSC New Securities will develop, or if a market develops, what the liquidity or pricing characteristics of that market will be.

3. The Reorganized Debtors May Not Achieve Projected Financial Results or Meet Post-Reorganization Debt Obligations and Finance All Operating Expenses, Working Capital Needs, and Capital Expenditures

The Reorganized Debtors may not be able to meet their projected financial results. To the extent the Reorganized Debtors do not meet their projected financial results or achieve projected revenues and cash flows, the Reorganized Debtors may lack sufficient liquidity to continue operating as planned after the Effective Date, may be unable to service their debt obligations as they come due or may not be able to fund their operational needs. A failure of the Reorganized Debtors to meet their projected financial results or achieve their projected revenues and cash flows could lead to cash flow and working capital constraints, which constraints may require the Reorganized Debtors to seek additional working capital beyond even that for which the Exit Facility Agreement provides. The Reorganized Debtors may not be able to obtain such working capital when it is required. Further, even if the Reorganized Debtors were able to obtain additional working capital, it may be available only on unreasonable terms. For example, the Reorganized Debtors may be required to take on additional debt, the interest costs of which could adversely affect their ability to fund operations and negatively impact financial condition of the Reorganized Debtors. If any such required capital is raised by issuing new shares of equity, the preexisting Equity Interests in the Reorganized Debtors could be diluted. There is no certainty that the financial projections will be met.

4. Estimated Valuation of the Reorganized Debtors and the Reorganized GSC New Securities and the Estimated Recoveries to Holders of Allowed Claims Are Not Intended to Represent the Private Sale Values of the Reorganized GSC New Securities

The Plan Proponents' estimates of recoveries to Holders of Allowed Claims are not intended to represent the private sale values of the Reorganized GSC New Securities. Rather, the estimated recoveries are based on numerous assumptions regarding future events (the occurrence of many of which is beyond the control of the Reorganized Debtors), including, without limitation: (a) the successful reorganization of the Debtors; (b) the date of the occurrence of the Effective Date; (c) the achievement of the operating and financial results included in the financial projections; (d) the maintenance of adequate liquidity to fund operations; and (e) the continuation of current capital and equity market conditions.

5. Proceeds from the Sale of Certain of the Debtors' Assets May Fall Short of Estimates

The Plan Proponents' estimated recoveries to Holders of Allowed Claims depend in part upon the sale and conditions of sale of certain of the Debtors' assets, which are, in term, only partially within the control of the Reorganized Debtors. Such estimate may, therefore, exceed actual recoveries.

6. The Reorganized Debtors Will Be Controlled By a Small Number of Holders

Consummation of the Plan will be result in a small number of Holders owning a significant percentage of the outstanding Equity Interests in the Reorganized Debtors. While the

governance provisions set forth in the New Certificates seek to mitigate such risk, some of these Holders may, among other things, exercise a controlling influence over the business and affairs of the Reorganized Debtors. The Plan Proponents can make no assurances regarding the future actions of the Holders of the Equity Interests in the Reorganized Debtors and the impact their actions may have on the value of the Equity Interests in the Reorganized Debtors.

7. Impact of Interest Rates

Changes in interest rates and foreign exchange rates may affect the fair market value of the Debtors' assets.

8. Consents to the Assignment of the Management Contracts and Partnership Contracts or the Appointment of Sankaty as a Sub-Advisor for the Debtors

Only out of an abundance of caution do the Plan Proponents contemplate seeking consents from Consent Parties to the assignment of the Debtors' rights under the Management Contracts and Partnership Contracts or to the appointment of Sankaty as a sub-advisor for the Debtors in respect of such Management Contracts and Partnership Contracts. In that regard, the Plan Proponents (1) hope to obtain express consent from all Consent Parties, and, (2) if consent is not expressly granted or rejected by any Consent Party, have such Consent Party be deemed to have consented. However, it is possible that the Bankruptcy Court will rule (1) only express consent is acceptable and/or (2) that certain of the Management Contracts or Partnership Contracts are subject to termination because Mr. Eckert, who is believed to be identified as a "key person" under some such Management Contracts, is not contemplated to have a role with the Reorganized Debtors.

C. Risk Factors That Could Negatively Impact the Debtors' Business

1. The Debtors Are Subject to the Risks and Uncertainties Associated with the Chapter 11 Cases

For the duration of the Chapter 11 Cases, the Trustee's ability to manage the Debtors' operations will be subject to the risks and uncertainties associated with bankruptcy. These risks include:

- the Trustee's ability to obtain approval of the Bankruptcy Court with respect to motions filed in the Chapter 11 Cases from time to time;
- the Trustee's ability to maintain contracts, including the Partnership Contracts and Management Contracts, that are critical to the Debtors' operations;
- the Trustee's ability to motivate and retain key employees; and
- the Trustee's ability to fund and execute the Debtors' business plan.

The Debtors' estates will also be subject to risks and uncertainties with respect to the actions and decisions of the creditors and other parties who have interests in the Chapter 11 Cases that may be inconsistent with the restructuring and business goals reflected in the Plan.

Because of the risks and uncertainties associated with the Chapter 11 Cases, the Plan Proponents cannot predict or quantify the ultimate impact that events occurring during the reorganization process will have on the Debtors' business, financial condition, and results of operations. As a result of the Chapter 11 Cases, the value and distribution of the Debtors' estates and satisfaction of Claims against the Debtors are subject to uncertainty.

2. The Debtors' Substantial International Operations Make Them Vulnerable to Risks Associated with Doing Business in Foreign Countries

A significant portion of the Debtors' revenues and expenses are denominated in currencies other than the U.S. dollar. International operations are subject to certain risks inherent in doing business abroad, including: exposure to local economic conditions, expropriation and nationalization, foreign exchange rate fluctuations and currency controls, and withholding and other taxes on remittances and other payments by the Debtors and their subsidiaries.

3. Unforeseen Events

Future performance of the Reorganized Debtors is subject to performance of the underlying investments from which the Debtors' fee revenue is generated. Other factors that may effect the Reorganized Debtors' future performance include general economic, financial, competitive, legislative, and regulatory conditions that are beyond the Reorganized Debtors' control. While no assurance can be provided, based upon the current level of operations and anticipated increases in revenues and cash flows described in the Projections, the Plan Proponents believe that cash flow from operations and available cash will be adequate to fund the Plan and meet the Reorganized Debtors' future liquidity needs.

4. Dependence Upon Sankaty and/or Other Sub-Advisors

Future performance of the Reorganized Debtors is, to a certain extent, largely dependent upon the performance of Sankaty or any other Person that serves as a sub-advisor to the Reorganized Debtors with respect to the services the Debtors are to provide under the Partnership Contracts and Management Contracts.

ARTICLE X.
SECURITIES LAW MATTERS

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under section 5 of the Securities Act of 1933 (as amended, the "Securities Act") and state securities laws if three principal requirements are satisfied: (i) the securities must be offered and sold under a plan of reorganization and must be securities of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under the plan; (ii) the recipients of the securities must hold prepetition or administrative expense claims against the debtor or interests in the debtor; and (iii) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or principally in exchange for such claim or interest and partly for cash or property. The Plan Proponents believe that the issuance of the Reorganized GSC New Securities satisfies the requirements of section 1145(a)(1) of the Bankruptcy Code and are, therefore, exempt from registration under the Securities Act and state securities laws.

ARTICLE XI.
CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain U.S. federal income tax consequences of the consummation of the Plan to Holders of Allowed Claims against or Equity Interests in the Debtors. This summary is based on the Internal Revenue Code of 1986, as amended (the "IRC"), the U.S. Treasury Regulations (the "Tax Regulations") promulgated thereunder, judicial authorities, published administrative positions of the Internal Revenue Service (the "IRS") and other applicable authorities, all as available and in effect on the date of this Disclosure Statement. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. No rulings or determinations of the IRS or any other taxing authorities have been sought or obtained with respect to the tax consequences discussed herein, and the discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein. Events occurring after the date of this Disclosure Statement, including changes in law and changes in administrative positions, could affect the U.S. federal income tax consequences of the Plan.

For purposes of the following discussion, a "United States Person" is any individual who is a citizen or resident of the United States, or any entity (i) that is a corporation (or entity treated as a corporation) created or organized in or under the laws of the United States or any state thereof, including the District of Columbia, (ii) that is an estate, the income of which is subject to U.S. federal income taxation regardless of its source or (iii) that is a trust (a) the administration over which a U.S. court can exercise primary supervision and all of the substantial decisions of which one or more U.S. persons have the authority to control or (b) that has elected to continue to be treated as a United States Person for U.S. federal income tax purposes. In the case of a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes), the U.S. federal income tax treatment of its partners will depend on the status of the partner and the activities of the partnership. A "Non-United States Person" is any person or entity (other than a partnership) that is not a United States Person. For purposes of the following discussion and unless otherwise noted below, the term "U.S. Holder" means a beneficial owner of an Allowed Claim against the Debtors or an Equity Interest that is a United States Person. A "Non-U.S. Holder" means a beneficial owner of an Allowed Claim against the Debtors or an Equity Interest that is a Non-United States Person.

Generally, this discussion does not apply to Holders of Allowed Claims and Equity Interests that are not United States Persons, but a brief discussion of the general consequences to Non-U.S. Holders is included in this discussion. This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to the Debtors or to such Holders in light of their individual circumstances. This discussion does not address tax issues with respect to such Holders subject to special treatment under the U.S. federal income tax laws (including, for example, banks, governmental authorities or agencies, pass-through entities, dealers and traders in securities or currencies, including those that mark to market, insurance companies, financial institutions, grantor trusts, tax-exempt organizations, small business investment companies, real estate investment trusts, regulated investment companies, persons that have a functional currency other than the U.S. dollar, certain former citizens and long term residents of the United States, and persons that will hold an equity interest or a security in a Debtor as part of

a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes). In addition, this summary does not address estate, gift, alternative minimum tax, foreign, state, or local tax consequences of the Plan. This discussion does not address tax issues with respect to the Swap.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF AN ALLOWED CLAIM. ALL HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

IRS CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE IRS, ANY TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE IRC. TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THE DISCLOSURE STATEMENT. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

* * * *

A. Federal Income Tax Consequences to the Debtors

1. Cancellation of Debt and Reduction of Tax Attributes

As a result of the Plan, the Debtors' aggregate outstanding indebtedness will be substantially reduced. In general, absent an exception, a debtor will recognize cancellation of debt ("COD") income upon discharge of its outstanding indebtedness for an amount less than its adjusted issue price. The amount of COD income, in general, is the excess of (i) the adjusted issue price of the indebtedness discharged, over (ii) the sum of the issue price of any new indebtedness of the taxpayer issued, the amount of Cash paid and the fair market value of any other consideration, including the Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock, given in exchange for such indebtedness at the time of the exchange.

A debtor is not, however, required to include any amount of COD income in gross income if such debtor is under the jurisdiction of a court in a chapter 11 bankruptcy proceeding and the discharge of debt occurs pursuant to that proceeding (the "Bankruptcy Exclusion"). Instead, as a price for the exclusion of COD income under the foregoing rule, IRC Section 108 requires the debtor to reduce its tax attributes by the amount of COD income which it excluded from gross income. Any reduction in tax attributes in respect of COD income does not occur until the end of the taxable year after such attributes have been applied. As a general rule, tax

attributes will be reduced in the following order: (i) net operating losses ("NOLs"); (ii) most tax credits; (iii) capital loss carryovers; (iv) tax basis in assets (but not below the amount of liabilities to which the debtor remains subject); and (v) foreign tax credits. A debtor with COD income may elect to reduce first the basis of its depreciable assets under IRC Section 108(b)(5).

Under IRC Section 108(d)(6), when an entity that is taxed as a partnership realizes COD income, its partners are treated as receiving their allocable share of such COD income and the Bankruptcy Exception (and related attribute reduction) is applied at the partner level rather than at the entity level. Accordingly, any COD income realized by NJLP upon the discharge of an Allowed Claim shall be allocated to the partners of NJLP.

The Plan Proponents expect that the partners of NJLP will realize COD income as a result of the implementation of the Plan. The precise amount of COD income will depend on, among other things, the fair market value of the Reorganized GSC New Common Stock and the Reorganized AP Inc. New Common Stock, which cannot be known with certainty until after the Effective Date. With respect to the partners of NJLP that are under the jurisdiction of the Bankruptcy Court, pursuant to IRC Section 108, this COD income will not be included in the such partners' taxable income, but such partners will be required to reduce their tax attributes after calculating the tax for the taxable year of discharge. Although the projected COD income may exceed such a partner's aggregate tax basis in its assets, such a partner will not be required to reduce such basis below its total liabilities after the discharge. Partners of NJLP that are not under the jurisdiction of the Bankruptcy Court, if solvent, will generally be required to recognize their allocable shares of the COD income of NJLP realized as a result of the implementation of the Plan unless another exception to recognizing COD income applies.

2. IRC Section 382 Limitation on Net Operating Losses

Under IRC Section 382, if a corporation or a consolidated group of corporations with NOLs (a "loss corporation") undergoes an "ownership change," the loss corporation's use of its pre-change NOLs (and certain other tax attributes) generally will be subject to an annual limitation in the post-change period. In general, an "ownership change" occurs if the percentage of the value of the loss corporation's stock owned by one or more direct or indirect "five percent shareholders" increases by more than fifty percentage points over the lowest percentage of value owned by the five percent shareholders at any time during the applicable testing period (an "Ownership Change"). The testing period generally is the shorter of (i) the three-year period preceding the testing date or (ii) the period of time since the most recent Ownership Change of the corporation.

Subject to the special bankruptcy rules discussed below, the amount of the annual limitation on a loss corporation's use of its pre-change NOLs (and certain other tax attributes) is generally equal to the product of the applicable long-term tax-exempt rate (as published by the IRS for the month in which the Ownership Change occurs) and the value of the loss corporation's outstanding stock immediately before the Ownership Change (excluding certain capital contributions). If a loss corporation has a net unrealized built-in gain ("NUBIG") immediately prior to the Ownership Change, the annual limitation may be increased as certain gains are recognized during the subsequent five-year period. If a loss corporation has a net unrealized built-in loss ("NUBIL") immediately prior to the Ownership Change, certain losses

recognized during the subsequent five-year period also would be subject to the annual limitation and thus would reduce the amount of pre-change NOLs that could be used by the loss corporation during the five-year period.

A NUBIG or NUBIL is generally the difference between the fair market value of a loss corporation's assets and its tax basis in the assets, subject to a statutorily-defined threshold amount. The amount of a loss corporation's NUBIG or NUBIL must be adjusted for built-in items of income or deduction that would be attributable to a pre-change period if recognized during the five-year period beginning on the Ownership Change date (the "Recognition Period"). The NUBIG or NUBIL of a consolidated group generally is calculated on a consolidated basis, subject to special rules. For example, certain corporations that joined the consolidated group within the preceding five years may not be able to be taken into account in determining whether the group has a NUBIL, but would be taken into account in determining whether the group has a NUBIG.

If a loss corporation has a NUBIG immediately prior to an Ownership Change, any recognized built-in-gains ("RBIGs") will increase the annual limitation in the taxable year the RBIG is recognized. An RBIG generally is any gain (and certain income) with respect to an asset held at the time of the Ownership Change that is recognized in any taxable year any portion of which is within the Recognition Period. The amount of an RBIG is limited to the lesser of (i) the excess of the fair market value of the asset over its tax basis immediately prior to the Ownership Change or (ii) the NUBIG less the amount of RBIGs from prior years ending during the Recognition Period. On the other hand, if a loss corporation has a NUBIL immediately prior to an Ownership Change, any recognized built-in-losses ("RBILs") will be subject to the annual limitation in the same manner as pre-change NOLs. An RBIL generally is any loss (and certain deductions) with respect to an asset held at the time of the Ownership Change that is recognized in any taxable year any portion of which is within the Recognition Period. The amount of an RBIL is limited to the lesser of (i) the excess of the tax basis of the asset over its fair market value immediately prior to the Ownership Change or (ii) the NUBIL less the amount of RBILs from prior years ending during the Recognition Period.

Under the Plan, all existing Equity Interests will be cancelled and the Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock will be distributed to the Holders of Allowed Prepetition Lender Secured Claims. Therefore, the Plan Proponents expect that implementation of the Plan will cause an "ownership change" under IRC Section 382. Because the Ownership Change will occur in a case brought under the Bankruptcy Code, one of the following two special rules will apply in determining the Debtors' ability to utilize NOLs (and possibly other tax attributes) attributable to tax periods preceding the Effective Date in post-Effective Date tax periods.

Under IRC Section 382(l)(5), an Ownership Change in bankruptcy will not result in any annual limitation on the debtor's pre-change NOLs if the stockholders or qualified creditors of the debtor receive at least 50% of the stock (by vote and value) of the reorganized debtor in the bankruptcy reorganization as a result of being shareholders or creditors of the debtor. Instead, the debtor's pre-change NOLs are reduced by the amount of any interest deductions with respect to debt converted into stock in the bankruptcy reorganization that were allowed in the three taxable years preceding the taxable year in which the Ownership Change occurs and in the part

of the taxable year prior to and including the effective date of the bankruptcy reorganization. However, if any pre-change NOLs (and certain other tax attributes) of the debtor already are subject to an annual usage limitation under IRC Section 382 at the time of an Ownership Change subject to IRC Section 382(l)(5), those NOLs (and certain other tax attributes) will continue to be subject to such limitation. The Plan Proponents believe that less than 50% of the Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock (by vote and value) will be held by stockholders or qualified creditors of the Debtors and that the Reorganized Debtors will therefore not qualify for the exception under IRC Section 382(l)(5).

If an Ownership Change pursuant to a bankruptcy plan does not satisfy the requirements of IRC Section 382(l)(5), or if a debtor elects not to apply IRC Section 382(l)(5), the debtor's use of its pre-change NOLs (and certain other tax attributes) will be subject to an annual limitation as determined under IRC Section 382(l)(6). In such case, the amount of the annual limitation generally will be equal to the product of the applicable long-term tax-exempt rate and the value of the debtor's outstanding stock immediately after the bankruptcy reorganization, provided such value may not exceed the value of the debtor's gross assets immediately before the Ownership Change, subject to certain adjustments. As described above, depending on whether the debtor has a NUBIG or NUBIL immediately prior to the Ownership Change, the annual limitation would be increased by any RBIGs, or would also apply to any RBILs, during the Recognition Period. However, if any pre-change NOLs (and certain other tax attributes) of the debtor already are subject to an annual limitation at the time of an Ownership Change subject to IRC Section 382(l)(6), those NOLs (and certain other tax attributes) will be subject to the lower of the two annual limitations.

3. Accrued Interest

To the extent that there exists accrued but unpaid interest on the indebtedness owing to Holders of Allowed Claims and to the extent that such accrued but unpaid interest has not been deducted previously by a Debtor, portions of payments made in consideration of the indebtedness underlying such Allowed Claims that are allocable to such accrued but unpaid interest should be deductible by such Debtor. Any such interest that is not paid will not be deductible by such Debtor and will not give rise to COD income.

To the extent that a Debtor has previously taken a deduction for accrued but unpaid interest, any amounts so deducted that are paid will not give rise to any tax consequences to such Debtor. If such amounts are not paid, they will give rise to COD income that would be excluded from gross income pursuant to the Bankruptcy Exclusion. As a result, the Debtor would be required to reduce its tax attributes to the extent of such interest previously deducted and not paid.

B. Federal Income Tax Consequences to U.S. Holders of Allowed Claims Against the Debtors and Equity Interests

1. Certain U.S. Federal Income Tax Consequences to U.S. Holders of Allowed Claims that are Paid in Cash in Full

A U.S. Holder which receives Cash in exchange for its Allowed Claim pursuant to the Plan will generally recognize income, gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (i) the amount of Cash received in exchange for its Allowed Claim and (ii) the U.S. Holder's adjusted tax basis in its Allowed Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Holder, the nature of the Allowed Claim in such U.S. Holder's hands, whether the Allowed Claim constitutes a capital asset in the hands of the U.S. Holder, whether the Allowed Claim was purchased at a discount and whether and to what extent the U.S. Holder has previously claimed a bad debt deduction with respect to its Allowed Claim. To the extent that any amount received by a U.S. Holder of an Allowed Claim is attributable to accrued interest, such amount should be taxable to the U.S. Holder as interest income. Conversely, a U.S. Holder of an Allowed Claim may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for worthless debts) to the extent that any accrued interest on the Allowed Claim was previously included in the U.S. Holder's gross income but was not paid in full by the Debtors. Such loss may be ordinary, but the tax law is unclear on this point. U.S. Holders of Allowed Claims are urged to consult their own tax advisors regarding the tax consequences of the exchange of their Allowed Claims for Cash.

2. Certain U.S. Federal Income Tax Consequences to U.S. Holders of Allowed Claims that are Paid in Full With Receipt of Collateral

A U.S. Holder which receives Collateral in exchange for its Allowed Claim pursuant to the Plan will generally recognize income, gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (i) the fair market value of the Collateral received in exchange for its Allowed Claim and (ii) the U.S. Holder's adjusted tax basis in its Allowed Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Holder, the nature of the Allowed Claim in such U.S. Holder's hands, whether the Allowed Claim constitutes a capital asset in the hands of the U.S. Holder, whether the Allowed Claim was purchased at a discount and whether and to what extent the U.S. Holder has previously claimed a bad debt deduction with respect to its Allowed Claim. To the extent that any amount received by a U.S. Holder of an Allowed Claim is attributable to accrued interest, such amount should be taxable to the U.S. Holder as interest income. Conversely, a U.S. Holder of an Allowed Claim may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for worthless debts) to the extent that any accrued interest on the Allowed Claim was previously included in the U.S. Holder's gross income but was not paid in full by the Debtors. Such loss may be ordinary, but the tax law is unclear on this point. U.S. Holders of Allowed Claims are urged to consult their own tax advisors regarding the tax consequences of the exchange of their Allowed Claims for Collateral.

C. Certain U.S. Federal Income Tax Consequences to U.S. Holders of Allowed Unsecured Claims that are Paid With Reorganized SIF Interests

A U.S. Holder of an Allowed Unsecured Claim which receives Reorganized SIF Interests in exchange for its Allowed Unsecured Claim pursuant to the Plan will generally recognize income, gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (i) the fair market value of the Reorganized SIF Interests received in exchange for its Allowed Claim and (ii) the U.S. Holder's adjusted tax basis in its Allowed Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Holder, the nature of the Allowed Unsecured Claim in such U.S. Holder's hands, whether the Allowed Unsecured Claim constitutes a capital asset in the hands of the U.S. Holder, whether the Allowed Unsecured Claim was purchased at a discount and whether and to what extent the U.S. Holder has previously claimed a bad debt deduction with respect to its Allowed Unsecured Claim. To the extent that any amount received by a U.S. Holder of an Allowed Unsecured Claim is attributable to accrued interest, such amount should be taxable to the U.S. Holder as interest income. Conversely, a U.S. Holder of an Allowed Unsecured Claim may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for worthless debts) to the extent that any accrued interest on the Allowed Unsecured Claim was previously included in the U.S. Holder's gross income but was not paid in full by the Debtors. Such loss may be ordinary, but the tax law is unclear on this point. U.S. Holders of Allowed Unsecured Claims are urged to consult their own tax advisors regarding the tax consequences of the exchange of their Allowed Unsecured Claims for Reorganized SIF Interests. A U.S. Holder's initial tax basis in its Reorganized SIF Interests will equal the respective fair market value of such common stock as of the Effective Date. A U.S. Holder's holding period in such assets will commence on the day after the Effective Date.

D. Certain U.S. Federal Income Tax Consequences to Holders of Allowed Claims that are Paid Partly in Cash and Partly With Other Consideration

The U.S. federal income tax consequences to U.S. Holders of Allowed Claims and the character and amount of income, gain or loss recognized as a consequence of the Plan and the distributions provided for thereby will depend upon, among other things: (i) the manner in which a U.S. Holder acquired an Allowed Claim; (ii) the length of time the Allowed Claim has been held; (iii) whether the Allowed Claim was acquired at a discount; (iv) whether the U.S. Holder has taken a bad debt deduction with respect to the Allowed Claim (or any portion thereof) in the current or prior years; (v) whether the U.S. Holder has previously included in income accrued but unpaid interest with respect to the Allowed Claim; (vi) the method of tax accounting of the U.S. Holder; (vii) whether the Allowed Claim is an installment obligation for U.S. federal income tax purposes; (viii) whether the Allowed Claim is a capital asset in the hands of the U.S. Holder; and (ix) whether a U.S. Holder is required to turn over property pursuant to a subordination provision in a particular note (in which case the U.S. Holder generally will not be treated for U.S. federal income tax purposes as having received the property).

U.S. Holders of an Allowed Postpetition Lender Secured Claim may receive a portion of the proceeds of a borrowing under the Tranche A Commitment in settlement of amounts outstanding with respect to such Allowed Postpetition Lender Secured Claim. Such U.S. Holders of an Allowed Postpetition Lender Secured Claim may also be lenders with respect to

draws made on the Tranche A Commitment ("Tranche A Commitment Draws"), in which case such U.S. Holders may be deemed to exchange their Allowed Postpetition Lender Secured Claim for a share of the Tranche A Commitment Draws equal to the proceeds of the Tranche A Commitment Draws received in settlement of amounts outstanding with respect to such Allowed Postpetition Lender Secured Claim.

Unless the exchange of a U.S. Holder's Allowed Claim for the various forms of consideration hereunder qualifies as a tax-free "recapitalization" under the U.S. federal income tax laws (as described in more detail below), each U.S. Holder of Allowed Claims generally will realize gain or loss equal to the difference between the adjusted tax basis in its surrendered Allowed Claim, determined immediately prior to the Effective Date, and the sum of (i) the fair market value of any Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock received, (ii) any Cash received, (iii) the "issue price" of any share of the Tranche A Commitment Draws deemed to be received in exchange for an Allowed Claim, and (iv) the "issue price" of any Reorganized NJLP New Senior Notes received (in each case (i)-(iv), to the extent such amounts received are not allocable to accrued interest, in which case such amounts will be taxed as such as further described below).

If the exchange does not qualify as a tax-free "recapitalization", a U.S. Holder's initial tax basis in its Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock will equal the respective fair market values of such stock as of the Effective Date. A U.S. Holder's tax basis in its share of the Tranche A Commitment Draws (if deemed to be received in exchange for an Allowed Claim) or Reorganized NJLP New Senior Notes will equal the issue price of such share of the Tranche A Commitment Draws deemed received or Reorganized NJLP New Senior Notes on the Effective Date. A U.S. Holder's holding period in such assets will commence on the day after the Effective Date.

If the exchange of a U.S. Holder's Allowed Claim for the various forms of consideration hereunder qualifies as a tax-free "recapitalization" under the U.S. federal income tax laws, the taxation of the exchange, the tax basis and the holding period of the property received generally will be different than if the exchange does not qualify as a tax-free "recapitalization." Whether or not the exchange qualifies as a tax-free "recapitalization" with respect to a particular U.S. Holder of an Allowed Claim against the Debtors depends, in whole or in part, on (i) whether (a) the Allowed Claim exchanged and (b) the share of the Tranche A Commitment Draws (if deemed to be received in exchange for an Allowed Claim) or Reorganized NJLP New Senior Notes received each constitute a "security" for U.S. federal income tax purposes and (ii) whether the U.S. Holder receives Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock. The U.S. Holders of such Allowed Claims are urged to consult with their own tax advisors as to whether their Allowed Claims, share of the Tranche A Commitment Draws (if deemed to be received in exchange for an Allowed Claim) and Reorganized NJLP New Senior Notes should be treated as securities for U.S. federal income tax purposes and the consequences of a tax-free "recapitalization" with respect to the surrender of their Allowed Claims. Notably, the term "security" is not defined in the IRC or in the Tax Regulations. Whether an instrument constitutes a "security" for U.S. federal income tax purposes is determined based on all of the facts and circumstances. Certain authorities have held that one factor to be considered is the length of the initial term of the debt instrument. These authorities have indicated that an initial term of less than five years is evidence that the

instrument is generally not a security, whereas an initial term of ten years or more is evidence that it is a security. Treatment of an instrument with an initial term between five and ten years is generally unsettled. Numerous factors other than the term of an instrument could be taken into account in determining whether a debt instrument is a security, including, but not limited to, whether repayment is secured, the level of creditworthiness of the obligor, whether the instrument is subordinated, whether the holders have the right to vote or otherwise participate in the management of the obligor, whether the instrument is convertible into an equity interest, whether payments of interest are fixed, variable or contingent and whether such payments are made on a current basis or are accrued.

If the exchange of the Allowed Claim is a tax-free "recapitalization" and the Tranche A Commitment Draws (if deemed to be received in exchange for an Allowed Claim) or Reorganized NJLP New Senior Notes, as applicable, are "securities" for U.S. federal income tax purposes, a U.S. Holder of such an Allowed Claim which realizes gain on the exchange will be required to recognize such gain equal to the lesser of: (i) the amount of gain realized on the exchange and (ii) the amount of Cash received as part of the exchange. A U.S. Holder's tax basis in its share of the Tranche A Commitment Draws (if deemed to be received in exchange for an Allowed Claim) or its Reorganized NJLP New Senior Notes, as applicable, and the New Common Stock received in exchange for its Allowed Claim will equal its allocable adjusted tax basis in its Allowed Claim, increased by the amount of gain recognized on the exchange, if any, and reduced by the amount of Cash received as part of the exchange. A U.S. Holder's holding period in its portion of the Tranche A Commitment Draws (if deemed to be received in exchange for an Allowed Claim) or the Reorganized NJLP New Senior Notes, as applicable, and the New Common Stock will include the holding period in its surrendered Allowed Claim.

If the exchange of the Allowed Claim is a tax-free "recapitalization" and the Tranche A Commitment Draws (if deemed to be received in exchange for an Allowed Claim) or Reorganized NJLP New Senior Notes, as applicable, are not "securities" for U.S. federal income tax purposes, a U.S. Holder of such an Allowed Claim which realizes gain on the exchange will be required to recognize such gain equal to the lesser of: (i) the amount of gain realized on the exchange and (ii) the sum of (a) the amount of Cash received, and (b) the issue price of the share of the Tranche A Commitment Draws (if deemed to be received in exchange for an Allowed Claim) or Reorganized NJLP New Senior Notes, as applicable, received as part of the exchange. A U.S. Holder's tax basis in the New Common Stock received in exchange for its Allowed Claim will equal its allocable adjusted tax basis in its Allowed Claim, increased by the amount of gain recognized on the exchange, if any, and reduced by the sum of (i) the amount of Cash received. A U.S. Holder's tax basis in its portion of the Tranche A Commitment Draws (if deemed to be received in exchange for an Allowed Claim) or the Reorganized NJLP New Senior Notes, as applicable, will equal the issue price of such portion of such Tranche A Commitment Draws or such Reorganized NJLP New Senior Notes, as applicable, on the Effective Date. A U.S. Holder's holding period in the New Common Stock will include the holding period in its Allowed Claim surrendered. In this case, however, a U.S. Holder's holding period in its portion of the Tranche A Commitment Draws (if deemed to be received in exchange for an Allowed Claim) or Reorganized NJLP New Senior Notes, as applicable, would begin on the day following the Effective Date.

If the exchange of the Allowed Claim constitutes a tax-free "recapitalization" for U.S. federal income tax purposes, a U.S. Holder of such an Allowed Claim which realizes a loss on the exchange generally will not be permitted to recognize such loss, except to the extent of any loss attributable to accrued but unpaid interest with respect to such Allowed Claim.

It is plausible that a U.S. Holder could treat the exchange of its Allowed Claim as provided under the Plan as an "open" transaction for tax purposes, in which case the recognition of any gain or loss on the transaction might be deferred. The rules surrounding U.S. federal income tax treatment as an open transaction are uncertain and highly complex and a U.S. Holder should consult with its own tax advisor if it believes that open transaction treatment might be appropriate.

E. Consequences to U.S. Holders Whose Interests Are Cancelled

Pursuant to the Plan, all Equity Interests held by non-Debtors, Allowed General Unsecured Claims in Class 3A-A, Allowed Intercompany Claims in Class 3B-A, and Allowed Section 510(b) Claims in Class 3C-A and Class 3C-B (together, the "Cancelled Claims") will be extinguished, and U.S. Holders of Cancelled Claims will receive nothing in exchange for such Cancelled Claims. As a result, each U.S. Holder of Cancelled Claims generally will recognize a loss equal to the U.S. Holder's adjusted tax basis in such Cancelled Claims extinguished under the Plan, except to the extent that such U.S. Holder previously claimed a loss with respect to such Cancelled Claims under its regular method of accounting. However, U.S. Holders of Cancelled Claims are urged to consult with their own tax advisors regarding their own specific situation and tax consequences. Generally, such loss, if any, would be a capital loss (which capital loss would be long-term capital loss to the extent that the U.S. Holder has held the Equity Interest or debt instrument underlying its Allowed Claim for more than one year) if the Allowed Claim is a capital asset in the U.S. Holder's hands.

F. Additional Considerations

1. Accrued but Unpaid Interest

To the extent that any amount received by a U.S. Holder of a surrendered Allowed Claim under the Plan is attributable to accrued but unpaid interest and such amount has not previously been included in the U.S. Holder's gross income, such amount generally is taxable to the U.S. Holder as ordinary interest income. Conversely, a U.S. Holder of a surrendered Allowed Claim may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for worthless debts) to the extent that any accrued interest on the debt instruments constituting such Allowed Claim was previously included in the U.S. Holder's gross income but was not paid in full by the Debtors. Such loss may be ordinary, but the tax law is unclear on this point.

The extent to which the consideration received by a U.S. Holder of a surrendered Allowed Claim will be attributable to accrued interest on the debts constituting the surrendered Allowed Claim is unclear. Certain Tax Regulations generally treat a payment under a debt instrument first as a payment of accrued and untaxed interest and then as a payment of principal. Application of this rule to a final payment on a debt instrument being discharged at a discount in bankruptcy is unclear.

2. Market Discount

Under the "market discount" provisions of IRC Sections 1276 through 1278, some or all of any gain realized by a U.S. Holder exchanging the debt instruments constituting its Allowed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the debt constituting the surrendered Allowed Claim. In general, a debt instrument is considered to have been acquired with "market discount" if its stated redemption price at maturity (or in the case of a debt obligation having original issue discount, its revised issue price) exceeds, by more than a statutory de minimis amount, the tax basis of the debt obligation in the holder's hands immediately after its acquisition (any such excess, "market discount").

Any gain recognized by a U.S. Holder on the taxable disposition (determined as described above) of debts that it acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such debts were considered to be held by the U.S. Holder (unless the U.S. Holder elected to include market discount in income as it accrued). To the extent that the surrendered debts that had been acquired with market discount are exchanged in a tax-free or other reorganization transaction for other property (as may occur in connection with the consummation of the Plan), any market discount that accrued on such debts but was not recognized by the U.S. Holder may be required to be carried over to the property received therefor and any gain recognized on the subsequent sale, exchange, redemption or other disposition of such property may be treated as ordinary income to the extent of the accrued but unrecognized market discount with respect to the exchanged debt instrument.

3. Limitations on Capital Losses

A U.S. Holder of an Allowed Claim which recognizes a capital loss as a result of the distributions under the Plan will be subject to limits on the use of such capital loss. For a non-corporate holder, capital losses may be used to offset any capital gains (without regard to holding periods), and also ordinary income to the extent of the lesser of (i) $3,000 ($1,500 for married individuals filing separate returns) or (ii) the excess of the capital losses over the capital gains. Non-corporate holders may carry over unused capital losses and apply them against future capital gains and a portion of their ordinary income for an unlimited number of years. For corporate holders, capital losses may only be used to offset capital gains. A corporate holder that has more capital losses than may be used in a tax year may carry back unused capital losses to the three taxable years preceding the capital loss year, and may carry over unused capital losses to the five taxable years following the capital loss year.

G. Consequences of Holding Exchanged Consideration

1. Ownership and Disposition of Reorganized NJLP New Senior Notes

a. **Certain Federal Income Tax Consequences Relating to the Reorganized NJLP New Senior Notes**

If a substantial amount of the Reorganized NJLP New Senior Notes are publicly traded, their issue price generally is expected to equal their fair market value, determined as of the first

date on which a substantial amount of the Reorganized NJLP New Senior Notes are issued. If the Reorganized NJLP New Senior Notes are not publicly traded, their issue price will depend on whether a substantial amount of the Reorganized NJLP New Senior Notes are issued for debt instruments (that give rise to a U.S. Holder's Allowed Claim) that are publicly traded, in which case the issue price of a U.S. Holder's Reorganized NJLP New Senior Notes generally is expected to equal the fair market value, determined as of the issue date, of the debt instruments giving rise to the U.S. Holder's Allowed Claim that are surrendered and allocable to the Reorganized NJLP New Senior Notes. For purposes of the preceding sentence, the issue date generally is the first date on which a substantial amount of the Reorganized NJLP New Senior Notes are issued for the debt instruments that give rise to U.S. Holders' Allowed Claims. Otherwise, assuming that the Reorganized NJLP New Senior Notes have an interest rate that equals or exceeds the applicable federal rate, the issue price of the Reorganized NJLP New Senior Notes generally is expected to equal their stated redemption price at maturity. For these purposes, a debt instrument generally is treated as publicly traded if, at any time during the 60 day period ending 30 days after the issue date, (i) the debt is listed on a national securities exchange, quoted on an interdealer quotation system sponsored by a national securities association or listed on certain foreign exchanges or boards of trade designated by the Tax Regulations or the IRS, (ii) the debt appears on a system of general circulation (including a computer listing disseminated to subscribing brokers, dealers or traders) that provides a reasonable basis to determine fair market value by disseminating either recent price quotations (including rates, yields or other pricing information) of one or more identified brokers, dealers or traders or actual prices (including rates, yields or other pricing information) of recent sales transactions or (iii) if, in certain circumstances, price quotations for the debt are readily available from dealers, brokers or traders.

A U.S. Holder which receives Reorganized NJLP New Senior Notes generally will be required to include stated interest on the Reorganized NJLP New Senior Notes in income in accordance with the U.S. Holder's regular method of tax accounting. Because interest on the Reorganized NJLP New Senior Notes is not unconditionally payable in cash at least annually, the Reorganized NJLP New Senior Notes will be treated as issued with original issue discount ("OID") for U.S. federal income tax purposes, U.S. Holders of Reorganized NJLP New Senior Notes will be required to include in income their pro rata share of such original issue discount over the term of the Reorganized NJLP New Senior Notes based on the constant yield method. U.S. Holders may be required to include amounts in income before they are received. Consequently, U.S. Holders' tax basis in their Reorganized NJLP New Senior Notes will be increased by the amount of original issue discount included in income and reduced by the amount of Cash (other than payments of stated interest) received with respect to their Reorganized NJLP New Senior Notes.

b. **Sale or Other Disposition of Reorganized NJLP New Senior Notes**

Upon the sale, exchange or retirement of a U.S. Holder's Reorganized NJLP New Senior Notes, a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between (i) the amount realized on the sale, exchange or retirement (other than accrued but unpaid interest which will be taxable as such) and (ii) the U.S. Holder's adjusted tax basis in the Reorganized NJLP New Senior Notes. The adjusted tax basis in the Reorganized NJLP New Senior Notes generally initially will equal their issue price on the Effective Date and will be increased by the

amount of OID previously included in income and decreased by any payments previously received on such Reorganized NJLP New Senior Notes other than stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually at a single fixed rate or, subject to certain conditions, based on one or more interest indices. Any such gain or loss will be capital gain or loss, except for gain recharacterized as ordinary income to the extent of any accrued market discount or any market discount carried over pursuant to a tax-free or other reorganization for other property. If the U.S. Holder is a noncorporate U.S. holder, the maximum marginal U.S. federal income tax rate applicable to the gain generally will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income (other than certain dividends) if such U.S. Holder's holding period for the Reorganized NJLP New Senior Notes exceeds one year (i.e., such gain is long-term capital gain). Any gain or loss realized on the sale, exchange or retirement of the Reorganized NJLP New Senior Notes generally will be treated as U.S. source gain or loss, as the case may be. The deductibility of capital losses is subject to limitations (as discussed above).

2. Ownership and Disposition of a Share of the Tranche A Commitment Draws

a. **Certain Federal Income Tax Consequences Relating to the Tranche A Commitment Draws**

If a substantial amount of the Tranche A Commitment Draws are publicly traded, the issue price of the Tranche A Commitment Draws generally is expected to equal the fair market value of the Tranche A Commitment Draws, determined as of the first date on which a substantial amount of the Tranche A Commitment is drawn. If the Tranche A Commitment Draws are not publicly traded, the issue price of the Tranche A Commitment Draws will depend on whether a substantial amount of the Tranche A Commitment Draws are issued for debt instruments (that give rise to a U.S. Holder's Allowed Claim) that are publicly traded, in which case the issue price of a U.S. Holder's share of the Tranche A Commitment Draws generally is expected to equal the fair market value, determined as of the issue date, of the debt instruments giving rise to the U.S. Holder's Allowed Claim that are surrendered and allocable to the share of the Tranche A Commitment Draws. For purposes of the preceding sentence, the issue date generally is the first date on which a substantial amount of the Tranche A Commitment is drawn and deemed to be exchanged for the debt instruments that give rise to U.S. Holders' Allowed Claims. Otherwise, assuming that the Tranche A Commitment Draws have an interest rate that equals or exceeds the applicable federal rate, the issue price of a share of the Tranche A Commitment Draws generally is expected to equal its stated redemption price at maturity. For these purposes, a debt instrument generally is treated as publicly traded if, at any time during the 60 day period ending 30 days after the issue date, (i) the debt is listed on a national securities exchange, quoted on an interdealer quotation system sponsored by a national securities association or listed on certain foreign exchanges or boards of trade designated by the Tax Regulations or the IRS, (ii) the debt appears on a system of general circulation (including a computer listing disseminated to subscribing brokers, dealers or traders) that provides a reasonable basis to determine fair market value by disseminating either recent price quotations (including rates, yields or other pricing information) of one or more identified brokers, dealers or traders or actual prices (including rates, yields or other pricing information) of recent sales transactions or (iii) if, in certain circumstances, price quotations for the debt are readily available from dealers, brokers or traders.

A U.S. Holder which holds a share of the Tranche A Commitment Draws generally will be required to include stated interest on the Tranche A Commitment Draws in income in accordance with U.S. Holder's regular method of tax accounting. In addition, if the Tranche A Commitment Draws are treated as issued with original issue discount ("OID") for U.S. federal income tax purposes, U.S. Holders of a share of the Tranche A Commitment Draws will be required to include in income their pro rata share of such original issue discount over the term of the Tranche A Commitment Draws based on the constant yield method. In such a case, U.S. Holders may be required to include amounts in income before they are received. Consequently, U.S. Holders' tax basis in their share of the Tranche A Commitment Draws will be increased by the amount of original issue discount included in income and reduced by the amount of Cash (other than payments of stated interest) received with respect to their share of the Tranche A Commitment Draws.

b. **Sale or Other Disposition of a Share of the Tranche A Commitment Draws**

Upon the sale, exchange or retirement of a U.S. Holder's share of the Tranche A Commitment Draws, a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between (i) the amount realized on the sale, exchange or retirement (other than accrued but unpaid interest which will be taxable as such) and (ii) the U.S. Holder's adjusted tax basis in the share of the Tranche A Commitment Draws. The adjusted tax basis in the share of the Tranche A Commitment Draws generally initially will equal its issue price on the Effective Date. Any such gain or loss will be capital gain or loss, except for gain recharacterized as ordinary income to the extent of any accrued market discount or any market discount carried over pursuant to a tax-free or other reorganization for other property. If the U.S. Holder is a noncorporate U.S. holder, the maximum marginal U.S. federal income tax rate applicable to the gain generally will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income (other than certain dividends) if such U.S. Holder's holding period for the share of the Tranche A Commitment Draws exceeds one year (i.e., such gain is long-term capital gain). Any gain or loss realized on the sale, exchange or retirement of the share of the Tranche A Commitment Draws generally will be treated as U.S. source gain or loss, as the case may be. The deductibility of capital losses is subject to limitations (as discussed above).

3. Ownership and Disposition of Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock

a. **Dividends on Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock**

Distributions made with respect to New Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock received under the Plan generally will be treated as dividends to a U.S. Holder to the extent of current and accumulated earnings and profits of the Reorganized Debtor which is the issuer of the Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock as determined under U.S. federal income tax principles at the end of the tax year of the distribution. To the extent the distributions exceed such current and accumulated earnings and profits, the excess will be treated first as a tax-free return of capital to the extent of the U.S. Holder's adjusted tax basis in the Reorganized AP Inc.

New Common Stock and Reorganized GSC Group New Common Stock, and thereafter as capital gain. Corporate holders generally will be entitled to claim the dividends received deduction with respect to dividends paid on Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock, subject to applicable restrictions, including satisfaction of applicable holding period requirements.

b. **Sale or Other Disposition of Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock**

Upon the sale or other disposition of Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock received under the Plan, a U.S. Holder generally will recognize capital gain or loss equal to the difference between (i) the amount of Cash and the fair market value of any property received upon the sale or other disposition and (ii) the U.S. Holder's adjusted tax basis in the Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock. Such capital gain or loss will be long-term if the U.S. Holder's holding period in respect of such Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock is more than one year. The deductibility of capital losses is subject to limitations (as discussed above).

4. Ownership and Disposition of Common Stock of Reorganized SIF

If Holders of Allowed Unsecured Claims receive common stock in Reorganized SIF, Reorganized SIF will be treated as a partnership for U.S. federal income tax purposes. U.S. Holders of common stock of Reorganized SIF will be required to report on their U.S. federal income tax return their allocable share of Reorganized SIF's income, gains, losses, deductions and credits for the taxable year of Reorganized SIF ending within or concurrent with such U.S. Holder's taxable year, whether or not cash or other property is distributed to such U.S. Holder. If Reorganized SIF does not make cash distributions on an annual basis to holders of its common stock, such holders may have tax liabilities with respect to such holder's allocable share of the above listed items without receiving cash with which to satisfy such liabilities. Certain limitations may apply with respect to a U.S. Holder's ability to deduct expenses incurred by Reorganized SIF (or the timing of such deductions) or to use credits with respect to foreign taxes paid by Reorganized SIF. The character and source of items of income and gain derived by a U.S. Holder from Reorganized SIF will be determined as if such U.S. Holder had directly recognized such income or gain. Reorganized SIF may provide each U.S. Holder with the information necessary to enable such U.S. Holder to include in its U.S. federal income tax return items arising from its interest in Reorganized SIF. **Because Reorganized SIF may not be able to provide information to its holders with respect to a fiscal year until after April 15th of the following year, U.S. Holders should be prepared to obtain extensions of the filing date for their U.S. federal, state and local income tax returns.**

H. Non-U.S. Holders

1. General Consequences to Non-U.S. Holders

A Holder of an Allowed Claim that is a Non-United States Person generally will not be subject to U.S. federal income tax with respect to property (including money) received in

exchange for such Allowed Claim pursuant to the Plan, unless (i) such Non-U.S. Holder is engaged in a trade or business in the United States to which income, gain or loss from the exchange is "effectively connected" for U.S. federal income tax purposes or (ii) such Non-U.S. Holder is an individual and is present in the United States for 183 days or more during the taxable year of the exchange and certain other requirements are met. Special rules may apply in the case of non-United States Persons that (i) conduct a trade or business in the United States or that have an office or fixed place of business in the United States, (ii) have a tax home in the United States, or (iii) are former citizens or long-term residents of the United States. Such persons are urged to consult their own U.S. tax advisors regarding the holding of property received pursuant to the Plan.

a. **Non-U.S. Holders of Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock**

If a Non-U.S. Holder receives Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock under the Plan, distributions made with respect to the Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock will be subject to withholding of up to 30% of the income or proceeds allocable to such persons, depending on the circumstances (including whether the type of income is subject to a lower treaty rate).

b. **Non-U.S. Holders of Reorganized SIF Interests**

A Non-U.S. Holder generally will not be subject to U.S. federal income tax on income allocated to such Non-U.S. Holder by Reorganized SIF or on any gain arising as a result of such Non-U.S. Holder's Reorganized SIF Interest, provided that such income or gain is not considered to be effectively connected with the conduct of a trade or business within the United States. An individual Non-U.S. Holder, however, will be subject to U.S. federal income tax on gains on the sale of Reorganized SIF Interests or such Non-U.S. Holder's distributive share of gains if such holder is present in the United States for 183 days or more during a taxable year and certain other conditions are met.

If the income from Reorganized SIF or gain realized upon the sale of a Reorganized SIF Interest is effectively connected with a trade or business within the United States (and, if certain income tax treaties apply, is attributable to a U.S. permanent establishment), then a Non-U.S. Holder's share of any such income or gain realized upon the sale or exchange of Reorganized SIF Interests will be subject to U.S. federal income tax at the graduated rates applicable to U.S. citizens and residents and domestic corporations. Non-U.S. Holders of Reorganized SIF Interests that are corporations may also be subject to a thirty percent (30%) branch profits tax (or lower treaty rate, if applicable) on their effectively connected earnings and profits that are not timely reinvested in a U.S. trade or business. Gains, if any, allocable to a Non-U.S. Holder and attributable to a sale by Reorganized SIF of a U.S. real property interest (which includes certain corporations and partnerships that hold U.S. real property interests), are generally subject to U.S. federal income tax as if such gains were effectively connected with the conduct of a U.S. trade or business, and a withholding tax would be imposed with respect to such gain as a means of collecting such tax.

While generally not subject to U.S. federal income tax as discussed above, a Non-U.S. Holder generally will be subject to U.S. federal withholding tax at the rate of thirty percent (30%) (or, under certain circumstances, at a reduced rate provided by an income tax treaty, if applicable) in respect of such Non-U.S. Holder's distributive share of dividends from U.S. corporations and certain other types of U.S.-source income realized by Reorganized SIF. To the extent any interest income allocated to a Non-U.S. Holder that otherwise would be subject to U.S. withholding tax is considered "portfolio interest," neither the allocation of such interest income to the Non-U.S. Holder nor a subsequent distribution of such interest income to the Non-U.S. Holder will be subject to withholding, provided (among other things) that the Non-U.S. Holder is not otherwise engaged in a trade or business in the U.S. and provides Reorganized SIF with a timely and properly completed and executed form W-8BEN or other applicable form and such Non-U.S. Holder does not directly or indirectly own ten percent (10%) or more of the shares or capital of the interest payor.

c. **Non-U.S. Holders of a Share of the Tranche A Commitment Draws**

Subject to the discussion below concerning backup withholding, payments of interest on a share of the Tranche A Commitment Draws to a Non-U.S. Holder generally will not be subject to U.S. federal income tax or withholding tax, if the Non-U.S. Holder:

- does not own, actually or constructively, for U.S. federal income tax purposes, ten percent (10%) or more of the total combined voting power of all classes of the voting stock of the Reorganized Debtor which is the beneficiary of the proceeds of the Tranche A Commitment Draws, if such Reorganized Debtor is treated as a corporation for U.S. federal income tax purposes, or ten percent (10%) or more of the capital or profits interest of the Reorganized Debtor which is the beneficiary of the proceeds of the Tranche A Commitment Draws, if such Reorganized Debtor is treated as a partnership for U.S. federal income tax purposes;

- is not, for U.S. federal income tax purposes, a "controlled foreign corporation" related, directly or indirectly, to the Reorganized Debtor which is the beneficiary of the proceeds of the Tranche A Commitment Draws through stock ownership under applicable rules of the IRC;

- is not a bank receiving interest described in IRC Section 881(c)(3)(A); and

- in each case, the certification requirement, as described below, is fulfilled with respect to the beneficial owner of the share of the Tranche A Commitment Draws.

d. **Non-U.S. Holders of Reorganized NJLP New Senior Notes**

Subject to the discussion below concerning backup withholding, payments of interest on Reorganized NJLP New Senior Notes to a Non-U.S. Holder generally will not be subject to U.S. federal income tax or withholding tax, if the Non-U.S. Holder:

- does not own, actually or constructively, for U.S. federal income tax purposes, ten percent (10%) or more of the capital or profits interests of the Reorganized Debtor which is the issuer of the Reorganized NJLP New Senior Notes;

- is not, for U.S. federal income tax purposes, a "controlled foreign corporation" related, directly or indirectly, to the Reorganized Debtor which is the issuer of the Reorganized NJLP New Senior Notes through stock ownership under applicable rules of the IRC;

- is not a bank receiving interest described in IRC Section 881(c)(3)(A); and

- in each case, the certification requirement, as described below, is fulfilled with respect to the beneficial owner of the Reorganized NJLP New Senior Notes.

The certification requirement referred to above generally will be fulfilled if the Non-U.S. Holder provides to the company or its paying agent an IRS Form W-8BEN (or successor form), signed under penalties of perjury, which includes the Non-U.S. Holder's name and address and a certification as to the Non-U.S. Holder's non-U.S. status. Other methods might be available to satisfy the certification requirements described above, depending on a Non-U.S. Holder's particular circumstances.

In general, the gross amount of payments of interest that do not qualify for the exception from withholding described above will be subject to U.S. withholding tax at a rate of 30% unless (i) the Non-U.S. Holder provides a properly completed IRS Form W-8BEN (or successor form) claiming an exemption from or reduction in withholding under an applicable tax treaty or (ii) such interest is effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business and the Non-U.S. Holder provides a properly completed IRS Form W-8ECI (or successor form).

As indicated above, the foregoing discussion of the U.S. federal income tax consequences of the Plan does not generally address the consequences to Non-U.S. Holders; accordingly, Non-U.S. Holders should consult their tax advisors with respect to the U.S. federal income tax consequences of the Plan.

I. Information Reporting and Backup Withholding

All distributions to Holders of Allowed Claims under the Plan are subject to any applicable tax withholding, including employment tax withholding. Under U.S. federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable withholding rate (currently 28%). Backup withholding generally applies if the holder (i) fails to furnish its social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN, (iii) fails properly to report interest or dividends or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is a United States person that is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in

an overpayment of tax and the appropriate information is supplied to the IRS. Certain persons are exempt from backup withholding, including, in certain circumstances, financial institutions.

A Non-U.S. Holder may also be subject to other adverse consequences in connection with the implementation of the Plan. As discussed above, the foregoing discussion of the U.S. federal income tax consequences of the Plan does not generally address the consequences to Non-U.S. Holders of Allowed Claims.

Under legislation recently enacted into law, certain payments made after December 31, 2012 to certain foreign entities (including foreign accounts or foreign intermediaries) would be subject to a 30% withholding tax unless various U.S. information reporting and due diligence requirements have been satisfied. Payments subject to such requirements generally include dividends on and the gross proceeds of dispositions of Reorganized GSC New Common Stock or Reorganized AP Inc. New Common Stock. These requirements are different from, and in addition to, the withholding tax requirements described above under "General Consequences to Non-U.S. Holders." Non-U.S. holders should consult their tax advisor concerning the application of this legislation to their particular circumstances.

J. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON AN ALLOWED CLAIM HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, HOLDERS OF ALLOWED CLAIMS AND INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE AND LOCAL, AND APPLICABLE NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

ARTICLE XII.
LIQUIDATION ANALYSIS

The Bankruptcy Code requires that a creditor with a right to vote either accept the Plan, or, alternately, that the creditor of any of the Debtors receives under the Plan at least as much as it would receive if the Debtors' assets were liquidated and the proceeds distributed under chapter 7 liquidation. This is generally known as the "best interests" test. As set forth below, the Plan Proponents believe that the Plan satisfies the standard.

To determine the value that Holders of Claims and Equity Interests would receive if the Debtors were liquidated under chapter 7, the Bankruptcy Court must determine the aggregate dollar amount that would be generated from the liquidation of the Debtors' assets if the Debtors' Chapter 11 Cases were converted to a chapter 7 liquidation case and the Debtors' assets were liquidated by a chapter 7 trustee (the "Liquidation Value"). The Liquidation Value would consist of the net proceeds from the disposition of the Debtors' assets, augmented by Cash held

by the Trustee and reduced by certain increased costs and Claims that arise in a chapter 7 liquidation case that would not arise in the Chapter 11 Cases.

The liquidation itself would trigger certain Claims and would accelerate other priority payments which would otherwise be paid in the ordinary course. These Claims would be paid in full out of the liquidation proceeds before the balance would be made available to pay most other Claims or to make any distribution in respect of Equity Interests. Liquidation would also involve the rejection of additional executory contracts and unexpired leases of the Debtors and substantial additional rejection damage Claims. Additionally, it is likely that conversion of the Chapter 11 Cases to a chapter 7 liquidation would result in non-Debtor counterparties to Partnership Contracts and Management Contracts moving to lift the stay so as to effect the termination of those contracts. If the Partnership Contracts and Management Contracts are terminated, the Debtors would no longer be (1) permitted to provide management and advisory services to their contractual counterparties or (2) entitled to receive future management fees, transaction and portfolio monitoring fees, and incentive fees. This would have a devastating impact upon the Debtors' estates.

1. Capstone's Estimate of Liquidation Value

On or about February 3, 2011, Capstone performed for the Trustee an assessment of the Liquidation Value of the Debtors' Non-Core Assets (attached hereto as Exhibit O). Underlying the liquidation assessment are a number of estimates and assumptions that are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Debtors. Accordingly, there can be no assurance that the values assumed in the assessment would be realized if the Debtors were in fact liquidated.

2. Comparison of Liquidation Values with Recoveries under Plan

It is not possible to predict with certainty the outcome of liquidation of the Debtors' assets or the timing of any distribution to creditors due to, among other things: (i) the numerous uncertainties and time delays associated with liquidation under chapter 7; (ii) the fact that the Partnership Contracts and Management Contracts could be terminated by non-Debtor counterparties; and (iii) the fact that certain of the Debtors' assets are minority investments. However, based on the above factors, the Plan Proponents believe that the expected distributions under chapter 7 of the Bankruptcy Code would result in lower distributions for Holders of Claims and Equity Interests than that provided for in the Plan, and no Holder of a Claim or Equity Interests would obtain a greater recovery on its Claim or Equity Interest in a chapter 7 liquidation case than it would obtain under the Plan.

ARTICLE XIII.
ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Plan Proponents have evaluated numerous alternatives to the Plan, including, without limitation, the sale of the Debtors as a going concern, either as an entirety or on limited bases, and the liquidation of the Debtors. After studying these alternatives, the Plan Proponents have concluded that the Plan is the best alternative and will maximize recoveries of Holders of Claims. The following discussion provides a summary of the analysis supporting the conclusion

that a liquidation of the Debtors or an alternative plan of reorganization for the Debtors will not provide higher value to Holders of Claims.

A. Liquidation under Chapter 7 of the Bankruptcy Code

If no plan of reorganization can be confirmed, the Bankruptcy Cases of the Debtors may be converted to cases under chapter 7, in which event the Trustee would liquidate the properties and interests in property of the Debtors for distribution to their creditors in accordance with the priorities established by the Bankruptcy Code. For the reasons discussed above, the Plan Proponents believe that Confirmation of the Plan will provide each Holder of a Claim entitled to receive a distribution under the Plan with a recovery that is not less (and is expected to be substantially more) than it would receive pursuant to liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

B. Alternative Plans of Reorganization

If the Plan is not confirmed, any other party in interest could undertake to formulate a different plan of reorganization. Such a plan of reorganization might involve either (x) a reorganization and continuation of the business of the Debtors, (y) the sale of the Debtors as a going concern or (z) an orderly liquidation of the properties and interests in property of the Debtors. With respect to an alternative plan of reorganization, the Plan Proponents have examined various other alternatives in connection with the process involved in the formulation and development of the Plan. The Plan Proponents believe that the Plan, as described herein, enables Holders of Claims and Equity Interests to realize the best recoveries under the present circumstances. In a liquidation of the Debtors under chapter 11, the properties and interests in property would be sold in a more orderly fashion and over a more extended period of time than in a liquidation under chapter 7, probably resulting in marginally greater recoveries. However, although preferable to a chapter 7 liquidation, the Plan Proponents believe that a liquidation under chapter 11 for the Debtors is a much less attractive alternative to Holders of Claims than the Plan because the recovery realized by Holders of Claims under the Plan is likely to be greater than the recovery under a chapter 11 liquidation.

C. Sale of the Debtors' Assets

The Trustee has indicated that it may move to sell the Debtors' assets to Black Diamond pursuant to the proposed sale transactions. If the Trustee pursues the proposed sale transactions, the Non-Controlling Lender Group will object. Though the Plan Proponents believe that the proposed sale transactions are legally infirm, it is possible that the Bankruptcy Court will disagree and will authorize the sales. Alternatively, the Trustee may pursue a sale of any or substantially all of the Debtors' assets on terms different than those contemplated in the proposed sale transactions. However, the Plan Proponents believe that this Plan provides demonstrably greater value than the proposed sale transactions to the Prepetition Lenders, who are the only prepetition constituency (other than the unsecured creditors of the SIF Debtor) entitled to receive a distribution from Debtors' estates. The Plan Proponents also believe that this Plan is preferable to the proposed sale transactions since the Plan will immediately resolve all Claims against the Debtors.

ARTICLE XIV.
CONCLUSION AND RECOMMENDATION

The Plan Proponents believe that confirmation and implementation of the Plan is preferable to any of the alternatives described above. Other alternatives would involve substantial additional administrative costs and risks. The Plan Proponents urge Holders of Impaired Claims entitled to vote on the Plan to accept the Plan and to evidence such acceptance by returning their ballots so that they will be received no later than [_:__ __].m., Eastern Time, on [_____, ___].

Dated: New York, New York
June 28, 2011

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Attorneys for the Non-Controlling Lender Group

Exhibit A

Joint Chapter 11 Plan for GSC Group, Inc. and its Affiliated Debtors
Proposed by the Non-Controlling Lender Group, dated June 28, 2011

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	)	Chapter 11
GSC GROUP, INC., et al.,[1]	)	Case No. 10-14653 (AJG)
Debtor.	)	Jointly Administered

JOINT CHAPTER 11 PLAN FOR GSC GROUP, INC. AND ITS AFFILIATED DEBTORS BY THE NON-CONTROLLING LENDER GROUP

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Attorneys for the
Non-Controlling Lender Group

Dated: New York, New York
June 28, 2011

[1] The Debtors, along with the last four digits of each Debtor's federal tax identification number, are: GSC Group, Inc. (6382), GSCP, LLC (6520), GSC Active Partners, Inc. (4896), GSCP (NJ), Inc. (3944), GSCP (NJ) Holdings, L.P. (0940), GSCP (NJ), L.P. (0785), and GSC Secondary Interest Fund, LLC (6477).

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INTRODUCTION

The Non-Controlling Lender Group proposes the following joint plan of reorganization for the resolution of outstanding Claims against, and Equity Interests in, GSC Group, Inc. ("GSC Group"), a Delaware corporation, and the other above-captioned debtors (collectively, as further defined herein, the "Debtors"). The Non-Controlling Lenders are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code. Reference is made to the Disclosure Statement, distributed contemporaneously with the Plan, for a discussion of the Debtors' history, business, financial information, projections and properties and for a summary and analysis of the Plan. Other agreements and documents supplement the Plan and have been or will be filed with the Bankruptcy Court. These supplemental agreements and documents are referenced in the Plan and the Disclosure Statement and will be available for review. Capitalized terms used herein have the meanings ascribed to such terms in Article I of the Plan or, to the extent not defined therein, the meaning ascribed to such terms in the Bankruptcy Code.

The Non-Controlling Lender Group believes that the Plan represents a fair and responsible economic resolution for all of the Debtors' creditors and that the Plan will expedite the administration of the Debtors' Chapter 11 Cases and maximize recoveries. The Plan is the most equitable and economic mechanism for resolving these Chapter 11 Cases, as it will avoid the disenfranchisement of creditors and the significant tax liabilities that would result from a sale of the Debtors' Core Assets under section 363(b) of the Bankruptcy Code.

ARTICLE I.
Definitions and Interpretation

Definitions. As used in the Plan, the following terms shall have the respective meanings specified below:

1.1 "***Administrative Expense Claim"*** means any right to payment constituting a cost or expense of administration of any of the Chapter 11 Cases under sections 503(b) and 507(a)(2) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the estates of the Debtors, any actual and necessary expenses of operating the businesses of the Debtors, any indebtedness or obligations incurred or assumed by the Debtors or Trustee in connection with the conduct of their business from and after the Petition Date, all Professional Fee Claims, all compensation and reimbursement of expenses to the extent Allowed by the Bankruptcy Court under section 330 or 503 of the Bankruptcy Code, and any fees and charges assessed against the estates of the Debtors under section 1930 of chapter 123 of title 28 of the United States Code.

1.2 ***"Affiliate"*** means, with respect to any Entity, any other Entity directly or indirectly controlling (including but not limited to all directors and officers of such other Entity), controlled by, or under direct or indirect common control with, such Entity. An Entity shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power (i) to vote 10% or more of the securities having ordinary voting power for the election of directors of such corporation or (ii) to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

1.3 ***"Allowed"*** means, with reference to any Claim against the Debtors, (a) any Claim that has been listed by the Debtors in their Schedules, as such Schedules may be amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent and for which no contrary proof of claim has been filed, (b) any Claim allowed hereunder, (c) any Claim that is not Disputed, (d) any Claim that is compromised, settled, or otherwise resolved pursuant to authority granted pursuant to a Final Order of the Bankruptcy Court or under Article IX of the Plan, or (e) any Claim that, if Disputed, has been Allowed by Final Order; *provided, however*, that Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered "Allowed Claims" hereunder; and *provided, further*, that no Claim shall be Allowed if the Claim is not included on the Schedules and if the Holder of such Claim failed to file a timely proof of claim pursuant to the Bar Date Order. Unless otherwise specified herein or by order of the Bankruptcy Court, "Allowed Administrative Expense Claim" or "Allowed Claim" shall not, for any purpose under the Plan, include interest on such Administrative Expense Claim or Allowed Claim from and after the Petition Date.

1.4 ***"AP Inc."*** means GSC Active Partners, Inc.

1.5 ***"Available Cash"*** means all Cash of the Debtors realized from their business operations, the sale or other disposition of their assets (including of Non-Core Assets), the interest earned on invested funds, recoveries from Litigation Claims or from any other source or otherwise (including but not limited to Cash on hand as of any Distribution Date (other than the portion of such Cash on hand allocable to the Sankaty Fees, if any)).

1.6 ***"Avoidance Actions"*** means any actions commenced or that may be commenced before or after the Effective Date pursuant to section 544, 545, 547, 548, 549, 550, 551 or 553 of the Bankruptcy Code.

1.7 ***"Bankruptcy Code"*** means title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases.

1.8 ***"Bankruptcy Court"*** means the United States Bankruptcy Court for the Southern District of New York having jurisdiction over the Chapter 11 Cases.

1.9 ***"Bankruptcy Rules"*** means the Federal Rules of Bankruptcy Procedure, as promulgated by the United States Supreme Court under section 2072 of title 28 of the United States Code, and the Local Bankruptcy Rules of the Bankruptcy Court.

1.10 ***"Bar Date Order"*** means the Order Establishing the Deadline for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof approved and entered by the Bankruptcy Court on March 18, 2011 [Docket No. 441], as the same may be amended from time to time.

1.11 ***"Black Diamond"*** means, collectively, Black Diamond Agent, Black Diamond Lender, and any Affiliate of any thereof.

1.12 ***"Black Diamond Agent"*** means Black Diamond Commercial Finance, L.L.C., as Administrative Agent and Collateral Agent under the Prepetition Credit Agreement.

1.13 ***"Black Diamond Agent Secured Claim"*** means that Secured Claim of Black Diamond Agent for reasonable costs and expenses, fees, commissions and taxes of such sale, collection or other realization, including compensation to Black Diamond Agent and its agents and counsel for all reasonable expenses, liabilities and advances made or incurred by Black Diamond Agent in connection therewith and all amounts for which Black Diamond Agent is entitled to indemnification or reimbursement by the Debtors pursuant to the Prepetition Credit Agreement.

1.14 ***"Black Diamond Lender"*** means (i) Black Diamond Capital Management, L.L.C., Black Diamond CLO 2006-1 (Cayman), Ltd., BDC Finance, L.L.C. and any Affiliate of any of the foregoing that is a Prepetition Lender under the Prepetition Credit Agreement, (ii) any Entity that holds a participating interest in the Claims of any of the foregoing against a Debtor under the Prepetition Credit Agreement (including but not limited to ING Capital LLC) and (iii) any Entity in whose Claim against any Debtor any Entity described in clause (i) above holds a participating interest.

1.15 ***"Board"*** means board of directors, board of managers or similar body.

1.16 ***"Business Day"*** means any day other than a Saturday, a Sunday, or any other day on which commercial banks in New York, New York are required to close by law or executive order.

1.17 ***"Cash"*** means cash and cash equivalents, including currency, deposit accounts, checks, interest in money market funds, readily marketable securities and instruments, in whatever currency denominated.

1.18 ***"Causes of Action"*** means, without limitation, any and all actions, causes of action, controversies, liabilities, obligations, rights, suits, damages, judgments, Claims, and demands whatsoever, whether known or unknown, reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in law, equity, or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Cases through the Effective Date (including, without limitation, any and all Claims against Black Diamond Agent, Black Diamond Lender, Alfred C. Eckert III, Peter R. Frank and any Affiliate and all officers, counsel, independent contractors and co-conspirators of any of the foregoing for breach of contract, breach of fiduciary duty, fraud, negligence, malpractice and/or civil conspiracy).

1.19 ***"Chapter 11 Cases"*** means the voluntary cases commenced by the Debtors under chapter 11 of the Bankruptcy Code, which are being jointly administered and are currently pending before the Bankruptcy Court, styled *In re GSC Group, Inc., et al.*, Chapter 11 Case No. 10-14653 (AJG).

1.20 ***"Claim"*** means (a) any right to payment, whether or not such right is known or unknown, reduced to judgment, liquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (b) any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment, whether or not such right

to an equitable remedy is known or unknown, reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured. For avoidance of doubt, a "Claim" against a Debtor includes, without limitation, a right to payment, or equitable relief that gives rise to a right to payment, that has or has not accrued under non-bankruptcy law that is created by one or more acts or omissions of the Debtors if: (a) the act(s) or omission(s) occurred before or at the time of the Effective Date; and (b) either or both the following conditions are satisfied (i) the act(s) or omission(s) may be sufficient to establish liability when injuries/damages are manifested; and/or (ii) at the time of the Effective Date, the Debtors have received one or more demands for payment for injuries or damages arising from such acts or omissions.

1.21 ***"Class"*** means a category of Claims against or Equity Interests in the Debtors as set forth in Article III of the Plan.

1.22 ***"Collateral"*** means any property or interest in property of the estates of the Debtors subject to a Lien to secure the payment of a Claim, which Lien is not subject to avoidance or otherwise invalid and unenforceable under the Bankruptcy Code or applicable non-bankruptcy law.

1.23 ***"Confirmation Date"*** means the date upon which the Bankruptcy Court enters a Confirmation Order on the docket of the Chapter 11 Cases.

1.24 ***"Confirmation Hearing"*** means the hearing held by the Bankruptcy Court, as it may be continued from time to time, to consider the confirmation of the Plan.

1.25 ***"Confirmation Order"*** means an order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

1.26 ***"Consent"*** means the affirmative or deemed consent of a Consent Party, as required by applicable laws or rules, to the assignment of the Debtors' rights under a Management Contract or the appointment of Sankaty or another Person as a subadvisor for a Debtor in respect of such Management Contract.

1.27 ***"Consent Party"*** means an Entity, including but not limited to investors in certain funds managed by the Debtors, whose consent is required to be solicited under applicable agreements or applicable law to assign a Management Contract, or to appoint Sankaty or another Person as a subadvisor for a Debtor in respect of such Management Contract.

1.28 ***"Consolidated Debtors"*** means all of the Debtors other than SIF.

1.29 ***"Core Assets"*** means the Management Contracts and any equity investments in the funds to which the Debtors provide services pursuant to a Management Contract.

1.30 ***"Crédit Agricole"*** means Crédit Agricole Corporate and Investment Bank.

1.31 ***"Debtor"*** means each of the Entities identified on Schedule 1 hereto.

1.32 ***"Disallowed"*** means a finding or Final Order or provision of the Plan providing that a Disputed Claim shall not become an Allowed Claim.

1.33 ***"Disclosure Statement"*** means that certain disclosure statement describing the Plan, including, without limitation, all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3017.

1.34 ***"Disclosure Statement Order"*** means the order of the Bankruptcy Court approving the Disclosure Statement as containing adequate information pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3017 and approving the procedures for solicitation of the Plan.

1.35 ***"Disputed"*** means, with reference to any Claim against a Debtor, (a) any Claim (whether or not proof of which was timely and properly filed) the amount or priority of which is disputed under the Plan or as to which a timely objection and/or request for estimation in accordance with section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3018, or as to which a pleading seeking equitable subordination or recharacterization, has been interposed, which objection, request for estimation and/or pleading has not been withdrawn or determined by a Final Order, (b) any Claim, proof of which was required to be filed by the Bar Date Order in a form and manner proscribed in the Bar Date Order, but as to which a proof of claim was not timely or properly filed, or (c) any Claim that is contingent or unliquidated or that was scheduled by the Debtors in their Schedules as contingent, disputed, or unliquidated.

1.36 ***"Disputed Claims Estimated Amount"*** means the aggregate amount estimated to become Allowed Claims of all Disputed Claims as estimated by the Bankruptcy Court for distribution purposes.

1.37 ***"Distribution"*** means any payment or transfer made to an Entity other than a Debtor under the Plan.

1.38 ***"Distribution Date"*** means any date on which a Distribution is made.

1.39 ***"Effective Date"*** means the first Business Day on which the conditions to effectiveness of the Plan set forth in Article XI have been satisfied or waived and on which the Plan shall become effective.

1.40 ***"Equity Interest"*** means shares of common stock, preferred stock, partnership interest, limited liability company interest or membership or any other form of ownership interest, or any interest or right to convert into such an equity or ownership interest or acquire any equity or ownership interest, including, without limitation, vested and/or unvested restricted stock units, contingent stock awards, contingent equity awards, performance stock units, and stock options or restricted stock awards granted under management ownership plans, stock incentive plans, or employee incentive plan.

1.41 ***"Exit Administrative Agent"*** means Crédit Agricole, as administrative agent under the Exit Facility Agreement.

1.42 ***"Exit Facility"*** means that credit facility comprised of the Tranche A Commitment and the Tranche B Commitment to be provided to Reorganized GSC Group pursuant to the Exit Facility Agreement.

1.43 ***"Exit Facility Agreement"*** means that Exit Facility Credit Agreement, dated as of the Effective Date, by and among the Reorganized GSC Group, as borrower, the other Reorganized Debtors, as guarantors, the Exit Lenders from time to time party thereto, and the Exit Administrative Agent.

1.44 ***"Exit Lenders"*** means those Persons from time to time party to the Exit Facility Agreement as lenders.

1.45 ***"Final Order"*** means an order of the Bankruptcy Court or any other court of competent jurisdiction as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending or as to which any right to appeal, petition for certiorari, reargue, or rehear shall have been waived in writing in form and substance satisfactory to the Majority Plan Proponents, as applicable, or, in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order of the Bankruptcy Court or other court of competent jurisdiction shall have been determined by the highest court to which such order was appealed, or certiorari, reargument, or rehearing shall have been denied and the time to take any further appeal, petition for certiorari, or move for reargument or rehearing shall have expired; *provided*, *however*, that no order shall fail to be a Final Order solely because of the possibility that a motion pursuant to section 502(j) of the Bankruptcy Code, Rule 59 or Rule 60 of the Federal Rules of Civil Procedure or Bankruptcy Rule 9023 or 9024 may be filed with respect to such order; *provided*, *further*, that the Majority Plan Proponents, as applicable, may waive any appeal period so long as a stay pending appeal has not been granted by order of the Bankruptcy Court or any other court of competent jurisdiction.

1.46 ***"General Unsecured Claim"*** means any Claim asserted against a Debtor other than an Administrative Expense Claim, a Priority Tax Claim, a Priority Non-Tax Claim, a Secured Claim, an Intercompany Claim, or a Section 510(b) Claim.

1.47 ***"GSC Group"*** means GSC Group, Inc.

1.48 ***"GSCP LLC"*** means GSCP, LLC.

1.49 ***"Guarantor"*** means each of NJ Inc., Holdings LP, UK Ltd., GSC Group, GSCP LLC, and AP Inc., as guarantors under the Prepetition Credit Agreement.

1.50 ***"Holder"*** means an Entity holding a Claim or Equity Interest.

1.51 ***"Holdings LP"*** means GSCP (NJ) Holdings, L.P.

1.52 ***"Impaired"*** carries the meaning given it in section 1124 of the Bankruptcy Code.

1.53 ***"Intercompany Claim"*** means (i) any account reflecting intercompany book entries by or against any Debtor with respect to any Affiliate of the Debtor, (ii) any Claim that is not reflected in such book entries and is held by or against any Debtor with respect to any Affiliate of the Debtor or (iii) Claims arising under any contract or other agreement between any Debtor and its Affiliates.

1.54 ***"Litigation Claims"*** means any and all Causes of Action, including any Avoidance Action, held by a Debtor or the Trustee.

1.55 ***"Majority Plan Proponents"*** means Plan Proponents holding at least 50.1% of the aggregate amount of Prepetition Lender Secured Claims held by the Plan Proponents.

1.56 ***"Management Contract"*** means any of those executory contracts identified in Exhibit A hereto pursuant to which the Debtors provide, among other things, management services, asset management services, collateral management services, advisory services and other similar services to investors in certain funds.

1.57 ***"New AP Inc. Certificate of Incorporation"*** means the certificate of incorporation of Reorganized AP Inc. in substantially the form set forth in Schedule 2A hereto.

1.58 ***"New Certificate"*** means each of the new certificates of incorporation and by-laws, or other governance documents, of the Reorganized Debtors.

1.59 ***"New GSC Group Certificate of Incorporation"*** means the certificate of incorporation of Reorganized GSC Group in substantially the form set forth in Schedule 2B hereto.

1.60 ***"NJ Inc."*** means GSCP (NJ), Inc.

1.61 ***"NJLP"*** means GSCP (NJ), L.P.

1.62 ***"Non-Controlling Lenders"*** means those Prepetition Lenders that are identified in Schedule 3 hereof.

1.63 ***"Non-Controlling Lender Group"*** means all of the Non-Controlling Lenders.

1.64 ***"Non-Controlling Lenders' Pro Rata Share"*** means the proportion that the aggregate amount of Prepetition Lender Secured Claims held by the Non-Controlling Lenders bears to the aggregate amount of all Prepetition Lender Secured Claims.

1.65 ***"Non-Core Assets"*** means those assets of the Debtors that are not Core Assets, including but not limited to (i) all corporate-owned life insurance policies (including, without limitation, the approximately $50 million (face amount) of policies insuring the life of Alfred C. Eckert III with respect to which NJLP is the beneficiary), (ii) any Equity Interests in Safety-Kleen held by any of the Debtors, (iii) any Equity Interests in or assets of GSC Group Limited (UK) held by any of the Debtors, and (iv) any Litigation Claims held by any of the Debtors or the Trustee, and the proceeds of any of the foregoing, excluding Cash.

1.66 ***"Ordinary Course Professional Order"*** means the Order Authorizing the Debtors to Employ and Compensate Certain Professionals in the Ordinary Course, approved and entered by the Bankruptcy Court on September 22, 2010 [Docket No. 122], as the same may be amended from time to time.

1.67 ***"Other Secured Claims"*** means all Secured Claims, other than the Postpetition Lender Secured Claims, the Black Diamond Agent Secured Claims and the Prepetition Lender Secured Claims.

1.68 ***"Partnership Contract"*** means all those executory contracts to which any of the Debtors is a contractual party and named either a general partner or limited partner of a managed fund.

1.69 ***"Petition Date"*** means August 31, 2010.

1.70 ***"Plan"*** means this chapter 11 plan, including, without limitation, the Plan Supplement and all exhibits, supplements, appendices, and schedules hereto, either in its present form or as the same may be altered, amended or modified from time to time.

1.71 ***"Plan Consideration"*** means Cash and Reorganized GSC New Securities to be distributed pursuant to the Plan.

1.72 ***"Plan Proponents"*** means each member of the Non-Controlling Lender Group as of the date hereof.

1.73 ***"Plan Supplement"*** means the compilation of documents and forms of documents specified in the Plan which will be filed with the Bankruptcy Court not later than five (5) Business Days prior to the date of the commencement of the Confirmation Hearing.

1.74 ***"Postpetition Credit Agreement"*** means that certain Superpriority Senior Secured Post-Petition Credit Agreement (as amended, restated, supplemented or otherwise modified from time to time), if any, between the Trustee, as borrower, the Postpetition Lenders from time to time party thereto and Crédit Agricole, as Administrative Agent.

1.75 ***"Postpetition Credit Commitment"*** means the total credit commitments under the Postpetition Credit Agreement being the sum of $23,000,000.

1.76 ***"Postpetition Lenders"*** means those lenders from time to time party to the Postpetition Credit Agreement.

1.77 ***"Postpetition Lender Secured Claims"*** means those Secured Claims held by the Postpetition Lenders arising under the Postpetition Credit Agreement.

1.78 ***"Prepetition Credit Agreement"*** means that certain Fourth Amended and Restated Credit Agreement dated as of February 28, 2007 (as amended, restated, supplemented or otherwise modified from time to time) between NJLP, as borrower, the Guarantors, and the Prepetition Lenders from time to time party thereto and Black Diamond Agent.

1.79 ***"Prepetition Lenders"*** means those lenders from time to time party to the Prepetition Credit Agreement or the counterparty under the Swap.

1.80 ***"Prepetition Lender Secured Claims"*** means those Secured Claims held by the Prepetition Lenders, including, without limitation, in respect of loans issued under the Prepetition Credit Agreement and the Swap Claim.

1.81 ***"Priority Non-Tax Claim"*** means any Claim against a Debtor, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in payment under section 507(a) of the Bankruptcy Code.

1.82 ***"Priority Tax Claim"*** means any Claim of a Governmental Unit against a Debtor of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

1.83 ***"Professional"*** means an Entity (a) employed in the Chapter 11 Cases pursuant to a Final Order in accordance with sections 327 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to or on the Effective Date, pursuant to sections 327, 328, 329, 330 and 331 of the Bankruptcy Code or (b) for which compensation and reimbursement has been Allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

1.84 ***"Professional Fee Claims"*** means any Claim of a Professional seeking an award of the Bankruptcy Court for compensation for services rendered and/or reimbursement of expenses incurred through and including the Confirmation Date subject to allowance by the Bankruptcy Court under section 105(a), 363(b), 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code.

1.85 ***"Reinstated or Reinstatement"*** means (a) leaving unaltered the legal, equitable and contractual rights to which a Claim against or Equity Interest in a Debtor entitles the Holder of such Claim or Equity Interest, or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of such Claim or Equity Interest to demand or receive accelerated payment of such Claim or Equity Interest after the occurrence of a default, (i) curing any such default whether or not such default occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) of the Bankruptcy Code expressly does not require to be cured; (ii) reinstating the maturity of such Claim or Equity Interest as such maturity existed before such default; (iii) compensating the Holder of such Claim or Equity Interest for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; (iv) if such Claim or Equity Interest arises from any failure to perform a nonmonetary obligation other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A) of the Bankruptcy Code, compensating the Holder of such Claim or Equity Interest (other than a Debtor or an Insider) for any actual pecuniary loss incurred by such Holder as a result of such failure; and (v) not otherwise altering the legal, equitable or contractual rights to which such Claim or Equity Interest entitles the Holder of such Claim or Equity Interest.

1.86 ***"Released Parties"*** means, collectively, (a) the Trustee, (b) the Non-Controlling Lender Group, (c) each current and former member of the Non-Controlling Lender Group, (d) Sankaty, and (e) in the case of (a) through (d), each of their respective officers, directors, managers, members, accountants, financial advisors, investment bankers, agents, restructuring

advisors, attorneys, representatives or other professionals serving during the pendency of the Chapter 11 Cases (solely in their capacity as officers, directors, managers, members, accountants, financial advisors, investment bankers, agents, restructuring advisors, attorneys, representatives or other professionals, as the case may be, and in each case for such service during the pendency of the Chapter 11 Cases); *provided*, *however*, that Released Parties shall not include any such professionals or financial advisors in their capacity as professionals or financial advisors of the Debtors prior to the appointment of the Trustee or with respect to any actions taken by them prior to the appointment of the Trustee.

1.87 ***"Reorganized AP Inc. New Common Stock"*** means the new common stock, par value $0.01 per share, of Reorganized AP Inc. to be authorized and issued pursuant to and in a manner consistent with the provisions of the Plan.

1.88 ***"Reorganized GSC Group New Common Stock"*** means the new common stock, par value $0.01 per share, of Reorganized GSC Group to be authorized and issued pursuant to and in a manner consistent with the provisions of the Plan.

1.89 ***"Reorganized GSC New Securities"*** means collectively Reorganized NJLP New Senior Notes, Reorganized AP Inc. New Common Stock and Reorganized GSC Group New Common Stock.

1.90 ***"Reorganized NJLP New Senior Notes"*** means the 10% Secured Notes due 2026 in an initial aggregate principal amount of $160 million to be issued by Reorganized NJLP, secured by a lien on and security interest in all personal property of the Reorganized Debtors with such lien and security interest being junior only to the lien on and security interest in such property securing the Exit Facility Agreement, guaranteed by the other Reorganized Debtors and governed by the terms of the Reorganized NJLP New Senior Notes Indenture, providing for quarterly interest payments in Cash or, to the extent that Reorganized NJLP and the guarantors of its obligations thereunder shall have insufficient Cash on any quarterly interest date, through the "payment in kind" of additional Reorganized NJLP Senior Notes.

1.91 ***"Reorganized NJLP New Senior Notes Indenture"*** means the indenture to be entered into between Reorganized NJLP, as issuer, the other Reorganized Debtors, as guarantors, on the one hand, and an Entity to be selected by the Majority Plan Proponents prior to the Effective Date, as indenture trustee, on the other hand, under which the Reorganized NJLP New Senior Notes shall be issued, which indenture shall be substantially in the form included in the Plan Supplement.

1.92 ***"Reorganized Debtors"*** means the Debtors, as reorganized on and after the Effective Date in accordance with the terms of the Plan, and the term "Reorganized," as used with reference to any Debtor, means such Debtor as reorganized pursuant to the Plan.

1.93 ***"Reorganized SIF Interests"*** means the limited liability company interests of Reorganized SIF to be authorized and issued pursuant to and in a manner consistent with the provisions of the Plan.

1.94 ***"Requisite Amount"*** means (i) with respect to a Class of Claims, at least two-thirds in amount and more than one-half in number of the Allowed Claims of such Class held by

Holders other than any Holder designated pursuant to section 1126(e) of the Bankruptcy Code, that have voted to accept or reject the Plan, and (ii) with respect to a Class of Equity Interests, at least two-thirds in amount of the Allowed Equity Interests of such Class held by Holders of such Equity Interests, other than any Holder designated pursuant to section 1126(e) of the Bankruptcy Code, that have voted to accept or reject the Plan.

1.95 ***"Safety-Kleen"*** means Safety-Kleen, Inc.

1.96 ***"Sankaty"*** means Sankaty Advisors, LLC.

1.97 ***"Sankaty Fees"*** means (i) on or prior to the Effective Date, an amount equal to forty (40) percent of all senior fees paid to the Debtors on or prior to the Effective Date that constitute the prepayment for investment advisory services to be performed on or after the Effective Date and (ii) after the Effective Date, forty (40) percent of all senior fees, which are paid to the Reorganized Debtors, as set forth in the Sankaty Sub-Advisory Agreement.

1.98 ***"Sankaty Sub-Advisory Agreement"*** means that sub-advisory agreement to be entered into between one or more of the Reorganized Debtors and Sankaty on the Effective Date.

1.99 ***"Schedules"*** means the schedules of assets and liabilities and the statements of financial affairs filed by the Debtors as required by section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, including any supplements or amendments thereto through the Confirmation Date.

1.100 ***"Section 510(b) Claim"*** means any Claim arising from rescission of a purchase or sale of a security of the Debtors or an Affiliate of the Debtors for damages arising from the purchase or sale of such a security, or for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such Claim.

1.101 ***"Secured Claim"*** means any Claim against a Debtor that is (a) secured by a Lien on Collateral to the extent of the value of such Collateral, as determined in accordance with section 506(a) of the Bankruptcy Code or (b) subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code to the extent of such setoff.

1.102 ***"SIF"*** means GSC Secondary Interest Fund, LLC.

1.103 ***"SIF General Unsecured Creditors' Pro Rata Share"*** means the proportion that the aggregate amount of General Unsecured Claims against SIF (Class 3A-B) bears to the aggregate amount of General Unsecured Claims against SIF (Class 3A-B) and Intercompany Claims against SIF (Class 3B-B).

1.104 ***"SIF Intercompany Creditors' Pro Rata Share"*** means the proportion that the aggregate amount of Intercompany Claims against SIF (Class 3B-B) bears to the aggregate amount of General Unsecured Claims against SIF (Class 3A-B) and Intercompany Claims against SIF (Class 3B-B).

1.105 ***"Swap"*** means that certain master agreement dated as of November 6, 2001 between Crédit Agricole, as successor in interest to Credit Lyonnaise New York Branch, and NJLP.

1.106 ***"Swap Claim"*** means that Secured Claim held by Crédit Agricole in respect of the Swap, which Claim is secured on a *pari passu* basis with the Secured Claims of the Prepetition Lenders against the Consolidated Debtors under the Prepetition Credit Agreement.

1.107 ***"Tranche A Commitment"*** has the meaning specified in the Exit Facility Agreement and refers to that portion (if any) of the credit commitment under the Exit Facility Agreement allocable to the payment of Allowed Postpetition Lender Secured Claims.

1.108 ***"Tranche B Commitment"*** has the meaning specified in the Exit Facility Agreement and refers to that portion of the credit commitment under the Exit Facility Agreement (other than the Tranche A Commitment) available for multiple draw term loans thereunder.

1.109 ***"Trustee"*** means James L. Garrity, Jr. (or his successor), in his capacity as bankruptcy trustee for the Debtors.

1.110 ***"Trustee Guidelines"*** means those Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses filed under 11 U.S.C. § 330, 28 C.F.R. Part 58, Appendix A.

1.111 ***"UK Ltd."*** means GSC Group Limited.

Rules of Construction. For purposes of the Plan, unless otherwise provided herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and neuter; (b) any reference in the Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions; (c) any reference in the Plan to an existing document or Plan Exhibit filed or to be filed means such document or Plan Exhibit, as it may have been or may be amended, modified or supplemented pursuant to the Plan, Confirmation Order or otherwise; (d) any reference to an Entity as a holder of a Claim or Interest includes that Entity's successors and assigns; (e) all references in the Plan to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits of or to the Plan; (f) the words "herein," "hereof," "hereunder" and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (g) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (h) subject to the provisions of any contracts, articles or certificates of incorporation, bylaws, limited liability company agreements, codes of regulation, operating agreements, similar constituent documents, instruments, releases or other agreements or documents entered into or delivered in connection with the Plan, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and the Bankruptcy Rules; (i) unless otherwise specified, all section, article, schedule, or exhibit references in the Plan are to the respective Section in, Article of, Schedule

to, or Exhibit to, the Plan; and (j) except for section 102(5) of the Bankruptcy Code, which shall not apply, the rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan.

ARTICLE II.
Treatment of Administrative Expense Claims and Priority Tax Claims

2.1. Administrative Expense Claims. Except to the extent that a Holder of an Allowed Administrative Expense Claim agrees to a less favorable treatment, on the later of the Effective Date and the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable, the Holder of such an Allowed Administrative Expense Claim shall receive payment in Cash in full satisfaction of any unsatisfied portion of such Claim, *first*, from Available Cash (to the extent available for payment of such Claim) and, *second*, from the proceeds of borrowings under the Exit Facility Agreement (to the extent of the availability under the Exit Facility Agreement) in an amount equal to any remaining Allowed amount of such Claim; *provided, however*, that (i) the Tranche A Commitment shall be available to pay only Postpetition Secured Lender Claims and the Tranche B Commitment shall not be available to pay Postpetition Secured Lender Claims; (ii) Allowed Administrative Expense Claims representing liabilities or other obligations incurred in the ordinary course of business by the Trustee shall be paid in full and performed by the Trustee in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions; and (iii) no Professional Fee Claim shall be Allowed unless (a) the Holder of such Professional Fee Claim files and serves on counsel for the Trustee, the Debtors, Black Diamond Agent, the Plan Proponents, and the United States Trustee a final fee application, pursuant to section 330 of the Bankruptcy Code and in compliance with the Trustee Guidelines and orders of the Bankruptcy Court, with the Bankruptcy Court requesting allowance of such Claim no later than 45 days after the Effective Date; and (b) the Bankruptcy Court enters a Final Order allowing such Professional Fee Claim; any Holder of a Professional Fee Claim that fails to timely file and serve such an application for final allowance of compensation and reimbursement of expenses in respect of such Claims shall be forever barred from asserting such Claims against the Debtors or Reorganized Debtors or their property, and the Debtors and Reorganized Debtors shall be discharged from such Claims and shall not be obligated to satisfy such Claims.

2.2. Postpetition Lender Secured Claims. Except to the extent that the Holder of an Allowed Postpetition Lender Secured Claim agrees to less favorable treatment, each Holder of an Allowed Postpetition Lender Secured Claim shall be paid in full on the Effective Date from, *first*, any unencumbered Available Cash, *second*, Available Cash as provided by Section 4.3(c) hereof and, *third*, the proceeds of a borrowing under the Tranche A Commitment.

2.3. Priority Tax Claims. Except to the extent that a Holder of an Allowed Priority Tax Claim has been paid by or on behalf of a Debtor prior to the Effective Date or agrees to less favorable treatment, each Holder of an Allowed Priority Tax Claim shall receive Cash in an amount equal to the Allowed amount of such Priority Tax Claim on the later of the Effective Date and the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, or

as soon thereafter as is practicable, from the proceeds of a drawing on the Exit Facility Agreement.

ARTICLE III.
Classification of Claims and Equity Interests

3.1. Classification of Claims. Claims against the Debtors (other than Administrative Expense Claims, Postpetition Secured Lender Claims, and Priority Tax Claims) and Equity Interests in the Debtors are classified as described below. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Postpetition Secured Lender Claims and Priority Tax Claims have not been classified and are excluded from the following Classes. A Claim or Interest will be deemed classified in a particular Class only to the extent that such Claim or Equity Interests qualifies within the description of such Class and will be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. Further, a Claim or Equity Interest shall not be classified in any Class for distribution purposes until such Claim or Equity Interest becomes an Allowed Claim or Allowed Equity Interest and then only to the extent that such Claim or Equity Interest has not been paid, released, or otherwise satisfied prior to the Effective Date.

(a) Class 1 Claims – Priority Non-Tax Claims.

Class 1-A Claims:	Class 1-A Claims consist of all Priority Non-Tax Claims against the Consolidated Debtors.
Class 1-B Claims:	Class 1-B Claims consist of all Priority Non-Tax Claims against SIF.

(b) Class 2A Claims – Black Diamond Agent Secured Claims.

Class 2A Claims:	Class 2A Claims consist of the Black Diamond Agent Secured Claim against the Consolidated Debtors.

(c) Class 2B Claims – Prepetition Lender Secured Claims.

Class 2B Claims:	Class 2B Claims consist of all Prepetition Lender Secured Claims against the Consolidated Debtors.

(d) Class 2C Claims – Other Secured Claims.

Class 2C-A Claims:	Class 2C-A Claims consist of all Other Secured Claims against the Consolidated Debtors.
Class 2C-B Claims:	Class 2C-B Claims consist of all Other Secured Claims against SIF.

(e) Class 3A – General Unsecured Claims.

Class 3A-A Claims: Class 3A-A Claims consist of all General Unsecured Claims against the Consolidated Debtors.

Class 3A-B Claims: Class 3A-B Claims consist of all General Unsecured Claims against SIF.

(f) Class 3B – Intercompany Claims.

Class 3B-A Claims: Class 3B-A Claims consist of all Intercompany Claims against the Consolidated Debtors.

Class 3B-B Claims: Class 3B-B Claims consist of all Intercompany Claims against SIF.

(g) Class 3C – Section 510(b) Claims.

Class 3C-A Claims: Class 3C-A Claims consist of all Section 510(b) Claims against the Consolidated Debtors.

Class 3C-B Claims: Class 3C-B Claims consist of all Section 510(b) Claims against SIF.

(h) Class 4 – Equity Interests.

Class 4 Claims: Class 4 Claims consist of all Equity Interests in any of the Debtors.

ARTICLE IV.
Treatment of Claims Against the Debtors and Equity Interests in the Debtors

4.1. Priority Non-Tax Claims (Classes 1-A and 1-B).

(a) Impairment and Voting. Classes 1-A and 1-B are not Impaired by the Plan. Each Holder of an Allowed Priority Non-Tax Claim in either of Class 1-A or 1-B is conclusively deemed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

(b) Distributions. Except to the extent that the Holder of an Allowed Priority Non-Tax Claim agrees to less favorable treatment or has been paid by or on behalf of the applicable Debtor on account of such Priority Non-Tax Claim prior to the Effective Date, each Holder of an Allowed Priority Non-Tax Claim in either of Class 1-A or 1-B shall be paid in Cash in each case on the later of the Effective Date and the date (if ever) each respective Priority Non-Tax Claim becomes an Allowed Priority Non-Tax Claim, or as soon thereafter as is practicable, in an amount equal to the Allowed amount of such Priority Non-Tax Claim from the proceeds of a borrowing under the Exit Facility Agreement Tranche B Commitment.

4.2. Black Diamond Agent Secured Claims (Class 2A).

(a) Impairment and Voting. Class 2A is not Impaired by the Plan. The Holder of an Allowed Black Diamond Agent Secured Claim in Class 2A is conclusively deemed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

(b) Distributions. Except to the extent that the Holder of an Allowed Black Diamond Agent Secured Claim agrees to less favorable treatment, on the Effective Date, or as soon thereafter as is reasonably practicable, the Holder of an Allowed Black Diamond Agent Secured Claim shall receive on account of such Claim payment of the Allowed amount of such Claim in full in Cash from Available Cash, or if Available Cash is insufficient to pay such Allowed Claim in full, from the proceeds of a borrowing under the Exit Facility Tranche B Commitment.

4.3. Prepetition Lender Secured Claims (Class 2B).

(a) Impairment and Voting. Class 2B is Impaired by the Plan. Each Holder of an Allowed Prepetition Lender Secured Claim in Class 2B is entitled to vote to accept or reject the Plan.

(b) Distributions. Except to the extent that the Holder of an Allowed Prepetition Lender Secured Claim agrees to less favorable treatment and except as provided in Subsection (c) of this Section 4.3, on the Effective Date, or as soon thereafter as is practicable, each Holder of an Allowed Prepetition Lender Secured Claim in Class 2B shall be satisfied with its pro rata share of (i) the Available Cash remaining after payment of the Allowed Black Diamond Agent Secured Claim, if any, on such date, (ii) the Reorganized GSC Group New Common Stock, (iii) the Reorganized NJLP New Senior Notes, and (iv) the Reorganized AP Inc. New Common Stock.

(c) Turnover. Any Cash Distributions that, but for this Subsection, would be allocable under Subsection (b) of this Section 4.3 to the Non-Controlling Lenders on account of their Allowed Prepetition Lender Secured Claims shall be applied, *first*, to the payment of Allowed Postpetition Lender Secured Claims until the Holders of Allowed Postpetition Lender Secured Claims are paid in full in Cash and, *second*, the balance, if any, to the Non-Controlling Lenders based on each Non-Controlling Lender's pro rata share of the Non-Controlling Lenders' Pro Rata Share of the Allowed Prepetition Lender Secured Claims.

4.4. Other Secured Claims (Classes 2C-A and 2C-B).

(a) Impairment and Voting. Classes 2C-A and 2C-B are not Impaired by the Plan. Each Holder of an Allowed Other Secured Claim in either of Class 2C-A or 2C-B is conclusively deemed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

(b) Distributions. Except to the extent that the Holder of an Allowed Other Secured Claim agrees to less favorable treatment, each Holder of an Allowed Other Secured Claim in either of Class 2C-A or 2C-B shall receive, at the option of the Majority Plan Proponents, one of the following: (i) payment in Cash in an amount equal to the Allowed amount

of such Other Secured Claim on the later of the Effective Date and the date such Other Secured Claim becomes an Allowed Other Secured Claim; (ii) the sale or disposition proceeds of the Collateral securing such Allowed Other Secured Claim to the extent of the value of the Holder's interest in the Collateral securing such Allowed Other Secured Claim; (iii) surrender to the Holder of such Allowed Other Secured Claim of the Collateral securing such Allowed Other Secured Claim; or (iv) such treatment that leaves unaltered the legal, equitable, and contractual rights to which the Holder of the Allowed Secured Claim is entitled. In the event an Allowed Other Secured Claim is treated under clause (i) or (ii) above, the Liens securing such Claim shall be deemed released and extinguished without further order of the Bankruptcy Court.

4.5. General Unsecured Claims (Classes 3A-A and 3A-B).

(i) Class 3A-A.

Impairment and Voting. Class 3A-A is Impaired by the Plan. Each Holder of an Allowed General Unsecured Claim in Class 3A-A is conclusively deemed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

Distributions. The Holders of Allowed General Unsecured Claims in Class 3A-A shall receive no Distribution on account of such Claims, and such Claims shall be extinguished as against the applicable Debtor.

(ii) Class 3A-B.

Impairment and Voting. Class 3A-B is Impaired by the Plan. Each Holder of an Allowed General Unsecured Claim in Class 3A-B is entitled to vote to accept or reject the Plan.

Distributions. Except to the extent that the Holder of an Allowed General Unsecured Claim in Class 3A-B agrees to less favorable treatment, on the Effective Date, or as soon thereafter as is practicable, each Holder of an Allowed General Unsecured Claim in Class 3A-B shall be satisfied by its pro rata share of the SIF General Unsecured Creditors' Pro Rata Share of the Reorganized SIF Interests to be issued pursuant to and in a manner consistent with the provisions of the Plan.

4.6. Intercompany Claims (Classes 3B-A and 3B-B).

(i) Class 3B-A.

Impairment and Voting. Class 3B-A is Impaired by the Plan. Each Holder of an Allowed Intercompany Claim in Class 3B-A is conclusively deemed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

Distributions. All Allowed Intercompany Claims in Class 3B-A shall be cancelled as of the Effective Date, and the Holders of such Allowed Intercompany Claims in Class 3B-A shall receive no Distribution on account of such Claims.

(ii) Class 3B-B.

Impairment and Voting. Class 3B-B is Impaired by the Plan. Each Holder of an Allowed Intercompany Claim in Class 3A-B is entitled to vote to accept or reject the Plan.

Distributions. Except to the extent that the Holder of an Allowed Intercompany Claim in Class 3B-B agrees to less favorable treatment, on the Effective Date, or as soon thereafter as is practicable, each Holder of an Allowed Intercompany Claim in Class 3B-B shall receive its pro rata share of the SIF Intercompany Creditors' Pro Rata Share of the Reorganized SIF Interests to be issued pursuant to and in a manner consistent with the provisions of the Plan.

4.7. Section 510(b) Claims (Classes 3C-A and 3C-B).

(a) Impairment and Voting. Classes 3C-A and 3C-B are Impaired by the Plan. Each Holder of an Allowed Section 510(b) Claim in either of Class 3C-A or 3C-B is conclusively deemed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

(b) Distributions. The Holders of Allowed Section 510(b) Claims in either of Class 3C-A or 3C-B shall receive no Distribution on account of such Claims, and those Claims shall be extinguished as against the Debtors.

4.8. Equity Interests (Class 4).

(a) Impairment and Voting. Class 4 is Impaired by the Plan. Each Holder of an Equity Interest in Class 4 is conclusively deemed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

(b) Distributions. The Holders of Equity Interests in Class 4 shall receive no Distribution on account of such Equity Interests.

ARTICLE V.
Acceptance or Rejection of the Plan; Effect of Rejection by One or More Classes of Claims or Equity Interests

5.1. Classes Entitled to Vote. Classes 2B, 3A-B and 3B-B are entitled to vote on the Plan.

5.2. Class Acceptance Requirement. A Class of Claims shall have accepted the Plan for all purposes herein if, *inter alia*, at least the Requisite Amount of Holders of such Claims have voted to accept the Plan.

5.3. Nonconsensual Confirmation. If any Impaired Class of Claims entitled to vote on the Plan rejects the Plan, the Majority Plan Proponents reserve the right to undertake to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code. With respect to Impaired Classes of Claims or Equity Interests that are deemed to reject the Plan, the Majority Plan Proponents shall request that the Bankruptcy Court confirm the Plan pursuant to section 1129(b) of the Bankruptcy Code.

ARTICLE VI.
Means for Implementation of the Plan

6.1. Partial Substantive Consolidation.

a. The Plan contemplates the substantive consolidation of the estates of the Consolidated Debtors into a single Entity solely for purposes of Plan voting, confirmation, implementation, Distribution and consummation. The Plan Proponents request substantive consolidation of the Consolidated Debtors on the grounds that the amount of the Prepetition Lender Secured Claims are far in excess of the value of the Consolidated Debtors' estates, and no Holder of a General Unsecured Claim would be entitled to receive any distribution under the Plan absent the consent of the Prepetition Lenders, and therefore, the denial of substantive consolidation would result in an unnecessarily costly, time-consuming administrative burden. Accordingly, on the Effective Date: (i) all Intercompany Claims held by a Consolidated Debtor against a Consolidated Debtor shall be cancelled; (ii) all assets and any proceeds thereof and all liabilities of any and all of the Consolidated Debtors, will be merged or treated as though they were the assets or liabilities jointly of all such Debtors; (iii) any obligation of a Consolidated Debtor upon which any one or more other Consolidated Debtors are primarily or secondarily liable will be deemed to be a single obligation of the Consolidated Debtors in the amount of the primary obligation; (iv) any Claims Allowed in connection with any such obligations will be deemed one Claim against the Consolidated Debtors in the amount of the primary obligation entitled to (at most) a single Distribution; (v) every Claim for which proof is filed or to be filed as against any one of the Consolidated Debtors shall be deemed one Claim filed against such Debtors; and (vi) Claims of a single creditor against more than one of the Consolidated Debtors in respect of single, discrete transactions shall be treated as a single Claim against

the Consolidated Debtors in the aggregate amount of such all such Claims.

b. Notwithstanding the foregoing, (i) the estate of SIF will not be deemed consolidated with the estates of the Consolidated Debtors for any purposes; (ii) the Consolidated Debtors will not be deemed consolidated for any purpose after the Effective Date; (iii) the Debtors', Reorganized Debtors' and Trustee's rights of recovery against any Entity other than a Debtor with respect to any assets and the rights of any party with a security interest in any of the property of any of the Debtors shall not be prejudiced by such consolidation; and (iv) mutuality for purposes of setoff under section 553 of the Bankruptcy Code will not be affected by such consolidation.

6.2. Effect of Distribution to Creditors. Except as specifically provided herein, all Distributions made to Holders of Allowed Claims are intended to be and shall be final, and no Distributions to the Holder of a Claim in one Class shall be subject to being shared with or reallocated to the Holders of any Claim in another Class by virtue of any prepetition collateral trust agreement, shared collateral agreement, subordination agreement or inter-creditor arrangement.

6.3. Joint Chapter 11 Plan. This Plan is a joint chapter 11 plan for each of the Debtors, with the Plan for each Debtor being non-severable and mutually dependent on the Plan for each other Debtor.

6.4. Directors and Executive Officers. On the Effective Date, the term of each member of the current Boards of each of the Debtors shall automatically expire.

6.5. Continued Corporate Existence. Except as provided herein, each Debtor will, as a Reorganized Debtor, continue to exist after the Effective Date as a separate corporate or limited liability Entity with all the powers of a corporation, limited liability company or partnership, as applicable, under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution or otherwise) under applicable state law. On and after the Effective Date, each Reorganized Debtor may operate its business and may use, acquire, and dispose of property and compromise or settle claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, each Reorganized Debtor may pay the charges that it incurs on or after the Effective Date for professional fees and expenses, disbursements, expenses related to support services (including fees relating to the preparation of professional fee applications) without application to, or approval of, the Bankruptcy Court.

6.6. Restructuring Transactions. Except as otherwise provided in this Plan, pursuant to section 1123(a)(5) of the Bankruptcy Code, on or after the Effective Date, the applicable Reorganized Debtors may enter into such transactions and may take such actions as may be appropriate to effect a restructuring of their respective businesses, to simplify otherwise

the overall corporate structure of the Reorganized Debtors, or to reincorporate certain of the Reorganized Debtors under the laws of jurisdictions other than the laws of which the applicable Reorganized Debtors are presently incorporated. Such restructuring is contemplated to include one or more mergers, consolidations, restructures, dispositions, liquidations, or dissolutions, as may be determined by the Debtors or Reorganized Debtors to be necessary or appropriate (collectively, the "Restructuring Transactions"). The actions to effect the Restructuring Transactions may include: (i) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, disposition, liquidation or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable state law and such other terms to which the applicable Entities may agree; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms to which the applicable Entities may agree; (iii) the filing of appropriate certificates or articles of merger, consolidation or dissolution pursuant to applicable state law; and (iv) all other actions that the applicable entities determine to be appropriate, including making filings or recordings that may be required by applicable state law in connection with such transactions. The Restructuring Transactions may include one or more mergers, consolidations, restructurings, dispositions, liquidations or dissolutions, as may be determined by the Reorganized Debtors to be necessary or appropriate to result in substantially all of the respective assets, properties, rights, liabilities, duties and obligations of certain of the Reorganized Debtors vesting in one or more surviving, resulting, or acquiring corporations. In each case in which the surviving, resulting or acquiring corporation will perform the obligations of the applicable Reorganized Debtor pursuant to the Plan to pay or otherwise satisfy the Allowed Claims against such Reorganized Debtor, except as provided in any contract, instrument or other agreement or document effecting a disposition to such surviving, resulting or acquiring corporation, which may provide that another Reorganized Debtor will perform such obligations.

6.7. Plan Transactions.

(a) *Reorganized NJLP New Senior Notes*. On the Effective Date, Reorganized NJLP shall execute and deliver the Reorganized NJLP New Senior Notes Indenture to govern the Reorganized NJLP New Senior Notes.

(b) *Exit Facility*. On the Effective Date, the Reorganized Debtors shall enter into the Exit Facility Agreement to (a) refinance amounts outstanding on the Effective Date under the Postpetition Credit Agreement, (b) make other payments required to be made on the Effective Date or a Distribution Date (after giving effect to the payments made with Available Cash on the Effective Date), and (c) provide additional borrowing capacity required by the Reorganized Debtors following the Effective Date to maintain their operations.

(c) *Sankaty Sub-Advisory Agreement*. On the Effective Date, the Reorganized Debtors shall enter into the Sub-Advisory Agreement pursuant to which Sankaty will provide the Reorganized Debtors certain investment advisory services.

6.8. Cancellation of Old Securities. On the Effective Date, except as otherwise provided for herein, (i) any agreement, note, bond (with the exception of surety bonds

outstanding), indenture or other instrument or document evidencing or creating any indebtedness or obligation of a Debtor, except such notes or other instruments evidencing indebtedness or obligations of a Debtor that are Reinstated, and all Equity Interests in the Debtors, other than Equity Interests of a Debtor in a Consolidated Debtor (which are Reinstated except as modified pursuant to Sections 6.6, 6.9 and/or Article VII), and any instrument or document evidencing or creating such Equity Interests (other than Equity Interests of a Debtor in a Consolidated Debtor), shall be cancelled, (ii) the obligations of the Debtors under any agreement, note, bond (with the exception of surety bonds outstanding), indenture or other instrument or document evidencing or creating any indebtedness or obligation of a Debtor, except such notes or other instruments evidencing indebtedness or obligations of a Debtor that are Reinstated or assumed as provided elsewhere herein, shall be discharged. As of the Effective Date, all Equity Interests that have been authorized to be issued but that have not been issued shall be deemed cancelled and extinguished without any further action of any party.

6.9. Creation and Distribution of New Securities. On, or as soon as reasonably practicable after, the Effective Date, each of the Reorganized GSC Group, Reorganized AP Inc. and Reorganized SIF are authorized to and shall distribute, or cause to be distributed, its Reorganized GSC Group New Common Stock, Reorganized AP Inc. New Common Stock and Reorganized SIF Interests, as applicable, and they and the other Reorganized Debtors are authorized to issue any and all other new securities required to be issued, executed or delivered pursuant to the Plan, in each case without further (i) notice to or order of the Bankruptcy Court, (ii) act or action under applicable law, regulation, order or rule or (iii) the vote, consent, authorization or approval of any Entity. All documents, agreements and instruments entered into and delivered on or as of the Effective Date contemplated by or in furtherance of the Plan, and any other agreement or document related to or entered into in connection with same, shall become, and shall remain, effective and binding in accordance with their respective terms and conditions upon the parties thereto, in each case without further (i) notice to or order of the Bankruptcy Court, (ii) act or action under applicable law, regulation, order or rule or (iii) the vote, consent, authorization or approval of any Entity (other than as expressly required by such applicable agreement).

6.10. Sale of Non-Core Assets and Distribution of Reorganized Debtors' Cash. Any Non-Core Assets of a Debtor that have not been sold prior to the Effective Date shall vest in such Debtor as a Reorganized Debtor. After the Effective Date, the Reorganized Debtors will use their reasonable best efforts to sell the Non-Core Assets.

6.11. Reorganized Debtors' Use of Cash. Any Cash generated by the Reorganized Debtors after the Effective Date, excluding the Sankaty Fees, shall be deposited with the Exit Administrative Agent and applied as follows: *first*, to repay amounts outstanding under the Tranche A Commitment; *second*, an amount equal to the budgeted expenditures payable within the subsequent 30 days shall be retained by the Exit Administrative Agent to be released in accordance with the budget developed in accordance with the Exit Facility Agreement; *third*, to pay any amounts outstanding under the Tranche B Commitment; and *fourth*, to pay other amounts outstanding under the Exit Credit Agreement. No dividends or other distributions by the Reorganized Debtors will be permitted so long as the Exit Facility Agreement is in effect or any commitment thereunder is outstanding. Once the Exit Facility Agreement is no longer in effect and no commitments thereunder are outstanding, the Reorganized Debtors may make

dividends and other distributions to the extent that cash on hand exceeds $7 million less the sum of all expenditures by the Reorganized Debtors since the Effective Date.

6.12. Disposition of Management Contracts. All Management Contracts shall be assumed by the Debtors and performed by the Reorganized Debtors who shall be sub-advised by Sankaty pursuant to the Sankaty Sub-Advisory Agreement. Notwithstanding the above, if Consent Parties to a particular Management Contract do not Consent to Sankaty serving as sub-advisor to the Reorganized Debtors for such Management Contract, the Debtors or the Reorganized Debtors, as the case may be, may, among other things: (a) reject such Management Contract in accordance with the provisions of this Plan; or (b) assume the Management Contract in accordance with the provisions of this Plan and either (i) perform under the Management Contract without the assistance of Sankaty or any other sub-advisor, (ii) appoint a sub-advisor (if any) acceptable to the relevant Consent Parties to assist in performing under such Management Contract, (iii) assign such Management Contract to an Entity acceptable to the relevant Consent Parties in accordance with the provisions of this Plan, or (iv) employ Sankaty serve as a sub-advisor to the Reorganized Debtors in respect of such Management Contract (but only to the extent a Final Order is entered authorizing the same).

6.13. Deemed Consent. If a Consent Party has failed to object to the assignment of the Debtors' rights under the Management Contract for which it is a Consent Party or to the appointment of Sankaty as a sub-advisor for the Debtors in respect of such Management Contract on or before the earlier of (i) fifteen (15) days following service of notice or (ii) two (2) Business Days prior to the Confirmation Hearing, notwithstanding any terms in the operating Management Contract requiring Consent from the Consent Party, such Consent shall be deemed to have been given by such Consent Party.

ARTICLE VII.
Corporate Governance

7.1. Corporate Existence.

(a) Except as otherwise specified in the New Certificates, after the Effective Date, the Reorganized Debtors may decide to (i) maintain each Reorganized Debtor as a corporation, limited liability company or partnership in good standing until such time as all aspects of the Plan pertaining to such Debtor have been completed, or (ii) at such time as the Reorganized Debtors consider appropriate and consistent with the implementation of the Plan pertaining to such Debtor, dissolve such Debtor or merge such Debtor with another Debtor and complete the winding up of such Debtor without the necessity for any other or further actions to be taken by or on behalf of such dissolving Debtor or its shareholder or any payments to be made in connection therewith subject to the filing of a certificate of dissolution with the appropriate governmental authorities (including, without limitation, the transfer of all or part of the assets of such Debtor to a liquidating trust).

(b) On the Effective Date, the certificates of incorporation of each of Reorganized AP Inc. and Reorganized GSC Group shall be amended in its entirety to read substantially as set forth in Schedules 2A and 2B hereto, respectively.

7.2. Boards of Directors.

(a) As of the Effective Date, the existing Board of GSC Group and the Board of each of the Debtors shall be terminated and new Boards shall be appointed by the Majority Plan Proponents. From and after the Effective Date, each of the Reorganized Debtors shall be managed by its new Board. Thereafter, the directors of the Reorganized Debtors shall be selected and determined in accordance with the provisions of the organizational documents of the Reorganized Debtors and applicable law. The initial directors of the new Boards shall be as identified in the Plan Supplement.

(b) The new Board of each Reorganized Debtor shall have full discretion with respect to the continued retention or termination of any existing managers or advisors to the Debtors except as set forth in the New Certificates, provided that the appointment of Sankaty as sub-advisor for the Reorganized Debtors pursuant to the Sankaty Sub-Advisory Agreement may not be terminated except pursuant to the Sankaty Sub-Advisory Agreement.

7.3. Certificates of Incorporation and By-Laws. As of the Effective Date, each New Certificates shall, among other things, prohibit the issuance of nonvoting equity securities, but only to the extent required by section 1123(a)(6) of the Bankruptcy Code. Except for the New GSC Group Certificate of Incorporation, the New Certificates of each of the Reorganized Debtors shall be included in the Plan Supplement.

ARTICLE VIII.
Provisions Regarding Distributions Under the Plan

8.1. Distributions of Plan Consideration. On the Effective Date, or as soon thereafter as practicable, the Reorganized Debtors shall make the Distributions of their Plan Consideration in accordance with the provisions of the Plan.

8.2. Distributions Free and Clear. Except as otherwise provided herein, any Distributions under the Plan shall be free and clear of any Liens, Claims, interests and encumbrances, and no other Entity, including the Debtors shall have any interest, legal, beneficial or otherwise, in assets transferred pursuant to the Plan.

8.3. Delivery of Distributions and Undeliverable Distributions. Distributions to Holders of Allowed Claims shall be made at the address of each such Holder as set forth on the proof of claim filed in respect of such Holder's Allowed Claim or on the Schedules filed with the Bankruptcy Court, unless the address on such Schedules is superseded by a new address as set forth (a) on a proof of claim filed by a Holder of an Allowed Claim or (b) in another writing notifying the Reorganized Debtors (at the addresses set forth in the Plan Supplement) of a change of address. If any Holder's Distribution is returned as undeliverable, no further Distributions to such Holder shall be made unless and until the Reorganized Debtor is notified of such Holder's then-current address, at which time all returned Distributions on such Claim shall be made to such Holder at its then-current address, without interest. All demands for undeliverable Distributions shall be made on or before six (6) months after the date such undeliverable Distribution was initially made. Thereafter, the amount represented by such undeliverable Distribution shall irrevocably revert to the applicable Reorganized Debtor, and any

Claim in respect of such undeliverable Distribution shall be discharged and forever barred from assertion against any Debtor, Reorganized Debtor or their property.

8.4. Withholding and Reporting Requirements. In connection with the Plan and all instruments issued in connection therewith and distributed thereon, the Reorganized Debtors shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all Distributions under the Plan shall be subject to any such withholding or reporting requirements. Notwithstanding the above, each Holder of an Allowed Claim that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Unit, including income, withholding and other tax obligations, on account of such Distribution. Each of the Reorganized Debtors has the right, but not the obligation, to withhold a Distribution until such Holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations. Each of the Reorganized Debtors may require, as a condition to receipt of a Distribution, that the Holder of an Allowed Claim complete and return a Form W-8 or W-9, as applicable, to each such Reorganized Debtor. If a Reorganized Debtor makes such a request and the Holder fails to comply before the date that is 180 days after the request is made, the amount of such Distribution shall irrevocably revert to the Reorganized Debtor and any Claim in respect of such Distribution shall be discharged and forever barred from assertion against the Reorganized Debtors or their respective property.

8.5. Setoffs and Recoupment. The Reorganized Debtors may, but shall not be required to, set off against or recoup from any Claim and the payments to be made pursuant to the Plan in respect of such Claim any Claims of any nature whatsoever that any Debtors may have against the Holder of the Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any such Claim any Reorganized Debtors may have against such Holder.

8.6. Allocation of Distributions. Distributions to any Holder of an Allowed Claim shall be allocated first to the principal portion of any such Allowed Claim (as determined for federal income tax purposes), and, only after the principal portion of any such Allowed Claim is satisfied in full, to any portion of such Allowed Claim comprising interest (but solely to the extent that interest is an allowable portion of such Allowed Claim).

8.7. Maximum Distribution. In no event shall any Holder of any Allowed Claim receive Distributions under the Plan in excess of the Allowed amount of such Claim, including after taking into account amounts received from sources other than the Debtors, the Trustee or Reorganized Debtors on account of such Allowed Claim.

ARTICLE IX.
Procedures for Treating Disputed Claims

9.1. Objections. As of the Effective Date, objections to, and requests for estimation of, all Claims against the Debtors may be interposed and prosecuted only by the Reorganized Debtors. Objections to and requests for estimation of Claims shall be filed with the Court and served on the claimant on or before the later of (a) the date that is six (6) months after

the Effective Date and (b) such later date as may be determined by the Bankruptcy Court for cause shown.

9.2. Restrictions on Distributions. Notwithstanding any other provision hereof, if any portion of a Claim on account of which the Holder of such Claim is to receive a Distribution by and through the Plan (i.e., Administrative Expense Claims, Priority Tax Claims, Priority Non-Tax Claims, Postpetition Lender Secured Claims, Black Diamond Agent Secured Claims, Prepetition Lender Secured Claims, Other Secured Claims, General Unsecured Claims against SIF, and Intercompany Claims against SIF) is a Disputed Claim, no Distribution shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim, whether or not an undisputed or Allowed portion of such Claim exists.

9.3. Estimation of Claims. An order of the Bankruptcy Court may be sought and used to calculate and to establish the amount of the Disputed Claims Estimated Amount. The Reorganized Debtors or the Holder of a Disputed Claim may, at any time, request that the Bankruptcy Court estimate any Disputed Claim, and the Bankruptcy Court will retain jurisdiction to estimate any Disputed Claim at any time during litigation concerning any objection to any Disputed Claim, including during the pendency of any appeal relating to such objection. In the event that the Bankruptcy Court estimates any Disputed Claim, that estimated amount may, as determined by the Bankruptcy Court, constitute (a) the Allowed amount of such Disputed Claim, (b) a maximum limitation on such Disputed Claim, or (c) in the event such Disputed Claim is estimated in connection with the estimation of other Claims within the same Class, a maximum limitation on the aggregate amount of Allowed Claims on account of such Disputed Claims so estimated; *provided*, *however*, that if the estimate constitutes the maximum limitation on a Claim, or on more than one such Claim within a Class of Claims, as applicable, the Reorganized Debtors may elect to pursue supplemental proceedings to object to any ultimate allowance of any such Disputed Claim. All of the objection, estimation, settlement and resolution procedures set forth in the Plan are cumulative and not necessarily exclusive of one another. Disputed Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

9.4. Reserve for Disputed Claims. The Reorganized Debtors shall hold for the benefit of each Holder of a Disputed Claim the Cash or the Reorganized GSC New Securities that would have been distributed to the Holder of such Disputed Claim if it were an Allowed Claim in an amount equal to the lesser of (i) the amount listed in the Schedules with respect to such Claim or (ii) the amount set forth in a proof of claim filed by or on behalf of the Holder of such Claim, *provided, however*, that if an order of the Bankruptcy Court provides an estimation of the amount of such Disputed Claim for the purpose of reserving for Distribution thereon, then the amount so estimated shall be the amount reserved in respect of such Claim. Such amount so reserved shall constitute the maximum amount of Distribution to which such a Holder of a Disputed Claim may ultimately be entitled; *provided, however*, that nothing herein shall be interpreted as requiring the Reorganized Debtors to reserve Distributions for the benefit Holders of Claims which, even if Allowed, are not to receive a Distribution under this Plan.

9.5. Resolution of Disputed Claims. On and after the Effective Date, the Reorganized Debtors shall have the authority to settle or otherwise resolve or withdraw any objections to Claims and to compromise, settle or otherwise resolve any Disputed Claims.

Notwithstanding any requirements that may be imposed pursuant to Bankruptcy Rule 9019, from and after the Effective Date, the Reorganized Debtors shall have the authority to settle or compromise all Claims and Disputed Claims without further review or approval of the Bankruptcy Court.

9.6. Disallowance of Claims or Equity Interests.

EXCEPT AS OTHERWISE AGREED, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE APPLICABLE DEADLINE FOR FILING SUCH PROOFS OF CLAIM SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM IS DEEMED TIMELY FILED BY A FINAL ORDER OF THE BANKRUPTCY COURT ON OR BEFORE THE LATER OF (1) THE CONFIRMATION HEARING AND (2) 45 DAYS AFTER THE APPLICABLE DEADLINE FOR FILING SUCH PROOFS OF CLAIM.

All Claims of any Entity from which property is sought by the Trustee or the Reorganized Debtors under section 542, 543, 550, or 553 of the Bankruptcy Code or that the Trustee or the Reorganized Debtors allege is a transferee of a transfer that is avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code shall be Disallowed if (a) the Entity, on the one hand, and the Trustee or the Reorganized Debtors, on the other hand, agree or the Bankruptcy Court has determined by Final Order that such Entity or transferee is liable to turn over any property or monies under any of the aforementioned sections of the Bankruptcy Code and (b) such Entity or transferee has failed to turn over such property by the date set forth in such agreement or Final Order.

9.7. No Interest. Holders of Disputed Claims shall not be entitled to postpetition interest if such Disputed Claim becomes an Allowed Claim unless the holder of such Allowed Claim is entitled to postpetition interest on such Claim under the Bankruptcy Code and the Plan.

ARTICLE X.
Treatment of Executory Contracts and Unexpired Leases

10.1. Executory Contracts and Unexpired Leases. Except as provided in respect of Management Contracts and Partnership Contracts below, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between a Debtor and any Entity shall be deemed rejected as of the Effective Date, except for any executory contract or unexpired lease (i) that has been assumed pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) as to which a motion for approval of the assumption or rejection of such executory contract or unexpired lease has been filed prior to the Confirmation Date, or (iii) that is specifically designated in the Plan Supplement as a contract or lease to be assumed; *provided, however,* that the Majority Plan Proponents reserve the right, on or prior to the Confirmation Date, to amend the Plan Supplement to remove any executory contract or unexpired lease therefrom or add any executory contract or unexpired lease thereto, in which event such executory contract(s) or unexpired lease(s) shall be deemed to be, respectively, rejected or assumed. All Management Contracts and Partnership Contracts

between any Debtor and any Entity shall be deemed assumed as of the Effective Date, except for any Management Contract or Partnership Contract (i) that has been rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) as to which a motion for rejection of such Management Contract or Partnership Contract has been filed prior to the Confirmation Date, or (iii) that is specifically designated in the Plan Supplement as an executory contract or unexpired lease to be rejected; *provided, however,* that if the Bankruptcy Court determines by a Final Order that (i) a particular Management Contract or Partnership Contract cannot be assumed without the consent of a relevant Consent Party, such Management Contract or Partnership Contract shall not be assumed unless the requisite consent of such Consent Party is obtained or (ii) Sankaty cannot be appointed as a sub-advisor with respect to such Management Contract, Sankaty shall not be so appointed and the Reorganized Debtors (or Trustee, if not yet discharged) may at their (his) option reject or assume and/or assign such Management Contract after such determination becomes a Final Order. The Plan Proponents shall provide notice of any amendments to the Plan Supplement to the parties to the executory contracts and unexpired leases affected thereby. The listing of a document in the Plan Supplement shall not constitute an admission by the Plan Proponents, Trustee or Reorganized Debtors that such document is an executory contract or an unexpired lease or that the Debtors have any liability thereunder.

10.2. Approval of Assumption and Rejection of Executory Contracts and Unexpired Leases. Entry of the Confirmation Order shall, subject to and upon the occurrence of the Effective Date, constitute (i) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption of the executory contracts and unexpired leases assumed or assumed and assigned pursuant to the Plan and (ii) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the rejection of the executory contracts and unexpired leases rejected pursuant to the Plan. To the extent any provision of an executory contract or unexpired lease to be assumed under the Plan limits a Debtor's ability to assign such executory contract or unexpired lease, the effectiveness of such provision shall be limited or nullified to the full extent provided in section 365(f) of the Bankruptcy Code.

10.3. Cure of Defaults. Except as may otherwise be agreed by the Reorganized Debtor and other Entities party thereto, within thirty (30) days after the Effective Date, the Reorganized Debtors shall cure any and all undisputed defaults under any executory contract or unexpired lease assumed pursuant to the Plan in accordance with section 365(b) of the Bankruptcy Code. All disputed defaults that are required to be cured shall be cured either within thirty (30) days of the entry of a Final Order determining the amount, if any, of the Reorganized Debtor's liability with respect thereto, or as may otherwise be agreed to by the parties. The cure amounts, if any, for the executory contracts shall be specified in the Plan Supplement, and such cure amounts shall be deemed consented to by the non-Debtor counterparties thereto unless such Entity objects to the stated cure amount in respect of its contract within fourteen (14) days after the filing of the Plan Supplement and mailing notice thereof to the affected non-Debtor counterparties.

10.4. Bar Date for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to the Plan. Claims arising out of the rejection of an executory contract or unexpired lease pursuant to the Plan must be filed with the Bankruptcy Court and served upon the Reorganized Debtors no later thirty (30) days after the later of (i)

notice of entry of an order approving the rejection of such executory contract or unexpired lease, (ii) notice of entry of the Effective Date, and (iii) notice of an amendment to the Plan Supplement relating to such executory contract or unexpired lease. **Except as set forth in the preceding sentence, all such Claims must otherwise comply with the provisions of the Bar Date Order. All such Claims not filed in accordance with the Bar Date Order or outside time limits set forth above will be forever barred from assertion against the Debtors and their estates and the Reorganized Debtors and their property.** Any Claim arising out of the rejection of an executory contract or unexpired lease pursuant to the Plan shall be classified pursuant to Article III of the Plan.

10.5. Insurance Policies. All of the Debtors' insurance policies and any agreements, documents, or instruments relating thereto, to the extent they constitute executory contracts, shall be deemed assumed under the Plan. Nothing contained herein shall constitute or be deemed a waiver of any Litigation Claims that the Debtors may hold against any Entity, including, without limitation, the insurer, under any of the Debtors' policies of insurance.

ARTICLE XI.
Effectiveness of the Plan

11.1. Conditions Precedent to the Effective Date of the Plan. The following are conditions precedent to the Effective Date of the Plan with respect to each Debtor:

(a) the Confirmation Order, in form and substance acceptable to the Majority Plan Proponents, shall have been entered;

(b) the Sankaty Sub-Advisory Agreement shall have been executed by all parties thereto and all conditions to the effectiveness thereof shall have been satisfied or waived;

(c) the Exit Facility Agreement shall have been executed by all parties thereto and all conditions to the initial borrowing thereunder shall have been satisfied or waived;

(d) the sum of (i) the Non-Controlling Lenders' Pro Rata Share of Available Cash to be turned over pursuant to Section 4.3(c) of this Plan plus (ii) the proceeds of borrowings under the Tranche A Commitment shall be sufficient to pay all amounts owing under the Postpetition Credit Agreement;

(e) the assets of the Debtors have been assumed or have revested in the Reorganized Debtors in a manner satisfactory to the Majority Plan Proponents;

(f) all actions and all agreements, instruments or other documents necessary to implement the terms and provisions of the Plan are effected or executed and delivered, as applicable, in form and substance satisfactory to the Majority Plan Proponents;

(g) all authorizations, consents and regulatory approvals, if any, required in connection with the consummation of the Plan are obtained and not revoked; and

(h) the certificates of incorporation and by-laws and/or other relevant constitutive documents of the Debtors shall have been amended to the extent necessary to effectuate the Plan.

11.2. Waiver of Conditions. Notwithstanding the foregoing, the Majority Plan Proponents reserve the right to waive the occurrence of the conditions precedent to the Effective Date set forth in Section 11.1 of the Plan other than those set forth in Section 11.1(b) and (c) of the Plan. Any such waiver must be in writing and may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action. If the Majority Plan Proponents decide that one of the conditions precedent to the Effective Date of the Plan cannot be satisfied and the occurrence of such condition is not waived or cannot be waived, then the Plan Proponents shall file a notice of the inability to satisfy such condition precedent with the Bankruptcy Court.

ARTICLE XII.
Effects of Confirmation

12.1. Vesting of Assets. Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the Debtors' estates and any property acquired by a Debtor or Reorganized Debtor under the Plan shall vest in the Reorganized Debtors free and clear of all Claims, liens, encumbrances, charges and other interests, except as provided herein. On and after the Effective Date, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the Confirmation Order.

12.2. Binding Effect. On and after the Effective Date, the provisions of the Plan shall bind any Holder of a Claim against, or an Equity Interest in, the Debtors and their respective successors and assigns, whether or not the Claim or Equity Interest of such Holder is part of a Class Impaired under the Plan and whether or not such Holder has accepted the Plan.

12.3. Discharge. Except for Distributions under the Plan, and as otherwise provided in the Plan or in the Confirmation Order, on the Effective Date, the Confirmation Order shall operate as a discharge under section 1141(d)(1) of the Bankruptcy Code, and release any of any and all Debts of, and Claims against, one or more of the Debtors that arose at any time before the Confirmation Date, including, but not limited to, all principal and interest, whether accrued before, on or after the Petition Date, regardless of whether (i) a proof of claim in respect of such Claim has been filed or deemed filed, (ii) such Claim has been Allowed, or (iii) the Holder of such Claim has voted on the Plan or has voted to reject the Plan. Without limiting the generality of the foregoing, on the Effective Date, the Debtors shall be discharged from any Debt that arose before the Confirmation Date and any Debt of a kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code and shall have all of the benefits and protections set forth in section 1141(d)(1) of the Bankruptcy Code. Except as otherwise specifically provided herein, nothing in the Plan shall be deemed to waive, limit or restrict in any manner the discharge granted upon Confirmation of the Plan pursuant to section 1141 of the Bankruptcy Code.

12.4. Release and Exculpation. **On and after the Effective Date, the Reorganized Debtors, the Released Parties, and all parties in interest, including, without limitation, Entities who have held, hold or may hold Claims against or Equity Interests in any or all of the Debtors, along with such Holders' respective present or former employees, agents, officers, directors and principals, shall be deemed to have released the Released Parties from, and none of the Released Parties shall have or incur any liability for, any Claim, Cause of Action or other assertion of liability for any act taken or omitted to be taken during the Chapter 11 Cases in connection with, or arising out of, the Chapter 11 Cases, the formulation, dissemination, confirmation, consummation or administration of the Plan, property to be distributed under the Plan or any other act or omission in connection with the Chapter 11 Cases, the Plan, the Disclosure Statement or any contract, instrument, document or other agreement related thereto; *provided, however,* that (i) in no event shall any Litigation Claim, Cause of Action or other Claim or assertion of liability against any Released Party for any act taken or omitted to be taken prior to the Petition Date be released by the Plan, and (ii) nothing herein shall affect the liability of any Entity that otherwise would result from any such act or omission to the extent such act or omission is determined by a Final Order to have constituted willful misconduct or gross negligence; *provided, further,* that nothing in this Plan shall limit the liability of the professionals of the Debtors and the Trustee to their respective clients pursuant to DR 6-102 of the Model Code of Professional Responsibility.**

12.5. Injunction. **Except as expressly provided in the Plan, the Confirmation Order, or a separate order of the Bankruptcy Court, all parties in interest, including Entities who have held, hold or may hold Claims against or Equity Interests in any or all of the Debtors (whether proof of such Claims or Equity Interests has been filed or not), along with such Holders' respective present or former employees, agents, officers, directors and principals, are permanently enjoined, on and after the Effective Date, with respect to any Claims and Causes of Action which are extinguished or released pursuant to the Plan from (i) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Released Parties or the property of any of the Released Parties, (ii) enforcing, levying, attaching (including, without limitation, any prejudgment attachment), collecting, or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree, or order against the Released Parties or the property of any of the Released Parties, (iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Released Parties or the property of any of the Released Parties, (iv) asserting any right of setoff, directly or indirectly, against any obligation due the Released Parties or the property of any of the Released Parties, except as contemplated or allowed by the Plan, (v) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan, and (vi) taking any actions to interfere with the implementation or consummation of the Plan.**

12.6. Terms of Injunctions or Stays. Unless otherwise provided in the Plan, the Confirmation Order, or a separate order of the Bankruptcy Court, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code,

or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

12.7. Retention of Litigation Claims and Reservation of Rights.

(a) Except as expressly provided in the Plan, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or the relinquishment of any rights or Litigation Claims that the Reorganized Debtors may have or choose to assert on behalf of their respective estates under any provision of the Bankruptcy Code or any applicable nonbankruptcy law. Except as expressly provided in the Plan, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any Litigation Claim, right of setoff, or other legal or equitable defense which a Debtor or the Trustee had immediately prior to the Confirmation Date, against or with respect to any Claim. The Reorganized Debtors shall have, retain, reserve, and be entitled to assert all such Litigation Claims, rights of setoff, and other legal or equitable defenses which they had immediately prior to the Petition Date fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights respecting any Claim may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

(b) Except as expressly provided in the Plan, each of the Reorganized Debtors shall, after the Effective Date, retain the rights of each Debtor and the Trustee to prosecute any Litigation Claims that could have been brought by such Debtor and the Trustee at any time.

ARTICLE XIII.
Retention of Jurisdiction

13.1. Retention of Jurisdiction. The Bankruptcy Court shall retain exclusive jurisdiction of all matters arising under, arising out of, or related to, the Chapter 11 Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(i) to hear and determine any motions for the assumption, assumption and assignment or rejection of executory contracts or unexpired leases and the allowance of any Claims resulting therefrom;

(ii) to determine any and all pending adversary proceedings, applications and contested matters relating to the Chapter 11 Cases;

(iii) to hear and determine any objection to Claims;

(iv) to subordinate or establish the priority or secured or unsecured status (or proper Plan classification) of any Claim or Equity Interest;

(v) to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;

(vi) to issue such orders in aid of execution of the Plan to the extent authorized by section 1142 of the Bankruptcy Code;

(vii) to consider any modifications of the Plan, to cure any defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(viii) to hear and determine all applications for compensation and reimbursement of expenses of professionals under sections 330, 331 and 503(b) of the Bankruptcy Code;

(ix) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, including any agreements or documents contemplated by the Plan;

(x) to issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Entity with the consummation, implementation or enforcement of the Plan, the Confirmation Order, or any other order of the Bankruptcy Court;

(xi) to hear and determine any actions brought against the Reorganized Debtors in connection with the Plan;

(xii) to hear and determine any actions brought to recover all assets of the Debtors and property of the estates, wherever located;

(xiii) to hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code, including any requests for expedited determinations under section 505(b) of the Bankruptcy Code filed, or to be filed, with respect to tax returns for any and all taxable periods ending after the Petition Date;

(xiv) to hear all matters relating to Article XII of the Plan, including, without limitation, all matters relating to the releases, exculpation, and injunction granted thereunder;

(xv) to hear and determine matters concerning the Consents;

(xvi) to hear any other matters consistent with the provisions of the Bankruptcy Code; and

(xvii) to enter a final decree closing the Chapter 11 Cases.

ARTICLE XIV.
Miscellaneous Provisions

14.1. Termination of the Trustee's Appointment. On the Effective Date, the Trustee's appointment shall be terminated, and the Trustee shall be released and discharged of and from all further authority, duties, responsibilities, and obligations related to and arising from and in connection with the Chapter 11 Cases, and the retention or employment of the Trustee's attorneys, accountants, and other agents shall terminate.

14.2. Intercompany Claims Owed by Affiliates. Notwithstanding any other provision hereof, any Affiliate of a Debtor that itself is not a Debtor shall remain obligated under any Intercompany Claims in favor of any of the Debtors.

14.3. Statutory Fees. All fees payable on or before the Effective Date pursuant to section 1930 of title 28 of the United States Code and all interest due on account of such fees pursuant to will be paid by the Debtors on or before the Effective Date and all such fees payable after the Effective Date will be paid by the applicable Reorganized Debtor.

14.4. Exemption from Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, (a) the issuance, Transfer, or exchange of notes or Equity Securities, (b) the creation of any mortgage, deed of trust, lien, pledge, or other security interest, (c) the making or assignment of or surrender of any lease or sublease, or (d) the making of or delivery of any deed or other instrument of Transfer under, in furtherance of, or in connection with the Plan, and any merger agreements, agreements of restructuring, disposition, liquidation or dissolution, any deeds, bills of sale, Transfers of tangible property, or assignments executed in connection with any disposition of assets contemplated by the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, sales, use or other similar tax.

14.5. Plan Supplement. The New Certificates (other than the New GSC Group Certificate of Incorporation), the Reorganized NJLP New Senior Note Indenture, a list of any contracts or leases, other than Management Contracts and Partnership Contracts, to be assumed or assumed and assigned, a list of the Management Contracts and Partnership Contracts to be rejected by the Debtors in accordance with Section 10.1, the cure amounts of any executory contracts to be assumed by the Debtors, the Sankaty Sub-Advisory Agreement, and the Exit Facility Agreement shall be contained in the Plan Supplement that is filed with the Clerk of the Bankruptcy Court at least five (5) days prior to the last day upon which holders of Claims may vote to accept or reject the Plan.

14.6. Amendment or Modification of Plan. The Majority Plan Proponents reserve the right to propose alterations, amendments, or modifications of or to the Plan in writing at any time prior to the Confirmation Date, provided that the Plan, as altered, amended or modified satisfies the conditions of sections 1122 and 1123 of the Bankruptcy Code, and the Plan Proponents shall have complied with section 1125 of the Bankruptcy Code. The Plan may be altered, amended, or modified at any time after the Confirmation Date and before Substantial Consummation, provided that the Plan, as altered, amended or modified satisfies the requirements of sections 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as altered, modified or amended, under section 1129 of the Bankruptcy Code and the circumstances warrant such alterations, amendments or modifications. A Holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claims of such Holder.

14.7. Withdrawal or Revocation of the Plan.

(a) The Majority Plan Proponents reserve the right to revoke and withdraw the Plan or to adjourn the Confirmation Hearing with respect to any one or more of the Debtors

prior to the occurrence of the Effective Date. If the Majority Plan Proponents revoke or withdraw the Plan with respect to any one or more of the Debtors, or if the Effective Date does not occur as to any Debtor, then, as to such Debtor, the Plan and all settlements and compromises set forth in the Plan and not otherwise approved by a separate Final Order shall be deemed null and void and nothing contained herein and no acts taken in preparation for consummation of the Plan shall be deemed to constitute a waiver or release of any Claims against or Equity Interests in such Debtor or to prejudice in any manner the rights of any of the Debtors or any other Entity, including the Plan Proponents, in any other further proceedings involving such Debtor.

(b) In the event that the Majority Plan Proponents choose to adjourn the Confirmation Hearing with respect to any one or more of the Debtors, the Majority Plan Proponents reserve the right to proceed with confirmation of the Plan with respect to those Debtors in relation to which the Confirmation Hearing has not been adjourned. With respect to those Debtors as to which the Confirmation Hearing has been adjourned, the Majority Plan Proponents reserve the right to amend, modify, revoke or withdraw the Plan and/or submit any new plan under chapter 11 of the Bankruptcy Code at such times and in such manner as they consider appropriate, subject to the provisions of the Bankruptcy Code.

14.8. Courts of Competent Jurisdiction. If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of the Plan, such abstention, refusal or failure of jurisdiction shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

14.9. Transactions on Business Days. If the Effective Date or any other date on which a transaction may occur under the Plan shall occur on a day that is not a Business Day, any transactions or other actions contemplated by the Plan to occur on such day shall instead occur on the next succeeding Business Day.

14.10. Notices. Any notices to or requests of the Plan Proponents by parties in interest under or in connection with the Plan shall be in writing and served either by (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery, or (c) reputable overnight delivery service, all charges prepaid, and shall be deemed to have been given when received by:

White & Case LLP
1155 Avenue of the Americas
New York, New York 10036-2787
Attn: Richard A. Graham
Ian J. Silverbrand
Telephone: (212) 819-8200
E-mail: GSCNonControllingLenders@whitecase.com

14.11. Severability. In the event that the Bankruptcy Court determines, prior to the Confirmation Date, that any provision of the Plan is invalid, void, or unenforceable, the Bankruptcy Court shall, with the consent of the Majority Plan Proponents, have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void,

or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

14.12. Governing Law. Except to the extent the Bankruptcy Code or Bankruptcy Rules are applicable, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York without giving effect to the principles of conflicts of law thereof.

14.13. Headings. Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

14.14. Exhibits. All exhibits and schedules to the Plan as well as the Plan Supplement and any exhibits or schedules thereto are incorporated into and are a part of the Plan as if set forth in full herein.

14.15. Successors and Assigns. All the rights, benefits, and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors, and/or assigns of such Entity.

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Dated: New York, New York
June 28, 2011

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Evan C. Hollander
Abraham L. Zylberberg

By: *Evan C. Hollander*
Evan C. Hollander

Attorneys for the
Non-Controlling Lender Group

Schedule 1
Debtors

1. GSC Group, Inc.

2. GSCP, LLC

3. GSC Active Partners, Inc.

4. GSCP (NJ), Inc.

5. GSCP (NJ) Holdings, L.P.

6. GSCP (NJ), L.P.

7. GSC Secondary Interest Fund, LLC

Schedule 2A
New AP Inc. Certificate of Incorporation

The New AP Inc. Certificate of Incorporation will be provided with the Plan Supplement.

Schedule 2B
New GSC Group Certificate of Incorporation

SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF GSC GROUP, INC.

GSC Group, Inc. (the "**Corporation**"), a corporation organized and existing under the provisions of the General Corporation Law of the State of Delaware, as amended from time to time (the "**DGCL**"), does hereby certify as follows:

1. The Corporation's original certificate of incorporation was filed with the Secretary of State of the State of Delaware on July 21, 2006 under the name "GSC Group, Inc.". The original certificate of incorporation was amended by that certain amended and restated certificate of incorporation filed with the Secretary of State of the State of Delaware on September 29, 2006 and by that certain certificate of amendment filed with the Secretary of State of the State of Delaware on December 24, 2009.

2. This Second Amended and Restated Certificate of Incorporation (the "**Certificate of Incorporation**") amends and restates the Corporation's amended and restated certificate of incorporation, as amended and was duly adopted in accordance with Sections 245 and 303 of the DGCL. The Certificate of Incorporation shall be effective on the date of filing with the Secretary of State of the State of Delaware (the "**Effective Date**") and shall read in its entirety as follows:

ARTICLE I
NAME

The name of the corporation is "GSC Group, Inc.".

ARTICLE II
REGISTERED OFFICE AND AGENT

The registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The name of the registered agent of the Corporation in the State of Delaware at such address is The Corporation Trust Company.

ARTICLE III
PURPOSE

The nature of the business and the purposes to be conducted and promoted by the Corporation are to conduct any lawful business, to promote any lawful purpose, and to engage in any lawful act or activity for which corporations may be organized under the DGCL. The Corporation possesses and may exercise all the powers and privileges granted or available to it under the DGCL that are incident to or necessary for the accomplishment of such purpose.

ARTICLE IV
AUTHORIZED CAPITAL STOCK

The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is one hundred thousand (100,000) shares, consisting of one hundred thousand (100,000) shares of Common Stock, par value $0.01 per share (the "**Common Stock**"). Notwithstanding any other provisions contained herein to the contrary, the Corporation shall not issue non-voting equity securities.

ARTICLE V
POWERS, PRIVILEGES, RIGHTS AND OBLIGATIONS PERTAINING TO COMMON STOCK

Section 5.1 Dividends.

(a) Subject to applicable law and the terms of this Section 5.1, dividends shall be declared and paid with respect to the shares of Common Stock as set forth in Section 5.1(b).

(b) If the Available Cash of the Corporation at the end of any month is greater than $1,000,000, the Corporation shall, within fifteen (15) days after the end of such month, distribute such Available Cash to the holders of the shares of Common Stock of the Corporation (each a "**Stockholder**") as a dividend on their shares of Common Stock. If necessary, the Board of Directors shall, and the Corporation shall cause the board of directors of each subsidiary of the Corporation from time to time (each, a "**Subsidiary**" and together, the "**Subsidiaries**") to, declare dividends to the extent necessary to permit the Corporation to pay the dividends required by this Section 5.1. For the purposes of this Certificate of Incorporation (a) "**Available Cash**" shall mean, as of any date (the "**Determination Date**"), (i) the cash and Cash Equivalents held by the Corporation and the Subsidiaries as of such date which are available for distribution minus (ii) the excess, if any, of (x) the projected expenses, taxes and liabilities of the Corporation and the Subsidiaries coming due or required to be paid or reserved for during the three (3) month period immediately following the determination (as reflected in the then most recent Budget) over (y) the projected cash revenues of the Corporation and the Subsidiaries for such three (3) month period (as reflected in the then most recent Budget) over (ii); (b) "**Cash Equivalents**" shall mean checks, money orders, marketable securities, short-term instruments and other cash equivalents, funds in time and demand deposits or similar accounts, cash security deposits and other cash collateral posted with vendors, landlords, and other parties, and any evidence of indebtedness issued or guaranteed by any governmental entity; and (c) "**Budget**" shall mean the budget for the Corporation and the Subsidiaries approved from time to time by the Board of Directors in accordance with Section 7.6(x).

Section 5.2 Liquidation. Upon a liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or upon the sale of all or substantially all of the Corporation's assets, the Stockholders, in their capacity as such, shall be entitled to receive the assets of the Corporation available for distribution to the Stockholders ratably in proportion to the number of shares of Common Stock held by them.

Section 5.3 Voting Rights. Subject to the provisions of the DGCL and the terms of this Certificate of Incorporation, the Stockholders shall be entitled to one (1) vote for each such share of Common Stock upon all matters and proposals presented to the Stockholders on which the Stockholders are entitled to vote and the Stockholders shall vote together as a single class. There shall be no cumulative voting.

Section 5.4 Stockholders' Ownership Limit.

(a) Subject to Section 6.6, no Stockholder shall be permitted, at any time, to increase its Respective Proportion by more than 10% of its Respective Proportion as of the Effective Date. For the purposes of this Certificate of Incorporation, "**Respective Proportion**" shall mean the proportion (expressed as a percentage) which the aggregate number of shares of Common Stock held, beneficially or of record, by a Stockholder and its Related Persons together bears to the total number of issued and outstanding shares of Common Stock of the Corporation. The Respective Proportion of each Stockholder together with its Related Persons as of the Effective Date is as set forth on Schedule 1 hereto.

(b) Any transaction (including, without limitation, any Transfer or entry into any Stock Arrangement) attempting to increase a Stockholder's Respective Proportion in violation of Section 5.4(a) (other than in accordance with Section 6.5) shall be null and void and neither the Corporation, the Board of Directors nor any other Stockholder shall cause, permit or give effect to any such transaction to be made on the books and records of the Corporation.

Section 5.5 Pre-emptive Rights.

(a) Except as expressly set forth in this Section 5.5 and subject in all respect to Section 5.4, the Stockholders shall have preemptive rights to purchase ratably according to their Respective Proportion, any shares of Common Stock, or any securities exchangeable for or convertible into shares of Common Stock, or any warrants or other instruments evidencing rights or options to subscribe for, purchase, or otherwise acquire shares of Common Stock hereafter issued by the Corporation at the same cash price as may be sold by the Corporation, or, if the price to be paid by a purchaser is consideration other than cash, then at a cash price which is substantially equal in value to such other consideration as determined in good faith by the Board of Directors (which determination shall be final and binding on all interested parties). Each Stockholder shall have such period of time, but not less than thirty (30) days, as shall be determined by the Board of Directors in which to exercise such Stockholder's preemptive rights hereunder. Provided the foregoing terms and conditions are complied with, the Board of Directors may establish from time to time other terms and conditions upon which the preemptive rights herein are exercisable.

(b) The preemptive rights set forth in this Section 5.5 shall not be available to Stockholders with respect to any issuances by the Corporation of (i) securities issued in connection with a pro rata stock dividend, stock split, subdivision, combination, recapitalization or similar transaction, or (ii) securities issued upon exercise, conversion or exchange of any security of the Corporation.

(c) Notwithstanding any of the foregoing to the contrary, in determining the number of shares which a Stockholder shall be entitled to purchase upon exercise of such Stockholder's preemptive rights contained herein, any fractional share interests of such Stockholder may be disregarded at the discretion of the Board of Directors.

(d) The preemptive rights contained in this Section 5.5 may be waived in any instance only at a meeting of the Stockholders called at least in part for the purpose of considering such waiver, and only by the affirmative vote of the holders of not less than 80% of the shares of Common Stock outstanding and entitled to vote thereon.

Section 5.6 Stockholder Certifications.

(a) On the Effective Date and on the last day of each calendar year thereafter, each Stockholder shall deliver to the Corporation, the Board of Directors and the other Stockholders, a certificate signed by a duly authorized officer or representative of the Stockholder, certifying in writing that, except as disclosed in prior such certificates delivered by such Stockholder, no other Person has or had in the previous calendar year any agreement, arrangement, understanding or right with respect to any shares of Common Stock owned beneficially or of record by such Stockholder, or any of such Stockholder's Related Persons, including, without limitation, any right to receive an economic benefit or to direct the vote in respect of such shares of Common Stock, or where a Stockholder has or had any such previously undisclosed agreement, arrangement, understanding or right, certifying in writing true and complete details of such agreement, arrangement, understanding or right (any such agreement, arrangement, understanding or right, a "**Stock Arrangement**").

(b) If a Stockholder or any of its Related Persons enters into any Stock Arrangement with any other Person with respect to such Stockholder's or such Related Person's shares of Common Stock, including, without limitation, any right to receive an economic benefit or to direct the vote in respect of such shares of Common Stock, the Stockholder shall deliver to the Corporation, the Board of Directors and the other Stockholders within seven (7) days of entering into such Stock Arrangement, a certificate signed by a duly authorized officer or representative of the Stockholder, certifying in writing true and complete details of such Stock Arrangement.

(c) For the purposes of this Certificate of Incorporation, the entry by a Stockholder into any Stock Arrangement giving it an economic interest in, or the right to direct the voting shares of, any shares of Common Stock, shall constitute the Transfer of such shares of Common Stock.

ARTICLE VI
TRANSFER RESTRICTIONS

Section 6.1 General. The shares of Common Stock shall be freely transferable by the Stockholders, except as set forth in this Article VI and as required by applicable securities laws.

Section 6.2 Exchange Act Restrictions. No Stockholder shall Transfer (as defined below) any of its shares of Common Stock to any individual, corporation, limited partnership, general partnership, limited liability partnership, limited liability company, joint stock company,

joint venture, corporation, unincorporated organization, association, company, trust, group or any governmental or political subdivision or any agency, department or instrumentality thereof and any successor (by merger or otherwise) of such entity (each a "**Person**"), nor shall the Corporation effect the Transfer of any shares of Common Stock to any Person, if, at the time of such Transfer, the Corporation has more than four hundred fifty (450) "holders of record" (as understood for purposes of Section 12(g) of the Securities Exchange Act of 1934, as amended, or any relevant rules promulgated thereunder (the "**Exchange Act**")) of Common Stock, or if the Board of Directors reasonably determines that such Transfer would, if effected, result in the Corporation having more than four hundred fifty (450) holders of record of Common Stock. The limitations set forth in the immediately preceding sentence shall not prohibit: (i) a Transfer by a Stockholder to another Person of shares of any Common Stock that, immediately prior to such Transfer, is a holder of record of shares of Common Stock, (ii) a Transfer by a Stockholder to the Corporation, (iii) a Transfer by the Corporation of Common Stock to a Person that, immediately prior to such Transfer, is a holder of record of shares of Common Stock, (iv) a Transfer of all shares of Common Stock owned by the proposed transferor to a single Person who is treated as a single record holder of Common Stock under the Exchange Act, or (v) a Transfer so long as after giving effect to such Transfer the Corporation has no more than four hundred fifty (450) holders of record of Common Stock. For purposes of this Certificate of Incorporation, "**Transfer**" shall mean any direct or indirect transfer, exchange, donation, bequest, sale, assignment, mortgage, pledge, lien, option, grant of a security interest or other encumbrance or disposition of record ownership (including, without limitation, by way of merger, operation of law, pursuant to any domestic relations or other court order, whether with or without consideration and whether voluntarily or involuntarily).

Section 6.3 Securities Act Restrictions. No Stockholder shall Transfer any of its shares of Common Stock to any Person, nor shall the Corporation effect the Transfer of any shares of Common Stock to any Person, unless such Transfer is made pursuant to an effective registration statement under the Securities Act of 1933, as amended, or any relevant rules promulgated thereunder (the "**Securities Act**") or an applicable exemption from registration thereunder.

Section 6.4 Transfers in Violation of Ownership Limit. In furtherance of Section 5.4, subject to Section 6.6, no Stockholder shall directly or indirectly Transfer any of its shares of Common Stock to, or enter into any Stock Arrangement with, another Stockholder or any of its Related Persons if, after the consummation of such Transfer or Stock Arrangement, the Respective Proportion of such other Stockholder would be more than 10% of its Respective Proportion as of the Effective Date.

Section 6.5 Certification prior to Transfers. No Stockholder shall directly or indirectly Transfer any of its shares of Common Stock to any Person that does not, prior to the consummation of such Transfer, deliver to the Corporation, the Board of Directors and the non-Transferring Stockholders a certificate signed by a duly authorized officer or representative of such Person certifying in writing that neither such Person nor any of its Affiliates has entered into or has agreed to enter into any agreement, arrangement or understanding in respect of the Common Stock acquired by such Person or has granted or been granted any right with respect to the Transferring Stockholder's shares of Common Stock, including, without limitation, any Stock Arrangement in respect of such shares of Common Stock. For the purposes of this

Certificate of Incorporation, an "**Affiliate**" of any Person means any other Person, that, directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such Person; and, for the purposes of this definition only, "control" (including the terms "controlling", "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direct of the management, policies or activities of a Person whether through the ownership of securities, by agreement or agency or otherwise. This Section 6.5 shall not apply to Transfers pursuant to Section 6.6.

Section 6.6 Buy-Out Right.

(a) Notwithstanding any other provision herein, in the event that a Stockholder and/or any of its Related Persons desires to acquire, at any time, shares of Common Stock where, after the consummation of such acquisition, such Stockholder and its Related Persons would together hold in the aggregate 75% or more of the then outstanding shares of Common Stock, such Stockholder (the "**Offeror Stockholder**") shall promptly give written notice (the "**Buy-out Notice**") to the Corporation, the Board of Directors and each of the other Stockholders (the "**Offeree Stockholders**") of its offer (an "**Offer**") to purchase, for cash, all (but not less than all) of the outstanding shares of Common Stock held by the Offeree Stockholders (the "**Offeree Stock**"). The Buy-out Notice shall identify the offer price (in cash) per share of Offeree Stock ("**Per Share Buy-out Offer Price**") and any other material terms and conditions.

(b) Each Offeree Stockholder shall have the right, exercisable upon delivery of a written notice (the "**Acceptance Notice**") to the Offeror Stockholder (with a copy to the Corporation, the Board of Directors and the other Offeree Stockholders) within twenty (20) Business Days after receipt of the Buy-out Notice, to accept the Offer to Transfer all (but not less than all) of such Offeree Stockholder's shares of Common Stock to the Offeror Stockholder (or its Related Persons) at a price equal to (x) the Per Share Buy-out Offer Price *multiplied by* (y) the number of shares of Common Stock held by such Offeree Stockholder (the "**Buy-out Consideration**"). The Acceptance Notice shall identify the total number of shares of Common Stock held by such Offeree Stockholder.

(c) Subject to Section 6.6(d), each Offeree Stockholder shall, within five (5) Business Days of delivery of the Acceptance Notice, Transfer all of its shares of Common Stock by delivering to the Offeror Stockholder or its Related Persons (to hold in trust as agent for such Offeree Stockholder) one or more certificates or other instruments, as applicable, in proper form for transfer, which represents the number of shares of Common Stock held by such Offeree Stockholder to be transferred to the Offeror Stockholder (or its Related Persons). Upon delivery of such certificates or other instruments, as applicable, by the Offeree Stockholder to the Offeror Stockholder (or its Related Persons), the Offeror Stockholder shall remit to the Offeree Stockholder consideration for such shares of Common Stock in the amount equal to such Offeree Stockholder's Buy-out Consideration.

(d) No Offeree Stockholder shall Transfer any of its shares of Common Stock in accordance with this Section 6.6 unless the Offeree Stockholders holding at least 95% of the shares of Offeree Stock deliver an Acceptance Notice in respect of an Offer to the Offeror Stockholder; provided, however, that the Offeree Stockholders holding 5% or less, as the case

may be, of the shares of Offeree Stock that do not deliver an Acceptance Notice in respect of such Offer to the Offeror Stockholder shall not be required to Transfer their shares of Common Stock. For the avoidance of doubt, if Offeree Stockholders holding at least 95% of the shares of Offeree Stock do not deliver an Acceptance Notice in respect of an Offer to the Offeror Stockholder, then (i) no Offeree Stockholder shall Transfer any of its shares of Common Stock pursuant to this Section 6.6 in respect of such Offer; and (ii) the Offeror Stockholder shall not be permitted to acquire any shares of Common Stock that would result in the Offeror Stockholder holding 75% or more of the outstanding shares of Common Stock.

Section 6.7 Rules of General Application. Any attempt to Transfer (as defined below) in violation of this Article VI shall be null and void and the Corporation, Board of Directors and Stockholders shall not cause, permit or give effect to any such Transfer to be made on the Corporation's books and records. The Corporation may, and if directed by the Majority Non-Interested Stockholders (as defined below) shall, institute legal proceedings to force rescission of a Transfer prohibited by this Article VI and to seek any other remedy available to it at law, in equity or otherwise, including an injunction prohibiting any such Transfer. A Transfer of shares of Common Stock shall be null and void and not effective unless (i) the Stockholder seeking to make such Transfer provides a Transfer Notice (as defined below) to the Corporation and (ii) such Transfer is approved in advance by the Board of Directors (which approval shall be withheld if such Transfer is prohibited by this Article VI). The Board of Directors may, in its discretion, condition its approval of any such Transfer on the delivery by the Stockholder seeking to make such Transfer of such certifications, legal opinions or other information as the Board of Directors may reasonably require evidencing compliance with the stock transfer restrictions contained herein. "**Transfer Notice**" means a written notice to the Board of Directors and, if there be one in office, the Secretary of the Corporation, at least five (5) and not more than twenty (20) Business Days prior to completion of a Transfer, which notice states (x) the name, address, facsimile number and e-mail address of the transferor and the transferee, (y) the class and number of shares of capital stock subject to the proposed Transfer and (z) the proposed date of completion of the proposed Transfer. The Board of Directors shall have the power to determine, in its sole and absolute discretion, all matters related to this Article VI, including matters necessary or desirable to administer or to determine compliance with this Article VI and, absent manifest error, the determinations of the Board of Directors shall be final and binding on the Corporation and the Stockholders.

ARTICLE VII
BOARD OF DIRECTORS

Section 7.1 Powers of the Board of Directors.

(a) Subject to the provisions of this Certificate of Incorporation, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, which shall be constituted as provided in this Certificate of Incorporation, the By-Laws of the Corporation (the "**By-Laws**") and the DGCL.

(b) The Board of Directors shall not take any decision in relation to the matters set forth in Section 7.6 or Article VIII without the approval set forth therein.

Section 7.2 Number, Class and Term of Office.

(a) The total number of directors constituting the entire Board of Directors shall be five (5) (subject to vacancies that are in the process of being filled in accordance with this Article VII). The Board of Directors shall at all times be comprised of Independent Directors (as defined below).

(b) The Board of Directors shall be and is divided into three classes designated: Class I, Class II and Class III. Class I shall include one (1) director, Class II shall include one (1) director and Class III shall include three (3) directors.

(c) Each director shall serve for a term ending on the date of the third annual meeting following the annual meeting at which such director was elected, provided, that each director initially appointed to Class I shall serve for an initial term expiring at the Corporation's first annual meeting of Stockholders following the effectiveness of this provision; each director initially appointed to Class II shall serve for an initial term expiring at the Corporation's second annual meeting of Stockholders following the effectiveness of this provision; and each director initially appointed to Class III shall serve for an initial term expiring at the Corporation's third annual meeting of Stockholders following the effectiveness of this provision (the "**Third Annual Meeting**"), provided, further, that the term of each director shall continue until the election and qualification of a successor and be subject to such director's earlier death, resignation, disqualification or removal.

(d) Any director or the entire Board of Directors may be removed from office only for cause and only by the affirmative vote of the holders of not less than 80% of all the shares of Common Stock outstanding and entitled to vote in any annual election of directors or class of directors, voting together as a single class.

(e) Vacancies on the Board of Directors by reason of death, resignation, retirement, disqualification, removal from office, or otherwise shall be solely filled by a majority of the directors then in office and shall not be filled by the Stockholders; provided, that, a vacancy resulting from the death, resignation, retirement, disqualification, removal or otherwise of a Class III director shall, provided that at least one Class III director shall be then in office, only be filled by the majority of the remaining Class III directors. A director elected to fill a vacancy shall hold office until the next election of the class for which such director shall have been chosen, subject to the election and qualification of a successor and to such director's earlier death, resignation, disqualification or removal.

(f) The annual meeting of the Stockholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at such date, time and place, if any, as shall be determined solely by the resolution of the Board of Directors in its sole and absolute discretion.

(g) Upon the filing of this Certificate of Incorporation with the Secretary of State of the State of Delaware, the Board of Directors shall consist of the following individuals:

(i) _____, a Class I director;

(ii) _____, a Class II director;

(iii) _____, a Class III director;

(iv) _____, a Class III director; and

(iii) _____, a Class III director.

(h) A majority of the directors of the Board of Directors shall appoint one of the directors present at each meeting to be the chairman. The chairman shall not have any vote (casting or otherwise) in addition to the one (1) vote in his or her capacity as a member of the Board of Directors.

(i) At all times and to the extent permitted by law, the composition of the board of directors or any comparable governing body of the Corporation's Subsidiaries shall have the same composition as that of the Board of Directors.

Section 7.3 Board of Director's Qualification.

(a) Each director appointed to the Board of Directors shall at all times be an Independent Director. Prior to a director's appointment to the Board of Director's, such director shall deliver to the Corporation, the Board of Directors and the Stockholders, a certificate signed by the director certifying in writing that such director is an Independent Director.

(b) On the annual anniversary of a director's appointment to the Board of Directors, such director shall deliver to the Corporation, the Board of Directors and the Stockholders, a certificate signed by the director certifying in writing that such director is an Independent Director.

(c) If, at any time, a director becomes aware that he or she has ceased to be an Independent Director, such director shall within seven (7) days of becoming so aware, deliver to the Corporation, the Board of Directors and the Stockholders, a notice signed by the director notifying in writing that such director is not an Independent Director (the "**Disqualification Notice**"). Upon receipt by the Corporation, the Board of Directors or the Stockholders (whichever occurs first) of the Disqualification Notice, such director shall automatically be disqualified from the Board of Directors and his or her vacancy shall be filled in accordance with Section 7.2(e). For the avoidance of doubt, all decisions made by such director prior to his or her disqualification shall remain valid and binding; provided, however, that nothing contained herein, including, without limitation, the delivery by a director of a Disqualification Notice, shall relieve such director from any liability prior to such director's disqualification from the Board of Directors.

(d) For the purposes of this Certificate of Incorporation, "**Independent Director**" means, with respect to any director of the Corporation, that such director has no material relationship with any Stockholder or its Related Persons (either directly, or as a partner, member, stockholder or officer of an organization that has a relationship with any Stockholder or its Related Persons). A director of the Corporation is not an "Independent

Director" if any of the following is currently, or has, in the past three (3) years, been, applicable to such director: (a) such director or such director's immediate family member is a director, officer, employee, consultant, client of, or otherwise affiliated with or retained in a professional capacity by, any Stockholder or its Related Persons, (b) such director or such director's immediate family member, receives more than $100,000 in direct annual compensation from any Stockholder or its Related Persons, (c) such director or such director's immediate family member is affiliated with or employed in a professional capacity by, or is a partner of, a present or former internal or external auditor of, or a present or former law firm providing legal services to, the Stockholder or its Related Persons, (d) such director or such director's immediate family member, is employed as an executive officer of another company where any of the Stockholder's or its Related Person's present executives serve on that company's compensation committee and/or (e) such director or such director's immediate family member is a director, officer, employee, consultant, client or partner of a company that makes payments to, or receives payments from, the Stockholder or its Related Persons for property, services, or otherwise, in an amount which, in any single fiscal year, exceeds $100,000 or 5% of such other company's consolidated gross revenues or such director or such director's immediate family member holds a 5% or more equity interest in such company. For the purposes of this definition, "**immediate family member**" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone who shares such person's home.

Section 7.4 Voting of Stockholders. Each Stockholder shall vote, or cause to be voted, all shares of Common Stock owned by such Stockholder, or over which such Stockholder has voting control, from time to time and at all times, in whatever manner as shall be necessary to ensure that the Board of Directors shall be constituted as set forth in this Article VII.

Section 7.5 Quorum. Three (3) members of the Board of Directors then holding office shall constitute a quorum for the transaction of business and subject to Section 7.6 and Article VIII the affirmative vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 7.6 Reserved Board Matters. Subject to the DGCL and the terms of this Certificate of Incorporation (including, without limitation, on and from the date of the Third Annual Meeting, Section 8.2(d)), neither the Corporation nor the Board of Directors shall take, or permit any Subsidiary to take, any of the following actions without first obtaining the affirmative vote or written consent of a majority of the directors:

(a) appoint the chief executive officer, chief financial officer and or the chief legal officer, if any, of the Corporation and its Subsidiaries;

(b) retain a law firm to act as the Corporation's or any of its Subsidiaries' principal legal counsel or to represent the Corporation or any of its Subsidiaries in any material litigation or transaction;

(c) retain an accounting firm to audit the books and records of the Corporation and its Subsidiaries (which accounting firm shall be an independent accounting firm of recognized national standing);

(d) incur any indebtedness for borrowed money other than in the ordinary course of business in an aggregate amount not exceeding at any one time outstanding $500,000;

(e) enter into any transaction or series of related transactions to directly or indirectly effect the merger, sale or other disposition of all or substantially all of the assets of the Corporation or any Subsidiary or the assets of the corporation or any Subsidiary having an aggregate book or market value greater than $100,000;

(f) change the nature of the Corporation's or the Subsidiaries' business or commencing any new business by the Corporation or the Subsidiaries which is not ancillary or incidental to the Corporation's or the Subsidiaries' business as on the Effective Date;

(g) amend in any material respect the terms of any management contract, asset management contract, collateral management contract, advisory agreement or similar contract or agreement of the Corporation or any Subsidiary (each such contract or agreement, a "**Management Contract"**) or waive or reduce any material amounts payable thereunder to the Corporation or any of the Subsidiaries or waive any material rights of the Corporation or any of the Subsidiaries under, or any obligations of any counterparty to, any Management Contract or terminate any Management Contract;

(h) amend or modify in any material respect or terminate the Sankaty Subadvisory Agreement or enter into any new or additional subadvisory contract, or waive any amount payable to, or any right or privilege of the Corporation or Subsidiary, or obligation of Sankaty or any other any counterparty, under the Sankaty Subadvisory Agreement or any such other or new subadvisory contract. For the purposes of this Certification of Incorporation (a) "**Sankaty**" shall mean Sankaty Advisors, L.L.C. or any Affiliate thereof; and (b) "**Sankaty Subadvisory Agreement**" shall mean that certain subadvisory agreement to be entered into between Sankaty and the Corporation and/or its Subsidiary;

(i) make any acquisition or disposal by the Corporation or any of the Subsidiaries of any material asset(s) otherwise than in the ordinary course of business;

(j) form any subsidiary or acquire shares or other equity interests in any other company except in connection with a settlement or restructuring of claims;

(k) create or grant any lien or security interest over the whole or any part of the business, undertaking or assets of the Corporation or the Subsidiaries or agree to do so other than liens and security interests arising in the ordinary course of business or any arising by the operation of law;

(l) make any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits or in the ordinary course of business) or grant any credit (other than in the normal course of trading) or give any guarantee (other than in the normal course of trading) or indemnity or make any investments other than investments in Cash Equivalents;

(m) enter into any arrangement, contract or transaction outside the normal course of its business or otherwise than on arm's length terms;

(n) approve a filing by the Corporation for relief under the Bankruptcy Code, 11 U.S.C. 101 et seq.;

(o) enter into any transaction with any directors, officers, and employees of the Corporation or the Subsidiaries (other than (x) in the ordinary course of business on commercially reasonable terms or (y) ordinary course compensation arrangements for directors, officers and employees approved (in the case of any compensation exceeding $500,000 per annum) by the Board of Directors pursuant to clause (t) below;

(p) terminate any arrangements, contracts or transactions which are material in the nature of the Corporation's business, or materially varying any such arrangements, contracts or transactions;

(q) sell or otherwise dispose of in any one calendar year any accounts receivable of the Corporation having a face amount in excess of $100,000;

(r) dismiss any director, officer or employee in circumstances in which the Corporation incurs or agrees to bear severance or other costs for any such officer, director or employee in excess of $500,000;

(s) except pursuant to the Sankaty Subadvisory Agreement, agree to remunerate (by payment of salary or fees, the provision of benefits-in-kind or otherwise) any director, officer, employee, consultant or advisor to the Corporation at a rate in excess of $500,000 per annum or increasing the remuneration of any such person to a rate in excess of $500,000 per annum;

(t) enter into or vary any contract of employment providing for the payment of remuneration (including pension and other benefits) in excess of a rate of $500,000 per annum or increasing the remuneration of any staff (including pension and other benefits) to a rate in excess of $500,000 per annum, other than reasonable fees to a law firm or accounting firm in connection with the provision of services to the Corporation or any Subsidiaries;

(u) settle or compromise any material legal proceedings instituted or threatened against the Corporation involving the payment by the Corporation and/or any Subsidiaries of $500,000 or more;

(v) establish or amend any pension plan or grant any pension rights to any director, officer, employee, former director, officer or employee, or any member of any such person's family;

(w) enter into any tax sharing agreement or similar agreement with any Person other than a Subsidiary (or in the case of any Subsidiary, with the Corporation or another Subsidiary); or

(x) adopt or amend the Budget in respect of any financial year.

ARTICLE VIII
PROTECTIVE PROVISIONS

Section 8.1 Unanimous Stockholder Approval. Subject to the DGCL and the terms of this Certificate of Incorporation, neither the Corporation nor the Board of Directors shall take any of the following actions without first obtaining the affirmative vote or written consent of the holders of 100% of the shares of Common Stock outstanding and entitled to vote thereon, voting or consenting as a single class:

(a) any amendment to this Certificate of Incorporation relating to the rights and privileges appertaining to any share or class of share of Common Stock that would not apply equally to all shares of Common Stock; and

(b) increase or decrease the number of members on the Board of Directors to a number other than five (5) or amend the classification of such members on the Board of Directors.

Section 8.2 Supermajority Stockholder Approval. Subject to the DGCL and the terms of this Certificate of Incorporation, neither the Corporation nor the Board of Directors shall take, or permit any Subsidiary to take, any of the following actions without first obtaining the affirmative vote or written consent the holders of not less than 80% of the shares of Common Stock outstanding and entitled to vote thereon, voting or consenting as a single class:

(a) amend, waive, alter or repeal any provision of, or add any provision to, this Certificate of Incorporation or the By-Laws in any material respect;

(b) authorize or issue a new class or series of capital stock of the Corporation, increase the authorized amount of the Corporation's shares of capital stock, issue any capital stock of the Corporation, grant any option, warrant or other interest (in the form of convertible securities or in any other form) in respect of any shares of its capital stock; redeem, retire, purchase, acquire or repurchase, directly or indirectly, through subsidiaries or otherwise, any shares of capital stock of the Corporation, or effect any other reorganization of its shares of capital stock;

(c) pass any resolution for the Corporation's winding up or enter into any transaction or series of related transactions to effect, directly or indirectly, the liquidation, dissolution or winding up of the Corporation, other than a filing by the Corporation for relief under the Bankruptcy Code, 11 U.S.C. 101 et seq.; and

(d) on and from the date of the Third Annual Meeting, any of the actions set forth in Section 7.6 (in addition to the approval set forth therein).

Section 8.3 Interested Transactions. Notwithstanding anything to the contrary contained herein:

(a) the Corporation shall not, and shall not permit any Subsidiary, any investment fund or similar vehicle managed, or whose assets are managed, by the Corporation or any Subsidiary or subadvisor of the Corporation or any such Subsidiary, or a portfolio company

of any such investment fund or vehicle (any such Subsidiary, fund, vehicle or portfolio company, a "**Corporation Related Person** ") to, enter into, any Interested Transaction (as defined below) unless the Majority Non-Interested Stockholders (as defined below) shall have approved such Interested Transaction. As used herein "**Interested Transaction**" shall mean any action or transaction by the Corporation or a Corporation Related Person to which a Stockholder, an Affiliate of a Stockholder, an investment fund or similar vehicle managed, or whose assets are managed, by a Stockholder or its Affiliate (a "**Related Fund**" of such Stockholder) or a portfolio company of any such Stockholder Related Fund (a "**Related Portfolio Company**" of such Stockholder) is directly or indirectly, or through a nominee, a party to such transaction. For the avoidance of doubt, any determination to assert or enforce a claim or cause of action against a Stockholder or a Related Person (as defined below) of such Stockholder or to settle, compromise, waive, release or agree to forbear enforcing such claim, cause of action or possible cause of action shall constitute an Interested Transaction in respect of such Stockholder. For the purposes of this Certificate of Incorporation (a) "**Interested Stockholder**" shall mean a Stockholder which is, or whose Affiliate, Related Fund or Related Portfolio Company (such Affiliate, Related Fund or Related Portfolio Company a "**Related Person**" of such Stockholder) is, a party directly or indirectly to a transaction with the Corporation or a Corporation Related Person; and (b) "**Majority Non-Interested Stockholders**" shall mean Stockholders, other than Interested Stockholders, owning Common Stock of the Corporation which constitutes a majority of the Common Stock of the Corporation owned by all non-Interested Stockholders; and

(b) by its acceptance of any shares of the Common Stock of the Corporation, each Stockholder agrees to promptly notify the Board of Directors of any proposed transaction with the Corporation or a Corporation Related Person by such Stockholder or a Related Person of such Stockholder, or a nominee of, or a person or entity otherwise acting on behalf of, such Stockholder or a Related Person of such Stockholder, which notice shall set forth in reasonable detail the details of such transaction. The Board of Directors shall promptly furnish a copy of such notice to each Stockholder.

ARTICLE IX
INDEMNIFICATION; ADVANCEMENT OF EXPENSES; INSURANCE

Section 9.1 Indemnification. To the fullest extent permitted by law, the Corporation shall indemnify any person (and such person's heirs, executors or administrators) who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (brought in the right of the Corporation or otherwise), whether civil, criminal, administrative or investigative, and whether formal or informal, including appeals, by reason of the fact that such person is or was a director or officer of the Corporation or is or, while a director or officer or employee of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, limited liability company or other enterprise, for and against all liabilities, expenses (including attorneys' fees), judgments, fines and amounts paid in settlement (collectively "**Losses**") actually and reasonably incurred by such person or such heirs, executors or administrators in connection with such action, suit or proceeding, including appeals, provided, that the Corporation shall not indemnify any such person with respect to (i) any action, suit or proceeding commenced by such person, and (ii) any Losses attributable to such person's gross negligence or willful misconduct.

Section 9.2 Advancement of Expenses. The Corporation shall promptly pay any reasonable expenses incurred by any person entitled to indemnification pursuant to Section 9.1 in defending any action, suit or proceeding in advance of the final disposition of such action, suit or proceeding, including appeals, upon presentation of appropriate documentation.

Section 9.3 Insurance. The Corporation may purchase and maintain insurance, on behalf of any person described in Section 9.1 against any liability asserted against such person, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article IX or otherwise.

Section 9.4 General. The provisions of this Article IX shall be applicable to all actions, claims, suits or proceedings made or commenced after the adoption hereof, whether arising from acts or omissions to act occurring before or after its adoption. The provisions of this Article IX shall be deemed to be a contract between the Corporation and each person who serves in the relevant capacity while this Article IX and the relevant provisions of the DGCL and other applicable law, if any, are in effect, and any repeal or modification hereof shall not affect any rights or obligations then existing with respect to any state of facts or any action, suit or proceeding then or theretofore existing, or any action, suit or proceeding thereafter brought or threatened based in whole or in part on any such state of facts. If any provision of this Article IX shall be found to be invalid or limited in application by reason of any law or regulation, it shall not affect the validity of the remaining provisions hereof. The rights of indemnification provided in this Article IX shall neither be exclusive of nor be deemed in limitation of, any rights to which an officer, director, employee or agent may otherwise be entitled or permitted by contract, this Certificate of Incorporation, vote of Stockholders or directors or otherwise, or as a matter of law, both as to actions in such person's official capacity and actions in any other capacity while holding such office, it being the policy of the Corporation that indemnification of any person whom the Corporation is obligated to indemnify pursuant to the first sentence of Section 9.1 shall be made to the fullest extent permitted by law.

Section 9.5 Interpretation. For purposes of this Article IX, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, beneficiaries.

Section 9.6 Other Indemnification. In the event that any person who has a right to indemnity against the Corporation under this Article IX arising out of or relating to any threatened, pending or completed action, suit or proceeding also has a right to indemnification against any other person, corporation, partnership, joint venture, trust, limited liability company or other entity (any of the foregoing being an "**Other Indemnitor**") arising out of or relating to such threatened, pending or completed action, suit or proceeding (any such right of indemnification being an "**Other Indemnity Right**"), (a) the obligation and liability of the Corporation to the person entitled to indemnity under this Article IX, and the rights of such person against the Corporation under this Article IX, shall be determined as if such Other Indemnity Right did not exist, and without any defense, offset, deduction, mitigation or credit arising out of or relating to such Other Indemnity Right, and (b) the obligation and liability of the Corporation to such person under this Article IX with respect to such threatened, pending or completed action, suit or proceeding shall be primary, and the obligation and liability of any Other Indemnitor with respect to any Other Indemnity Right with respect to such threatened, pending or completed action, suit or proceeding shall be secondary.

ARTICLE X
AMENDMENT OF BY-LAWS

All of the powers of the Corporation, insofar as the same may be lawfully vested by this Certificate of Incorporation in the Board of Directors, are hereby conferred upon the Board of Directors. In furtherance and not in limitation of that power the Board of Directors shall have the power to make, adopt, alter, amend and repeal from time to time by-laws of the Corporation, subject to the right of Stockholders entitled to vote with respect thereto to adopt, alter, amend and repeal by-laws made by the Board of Directors; provided, however, that by-laws shall not be adopted, altered, amended or repealed by the Stockholders except by the affirmative vote of the holders of not less than 80% of all the shares of Common Stock outstanding and entitled to vote thereon, voting together as a single class.

ARTICLE XI
AMENDMENT OF CERTIFICATE OF INCORPORATION

Notwithstanding any other provision of this Certificate of Incorporation or the By-laws (and in addition to any other vote that may be required by law, this Certificate of Incorporation or the By-Laws), the affirmative vote of the holders of not less than 80% of all the shares of Common Stock outstanding and entitled to vote thereon, voting together as a single class (or 100% to the extent provided in Section 8.1 hereof) shall be required to amend, repeal or adopt any provisions of this Certificate of Incorporation.

IN WITNESS WHEREOF, this Certificate of Incorporation has been executed by a duly authorized officer of the Corporation on this ____ day of _____, 2011.

GSC GROUP, INC.

_____

Name:
Title:

SCHEDULE 1
RESPECTIVE PROPORTION OF THE STOCKHOLDERS
AS OF THE EFFECTIVE DATE

Stockholder	**Respective Proportion**

Schedule 3
Non-Controlling Lenders

Apidos CDO II Ltd.

Apidos CDO IV Ltd.

Apidos CDO V Ltd.

Archimedes Funding IV (Cayman) Ltd.

Copper River CLO Ltd.

Crédit Agricole Corporate and Investment Bank (fka Calyon)

Endurance CLO I, Ltd.

General Electric Capital Corporation

Greenlane CLO Ltd.

Gulf Stream-Compass CLO 2002-I LTD

Gulf Stream-Compass CLO 2003-I LTD

Gulf Stream-Compass CLO 2005-I LTD

Gulf Stream-Compass CLO 2005-II LTD

Jefferies High Yield Trading, LLC

Kennecott Funding Ltd.

Landmark II CDO Limited

Landmark III CDO Limited

Landmark IV CDO Limited

Landmark V CDO Limited

Landmark VI CDO Limited

Landmark VII CDO Limited

Landmark VIII CDO Limited

Latitude CLO I, Ltd.

McDonnell Loan Opportunity Ltd.

Ocean Trails CLO I

Permal Stone Lion Fund Ltd.

Premium Loan Trust I, Ltd.

Sands Point Funding Ltd.

Stone Lion Portfolio L.P.

UBS Loan Finance LLC

UBS AG, Stamford Branch

WG Horizons CLO I

Whitehorse I, Ltd holds

Whitehorse V, Ltd holds

EXHIBIT A
MANAGEMENT CONTRACTS

1. Collateral Management Agreement, dated as of April 5, 2000, between GSC Partners CDO Fund, Limited and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

2. Collateral Management Agreement, dated March 27, 2001, between GSC Partners CDO Fund II, Limited and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

3. Collateral Management Agreement, dated December 16, 2003, between GSC Partners CDO Fund IV, Limited and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

4. Collateral Management Agreement, dated December 15, 2004, between GSC Partners CDO Fund V, Limited and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

5. Collateral Management Agreement, dated October 20, 2005, between GSC Partners CDO Fund VI, Limited and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

6. Collateral Management Agreement, dated May 11, 2006, between GSC Partners CDO Fund VII, Limited and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

7. Collateral Management Agreement, dated March 27, 2007, between GSC Group CDO Fund VIII, Limited and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

8. Collateral Management Agreement, dated January 18, 2006, between GSC Capital Corp. Loan Funding 2005-1 and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

9. Collateral Management Agreement, dated December 15, 2006, among GSC European CDO I-R S.A., GSCP (NJ), L.P. and BNP Paribas Trust Corporation UK Limited and Deed of Amendment to the Collateral Management Agreement, dated February 1, 2007 (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

10. Collateral Management Agreement, dated June 29, 2005, among GSC European CDO II S.A., GSCP (NJ), L.P. and BNP Paribas Trust Corporation UK Limited (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

11. Collateral Management Agreement, dated May 10, 2007, among GSC European CDO V PLC, GSCP (NJ), L.P. and BNP Paribas Trust Corporation UK Limited (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

12. Collateral Monitoring Agreement, dated August 29, 2002, among GSC Partners Gemini Fund Limited, GSCP GF I Limited, GSCP GF II Limited, and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

13. Management Agreement, dated December 27, 2000, among GSCP (NJ), L.P., GSC European Mezzanine Parallel Investors, L.P., GSC European Mezzanine Investors, L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

14. Management Agreement, dated July 11, 2000, among GSCP (NJ), L.P., GSC European Mezzanine Fund, L.P., GSC European Mezzanine Capital, L.P. and GSC European Mezzanine Investors, L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

15. Amended and Restated Management Agreement, dated December 7, 2000, among GSCP (NJ), L.P., GSC European Mezzanine Offshore Fund, L.P., GSC European Mezzanine Offshore Capital, L.P., GSC European Offshore GP, Ltd. and GSC New Offshore GP, L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

16. Management Agreement, dated December 27, 2000 among GSCP (NJ), L.P., GSC European Mezzanine Offshore Parallel Investors, L.P. and GSC New Offshore GP, L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

17. Management Agreement, dated April 15, 2005, among GSCP (NJ), L.P., GSC European Mezzanine Fund II, L.P., GSC European Mezzanine Parallel Investors II, L.P. and GSC European Mezzanine Investors II, L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

18. Management Agreement, dated April 15, 2005, among GSCP (NJ), L.P., GSC European Mezzanine Offshore Fund II, L.P., GSC European Mezzanine Offshore Capital II, L.P., GSC European Mezzanine Offshore Parallel Fund II, L.P., GSC European Offshore II GP, Ltd. and GSC New Offshore II GP, L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

19. Management Agreement, dated August 18, 2005, among GSCP (NJ), L.P., GSC European Mezzanine Offshore Unleveraged Parallel Fund II, L.P. and GSC New Offshore II GP, L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

20. Management Agreement, dated as of November 17, 2000, among GSCP (NJ), L.P., GSC Recovery II, L.P. and GSC Recovery II GP, L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

21. Management Agreement, dated as of February 1, 2002, between GSCP (NJ), L.P. and GSC Recovery IIA, L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

22. Management Agreement, dated as of February 27, 2006, between GSCP (NJ), L.P. and GSC Recovery III, L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

23. Management Agreement, dated as of October 5, 2005, between GSCP (NJ), L.P. and GSC Recovery III Parallel Fund, L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

24. Collateral Management Agreement, dated March 31, 2006, between GSC ABS CDO 2006-1c, Ltd. and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

25. Collateral Management Agreement, dated May 31, 2006, between GSC ABS CDO 2006-2m, Ltd. and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

26. Collateral Management Agreement, dated July 20, 2006, between Cetus ABS CDO 2006-1, Ltd. and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

27. Collateral Management Agreement, dated September 27, 2006, between Cetus ABS CDO 2006-2, Ltd. and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

28. Collateral Management Agreement, dated October 6, 2006, between GSC ABS CDO 2006-4u, Ltd. and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

29. Collateral Management Agreement, dated November 28, 2006, between Cetus ABS CDO 2006-3, Ltd. and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

30. Collateral Management Agreement, dated November 15, 2006, between Cetus ABS CDO 2006-4, Ltd. and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

31. Collateral Management Agreement, dated March 7, 2007, between Palmer ABS CDO 2007-1, Ltd. and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

32. Collateral Management Agreement, dated as of March 28, 2007, between Laguna Seca Funding I, Ltd. and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

33. Collateral Management Agreement, dated as of May 11, 2007, between Squared CDO 2007-1, Ltd. and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

34. Management Agreements, dated December 11, 2000, among Greenwich Street Capital Partners, L.P., Greenwich Street Investments, L.P. and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

35. Amended and Restated Limited Partnership Agreement, dated as of July 2, 1998 (as amended, supplemented, amended and restated or otherwise modified through the date hereof) and Designation of Successor Manager, dated ___, 2000, by Greenwich Street Capital Investments II, L.L.C., by which GSCP (NJ), L.P. was appointed as the manager of Greenwich Street Capital Partners II, L.P.;

36. Certain letter to investors of Greenwich Street Capital Partners II, L.P., dated August 14, 2010, including any rights to receive management fees thereunder.

37. Collateral Administration Agreement, dated as of March 27, 2001, between GSCP (NJ), L.P., GSC Partners CDO Fund II, Limited and First Union National Bank (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

38. Collateral Administration Agreement, dated as of December 16, 2003, between GSCP (NJ), L.P., GSC Partners CDO Fund IV, Limited and Wachovia Bank, National Association (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

39. Collateral Administration Agreement, dated as of December 15, 2004, between GSCP (NJ), L.P., GSC Partners Fund V, Limited and Wachovia Bank, National Association (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

40. Collateral Administration Agreement, dated as of October 20, 2005, between GSCP (NJ), L.P., GSC Partners CDO Fund VI, Limited and Wachovia Bank, National Association (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

41. Collateral Administration Agreement, dated as of May 11, 2006, between GSCP (NJ), L.P., GSC Partners CDO Fund VII, Limited and U.S. Bank National Association (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

42. Collateral Administration Agreement, dated as of January 18, 2006, between GSCP (NJ), L.P., GSC Capital Corp. Loan Funding 2005-1 and U.S. Bank National Association (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

43. Collateral Administration Agreement, dated as of March 27, 2007, between GSCP (NJ), L.P., GSC Group CDO Fund VIII, Limited and U.S. Bank National Association (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

44. Collateral Administration Agreement, dated as of August 29, 2002, among GSCP (NJ), L.P., GSC Partners Gemini Fund Limited and Wachovia Bank, National Association (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

45. Trust Deed, dated as of December 15, 2006, among GSCP (NJ), L.P., GSC European CDO I-R S.A., BNP Paribas Trust Corporation UK Limited, BNP Paribas Securities Services, Luxembourg Branch, BNP Paribas Securities Services, London Branch and BNP Paribas Securities Services, Luxembourg Branch (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

46. Collateral Administration Agreement, dated as of December 15, 2006, among GSCP (NJ), L.P., GSC European CDO I-R S.A., BNP Paribas Securities Services, London Branch, BNP Paribas Trust Corporation UK Limited, BNP Paribas Securities Services, London Branch and BNP Paribas Securities Services, Luxembourg Branch (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

47. Agency Agreement, dated as of December 15, 2006, among GSCP (NJ), L.P., GSC European CDO I-R S.A., BNP Paribas Trust Corporation UK Limited, BNP Paribas Securities Services, Luxembourg Branch, BNP Paribas Securities Services, Luxembourg Branch, BNP Paribas Securities Services, London Branch and RSM Robson Rhodes LLP (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

48. Trust Deed, dated as of June 29, 2005, among GSCP (NJ), L.P., GSC European CDO II S.A., BNP Paribas Trust Corporation UK Limited, BNP Paribas Securities Services, Luxembourg Branch, Wachovia Bank National Association and BNP Paribas, Luxembourg Branch (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

49. Collateral Administration Agreement, dated as of June 29, 2005, among GSCP (NJ), L.P., GSC European CDO II S.A., Wachovia Bank National Association, BNP Paribas Trust Corporation UK Limited, Wachovia Bank National Association and BNP Paribas, Luxembourg Branch (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

50. Agency Agreement, dated as of June 29, 2005, among GSCP (NJ), L.P., GSC European CDO II S.A., BNP Paribas Trust Corporation UK Limited, BNP Paribas Securities Services, Luxembourg Branch, BNP Paribas, Luxembourg Branch, Wachovia Bank National Association and RSM Robson Rhodes LLP (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

51. Trust Deed, dated as of May 10, 2007, among GSCP (NJ), L.P., GSC European CDO V PLC, BNP Paribas Trust Corporation UK Limited, BNP Paribas Securities Services, Luxembourg Branch, BNP Paribas Securities Services, London Branch, BNP Paribas, New York Branch, RSM Robson Rhodes LLP and TMF Administration Services Limited (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

52. Collateral Administration Agreement, dated as of May 10, 2007, among GSCP (NJ), L.P., GSC European CDO V PLC, BNP Paribas Securities Services, London Branch, BNP Paribas Trust Corporation UK Limited, BNP Paribas Securities Services, London Branch, and BNP Paribas Securities Services, Luxembourg Branch (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

53. Agency Agreement, dated as of May 10, 2007, among GSCP (NJ), L.P., GSC European CDO V PLC, BNP Paribas Trust Corporation UK Limited, BNP Paribas Securities Services, Luxembourg Branch, BNP Paribase Securities Services, London Branch, BNP Paribas, New York Branch and RSM Robson Rhodes LLP (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

54. Collateral Administration Agreement, dated as of March 31, 2006, between GSCP (NJ), L.P., GSC ABS CDO 2006-1c, Ltd. and Deutsche Bank Trust Company Americas (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

55. Collateral Administration Agreement, dated as of May 31, 2006, between GSCP (NJ), L.P., GSC ABS CDO 2006-2m, Ltd. and LaSalle Bank National Association (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

56. Collateral Administration Agreement, dated as of October 6, 2006, between GSCP (NJ), L.P., GSC ABS CDO 2006-4u, Ltd. and LaSalle Bank National Association (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

57. Collateral Administration Agreement, dated as of July 20, 2006, between GSCP (NJ), L.P., Cetus ABS CDO 2006-1, Ltd. and LaSalle Bank National Association (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

58. Collateral Administration Agreement, dated as of September 27, 2006, between GSCP (NJ), L.P., Cetus ABS CDO 2006-2, Ltd. and LaSalle Bank National Association (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

59. Collateral Administration Agreement, dated as of November 28, 2006, between GSCP (NJ), L.P., Cetus ABS CDO 2006-3, Ltd. and LaSalle Bank National Association (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

60. Collateral Administration Agreement, dated as of November 15, 2006, between GSCP (NJ), L.P., Cetus ABS CDO 2006-4, Ltd. and LaSalle Bank National Association (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

61. Collateral Administration Agreement, dated as of March 28, 2007, between GSCP (NJ), L.P., Laguna Seca Funding I, Ltd. and Deutsche Bank Trust Company Americas (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

62. Collateral Administration Agreement, dated as of March 7, 2007, between GSCP (NJ), L.P., Palmer ABS CDO 2007-1, Ltd. and LaSalle Bank National Association (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

63. Collateral Administration Agreement, dated as May 11, 2007, by and among Squared CDO 2007-1, Ltd, GSCP (NJ), L.P. and LaSalle Bank National Association (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

64. Agreement with Adventity, Inc. (See Schedule 5.9(c) of the Seller Disclosure Schedule).

65. All contracts and other documents, including, without limitation, all organizational documents, contracts (including all side letters and subscription agreements) relating to funds under which the Debtors act as investment advisor, manager, subadvisor or in a similar capacity pursuant to applicable management and advisory agreements or serves as a general partner or managing member or in a similar capacity, or instruments, certificates and other documents governing, representing, or relating to the Debtors' business or assets, including, without limitation, the following:

    a. Management Consultancy Agreement, dated November 30, 2004, among Wright Line LLC, GSCP (NJ), L.P. and Oaktree Capital Management LLC (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

    b. Portfolio Monitoring Agreement, dated September 17, 2007, between Neucel Specialty Cellulose Ltd. and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

    c. Management Agreement, dated March 19, 2010, among Oreck Corporation, ASP Oreck Inc., American Securities LLC and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

    d. Advisory Services Agreement, dated October 29, 2004, among (i) Outsourcing Services Group, Inc. and Outsourcing Services Group, LLC and (ii) GSCP (NJ), Inc., Mellon HBV Alternative Strategies LLC, Highland Capital Management, L.P. and Core Strategies LLC (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

    e. Management Consultancy Agreement, dated July 31, 2003, between Precision Partners Holding Company and GSCP (NJ), Inc. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

    f. GSCP Management Services and Financial Advisory Agreement, dated August 31, 2001, between GSCP (NJ), L.P. and Scovill Fasteners Inc. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

    g. Monitoring and Oversight Agreement, dated January 31, 2003, among Viasystems, Inc., Viasystems Technology Corp L.L.C, Viasystems International, Inc., Viasystems Milwaukee, Inc., Wire Harness Industries, Inc., Electro Componentes de Mexico, S.A de C.V., Viasystems EMS-Europe, Ltd, Viasystems Canada G.P., Viasystems Mommers BV, Shanghai Reltec Communications Technology Co. Ltd., Shanghai Viasystems EMS Co. Ltd., Qingdao Viasystems Telecommunications Technologies Co. Ltd., Viasystems CY EMS Shenzhen Company Ltd., Viasystems EMS (Hong Kong) Company Ltd., Guangzhou Kalex Laminate Company Ltd., Kalex Circuit Board (China) Limited, Guangzhou Tembray Electronics Technology Co. Ltd., Guangzhou Tembray Circuit Board Co. Ltd, Kalex Multi-Layer Circuit Board (Zhongshan) Ltd. and Hicks, Muse & Co. Partners, L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof);

h. GSCP Management Consultancy Agreement, dated March 6, 2002, between Worldtex, Inc. and GSCP (NJ), L.P. (as amended, supplemented, amended and restated or otherwise modified through the date hereof).

Exhibit B

Entered Order Granting Non-Controlling Lender Group's Motion for Entry of an Order (I) Approving Disclosure Statement; (II) Approving Solicitation and Notice Materials; (III) Approving Form of Ballot; (IV) Establishing Solicitation and Voting Procedures; (V) Allowing and Estimating Certain Claims for Voting Purposes; (VI) Approving Third Party Consent Materials; (VII) Scheduling a Confirmation Hearing; and (VIII) Establishing Notice and Objection Procedures

[TO FOLLOW AND TO BE SUBSTANTIALLY IN THE FORM OF THE "PROPOSED APPROVAL ORDER", ATTACHED AS EXHIBIT A TO THE NON-CONTROLLING LENDER GROUP'S MOTION FOR ENTRY OF AN ORDER: (I) APPROVING DISCLOSURE STATEMENT; (II) APPROVING FORM OF SOLICITATION AND NOTICE MATERIALS; (III) APPROVING FORM OF BALLOT; (IV) ESTABLISHING SOLICITATION AND VOTING PROCEDURES; (V) ALLOWING AND ESTIMATING CERTAIN CLAIMS FOR VOTING PURPOSES; (VI) APPROVING THIRD PARTY CONSENT MATERIALS; (VII) SCHEDULING A CONFIRMATION HEARING; AND (VIII) ESTABLISHING NOTICE AND OBJECTION PROCEDURES]

Exhibit C

Black Diamond Capital Management, L.L.C.'s May 23, 2011 Disclosure Statement Objection

LATHAM & WATKINS
885 Third Avenue
New York, NY 10022-4834
(212) 906-1200
David S. Heller
Adam Goldberg

-and-

233 S. Wacker Drive, Suite 5800
Chicago, IL 60606
(312) 876-7700
J. Douglas Bacon

ATTORNEYS FOR
BLACK DIAMOND CAPITAL MANAGEMENT, LLC

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re	**Chapter 11**
GSC GROUP, INC., et al.,	**Case No. 10-14653-AJG**
	(Jointly Administered)
Debtors.	
	Related Docket Nos. 479, 480, 481

OBJECTION OF BLACK DIAMOND CAPITAL MANAGEMENT, LLC TO NON-CONTROLLING LENDERS' MOTION TO APPROVE PROPOSED DISCLOSURE STATEMENT

TO THE HONORABLE ARTHUR J. GONZALEZ,
UNITED STATES BANKRUPTCY JUDGE:

Black Diamond Capital Management, L.L.C. ("BDCM") files this Objection to the Motion for Entry of an Order: (I) Approving Disclosure Statement; (II) Approving Form of Solicitation and Notice Materials; (III) Approving Form of Ballot; (IV) Establishing Solicitation and Notice Materials; (V) Allowing and Estimating Certain Claims for Voting Purposes; (VI) Approving Third Party Consent Materials; (VII) Scheduling a Confirmation Hearing;

(VIII) Establishing Notice and Objection Procedures filed by the Non-Controlling Lender Group (the "Disclosure Statement Motion").

I. SUMMARY OF OBJECTION

1. The proposed disclosure and plan are simply a tactical effort to try to dress up and revive a failed bid in order to derail the pending Winning Bid (defined below) that was accepted by the Debtors in October. Advancement for the Winning Bid has been suspended since January pending the Trustee's review and approval—which approval has now been obtained. The disclosure statement should not be allowed to advance until after the Court has considered the Winning Bid that has now been on file for six months. Moreover, the disclosure statement should not be approved until the Non-Controlling Lender Group has addressed some fundamental flaws in the plan rendering it patently unconfirmable. Finally, even of the proposed disclosure statement is permitted to advance, all extraneous, irrelevant, and unsubstantiated attacks on BDCM contained therein should be removed.

II. BACKGROUND

A. The Sale Process

2. The proposed Disclosure Statement for the Joint Chapter 11 Plan (the "Proposed Plan") for GSC Group, Inc. and its Affiliated Debtors (the "Disclosure Statement") filed by the Non-Controlling Lender Group (alternatively, the "Non-Controlling Lenders") should be considered in the context of a case that from the very beginning has been rife with contention among the Debtors' secured lenders.

3. BDCM, certain of its affiliates, the Non-Controlling Lender Group (collectively with BDCM and its affiliates, the "Lenders"), and the Debtors are each party to that certain Fourth Amended and Restated Credit Agreement, dated as of February 28, 2007 (the "Credit Agreement"). Black Diamond Commercial Finance, LLC, an affiliate of BDCM, is the

administrative agent under the Credit Agreement (in such capacity, "Agent"). As of the Petition Date, the Lenders were owed in excess of $219,000,000 in principal plus substantial interest by the Debtors. BDCM and its affiliates, as the holders of more than 51% of the loans outstanding under the Credit Agreement, are by far the largest secured creditors in these Chapter 11 Cases.

4. On September 2, 2010, the Debtors filed their Motion For Entry Of (I) An Order Approving (A) Bidding Procedures, (B) Form And Manner Of Notice Of Sale, And (C) Procedures For Determining Cure Amounts, And (II) An Order Authorizing (A) Sale Of Assets Free And Clear Of All Liens, Claims, Encumbrances, And Other Interests, And (B) Assumption And Assignment Of Executory Contracts To Successful Bidder(s) (the "Bid Procedures Motion") [Docket No. 24]. In approving the Bid Procedures Motion on September 23, 2010, the Court, *inter alia*, approved the Bidding Procedures, which had been negotiated and approved by the Non-Controlling Lenders. In accordance with those procedures, the Debtors conducted an auction (the "Auction") on October 26-29, 2010. At the end of the Auction, the joint bid of BDCM and the Agent was declared by the Debtors to be the highest and best bid (the "Winning Bid"). On October 31, 2010, Debtors and GSC Acquisition Partners, LLC (on behalf of the proponents of the Winning Bid) entered into an Asset Purchase Agreement for the sale of the assets pursuant to the Winning bid. On November 18, 2010, the Debtors also filed notice of the Asset Purchase Agreement and the proposed Sale Order, requesting that the Court approve the sale to BDCM and the Agent (the "Sale Motion") [Docket No. 205].

5. Notwithstanding its early support of and express consent to the Auction, the Non-Controlling Lender Group has tried to scuttle the Auction's results ever since the Debtors banged the gavel and announced their acceptance of the Winning Bid. From that point through today, the Non-Controlling Lenders have offered unrelenting resistance to the consummation of the

Winning Bid. The Disclosure Statement and the Proposed Plan are simply another procedural approach to their prior efforts to defeat the Winning Bid and advance an alternative (and much less attractive to everyone but them) transaction.

6. Hours after the conclusion of the Auction and the announcement of the Winning Bid, the Non-Controlling Lenders rushed to this Court with an "emergency" motion for entry of an order to show cause why the Winning Bid should not be disqualified. They claimed that BDCM's purportedly inappropriate conduct, including a joint bid with the Agent (to which the Non-Controlling Lenders had consented in writing), undermined the integrity of the Winning Bid. Their effort was summarily dismissed by the Court on November 1, 2010 following oral argument. The Court noted, *inter alia*, that the intercreditor issues—the gravamen of the emergency motion—properly belonged in another forum. November 1, 2010 Hearing Tr. 24:11-25- 25:1-8 (attached to the affirmation of J. Douglas Bacon (hereafter "Bacon Aff.")[1] as Ex. A). The Non-Controlling Lender Group apparently took heed and, as discussed below, filed a summons with notice against BDCM in the Supreme Court of the State of New York on November 13, 2010 (the "State Court Litigation").

7. Despite each procedural hurdle erected by the Non-Controlling Lender Group, the Debtors continued to advance the process of obtaining this Court's approval of the Winning Bid. The Non-Controlling Lender Group has opposed the Debtors' efforts at every step, including by filing two separate and extensive oppositional pleadings to the Sale Motion, taking at least 12 depositions, and compelling the production of thousands of pages of documents.

B. The Trustee Motion

[1] The Affirmation of J. Douglas Bacon, dated May 23, 2011, is being filed concurrently with this Objection. Unless noted otherwise, "Ex.__" refers to an exhibit to the Bacon Aff.

8. Before confronting the Winning Bid on its merits and after obtaining two adjournments of the Sale Motion, the Non-Controlling Lender Group filed a Motion to Appoint a Trustee (the "Trustee Motion") [Docket No. 337], which was heard by this Court on December 22, 2010. BDCM initially opposed the Trustee Motion because it viewed the motion and its corresponding round of depositions and filings as an expensive and unnecessary attempt to jeopardize and derail the Winning Bid. BDCM was concerned that the Trustee Motion would not only cause a significant delay and entail an extraordinary level of administrative expense, but would also pose a very real risk to the value of the Lenders' collateral. The Non-Controlling Lenders backed off on the Trustee Motion at the last minute, instead announcing their support for the Debtors' request for the appointment of a hand-picked "CRO." After reviewing the Debtors' request for a CRO and considering the contentious nature of the proceedings thus far, BDCM concluded that the Non-Controlling Lender Group's unremitting attacks on the Winning Bid could best be evaluated and addressed by a trustee—a truly independent third party, whose judgment and integrity would be unassailable. Accordingly, on January 4, 2011, BDCM filed a pleading supporting the appointment of a Chapter 11 trustee. The Trustee Motion was granted on January 5, 2011 and James M. Garrity was appointed as Chapter 11 Trustee (the "Trustee") on January 7, 2011.

C. The Sankaty Bid

9. In the wake of the Auction, the Non-Controlling Lenders attempted to revive a sketchy arrangement (the "Sankaty Bid") with Sankaty Advisors, LLC ("Sankaty"), which had first surfaced as a bid at the Auction. The Sankaty Bid was, even based on what BDCM considers to be a significantly inflated valuation, worth tens of millions in dollars less than the Winning Bid. The Non-Controlling Lenders subsequently attached an unsigned term sheet

outlining an iteration of the Sankaty Bid to their supplemental objection to the Sale Motion filed on December 12, 2010 [Docket No. 311].

10. The Proposed Plan now before the Court is predicated entirely on yet another iteration of the Sankaty Bid, which was already rejected by Debtors as inferior to the Winning Bid. Moreover, the Disclosure Statement does not even identify or attach any executed documents with Sankaty.

11. At its core, the Proposed Plan is nothing more than another volley in the ongoing dispute between the Non-Controlling Lender Group and BDCM regarding the bona fides of the Winning Bid. When initially rejected by the Debtors, the Sankaty Bid was worth over $40 million less than the Winning Bid. However, the value of the Sankaty Bid, which is based entirely on the cash flow from the Debtors' assets, has diminished since the Auction—further widening the already large gap between the two bids. Most importantly, almost all of the general unsecured creditors of the Debtors will receive nothing under the Proposed Plan. Indeed, only two alleged non-insider unsecured creditors are slated to benefit at all from the Proposed Plan.[2] As discussed below, the Winning Bid is much more favorable to all parties in interest. It is for that reason, among others, that the Trustee opposes the Proposed Plan and supports the advancement of the Winning Bid.

D. The State Court Litigation

12. While vehemently attempting to derail the Winning Bid, the Non-Controlling Lenders have repeatedly emphasized that they neither want nor expect this Court to get involved in, much less to resolve, the intercreditor dispute among the Lenders. Considering that the

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[2] BDCM anticipates that this Court will likely determine that the two purported creditors of the GSC Secondary Interest Fund, LLC ("SIF") upon whom the confirmability of the Plan rests, are not even creditors of SIF.

intercreditor issues are at the heart of both the Disclosure Statement and the Proposed Plan, the Non-Controlling Lenders' assertions regarding the intercreditor dispute, including the examples below (which are but two of many), are informative:

> "Normally, we would have thought that those kind of intercreditor claims [i.e. claims between Black Diamond and other senior lenders] would be left outside the bankruptcy, would be something that lenders could pursue in other forums." September 2, 2010 Hearing Tr. 24: 5-7 (Statement of Owen Pell, counsel to Non-Controlling Lenders)

> "So the fact is, Your Honor, whether or not we have claims against the agent and/or another lender for the way things have been handled, under the cases decided in the Southern District and in other courts, relating to credit bidding and 363 situations, this would be the kind of thing that should be left for the creditors to sort out in other proceedings, maybe proceedings in state court, maybe proceedings in federal court, but not necessarily in the bankruptcy court…" September 2, 2010 Hearing Tr. 1-9. (Statement of Owen Pell)

13. As noted above, and as described in Section D of the Disclosure Statement, the Non-Controlling Lender Group commenced the State Court Litigation on November 13, 2010. The Non-Controlling Lenders then sat on their hands. After waiting several months for service of a complaint and contending with repeated excuses for delay, BDCM moved for dismissal. On April 27, 2011, the New York Supreme Court ruled in BDCM's favor, requiring the Non-Controlling Lender Group to serve a complaint within 20 days of the order or have their case dismissed. A complaint (the "State Court Complaint") was finally filed on May 17, 2011. It is now undisputed that the intercreditor disputes will be squarely addressed in another forum (as the Non-Controlling Lenders have always emphasized to this Court that they would be) and therefore have no place before this Court (as the Non-Controlling Lenders have always asserted).

14. The State Court Complaint, a copy of which is attached as Exhibit B, sets forth the same grievances that the Non-Controlling Lenders have raised numerous times in this Court regarding the outcome of the Auction, the Non-Controlling Lenders' respective rights under the

Credit Agreement, and BDCM's and the Agent's conduct with respect to the formulation of Winning Bid. It seeks various types of relief from New York state court, none of which, even if granted, would impede this Court's approval of the Winning Bid, or the substantial benefits that the Winning Bid will provide to the Debtors' estates and creditors.

15. BDCM will respond to the State Court Complaint in due course and is confident that its actions and various rights will be vindicated in that proceeding.

E. The Trustee's Activities

16. Since his appointment on January 7, 2011, the Trustee and his lawyers have spent more than two thousand professional hours dedicated to assessing the history of this case, the Debtors' operations and assets, the conduct of the Debtors' principals, the Debtors' prospects and alternatives, the conduct and outcome of the Auction, and perhaps most importantly, the bona fides of the Winning Bid. They have acted throughout to facilitate the most viable outcome for the Debtors and their creditors.

17. Throughout the Trustee's evaluative process, BDCM has advised the Trustee that BDCM stood ready to consummate the Winning Bid and that it was amenable to addressing any issues or concerns the Trustee might have regarding the Winning Bid, including potential tax ramifications to the estates and benefits to general unsecured creditors. After the Trustee had a full opportunity to complete his background investigation and his analysis of the Winning Bid, BDCM and Trustee engaged in extensive negotiations intended to shore up the Winning Bid and enable the Trustee to represent to the Court that the Winning Bid is by far the best alternative available to the Debtors' estates.

18. BDCM and the Trustee's extensive negotiations finally culminated in the execution of definitive documentation on May 23, 2011 (the "Transaction Documentation") which (i) reaffirms the Winning Bid; (ii) addresses concerns raised by the Trustee; (iii) provides

for the full satisfaction of the lenders' claims against the Debtors; (iv) provides the Debtors with protection from any potential taxes arising from the consummation of the Winning Bid; (v) assures administrative solvency for the estates; (vi) assures the Trustee that he will have substantial funds available for an orderly post-closing wind-down of the estates, and (vii) provides unsecured creditors a multi-million dollar dividend.

19. BDCM anticipates that the Trustee will apprise the Court of the terms of the Transaction Documentation, as well as the timetable for seeking this Court's approval thereof, in more detail at or before the hearing on the Disclosure Statement.

20. There can be no question that the Winning Bid, as refined in the Transaction Documentation, is the best option for the Debtors and their unsecured creditors.

III. OBJECTIONS

A. The Plan Should Not Proceed Before The Court Has Considered The Winning Bid On Its Merits.

21. Now that the Trustee has endorsed the Winning Bid and obtained additional concessions that substantially benefit both the Debtors and their unsecured creditors, there is simply no rationale for the Proposed Plan. The Proposed Plan is a transparent effort to advance a competing (and losing) bid almost six months after the conclusion of the Auction. If approved by the Court, the Winning Bid will be consummated long before the Proposed Plan could be confirmed and implemented—as discussed below, confirmation of the Proposed Plan over the objection of the majority of Lenders is questionable at best—and would result in a far better outcome for the Debtors and their creditors.

B. The Plan Is Unconfirmable On Its Face.

22. BDCM understands that the hearing on the Disclosure Statement is not intended to be a hearing on the Proposed Plan's confirmation. *See In re Copy Crafters Quickprint, Inc.*,

92 B.R. 973, 980 (Bankr. N.D.N.Y. 1988); *In re Amster Yard Assocs.*, 214 B.R. 122, 124 (S.D.N.Y. 1997). Accordingly, BDCM reserves its right to pose objections to the confirmation of the Proposed Plan later in the process should this Court approve the Disclosure Statement. However, it would remiss for BDCM not to point out that reviewing courts generally should not approve a disclosure statement for an unconfirmable plan. *See, e.g., In re 266 Washington Assocs.*, 141 B.R. 275, 288 (E.D.N.Y. 1992) ("A disclosure statement will not be approved where, as here, it describes a plan which is fatally flawed and thus incapable of confirmation."); *Eastern Maine Elec. Coop., Inc.*, 125 B.R. 329, 333 (Bankr. D. Me. 1991) ("If the disclosure statement describes a plan that is so 'fatally flawed' that confirmation is 'impossible,' the court should exercise its discretion to refuse to consider the adequacy of disclosures." (internal citations omitted)).

23. BDCM anticipates that the Agent will address the key infirmities in the Proposed Plan in its objection to the Disclosure Statement. BDCM urges the Court not to allow the Proposed Plan to proceed—and thereby open up a new wave of litigation—without requiring the Non-Controlling Lender Group to *at the very least* make a threshold showing that the Proposed Plan is confirmable. If this Court does approve the Disclosure Statement, for purposes of accuracy, it should include a section describing the Agent's substantive objections to apprise third parties of the significant hurdles that must be overcome before the Proposed Plan can be confirmed.

24. Further, if the Court authorizes launching the Disclosure Statement prior to consideration of the Winning Bid, BDCM respectfully requests that the Disclosure Statement apprise parties in interest of the pendency of the Winning Bid.

C. The Court Should Not Allow The Disclosure Statement To Be Used As A Vehicle To Vilify BDCM.

25. The proposed Disclosure Statement is replete with disparaging and entirely unsubstantiated allegations about BDCM that have nothing whatsoever to do with the Plan. These malicious and gratuitous efforts to defile BD should not be published and distributed bearing this Court's imprimatur.

26. In the State Court Complaint, the Non-Controlling Lenders contend that BDCM has transgressed the exact same contractual obligations under the Credit Agreement that are described in the Disclosure Statement. Unquestionably, those allegations are best litigated in the State Court Litigation where they are subject to 22 N.Y.C.R.R. § 130-1 (as discussed further below).

27. Article II of the Disclosure Statement, labeled "General Information," is largely devoted to impugning BDCM with a raft of speculative, conclusory and inaccurate allegations, including allegations with respect to BDCM's "intent" and the motivations and mindset of its principals. These allegations, even if taken as true (which they are not), are entirely irrelevant to the merits or provisions of the Proposed Plan. *See In re KM Allied of NAMPA, LLC*, 2011 Bankr. LEXIS 1674, at *26 (D. Idaho Apr. 14, 2011) (explaining that "disparaging rhetoric has little if any place in briefing *and no place at all in a disclosure statement*") (emphasis added); *In re Brotby*, 303 B.R. 177, 194 (B.A.P. 9th Cir. 2003) (use of misleading or false information in a disclosure statement may invalidate voting by creditors for a plan of confirmation).

28. It is well established that the information contained in a disclosure statement should be accurate and germane. *Kunica v. St. Jean Financial, Inc.*, 233 B.R. 46, 54 (S.D.N.Y. 1999); *In re Revere Copper & Brass, Inc.*, 58 B.R. 1, 3 (S.D.N.Y. 1985). Certainly, none of the purported "information" about BDCM's alleged misconduct is useful to enable the two purported creditors of SIF "to make an informed judgment about the Plan" as required by § 1125(a)(1) of

the Bankruptcy Code. *See In re Copy Crafters Quickprint, Inc.*, 92 B.R. at 979 ("The disclosure statement must contain 'adequate information' as is 'reasonably practicable' given the debtor's circumstances to 'enable a hypothetical reasonable investor typical of holders of claims or interests of the relevant class to make an informed judgment about the plan.'" (citing 11 U.S.C. § 1125(a))).

29. Aside from the obvious goal of besmirching BDCM, the irrelevant allegations in the Disclosure Statement may presage a renewed effort by the Non-Controlling Lender Group to distract and delay the Court from considering the merits of Winning Bid. This Court should not countenance any attempt by the Non-Controlling Lenders to lure BDCM into a mini-trial regarding the accuracy of disputed historical events and activities that are the subject of the State Court Litigation and are entirely irrelevant to the Proposed Plan. Litigating the veracity of Non-Controlling Lender Group's irrelevant allegations in the context of the proposed Disclosure Statement would waste the time and resources of this Court, the Trustee, the Debtors, and BDCM. Those issues will—and should—be litigated and resolved in the State Court Litigation.

30. Should this Court approve the proposed Disclosure Statement in its present form, third parties (and perhaps even the state court) may construe the Court's approval as a tacit endorsement of the Non-Controlling Lenders' allegations. Before that occurs, BDCM requests that it be afforded an opportunity to depose any factual witnesses upon whom the Non-Controlling Lenders would rely upon to substantiate their allegations. Furthermore, if the Court determines that the defamatory allegations should remain in the proposed Disclosure Statement, BDCM requests that it be allowed to append an exhibit to the Disclosure Statement to provide its own version of the course of historical events.

31. The superfluous nature of the Disclosure Statement's accusations is best demonstrated by reviewing a simple mark-up of the relevant portions of Articles II and III of the proposed Disclosure Statement. BDCM's proposed redactions are reflected in the mark-up attached hereto as Exhibit C. Without conceding the merits, accuracy or relevance of any provisions that have not been stricken, BDCM submits that removing the most objectionable provisions in the manner proposed will not in any way detract from any legitimate purpose of Disclosure Statement or deprive the two purported creditors of SIF of "adequate information . . . to make an informed judgment about the plan," as contemplated by § 1125 (a)(1).

32. It is instructive that the State Court Complaint, which seeks substantive relief based upon BDCM's conduct at the Auction, contains almost none of the speculative allegations concerning BDCM's motivations and state of mind or BDCM's allegedly nefarious behavior prior to this bankruptcy—perhaps because those allegations are of little consequence to the intercreditor dispute underlying the State Court Complaint. The Non-Controlling Lenders' relative restraint in the State Court Complaint may also reflect the constraints of 22 N.Y.C.R.R. § 130-1 (which generally corresponds to Federal Rule of Civil Procedure 11). The rule provides for "reasonable attorney's fees, resulting from frivolous conduct . . . [and explains that] Conduct is frivolous if . . . (ii) it is undertaken primarily to delay or prolong the resolution of the litigation, or to harass or maliciously injure another." If allegations about BDCM's purported conduct do not belong in the State Court Complaint, they certainly do not belong in the Disclosure Statement. Moreover, BDCM has no objection to the State Court Complaint being attached as an exhibit to the Disclosure Statement if the Non-Controlling Lenders believe that their dispute with BDCM is somehow relevant to the Proposed Plan.

33. Striking the objectionable portions of the Disclosure Statement will not preclude the Non-Controlling Lender Group from making these same allegations in the State Court Litigation. BDCM has never resisted the Non-Controlling Lenders' right to have their day in court; BDCM simply requests that their slings and arrows be confined to the State Court Litigation, where BDCM may properly respond and the underlying disputes can be finally adjudicated within the proper procedural framework.

WHEREFORE, BDCM respectfully requests that the Court (i) deny the Disclosure Statement Motion and (ii) grant such other relief as the Court may deem proper.

Respectfully Submitted on this 23rd
day of May , 2011

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By: /s/ J. Douglas Bacon
Attorneys for: BLACK DIAMOND CAPITAL MANAGEMENT, L.L.C.

Exhibit D

Letter from GSC Group, Inc. to the Non-Controlling Lender Group, dated October 27, 2010

October 27, 2010

To: The Non-Controlling Lenders:[1]

The Debtors have been approached by a number of bidders at the auction who have asked to be allowed to bid on Lots for which they did not bid originally, either in an individual bid for the particular Lot as part a bid for a combination of Lots – in essence, asking to open the bidding on those Lots. Black Diamond Capital Management LLC ("BDCM") and the Agent specifically requested that the Debtors permit them to submit a joint bulk bid for substantially all of GSC's assets.

The Debtors believe that they have certain rights under the Bidding Procedures, including paragraph 15 thereof, to modify the Bidding Procedures in the exercise of their business judgment to permit bidders to bid on any Lots prior to closing the bidding on such Lots, regardless of whether such bidders bid previously on such Lots whether in an individual bid or as part of a combination bid.

The Debtors asked you, the Non-Controlling Lender Group, for your view on this modification, specifically including whether to permit BDCM and the Agent to submit a joint bulk bid for substantially all of GSC's assets. You have advised the Debtors that you question the propriety of the Agent joining in a joint bid with BDCM and that such joinder and other actions taken by the Agent in the course of the auction constitute an improper use by the Agent of the credit bid to further the interests of BDCM as bidder to the detriment of the Non-Controlling Lender Group and in disregard for the Agent's obligations to use the credit bid solely to protect the interests of the lenders in the collateral.

We have advised you that we will not agree to the modifications referenced herein unless you consent to a joint bid by the Agent and BDCM.

You have advised us that, based on the foregoing, you consent to the modification of the bidding procedures referenced herein (including a joint bid by the Agent and BDCM). We note, however, that you reserve all claims and causes of action that you may have against the Agent and BDCM for the improper use by the Agent of the credit bid to the detriment of the Non-Controlling Lender Group and that your consent to the modifications referenced herein should not be construed as a waiver of any such claims or cause of action. We also note your position that the acceptability of a bidder/manager to the investors is a significant factor in determining which bid is the best bid, and we have advised you

[1] Capitalized terms used but not defined herein shall have the meanings ascribed in the Bidding Procedures.

that we have not yet fully considered this point, which the Debtors believe may be one of a number of factors relevant to a determination of which bid is the best bid.

Please confirm your agreement by countersigning where indicated below.

GSC Group, Inc., Debtor in Possession, on behalf of itself and its affiliated Debtors

By:_____
Name:

Acknowledged and Agreed:

The Non-Controlling Lender Group

By:_____
Name: MARK KONEVAL

Exhibit E

Superpriority Senior Secured Post-Petition Credit Agreement, between the Trustee, as borrower, and the Postpetition Lenders from time to time party thereto, and Crédit Agricole Corporate and Investment Bank, as Administrative Agent

$23,000,000

SENIOR SECURED
POST-PETITION CREDIT AGREEMENT

among

JAMES L. GARRITY,
not in his individual capacity but solely as Chapter 11
trustee of the bankruptcy estates of GSC Group, Inc. and certain
of its subsidiaries,
as Borrower

THE GUARANTORS

VARIOUS LENDERS

and

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK,
as Administrative Agent and Collateral Agent

_____

Dated as of _____, 2011

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SCHEDULES

EXHIBITS

SENIOR SECURED POST-PETITION CREDIT AGREEMENT, dated as of _____, 2011, among (a) JAMES L. GARRITY, not in his individual capacity but as Chapter 11 trustee (together with any successor as trustee, the "Trustee") of the estates of the entities listed under the caption "Debtors" on Schedule I hereto (each a "Debtor" and collectively the "Debtors") in cases for the Debtors under Chapter 11 of the Bankruptcy Code, (b) the entities listed under the caption "Guarantors" in Schedule I hereto (the "Guarantors"), (c) the Lenders party hereto from time to time, and (d) CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK, as Administrative Agent and Collateral Agent.

All capitalized terms used herein and defined in Section 1.01 are used herein as therein defined.

W I T N E S S E T H:

WHEREAS, on August 31, 2010 (the "Petition Date") each of the Debtors commenced a case for itself under Chapter 11 of the Bankruptcy Code, administratively consolidated as Chapter 11 Case No. 10-1463 (HJG) (jointly administered) (each a "Chapter 11 Case" and, collectively, the "Chapter 11 Cases") by filing separate voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the District of New York (the "Bankruptcy Court");

WHEREAS, on January 7, 2011 the Bankruptcy Court entered an order approving the appointment by the office of the United States Trustee for the Southern District of New York of James L. Garrity as trustee of the estates of each of the Debtors in the Chapter 11 Cases;

WHEREAS, the Trustee has requested that the Lenders provide the Trustee a revolving credit facility of $23,000,000 on the terms and conditions set forth herein;

WHEREAS, the Lenders are willing to provide such financing only if all of the Obligations hereunder and under the other Credit Documents:

(a) constitute allowed administrative expense claims in the Chapter 11 Cases as set forth herein, and

(b) are secured by:

(i) pursuant to Section 364(c)(2) of Bankruptcy Code, a lien on property of the Debtors' estates that are not otherwise subject to a lien,

(ii) pursuant to Section 364(d)(1) of the Bankruptcy Code, a priming senior lien on collateral securing the Debtors' obligations under the Pre-Petition Loan Agreement to the extent of the Non-Controlling Lenders' interest therein and

(iii) pursuant to Section 364(c)(3) of the Bankruptcy Code, a junior lien on all other property of the Debtors' estates;

WHEREAS, subject to and upon the terms and conditions set forth herein, the Lenders are willing to make available to the Trustee the respective credit facilities provided for herein;

NOW, THEREFORE, IT IS AGREED:

SECTION 1. Definitions and Accounting Terms.

1.01. Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Additional Security Documents" shall mean such further security agreements, mortgages and other security instruments as may be executed and delivered from time to time by the Credit Parties pursuant to Section 9.11.

"Administrative Agent" shall mean Credit Agricole Corporate and Investment Bank, in its capacity as Administrative Agent for the Lenders hereunder and under the other Credit Documents, and shall include any successor thereto in such capacity appointed pursuant to Section 12.09.

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling (including but not limited to all directors and officers of such Person), controlled by, or under direct or indirect common control with, such Person. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power (i) to vote 10% or more of the securities having ordinary voting power for the election of directors of such corporation or (ii) to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

"Agent" shall mean and include each of the Administrative Agent and the Collateral Agent.

"Agreement" shall mean this Agreement, as modified, supplemented, amended, restated (including any amendment and restatement hereof), extended or renewed from time to time.

"Applicable Margin" shall mean a percentage per annum equal to (x) in the case of Base Rate Loans, 6.50%, and (y) in the case of Eurodollar Loans, 7.50%.

"Asset Sale" shall mean any sale, transfer or other disposition by the Trustee or any of its Subsidiaries to any Person (including by way of redemption by such Person), of any asset (including, without limitation, any Capital Stock or other securities of, or Equity Interests in, another Person), but excluding sales of inventory in the ordinary course of business.

"Assignment and Assumption Agreement" shall mean an Assignment and Assumption Agreement substantially in the form of Exhibit E (appropriately completed).

"Authorized Person" shall mean, with respect to (i) delivering Notices of Borrowing, Notices of Conversion/Continuation and similar notices, any of (x) the Trustee and/or (y) the chief financial officer, the senior vice president finance, the vice president finance and the treasurer of GSC Group, Inc., (ii) delivering financial information and officer's certificates pursuant to this Agreement, (x) the Trustee and/or (y) the chief financial officer, the treasurer, the senior vice president finance, the vice president finance or the principal accounting officer of GSC Group, Inc., and (iii) any other matter in connection with this Agreement or any other Credit Document, the Trustee or any officer (or a person or persons so designated by any two officers) of GSC Group, Inc.

"Available Cash" shall mean at any time (a) all cash held by or vesting with the Debtors at such time, which (i) does not constitute cash collateral securing the Debtors' obligations under the Pre-Petition Loan Agreement and (ii) is not subject to replacement liens granted to the Pre-Petition Secured Parties and (b) all cash which the Debtors may use at such time pursuant to the Cash Collateral Order.

"Bankruptcy Code" shall mean 11 U.S.C. § 101 et seq.

"Bankruptcy Court" shall have the meaning provided in the recitals hereof.

"Base Rate" shall mean, at any time, the highest of (i) the Prime Lending Rate at such time, (ii) 1/2 of 1% in excess of the overnight Federal Funds Rate at such time and (iii) 3.50% per annum.

"Base Rate Loan" shall mean each Revolving Loan designated or deemed designated as such by the Trustee at the time of the incurrence thereof or conversion thereto.

"Benefit Plan" shall mean any pension plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code and which is (i) maintained or contributed to by (or to which there is an obligation to contribute of) the Trustee, a Debtor, a Guarantor, an ERISA Affiliate or a Subsidiary of a Debtor or (ii) with respect to which the Trustee, any Debtor, any Guarantor or any Subsidiary of a Debtor has or could reasonably be expected to have any liability.

"Black Diamond" shall mean Black Diamond Capital Management LLC and any Affiliate thereof.

"Borrowing" shall mean the borrowing of one Type of Revolving Loan from all the Lenders on a given date (or resulting from a conversion or conversions on such date) having in the case of Eurodollar Loans the same Interest Period, provided that Base Rate Loans incurred pursuant to Section 2.10(b) shall be considered part of the related Borrowing of Eurodollar Loans.

"Borrowing Orders" shall mean the Interim Borrowing Order and the Final Borrowing Order.

"Budget" shall mean, initially, the consolidated cash flow projections delivered by the Trustee to the Administrative Agent pursuant to Section 5.11, depicting on a weekly basis

cash revenue, receipts, expenses and disbursements of Debtors and their Subsidiaries for the first 13 weeks of the Budget Period from the first day of the week (based on Debtors' operating periods) following the week in which the Effective Date occurs, and showing monthly anticipated consolidated cash receipts and disbursements of Debtors and their Subsidiaries up to the end of the Budget Period, as such Budget shall be updated from time to time as provided in Section 9.01(b).

"Budget Period" means the date from the Effective Date through and including the Termination Date.

"Business" shall mean providing investment management, advisory, placement and/or administrative services and/or any other similar and/or related services for Persons that may invest in equity and/or debt securities and/or other interests, including derivative instruments, regardless of the geographic location or locations (or jurisdiction or jurisdictions) in or within which such services, such Persons, such securities or interests, the issuers thereof or the underlying assets are located, occur, organized or associated, and investing in the securities of investment funds advised by the investor or an affiliate thereof.

"Business Day" shall mean (i) for all purposes other than as covered by clause (ii) below, any day except Saturday, Sunday and any day which shall be in New York, New York, a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close and (ii) with respect to all notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, any day which is a Business Day described in clause (i) above and which is also a day for trading by and between banks in U.S. dollar deposits in the relevant interbank Eurodollar market.

"Capital Stock" of any Person shall mean any and all shares, interests, participations or other equivalents in equity of such Person, including, without limitation, (i) in the case of a corporation, any capital stock of such corporation, (ii) in the case of a partnership, partnership interests (whether general or limited) of such partnership and (iii) in the case of a limited liability company, membership interests of such limited liability company.

"Carve-Out" shall have the meaning specified in the Borrowing Orders.

"Cash Collateral Order" shall mean the Final Order (i) Authorizing the Debtor to Utilize Cash Collateral pursuant to 11 U.S.C. § 363; (ii) Granting Adequate Protection to Prepetition Secured Parties pursuant to 11 U.S.C. § 361 and 363; and (iii) Granting Related Relief dated October 8, 2010, as amended.

"Cash Equivalents" shall mean, as to any Person, (i) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than 180 days from the date of acquisition, (ii) marketable direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within 180 days from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody's, (iii) Dollar denominated time deposits, certificates of deposit and

bankers acceptances of any Lender or any commercial bank having, or which is the principal banking subsidiary of a bank holding company having, a long-term unsecured debt rating of at least "A" or the equivalent thereof from S&P or "A2" or the equivalent thereof from Moody's with maturities of not more than 180 days from the date of acquisition by such Person, (iv) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (i) above entered into with any bank meeting the qualifications specified in clause (iii) above, (v) commercial paper issued by any Person incorporated in the United States rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's and in each case maturing not more than 180 days after the date of acquisition by such Person, and (vi) investments in money market funds at least 95% of whose assets, determined as of the date of investment by Trustee or any of its Subsidiaries, consist of securities or instruments of the types described in clauses (i) through (v) above.

"Chapter 11 Cases" shall have the meaning provided in the recitals hereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to the Code are to the Code, as in effect at the date of this Agreement and any subsequent provisions of the Code, amendatory thereof, supplemental thereto or substituted therefor.

"Collateral" shall mean all property (whether real, personal or mixed) with respect to which any security interests have been granted (or purported to be granted) pursuant to (a) any Security Document, including, without limitation, all Pledge and Security Agreement Collateral and all cash and Cash Equivalents delivered as collateral pursuant to this Agreement, (b) the Interim Borrowing Order or the Final Borrowing Order, as applicable, and/or (c) any additional orders of the Bankruptcy Court under the Chapter 11 Cases.

"Collateral Agent" shall mean the Administrative Agent acting as collateral agent for the Secured Creditors pursuant to the Credit Documents.

"Commitment" shall mean, for each Lender, the amount set forth opposite such Lender's name in Schedule II directly below the column entitled "Commitments," as the same may be (x) reduced from time to time or terminated pursuant to Sections 3.02, 3.03 and/or 11, as applicable, (y) adjusted from time to time as a result of assignments to or from such Lender pursuant to Section 2.13 or 14.04(b), or (z) changed from time to time pursuant to the terms hereof or pursuant to the Interim Borrowing Order or the Final Borrowing Order.

"Commitment Fee" shall have the meaning provided in Section 3.01(a).

"Company" shall mean any corporation, limited liability company, partnership or other business entity (or the adjectival form thereof, where appropriate).

"Consultants" shall have the meaning provided in Section 9.02(b).

"Contingent Obligations" shall mean, as to any Person, any obligation of such Person guaranteeing or having the effect of guaranteeing any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any such obligation of such

Person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (d) otherwise to assure or hold harmless the owner of such primary obligation against loss in respect thereof; provided, however, that the term Contingent Obligation shall not include indemnity or hold harmless obligations, or endorsements of instruments for deposit or collection, in each case arising in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"Credit Agricole" shall mean Credit Agricole Corporate and Investment Bank, in its individual capacity, and any successor corporation thereto by merger, consolidation or otherwise.

"Credit Documents" shall mean this Agreement, the Guaranty, the Pledge and Security Agreement, and, after the execution and delivery thereof pursuant to the terms of this Agreement, each Note and each other Security Document.

"Credit Event" shall mean the making of any Revolving Loan.

"Credit Party" shall mean the Trustee and each Guarantor.

"Debtors" shall have the meaning provided in the first paragraph of this Agreement hereof. Except where otherwise provided herein, the term "Debtor" shall include the estate created by the commencement of the Chapter 11 Case for such Debtor.

"Default" shall mean any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

"Defaulting Lender" shall mean, at any time of determination thereof, any Lender that (i) has failed to fund any portion of the Revolving Loans required to be funded by it hereunder (including its obligations under Section 2.01) or (ii) has notified the Trustee and/or the Administrative Agent of its intent not to comply with its funding obligations described in clause (i).

"Deposit Account" shall mean "deposit account" as such term is defined in the Uniform Commercial Code as in effect on the date hereof in the State of New York.

"DIP Facility Motion" shall have the meaning specified in Section 5.07.

"Dividend" shall mean, with respect to any Person, that such Person has declared or paid a dividend, distribution or returned any equity capital to its stockholders, partners or

members or authorized or made any other distribution, payment or delivery of property (including, without limitation, Equity Interests issued by another Person) or cash to its stockholders, partners or members in their capacity as such, or redeemed, retired, purchased or otherwise acquired, directly or indirectly, for a consideration any shares of any class of its Capital Stock or any other Equity Interests outstanding on or after the Effective Date, or shall have permitted any of its Subsidiaries to purchase or otherwise acquire for a consideration any shares of any class of the Capital Stock or any other Equity Interests of such Person outstanding on or after the Effective Date.

"Dollars" and the sign "$" shall each mean freely transferable lawful money of the United States.

"Domestic GSCP Entity" shall mean each GSCP Entity other than a Foreign GSCP Entity.

"Domestic Subsidiary" of any Person shall mean any Subsidiary of such Person incorporated or organized in the United States or any State thereof or the District of Columbia.

"Early Termination" with respect to any GSCP Fund shall mean a termination of such GSCP Fund prior to the end of its stated term other than a termination occurring by reason of the sale, in the ordinary course of business, of all of the portfolio companies of such GSCP Fund.

"Effective Date" shall have the meaning provided in Section 14.10.

"Eligible Transferee" shall mean any Lender, any Non-Controlling Lender or any Affiliate of any thereof.

"Equity Interests" of any Person shall mean Capital Stock of such Person and warrants, options, and other similar rights to purchase or acquire Capital Stock of such Person.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean each person (as defined in Section 3(9) of ERISA) which together with the Trustee, any Debtor or a Subsidiary of any Debtor would be deemed to be a "single employer" within the meaning of Section 414(b) or (c) of the Code, and for the purpose of Section 302 of ERISA and/or Sections 412, 4971, 4977 and/or each "applicable section" under Section 414(t)(2) of the Code, within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"Eurodollar Loan" shall mean each Revolving Loan designated as such by the Trustee at the time of the incurrence thereof or conversion thereto.

"Eurodollar Rate" shall mean, with respect to each Interest Period for a Eurodollar Loan, (i) the rate per annum determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on Reuters Screen LIBOR01 Page (or any successor page) and identified as the London Interbank Offered Rate as of 11:00 A.M. (London time) on the applicable Interest Determination Date, provided that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this clause (i), the rate above instead shall be the offered quotation to first-class banks in the New York interbank Eurodollar market by the Administrative Agent for Dollar deposits of amounts in immediately available funds comparable to the outstanding principal amount of the Eurodollar Loan of the Administrative Agent (in its capacity as a Lender (or, if the Administrative Agent is not a Lender with respect thereto, taking the average principal amount of the Eurodollar Loan then being made by the various Lenders pursuant thereto)) with maturities comparable to the Interest Period applicable to such Eurodollar Loan commencing two Business Days thereafter as of 10:00 A.M. (New York City time) on the applicable Interest Determination Date, in either case divided (and rounded upward to the nearest 1/100 of 1%) by (ii) a percentage equal to 100% minus the then stated maximum rate of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves required by applicable law) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency funding or liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D).

"Event of Default" shall have the meaning provided in Section 11.

"Exit Facility Agreement" shall mean the Credit Agreement to be entered into between the Debtors, Credit Agricole as Administrative Agent and the Lenders upon confirmation of the NCL Plan for the Debtors.

"Exit Facility Tranche A Loan" shall mean any Tranche A Loan (as defined in the Exit Facility Agreement).

"Fair Market Value" shall mean, with respect to any asset (including any Equity Interests of any Person), the price at which a willing buyer, not an Affiliate of the seller, and a willing seller who does not have to sell, would agree to purchase and sell such asset, as determined in good faith by the Trustee or, pursuant to a specific delegation of authority by the Trustee, a designated senior executive officer of a Debtor or a Subsidiary of a Debtor selling such asset.

"Federal Funds Rate" shall mean, for any period, a fluctuating interest rate equal for each day during such period to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal Funds brokers of recognized standing selected by the Administrative Agent.

"Fees" shall mean all amounts payable pursuant to or referred to in Section 3.01.

"Final Borrowing Order" shall mean, collectively, the order of the Bankruptcy Court entered in the Chapter 11 Cases after a final hearing under Bankruptcy Rule 4001(c)(2) or such other procedures as approved by the Bankruptcy Court, which order shall be reasonably satisfactory in form and substance to the Administrative Agent and the Required Lenders, together with all extensions, modifications and amendments thereto, in form and substance reasonably satisfactory to the Administrative Agent and the Required Lenders, and which, among other matters but not by way of limitation, authorizes the Debtors to obtain credit, incur (or guaranty) Indebtedness, and grant Liens under (or in respect of) this Agreement and the other Credit Documents, as the case may be, and provides for the superpriority of the Administrative Agent's and the Lenders' claims hereunder and under the other Credit Documents.

"Final Borrowing Order Entry Date" shall mean the date on or after the Effective Date on which the Final Borrowing Order is entered by the Bankruptcy Court.

"Final Order" shall mean an order, judgment or other decree of the Bankruptcy Court or any other court or judicial body with proper jurisdiction, as the case may be, which is in full force and effect and which has not been reversed, stayed, modified or amended and as to which (i) any right to appeal or seek certiorari, review or rehearing has been waived or (ii) the time to appeal or seek certiorari, review or rehearing has expired and as to which no appeal or petition for certiorari, review or rehearing is pending.

"Foreign GSCP Entity" shall mean GSCP London and any other GSCP Entity which is organized in a jurisdiction other than the United States or any territory thereof.

"Fully Diluted Basis" shall mean, as of any date of determination, the sum of (a) the number of shares of Voting Stock outstanding as of such date of determination plus (b) the number of shares of Voting Stock issuable upon the exercise, conversion or exchange of all then-outstanding warrants, options, convertible Capital Stock or indebtedness, exchangeable Capital Stock or indebtedness, or other rights exercisable for or convertible or exchangeable into, directly or indirectly, shares of Voting Stock, whether at the time of issue or upon the passage of time or upon the occurrence of some future event, and whether or not in the money as of such date of determination.

"GAAP" shall mean generally accepted accounting principles in the United States as in effect from time to time.

"Governmental Approval" shall mean, with respect to the Trustee or any of its Subsidiaries, any license, permit or certificate of public convenience and necessity issued or required to be issued to any such Person by any Governmental Authority in connection with the Business.

"Governmental Authority" shall mean the government of the United States of America, any other nation or any political subdivision thereof, whether state, provincial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"GSCP Entity" shall mean (i) the Debtors, GSCP London (the "Specified GSCP Entities") and (ii) any Person that is a Subsidiary of any Specified GSCP Entity and is engaged in the Business, but in any event shall exclude the GSCP Funds, their respective portfolio companies and the Specified Special Purpose Entities.

"GSCP Fees" shall mean, for any period, all management, monitoring, transaction and other fees payable to the Domestic GSCP Entities pursuant to the GSCP Fund Documents or otherwise in connection with the Business during such period, whether such fees were in existence on the Effective Date or created or arising thereafter, but in each case (a) net of any deferments, offsets, reductions or fee sharing arrangements (determined on an accrual basis) contemplated by the GSCP Fund Documents (other than offsets relating to placement agent fees) and (b) only to the extent that (i) the Collateral Agent has a valid, enforceable, perfected, first priority lien on such fees pursuant to the terms of the Security Documents, and (ii) such fees (other than monitoring fees) represent the senior (i.e., non-subordinated) obligation of the respective obligor.

"GSCP Fund Documents" shall mean all limited partnership agreements, subscription agreements and other similar governing documents and agreements as in effect from time to time for each GSCP Fund, together with any amendments thereto, including, without limitation, all agreements listed on Schedule III.

"GSCP Funds" shall mean, collectively, all investment funds formed or acquired by the Debtors that primarily acquire, hold and sell marketable and non-marketable securities of the type acquired, held and sold by the GSCP Entities and the Existing GSCP Funds as of the Effective Date that are managed by any GSCP Entity or to which any GSCP Entity provides collateral management, asset management or similar services on the Effective Date.

"GSCP London" shall mean GSC Group Limited, an English corporation.

"Guaranteed Creditors" shall mean and include each of the Administrative Agent, the Collateral Agent and the Lenders.

"Guaranteed Obligations" shall mean the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of the principal, premium (if any) and interest on each Note issued by, and all Revolving Loans made to, the Trustee under this Agreement, together with all the other obligations, indebtedness and liabilities (including, without limitation, indemnities, fees and interest thereon) of the Trustee to the Lenders, the Administrative Agent and the Collateral Agent now existing or hereafter incurred under, arising out of or in connection with this Agreement and each other Credit Document to which the Trustee is a party and the due performance and compliance by the Trustee with all the terms, conditions and agreements contained in this Agreement and in each such other Credit Document.

"Guarantor" shall mean each Person listed in Schedule I hereto under the caption "Guarantors".

"Guaranty" shall mean the guaranty of the Guarantors set forth in Section 13.

"Indebtedness" of any Person shall mean (without duplication) (i) all indebtedness of such Person for borrowed money, (ii) the deferred purchase price of assets or services which in accordance with GAAP would be shown on the liability side of the balance sheet of such Person, (iii) the face amount of all letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder, (iv) all Indebtedness of a second Person secured by any Lien on any property owned by such first Person, whether or not such Indebtedness has been assumed, (v) the principal portion of all capitalized lease obligations of such Person, (vi) all obligations of such Person in respect of Interest Rate Protection Agreements and Other Hedging Agreements, (vii) all obligations of such Person to pay a specified purchase price for goods or services whether or not delivered or accepted, i.e., take-or-pay and similar obligations (excluding retainer arrangements entered into in the ordinary course of business), and (viii) all Contingent Obligations of such Person in respect of Indebtedness of any other Person; provided that Indebtedness shall not include trade payables and accrued expenses, in each case arising in the ordinary course of business.

"Initial Borrowing Date" means the date on which a Revolving Loan is first made hereunder.

"Intercompany Revolving Loans" shall have the meaning provided in Section 10.05(vi).

"Intercompany Note" shall mean a promissory note evidencing Intercompany Revolving Loans.

"Interest Determination Date" shall mean, with respect to any Eurodollar Loan, the second Business Day prior to the commencement of any Interest Period relating to such Eurodollar Loan.

"Interest Period" shall have the meaning provided in Section 2.09.

"Interest Rate Protection Agreement" shall mean any interest rate swap agreement, interest rate cap agreement, interest collar agreement, interest rate hedging agreement or other similar agreement or arrangement.

"Interim Borrowing Order" shall mean, collectively, the order of the Bankruptcy Court entered in the Chapter 11 Cases after an interim hearing (assuming satisfaction of the standards prescribed in Section 364 of the Bankruptcy Code and Bankruptcy Rule 4001 and other applicable law), together with all extensions, modifications and amendments thereto, in form and substance reasonably satisfactory to the Administrative Agent and the Required Lenders, which, among other matters but not by way of limitation, authorizes, on an interim basis, the Trustee to execute and perform under the terms of this Agreement and the other Credit Documents and incur and secure the Loans and other Obligations in connection therewith, which order shall be deemed reasonably satisfactory to the Administrative Agent and the Required Lenders if such order is substantially in the form of Exhibit F.

"Investments" shall have the meaning provided in Section 10.05.

"Leaseholds" of any Person shall mean all the right, title and interest of such Person as lessee or licensee in, to and under leases or licenses of land, improvements and/or fixtures.

"Lender" shall mean each financial institution listed on Schedule II, as well as any Person that becomes a "Lender" hereunder pursuant to Section 2.13 or 14.04(b).

"Lien" shall mean any mortgage, pledge, hypothecation, assignment for security purposes, deposit arrangement for security purposes, encumbrance, lien (statutory or other), preference, priority or other security agreement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing or similar statement or notice filed under the UCC or any other similar recording or notice statute, and any lease having substantially the same effect as any of the foregoing).

"Management Contracts" shall mean each of the contracts listed in Schedule IV.

"Margin Stock" shall have the meaning provided in Regulation U.

"Material Adverse Effect" shall mean (a) a material adverse effect on the business, property, assets, operations, liabilities, condition (financial or otherwise) or prospects of the Debtors and their Subsidiaries taken as a whole or (b) a material adverse effect (i) on the rights or remedies of the Lenders, the Administrative Agent or the Collateral Agent hereunder or under any other Credit Document or (ii) on the ability of the Credit Parties to perform their obligations to the Lenders, the Administrative Agent or the Collateral Agent hereunder or under any other Credit Document.

"Minimum Borrowing Amount" shall mean $500,000.

"Moody's" shall mean Moody's Investor Service, Inc.

"Multiemployer Plan" shall mean any multiemployer plan as defined in Section 4001(a)(3) of ERISA, which is contributed to by (or to which there is an obligation to contribute of) Trustee, any Debtor, any Guarantor, any ERISA Affiliates or a Subsidiary of a Debtor, and each such plan for the five year period immediately following the latest date on which Trustee, a Guarantor, an ERISA Affiliate or a Subsidiary of a Guarantor contributed to or had an obligation to contribute to such plan.

"NAIC" shall mean the National Association of Insurance Commissioners.

"NCL Plan" shall mean the Reorganization Plan dated April 25, 2011 filed with the Bankruptcy Court by the Non-Controlling Lenders, as such Reorganization Plan may be amended, updated or supplemented from time to time by the Non-Controlling Lenders.

"Non-NCL Plan" shall have the meaning provided in Section 11.04(i).

"Non-Controlling Lenders" shall mean the entities listed in Schedule V hereto, (being certain of the Lenders under (and as defined in) the Pre-Petition Loan Agreement) and with their successors and permitted assigns but excluding in all events Black Diamond.

"Non-Defaulting Lender" shall mean and include each Lender other than a Defaulting Lender.

"Non-U.S. Employee Benefit Plan" shall mean any plan, fund (including, without limitation, any superannuation fund) or other similar program established or maintained outside the United States by a Debtor or any one or more of its Subsidiaries primarily for the benefit of employees of the Debtors or such Subsidiaries residing outside the United States, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and which plan is not subject to ERISA or the Code.

"Note" shall have the meaning provided in Section 2.05(a).

"Notice of Borrowing" shall have the meaning provided in Section 2.03(a).

"Notice of Conversion/Continuation" shall have the meaning provided in Section 2.06.

Notice Office" shall mean (i) for credit notices, the office of the Administrative Agent located at 1301 Avenue of the Americas, New York, NY 10019, Attention: Mark Koneval / Wendy Yip, Telephone No.: 212-261-7867, and Telecopier No.: 212-261-3259, and (ii) for operational notices, the office of the Administrative Agent located at 1301 Avenue of the Americas, New York, NY 10019, Attention: Agnes Castillo, Telephone No.: 732-590-7799, and Telecopier No.: 732-744-8568 , or (in either case) such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"Obligations" shall mean all amounts owing to the Administrative Agent, the Collateral Agent or any Lender pursuant to the terms of this Agreement or any other Credit Document, including, without limitation, all amounts in respect of any principal, premium, interest, penalties, fees, expenses, indemnifications, reimbursements, damages and other liabilities, and guarantees of the foregoing amounts, including, without limitation, (i) any liability on any claim, whether or not the right to payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed or contingent, matured, disputed, undisputed, legal, equitable, secured or unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any bankruptcy, insolvency, reorganization or other similar proceeding, and (ii) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations or liabilities referred to above, the expenses of re-taking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Collateral, or of any exercise by any Secured Creditor of its rights hereunder or under the other Credit Documents, together with reasonable attorney's and consultant fees and expenses and court costs.

"Other Hedging Agreements" shall mean any foreign exchange contracts, currency swap agreements, commodity agreements or other similar arrangements, or arrangements designed to protect against fluctuations in currency values or commodity prices.

"Patriot Act" shall have the meaning provided in Section 14.17.

"Payment Office" shall mean the office of the Administrative Agent located at 1301 Avenue of the Americas, New York, NY 10019 or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"Percentage" of any Lender at any time shall mean a fraction (expressed as a percentage) the numerator of which is the Revolving Loan Commitment of such Lender at such time and the denominator of which is the Total Revolving Loan Commitment at such time, provided that if the Percentage of any Lender is to be determined after the Total Revolving Loan Commitment has been terminated, then the Percentage of such Lender shall be determined immediately prior (and without giving effect) to such termination.

"Permitted Early Termination" shall mean an Early Termination of any GSCP Fund or an early termination of the investment period under any GSCP Fund that is permitted under Section 10.07(ii).

"Permitted Liens" shall have the meaning provided in Section 10.01.

"Permitted Senior Lien" shall mean any valid, enforceable and non-avoidable Lien that is in existence on the date hereof and was perfected on or before the date hereof.

"Person" shall mean any individual, partnership, joint venture, firm, corporation, association, limited liability company, trust, estate or other enterprise or any Governmental Authority.

"Petition Date" shall have the meaning provided in the recitals hereof.

"Pledge and Security Agreement" shall have the meaning provided in Section 5.09.

"Pledge and Security Agreement Collateral" shall mean all "Collateral" as defined in the Pledge and Security Agreement.

"Pledgee" shall have the meaning provided in the Pledge and Security Agreement.

"Post-Petition" shall mean the time period beginning immediately upon the filing of the Chapter 11 Cases.

"Pre-Petition" shall mean the time period prior to the filing of the Chapter 11 Cases.

"Pre-Petition Collateral Agent" shall mean Black Diamond Commercial Finance, L.C.C., in its capacity as Collateral Agent under (and as defined in) the Pre-Petition Loan Agreement and any successor thereto in such capacity.

"Pre-Petition Credit Documents" shall mean the Pre-Petition Loan Agreement, the Pre-Petition Swap Agreements entered into with a Pre-Petition Swap Creditor and the related guaranties, pledge agreements, security agreements, mortgages, notes and other agreements and instruments entered into in connection with the Pre-Petition Loan Agreement and such Pre-Petition Swap Agreements, in each case as amended, modified or supplemented through the Petition Date.

"Pre-Petition Indebtedness" shall mean Indebtedness of any Debtor outstanding on the Petition Date, including Indebtedness under the Pre-Petition Credit Documents.

"Pre-Petition Loan Agreement" shall mean that certain Fourth Amended and Restated Credit Agreement, dated as of February 28, 2007, among the Debtors, the lending institutions party thereto from time to time and Black Diamond Commercial Finance L.L.C., as successor Collateral Agent and Administrative Agent (as amended, modified or supplemented through the Petition Date.

"Pre-Petition Loans" shall mean the Pre-Petition Term Loans and the Pre-Petition Revolving Loans from time to time outstanding pursuant to the Pre-Petition Loan Agreement.

"Pre-Petition Payment" shall mean a payment (by way of adequate protection or otherwise) of principal or interest or otherwise on account of any Pre-Petition Indebtedness of any Debtor.

"Pre-Petition Revolving Loans" shall mean, collectively, the revolving loans (including any swingline loans) from time to time outstanding pursuant to the Pre-Petition Loan Agreement.

"Pre-Petition Secured Creditors" shall mean the "Secured Creditors" under, and as defined in, the Pre-Petition Loan Agreement, in each case as amended, modified or supplemented through the Petition Date.

"Pre-Petition Security Documents" shall mean the "Security Documents" under, and as defined in, the Pre-Petition Loan Agreement, in each case as amended, modified or supplemented through the Petition Date.

"Pre-Petition Swap Agreements" shall mean the International Swaps and Derivatives Association, Inc. 1992 Master Agreement, dated as of November 6, 2001 (as amended, restated, modified and/or supplemented from time and time) between Credit Agricole Corporate and Investment Bank, as successor to the interests of Credit Lyonnais New York Branch, and GSCP (NJ), L.P.

"Pre-Petition Swap Creditors" shall mean Credit Agricole, as holder of a claim against the Debtors for the amount owing to it by the Debtors under a terminated Pre-Petition Swap Agreement with GSCP (NJ), L.P.

"Pre-Petition Term Loans" shall mean the term loans from time to time outstanding pursuant to the Pre-Petition Loan Agreement.

"Prime Lending Rate" shall mean the rate which the Administrative Agent announces from time to time as its prime lending rate for U.S. dollar loans in the United States, the Prime Lending Rate to change when and as such prime lending rate changes. The Prime Lending Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer by the Administrative Agent, which may make commercial loans or other loans at rates of interest at, above or below the Prime Lending Rate.

"Real Property" of any Person shall mean all the right, title and interest of such Person in and to land, improvements and fixtures, including Leaseholds.

"Recovery Event" shall mean the receipt by the Trustee, any Debtor or any of its Subsidiaries of any cash insurance proceeds or cash condemnation awards payable (i) by reason of theft, loss, physical destruction, damage, taking or any other similar event with respect to any property or assets of the Trustee or any of its Subsidiaries and (ii) under any policy of insurance required to be maintained under Section 9.03 other than on account of any (x) business interruption insurance policy or (y) directors' or officer's (or similar liability) insurance policy).

"Register" shall have the meaning provided in Section 14.15.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Regulation T" shall mean Regulation T of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"Regulation U" shall mean Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"Regulation X" shall mean Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"Reorganization Plan" shall mean a plan of reorganization in any of the Chapter 11 Cases.

"Reorganized Debtor" shall mean a Debtor following the confirmation of a Reorganization Plan for such Debtor.

"Replaced Lender" shall have the meaning provided in Section 2.13.

"Replacement Lender" shall have the meaning provided in Section 2.13.

"Required Lenders" shall mean, at any time, Non-Defaulting Lenders the sum of whose Revolving Loan Commitments at such time (or, after the termination thereof, outstanding Revolving Loans represents at least a majority of the Total Revolving Loan Commitment in effect at such time less the Revolving Loan Commitments of all Defaulting Lenders at such time

(or, after the termination thereof, the sum of then total outstanding Revolving Loans of all Non-Defaulting Lenders).

"Returns" shall have the meaning provided in Section 8.09.

"Revolving Loan" shall have the meaning provided in Section 2.01.

"S&P" shall mean Standard & Poor's Ratings Service, a division of McGraw Hill, Inc.

"Sankaty" shall mean Sankaty Advisors, LLC.

"Sankaty Subadvisory Agreement" shall mean the subadvisory agreement to be entered into by the Reorganized Debtors and Sankaty pursuant to a Reorganization Plan.

"SEC" shall mean the Securities and Exchange Commission or any successor thereto.

"Section 4.04(b)(ii) Certificate" shall have the meaning provided in Section 4.04(b)(ii).

"Secured Creditors" shall mean the Lenders, the Administrative Agent, and the Collateral Agent.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Security Document" shall mean and include each of this Agreement, the Pledge and Security Agreement, and, after the execution and delivery thereof, each Additional Security Document.

"Specified Special Purpose Entities" shall mean each of the entities listed on Schedule VI hereto.

"Subsidiary" of any Person shall mean and include (i) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries and (ii) any partnership, association, limited liability company, joint venture or other entity in which such Person directly or indirectly through Subsidiaries has more than a 50% equity or voting interest at the time; provided that with respect to any GSCP Entity or its bankruptcy estate, the term "Subsidiary" shall exclude in any event the GSCP Funds, their respective portfolio companies and the Specified Special Purpose Entities. References herein to a Debtor's Subsidiary shall include a subsidiary of the bankruptcy estate of such Debtor.

"Superpriority Claim" shall mean a claim against any Credit Party in any of the Chapter 11 Cases which is an administrative expense claim having priority over any or all

administrative expenses of the kind specified in Sections 503(b) or 507(b) of the Bankruptcy Code.

"Tax Sharing Agreements" shall mean all tax sharing, tax allocation and other similar agreements entered into by GSC Group, Inc. or any of its Subsidiaries.

"Taxes" shall have the meaning provided in Section 4.04(a).

"Termination Date" shall mean the earliest of (i) September 15, 2011, (ii) the effective date of a Reorganization Plan in the Chapter 11 Cases, as specified in any such Reorganization Plan, (iii) the date of termination in whole of the Total Revolving Loan Commitment pursuant to Section 3.03, (iv) the fifth (5th) Business Day after the filing by the Trustee of the DIP Facility Motion, if the Interim Borrowing Order has not been entered by the Bankruptcy Court on or before such fifth business day, (v) the twentieth (20th) day following the filing of the DIP Facility Motion, if the Final Borrowing Order has not been entered by the Bankruptcy Court on or before such 20th day, (vi) the date of any sale, transfer or other disposition of all or substantially all of the assets or stock of the Debtors and (vii) the date on which any of the Chapter 11 Cases are dismissed or converted to cases under Chapter 7 of the Bankruptcy Code.

"Total Revolving Loan Commitment" shall mean, at any time, the sum of the Revolving Loan Commitments of all Lenders at such time.

"Total Unutilized Revolving Loan Commitment" shall mean, at any time, an amount equal to the remainder of (i) the Total Revolving Loan Commitment in effect at such time less (ii) the aggregate principal amount of all Revolving Loans outstanding at such time.

"Transaction" shall mean, collectively, (i) the entering into of the Credit Documents and the incurrence of Loans on the Effective Date and (ii) the payment of all fees and expenses in connection with the foregoing.

"Trustee" shall have the meaning provided in the first paragraph of this Agreement.

"Type" shall mean the type of Loan determined with regard to the interest option applicable thereto, i.e., whether a Base Rate Loan or a Eurodollar Loan.

"UCC" shall mean the Uniform Commercial Code as from time to time in effect in the relevant jurisdiction.

"United States" and "U.S." shall each mean the United States of America.

"Unutilized Revolving Loan Commitment" shall mean, with respect to any Lender at any time, such Lender's Revolving Loan Commitment at such time less the aggregate outstanding principal amount of all Revolving Loans made by such Lender at such time.

"Variance Report" shall mean a report to be delivered by the Trustee to the Administrative Agent, in form reasonably satisfactory to the Administrative Agent and certified

by an Authorized Officer as being true and correct to his or her knowledge after diligent inquiry, on a weekly basis (commencing on the last day of the week following the week in which the Effective Date occurs) reflecting the actual cash receipts and disbursements on a line item basis for the preceding week (and on a cumulative basis since the Effective Date), the percentage variance of such amounts from those set forth on the Budget for the preceding week (and cumulatively) and containing a narrative analysis of the performance of the Debtors estate and their Subsidiaries for the preceding week and any variance from such period in the Budget.

"Voting Stock" shall mean, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"Wholly-Owned Domestic Subsidiary" shall mean, as to any Person, any Wholly-Owned Subsidiary of such Person which is a Domestic Subsidiary.

"Wholly-Owned Subsidiary" shall mean, as to any Person, any corporation, partnership, limited liability company, association, joint venture or other entity 100% of whose outstanding Equity Interests (other than any directors' qualifying shares or investments by foreign nationals to the extent required by applicable law) is at the time owned by such Person and/or one or more Wholly-Owned Subsidiaries of such Person.

SECTION 2. Amount and Terms of Credit.

2.01. The Commitments. (a) Subject to and upon the terms and conditions set forth herein, each Lender severally agrees to make, at any time and from time to time on or after the Effective Date and prior to the Termination Date, a revolving loan or revolving loans (each, a "Revolving Loan" and, collectively, the "Revolving Loans") to the Trustee, which Revolving Loans (i) shall be denominated in Dollars, (ii) shall, at the option of the Trustee, be incurred and maintained as, and/or converted into, Base Rate Loans or Eurodollar Loans, provided that, except as otherwise specifically provided in Section 2.10(b), all Revolving Loans comprising the same Borrowing shall at all times be of the same Type, (iii) may be repaid and reborrowed in accordance with the provisions hereof, (iv) shall not exceed for any such Lender at any time outstanding the Revolving Loan Commitment of such Lender at such time, and (v) shall not exceed in aggregate principal amount at any time outstanding, an amount equal to the Total Revolving Loan Commitment at such time.

(b) The Trustee may use the proceeds of each Revolving Loan to pay costs, expenses and other funding requirements of any Debtor's estate. The Debtors' estates shall be jointly and severally liable for the payment of all outstanding Loans, all interest accrued thereon, all Fees and all other Obligations, and each Lender and Agent shall have a claim against each Debtor's estate for all such principal, interest, fees and other Obligations, which claim shall constitute a superpriority administrative expense claim as set forth herein.

2.02. Minimum Amount of Each Borrowing. The aggregate principal amount of each Borrowing of Loans shall not be less than the Minimum Borrowing Amount applicable to such Revolving Loans. Only one Borrowing may occur on any date, and at no time shall there be outstanding more than three Borrowings of Eurodollar Loans in the aggregate.

2.03. Notice of Borrowing. (a) Whenever the Trustee desires to incur (x) Eurodollar Loans hereunder, the Trustee shall give the Administrative Agent at the Notice Office at least three Business Days' prior notice of each Eurodollar Loan to be incurred hereunder and (y) Base Rate Loans hereunder, the Trustee shall give the Administrative Agent at the Notice Office at least one Business Day's prior notice of each Base Rate Loan to be incurred hereunder, provided that (in each case) any such notice shall be deemed to have been given on a certain day only if given before 11:00 A.M. (New York City time) on such day. Each such notice (each, a "Notice of Borrowing"), except as otherwise expressly provided in Section 2.10, shall be irrevocable and shall be in writing, or by telephone promptly confirmed in writing, in the form of Exhibit A-1, appropriately completed to specify: (i) the aggregate principal amount of the Revolving Loans to be incurred pursuant to such Borrowing, (ii) the date of such Borrowing (which shall be a Business Day), and (iii) whether the Revolving Loans being incurred pursuant to such Borrowing are to be initially maintained as Base Rate Loans or, to the extent permitted hereunder, Eurodollar Loans. The Administrative Agent shall promptly give each Lender notice of such proposed Borrowing, of such Lender's proportionate share thereof and of the other matters required by the immediately preceding sentence to be specified in the Notice of Borrowing.

(b) Without in any way limiting the obligation of the Trustee to confirm in writing any telephonic notice of any Borrowing or prepayment of Loans, the Administrative Agent may act without liability upon the basis of telephonic notice of such Borrowing or prepayment, as the case may be, believed by the Administrative Agent in good faith to be from the Trustee or another Authorized Person, prior to receipt of written confirmation. In each such case, the Trustee hereby waives the right to dispute the Administrative Agent's record of the terms of such telephonic notice of such Borrowing or prepayment of Loans, as the case may be, absent manifest error.

2.04. Disbursement of Funds. No later than 1:00 P.M. (New York City time) on the date specified in each Notice of Borrowing (or (x) in the case of Swingline Loans, no later than 4:00 P.M. (New York City time) on the date specified pursuant to Section 2.03(b) or (y) in the case of Mandatory Borrowings, no later than 1:00 P.M. (New York City time) on the date specified in Section 2.01), each Lender will make available its pro rata portion (determined in accordance with Section 2.07) of each such Borrowing requested to be made on such date. All such amounts will be made available in Dollars and in immediately available funds at the Payment Office, and the Administrative Agent will make available to the Trustee at the Payment Office the aggregate of the amounts so made available by the Lenders. Unless the Administrative Agent shall have been notified by any Lender prior to the date of Borrowing that such Lender does not intend to make available to the Administrative Agent such Lender's portion of any Borrowing to be made on such date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date of Borrowing and the Administrative Agent may (but shall not be obligated to), in reliance upon such assumption, make available to the Trustee a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Trustee and the Trustee shall immediately pay such corresponding amount to the Administrative

Agent. The Administrative Agent also shall be entitled to recover on demand from such Lender or the Trustee, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Trustee until the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to (i) if recovered from such Lender, the overnight Federal Funds Rate for the first three days and at the interest rate otherwise applicable to such Revolving Loans for each day thereafter and (ii) if recovered from the Trustee, the rate of interest applicable to the respective Borrowing, as determined pursuant to Section 2.08. Nothing in this Section 2.04 shall be deemed to relieve any Lender from its obligation to make Revolving Loans hereunder or to prejudice any rights which the Trustee may have against any Lender as a result of any failure by such Lender to make Revolving Loans hereunder.

2.05. Notes. (a) The Trustee's obligation to pay the principal of, and interest on, the Loans made by each Lender shall be evidenced in the Register maintained by the Administrative Agent pursuant to Section 14.15 and shall, if requested by such Lender, also be evidenced, by a promissory note duly executed and delivered by the Trustee substantially in the form of Exhibit B-1, with blanks appropriately completed in conformity herewith (each, a "Revolving Note" and, collectively, the "Revolving Notes").

(b) Each Lender will note on its internal records the amount of each Revolving Loan made by it and each payment in respect thereof and prior to any transfer of any of its Notes will endorse on the reverse side thereof the outstanding principal amount of Loans evidenced thereby. Failure to make any such notation or any error in such notation shall not affect the Trustee's obligations in respect of such Revolving Loans.

(c) Notwithstanding anything to the contrary contained above in this Section 2.05 or elsewhere in this Agreement, Notes shall only be delivered to Lenders which at any time specifically request the delivery of such Notes. No failure of any Lender to request or obtain a Note evidencing its Loans to the Trustee shall affect or in any manner impair the obligations of the Trustee to pay the Loans (and all related Obligations) incurred by the Trustee which would otherwise be evidenced thereby in accordance with the requirements of this Agreement, and shall not in any way affect the security or guaranties therefor provided pursuant to the various Credit Documents. Any Lender which does not have a Note evidencing its outstanding Loans shall in no event be required to make the notations otherwise described in preceding clause (b). At any time when any Lender requests the delivery of a Note to evidence any of its Loans, the Trustee shall promptly execute and deliver to the respective Lender the requested Note in the appropriate amount or amounts to evidence such Revolving Loans.

2.06. Conversions. The Trustee shall have the option to convert, on any Business Day, all or a portion equal to at least the Minimum Borrowing Amount of the outstanding principal amount of Revolving Loans made pursuant to one or more Borrowings of one or more Types of Revolving Loans into a Borrowing of another Type of Revolving Loan, provided that (i) except as otherwise provided in Section 2.10(b), Eurodollar Loans may be converted into Base Rate Loans only on the last day of an Interest Period applicable to the Revolving Loans being converted and no such partial conversion of Eurodollar Loans shall reduce the outstanding principal amount of such Eurodollar Loans made pursuant to a single Borrowing to less than the Minimum Borrowing Amount applicable thereto, (ii) unless the

Required Lenders otherwise agree, Base Rate Loans may only be converted into Eurodollar Loans if no Default or Event of Default is in existence on the date of the conversion, and (iii) no conversion pursuant to this Section 2.06 shall result in a greater number of Borrowings of Eurodollar Loans than is permitted under Section 2.02. Each such conversion shall be effected by the Trustee or another Authorized Person of a Debtor by giving the Administrative Agent at the Notice Office prior to 11:00 A.M. (New York City time) at least (x) in the case of conversions of Base Rate Loans into Eurodollar Loans, three Business Days' prior notice and (y) in the case of conversions of Eurodollar Loans into Base Rate Loans, one Business Day's prior notice (each, a "Notice of Conversion/Continuation"), in each case in the form of Exhibit A-2, appropriately completed to specify the Revolving Loans to be so converted, the Borrowing or Borrowings pursuant to which such Revolving Loans were incurred and, if to be converted into Eurodollar Loans, the Interest Period to be initially applicable thereto. The Administrative Agent shall give each Lender prompt notice of any such proposed conversion affecting any of its Revolving Loans.

2.07. Pro Rata Borrowings. All Borrowings under this Agreement shall be incurred from the Lenders pro rata on the basis of their Revolving Loan Commitments. It is understood that no Lender shall be responsible for any default by any other Lender of its obligation to make Revolving Loans hereunder and that each Lender shall be obligated to make the Loans provided to be made by it hereunder, regardless of the failure of any other Lender to make its Loans hereunder.

2.08. Interest. (a) The Trustee agrees to pay interest in respect of the unpaid principal amount of each Base Rate Loan from the date of Borrowing thereof until the earlier of (i) the maturity thereof (whether by acceleration or otherwise) and (ii) the conversion of such Base Rate Loan to a Eurodollar Loan pursuant to Section 2.06 or 2.09, as applicable, at a rate per annum which shall be equal to the higher of (a) 10.0% per annum and (b) the sum of the relevant Applicable Margin plus the Base Rate as in effect from time to time.

(b) The Trustee agrees to pay interest in respect of the unpaid principal amount of each Eurodollar Loan from the date of Borrowing thereof until the earlier of (i) the maturity thereof (whether by acceleration or otherwise) and (ii) the conversion of such Eurodollar Loan to a Base Rate Loan pursuant to Section 2.06, 2.09 or 2.10, as applicable, at a rate per annum which shall, during each Interest Period applicable thereto, be equal to the higher of (a) 10.0% per annum and (b) the sum of the relevant Applicable Margin plus the Eurodollar Rate for such Interest Period.

(c) Upon the occurrence and during the continuance of any Event of Default, principal and, to the extent permitted by law, interest (including overdue interest) in respect of each Revolving Loan, and any fees or other amounts owed hereunder and under any other Credit Document shall, in each case, bear interest at a rate per annum equal to the greater of (x) the rate which is 2% in excess of the rate then borne by such Revolving Loans and (y) the rate which is 2% in excess of the rate otherwise applicable to Base Rate Loans from time to time (or, in the case of any such fees and other amounts, at a rate per annum equal to the rate which is 2% in excess of the rate applicable to Base Rate Loans from time to time). Interest that accrues under this Section 2.08(c) shall be payable on demand. Payment or acceptance of the increased rates of interest provided for in this Section 2.08(c) is not a permitted alternative to timely payment and

shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of the Administrative Agent or any Lender.

(d) Interest shall accrue from and including the date of any Borrowing to but excluding the date of any repayment thereof and shall be payable (i) in respect of each Base Rate Loan, (x) monthly in arrears on the last Business Day of each calendar month, (y) on the date of any repayment or prepayment in full of all outstanding Revolving Loans that are maintained as Base Rate Loans, as the case may be, and (z) at maturity (whether by acceleration or otherwise) and, after such maturity, on demand, and (ii) in respect of each Eurodollar Loan, (x) on the last day of each Interest Period applicable thereto, and (y) on the date of any repayment or prepayment (on the amount repaid or prepaid), at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(e) Without in any way waiving the Trustee's obligation to pay interest on the Loans on the dates specified in Section 2.8(b), accrued (and unpaid) interest on a Revolving Loan shall, bear interest at the rate specified in Section 2.8(a) and shall be payable on demand.

(f) Upon each Interest Determination Date, the Administrative Agent shall determine the Eurodollar Rate for each Interest Period applicable to the respective Eurodollar Loans and shall promptly notify the Trustee and the Lenders thereof. Each such determination shall, absent manifest error, be final and conclusive and binding on all parties hereto.

2.09. Interest Periods. Each Interest Period for a Eurodollar Loan (each, an "Interest Period") shall be a one month period, provided that (in each case):

(i) all Eurodollar Loans comprising a Borrowing shall at all times have the same Interest Period;

(ii) the initial Interest Period for any Eurodollar Loan shall commence on the date of Borrowing of such Eurodollar Loan (including the date of any conversion thereto from a Base Rate Loan) and each Interest Period occurring thereafter in respect of such Eurodollar Loan shall commence on the day on which the next preceding Interest Period applicable thereto expires;

(iii) if any Interest Period for a Eurodollar Loan begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month;

(iv) if any Interest Period for a Eurodollar Loan would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day, provided, however, that if any Interest Period for a Eurodollar Loan would otherwise expire on a day which is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day; and

(v) no Interest Period shall extend beyond the Termination Date.

2.10. Increased Costs, Illegality, etc. (a) In the event that any Lender shall have determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto but, with respect to clause (i) below, may be made only by the Administrative Agent):

(i) on any Interest Determination Date that, by reason of any changes arising after the date of this Agreement affecting the applicable interbank Eurodollar market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of Eurodollar Rate; or

(ii) at any time, that such Lender shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any Eurodollar Loan because of (x) any change since the Effective Date in any applicable law or governmental rule, regulation, order, guideline or request (whether or not having the force of law) or in the interpretation or administration thereof and including the introduction of any new law or governmental rule, regulation, order, guideline or request, such as, but not limited to: (A) a change in the basis of taxation of payment to any Lender of the principal of or interest on such Eurodollar Loans or the Revolving Notes or any other amounts payable hereunder (except for changes in the rate of tax on, or determined by reference to, the net income or net profits of such Lender pursuant to the laws of the jurisdiction in which it is organized or in which its principal office or applicable lending office is located or any subdivision thereof or therein) or (B) a change in official reserve requirements, but, in all events, excluding reserves required under Regulation D to the extent included in the computation of the Eurodollar Rate and/or (y) other circumstances arising since the Effective Date affecting such Lender, the applicable interbank Eurodollar market or the position of such Lender in such market; or

(iii) at any time, that the making or continuance of any Eurodollar Loan has been made (x) unlawful by any law or governmental rule, regulation or order, (y) impossible by compliance by any Lender in good faith with any governmental request (whether or not having force of law) or (z) impracticable as a result of a contingency occurring after the Effective Date which materially and adversely affects the interbank Eurodollar market;

then, and in any such event, such Lender (or the Administrative Agent, in the case of clause (i) above) shall promptly give notice (by telephone promptly confirmed in writing) to the Trustee and, except in the case of clause (i) above, to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Lenders). Thereafter (x) in the case of clause (i) above, Eurodollar Loans shall no longer be available until such time as the Administrative Agent notifies the Trustee and the Lenders that the circumstances giving rise to such notice by the Administrative Agent no longer exist, and any Notice of Borrowing or Notice of Conversion/Continuation given by the Trustee with respect to Eurodollar Loans which have not yet been incurred (including by way of conversion) shall be deemed rescinded by the Trustee, (y) in the case of clause (ii) above, the Trustee agrees to pay to such Lender, upon such Lender's written request therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Lender in its sole reasonable discretion shall determine) as shall be required to compensate such Lender

for such increased costs or reductions in amounts received or receivable hereunder (a written notice as to the additional amounts owed to such Lender, showing in reasonable detail the basis for the calculation thereof, submitted to the Trustee by such Lender shall, absent manifest error, be final and conclusive and binding on all the parties hereto) and (z) in the case of clause (iii) above, the Trustee shall take one of the actions specified in Section 2.10(b) as promptly as possible and, in any event, within any applicable time period required by law.

(b) At any time that any Eurodollar Loan is affected by the circumstances described in Section 2.10(a)(ii), the Trustee may, and in the case of a Eurodollar Loan affected by the circumstances described in Section 2.10(a)(iii), the Trustee shall, either (x) if the affected Eurodollar Loan is then being made initially or pursuant to a conversion, cancel such Borrowing by giving the Administrative Agent telephonic notice (confirmed in writing) on the same date that the Trustee was notified by the affected Lender or the Administrative Agent pursuant to Section 2.10(a)(ii) or (iii) or (y) if the affected Eurodollar Loan is then outstanding, upon at least three Business Days' written notice to the Administrative Agent, require the affected Lender to convert such Eurodollar Loan into a Base Rate Loan, provided that, if more than one Lender is affected at any time, then all affected Lenders must be treated the same pursuant to this Section 2.10(b).

(c) If any Lender determines that after the Effective Date the introduction of or any change in any applicable law or governmental rule, regulation, order, guideline, directive or request (whether or not having the force of law) concerning capital adequacy, or any change in interpretation or administration thereof by the NAIC or any Governmental Authority, central bank or comparable agency, will have the effect of increasing the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender based on the existence of such Lender's Revolving Loan Commitment hereunder or its obligations hereunder, then the Trustee agrees to pay to such Lender, upon its written demand therefor, such additional amounts as shall be required to compensate such Lender or such other corporation for the increased cost to such Lender or such other corporation or the reduction in the rate of return to such Lender or such other corporation as a result of such increase of capital. In determining such additional amounts, each Lender will act reasonably and in good faith and will use averaging and attribution methods which are reasonable, provided that such Lender's determination of compensation owing under this Section 2.10(c) shall, absent manifest error, be final and conclusive and binding on all the parties hereto. Each Lender, upon determining that any additional amounts will be payable pursuant to this Section 2.10(c), will give prompt written notice thereof to the Trustee, which notice shall show in reasonable detail the basis for calculation of such additional amounts.

2.11. Compensation. The Trustee agrees to compensate each Lender, upon its written request (which request shall set forth in reasonable detail the basis for requesting such compensation), for all losses, expenses and liabilities (including, without limitation, any loss, expense or liability incurred by reason of the liquidation or reemployment of deposits or other funds required by such Lender to fund its Eurodollar Loans but excluding loss of anticipated profits) which such Lender may sustain: (i) if for any reason (other than a default by such Lender or the Administrative Agent) a Borrowing of, or conversion from or into, Eurodollar Loans does not occur on a date specified therefor in a Notice of Borrowing or Notice of Conversion/Continuation (whether or not withdrawn by the Trustee or deemed withdrawn

pursuant to Section 2.10(a)); (ii) if any prepayment or repayment (including any prepayment or repayment made pursuant to Section 4.01, Section 4.02 or as a result of an acceleration of the Loans pursuant to Section 11) or conversion of any of its Eurodollar Loans occurs on a date which is not the last day of an Interest Period with respect thereto; (iii) if any prepayment of any of its Eurodollar Loans is not made on any date specified in a notice of prepayment given by the Trustee; or (iv) as a consequence of (x) any other default by the Trustee to repay Eurodollar Loans when required by the terms of this Agreement or any Revolving Note held by such Lender or (y) any election made pursuant to Section 2.10(b).

2.12. Change of Lending Office. Each Lender agrees that on the occurrence of any event giving rise to the operation of Section 2.10(a)(ii) or (iii), Section 2.10(c) or Section 4.04 with respect to such Lender, it will, if requested by the Trustee, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Revolving Loans affected by such event, with the object of avoiding the consequence of the event giving rise to the operation of such Section, provided that such designation is made on such terms that such Lender and its lending office suffer no economic, legal or regulatory disadvantage. Nothing in this Section 2.12 shall affect or postpone any of the obligations of the Trustee or the right of any Lender provided in Sections 2.10, and 4.04.

2.13. Replacement of Lenders. (x) If any Lender becomes a Defaulting Lender, (y) upon the occurrence of any event giving rise to the operation of Section 2.10(a)(ii) or (iii), Section 2.10(c), 14.12 or Section 4.04 with respect to any Lender which results in such Lender charging to the Trustee increased costs in excess of those being generally charged by the other Lenders or (z) in the case of a refusal by a Lender to consent to a proposed change, waiver, discharge or termination with respect to this Agreement which has been approved by the Required Lenders as (and to the extent) provided in Section 14.12, the Trustee shall have the right, in accordance with Section 14.04(b), if no Default or Event of Default then exists or would exist after giving effect to such replacement, to replace such Lender (the "Replaced Lender") with one or more other Eligible Transferees, none of whom shall constitute a Defaulting Lender at the time of such replacement (collectively, the "Replacement Lender") and each of which shall be reasonably acceptable to the Administrative Agent, provided that:

(a) at the time of any replacement pursuant to this Section 2.13, the Replacement Lender shall enter into one or more Assignment and Assumption Agreements pursuant to Section 14.04(b) (and with all fees payable pursuant to such Section 14.04(b) to be paid by the Replacement Lender and/or the Replaced Lender (as may be agreed to at such time by and among the Trustee, the Replacement Lender and the Replaced Lender)) pursuant to which the Replacement Lender shall acquire the entire Revolving Loan Commitment and all outstanding Revolving Loans of the Replaced Lender and, in connection therewith, shall pay to (x) the Replaced Lender in respect thereof an amount equal to the sum of (A) an amount equal to the principal of, and all accrued interest on, all outstanding Revolving Loans of the respective Replaced Lender, together with all then unpaid interest with respect thereto at such time, and (B) an amount equal to all accrued, but theretofore unpaid, Fees owing to the Replaced Lender pursuant to Section 3.01; and

(b) all obligations of the Trustee then owing to the Replaced Lender (other than those specifically described in clause (a) above in respect of which the assignment purchase price has been, or is concurrently being, paid, but including all amounts, if any, owing under Section 2.11 shall be paid in full to such Replaced Lender concurrently with such replacement.

Upon receipt by the Replaced Lender of all amounts required to be paid to it pursuant to this Section 2.13, the Administrative Agent shall be entitled (but not obligated) and authorized to execute an Assignment and Assumption Agreement on behalf of such Replaced Lender, and any such Assignment and Assumption Agreement so executed by the Administrative Agent and the Replacement Lender shall be effective for purposes of this Section 2.13 and Section 14.04(b). Upon the execution of the respective Assignment and Assumption Agreement, the payment of amounts referred to in clauses (a) and (b) above, recordation of the assignment on the Register by the Administrative Agent pursuant to Section 14.15 and, if so requested by the Replacement Lender, delivery to the Replacement Lender of the appropriate Revolving Note executed by the Trustee, (x) the Replacement Lender shall become a Lender hereunder and the Replaced Lender shall cease to constitute a Lender hereunder, except with respect to indemnification provisions under this Agreement (including, without limitation, Sections 2.10, 2.11, 4.04, 12.06, 14.01 and 14.06), which shall survive as to such Replaced Lender and (y) the Percentages of the Lenders shall be automatically adjusted at such time to give effect to such replacement.

2.14. Superpriority Nature of Obligations. All Obligations under the Credit Documents shall constitute allowed administrative expense claims in the Chapter 11 Cases against the Trustee and the Debtors' estates, with priority under Section 364(c)(I) of the Bankruptcy Code over any and all other administrative expenses of the kind specified or ordered pursuant to any provision of the Bankruptcy Code, including, but not limited to, Sections 105, 326, 328, 503(b), 506(c), 507(a), 507(b) and 726 of the Bankruptcy Code except any claims allowed by the Cash Collateral Order; provided that, the priority status of the Obligations and the Liens securing the same shall be subject to: (i) so long as no Event of Default has occurred, unpaid professional fees and expenses in the Chapter 11 Cases allowed pursuant to Sections 330 and/or 331 of the Bankruptcy Code, (ii) after the date of the occurrence of an Event of Default, professional fees and expenses in the Chapter 11 Cases allowed pursuant to Sections 330 and/or 331 of the Bankruptcy Code in an aggregate amount (determined without regard to fees and expenses awarded or otherwise paid on an interim basis) not to exceed $100,000, and (iii) fees payable to the United States Trustee pursuant to 28 U.S.C. §1930(a)(6).

2.15. Security. As security for the Obligations, the Administrative Agent, the Collateral Agent and the Lenders shall have and are hereby granted (effective upon the date of the Interim Borrowing Order and, in the case of the Debtors' estates, without the necessity of the execution by the Credit Parties of any Security Document, or the filing of any Security Document, other security agreements, pledge agreements, mortgages, UCC financing statements or otherwise), in each case, subject to the Carve-Out:

(i) pursuant to Section 364(c)(2) of the Bankruptcy Code, valid, enforceable, perfected and unavoidable first priority liens on all assets of the Credit Parties (now or hereafter acquired and all proceeds thereof) that are not encumbered by valid,

enforceable, perfected and unavoidable liens as of the date hereof, including, subject to entry of the Final Borrowing Order, avoidance actions (under the Bankruptcy Code or other applicable law) and proceeds thereof (but excluding any avoidance actions against Pre-Petition Secured Creditors and the proceeds thereof);

(ii) pursuant to Section 364(d) of the Bankruptcy Code, valid, enforceable, perfected and unavoidable liens on all assets securing the obligations under the Pre-Petition Credit Documents, which liens shall be senior to and prime the liens of the Non-Controlling Lenders and the liens of all other creditors with liens junior to the liens of the Non-Controlling Lenders on such assets; and

(iii) pursuant to Section 364(c)(3) of the Bankruptcy Code, valid, enforceable, perfected and unavoidable liens on (x) all assets of the Credit Parties in which a third party (other than Non-Controlling Lenders) has a perfected lien on the Effective Date which third party lien is senior to the Non-Controlling Lenders Lien thereon in each case junior only to any such third-party liens (to the extent that such third party liens are valid, enforceable, perfected and unavoidable as of the date hereof).

It is understood that the security interests granted under this Section 2.15 are in addition to those security interests provided for in the Security Documents and the Borrowing Orders.

2.16. Bailee for Perfection. (a) The Collateral Agent agrees to acquire and acknowledges it holds the Pledge and Security Agreement Collateral or other Collateral in its possession or control (or in the possession or control of its agents or bailees) on behalf of itself and the Lenders and any of their respective assignees solely for the purpose of perfecting the security interest granted under the Credit Documents, subject to the terms and conditions of this Section 2.16.

(b) The Collateral Agent shall have no obligation whatsoever to the Secured Creditors or the Non-Controlling Lenders to assure that the Pledge and Security Agreement Collateral is genuine or owned by any of the Credit Parties or to preserve rights or benefits of any Person except as expressly set forth in this Section 2.16. The duties or responsibilities of the Collateral Agent under this Section 2.16 shall be limited solely to holding the Pledge and Security Agreement Collateral as bailee in accordance with this Section 2.16.

(c) The Collateral Agent acting pursuant to this Section 2.16 shall not have by reason of the Security Documents, this Agreement or any other document a fiduciary relationship in respect of the Lenders or the Non-Controlling Lenders.

SECTION 3. Commitment Fees; Facility and Exit Fees; Reductions of Commitment.

3.01. Fees. (a) The Trustee agrees to pay to the Administrative Agent for distribution to each Non-Defaulting Lender a commitment fee (the "Commitment Fee") for the period from and including the Effective Date to and including the Termination Date (or such earlier date on which the Total Revolving Loan Commitment has been terminated) computed at a rate per annum equal to 1% per annum on the Unutilized Revolving Loan Commitment of such

Non-Defaulting Lender as in effect from time to time. The accrued Commitment Fee shall be due and payable on the Termination Date.

(b) The Trustee agrees to pay to the Administrative Agent, for the pro rata account of each Lender, a facility fee equal to 3.0% of the Total Revolving Loan Commitment on the date hereof (i.e., $23,000,000), the full amount of which fee shall be earned and payable on the earlier of (i) Initial Borrowing Date and (ii) the last day of the month in which the Effective Date occurs;

(c) The Trustee agrees to pay to the Administrative Agent, for the pro rata account of each Lender, an exit fee equal to 2.0% of the Total Revolving Loan Commitment on the date hereof (i.e., $23,000,000), the full amount of which fee shall be earned and payable on the Termination Date;

(d) The Trustee agrees to pay to Credit Agricole, for its own account, a fee equal to $200,000 on the Effective Date for its services as Administrative Agent hereunder.

3.02. Voluntary Termination of Unutilized Revolving Loan Commitments. Upon at least one Business Day's prior written notice to the Administrative Agent at the Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Lenders), the Trustee shall have the right, at any time or from time to time, without premium or penalty, to terminate the Total Unutilized Revolving Loan Commitment in whole, or reduce it in part, pursuant to this Section 3.02, in an integral multiple of $1,000,000 in the case of partial reductions to the Total Unutilized Revolving Loan Commitment, provided that each such reduction shall apply proportionately to permanently reduce the Revolving Loan Commitment of each Lender.

3.03. Termination of Commitments. The Total Revolving Loan Commitment shall terminate in its entirety on the Termination Date. The termination of the Total Revolving Loan Commitment pursuant to this Section 3.03 shall be applied to proportionately terminate the Revolving Loan Commitment of each Lender.

SECTION 4. Prepayments; Payments; Taxes.

4.01. Voluntary Prepayments. The Trustee shall have the right to prepay the Loans, without premium or penalty, in whole or in part at any time and from time to time on the following terms and conditions: (i) the Trustee shall give the Administrative Agent prior to 12:00 Noon (New York City time) at the Notice Office (x) at least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing) of its intent to prepay Base Rate Loans and (y) at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of its intent to prepay Eurodollar Loans, which notice (in each case) shall specify whether Revolving Loans shall be prepaid, the amount of such prepayment and the Types of Loans to be prepaid and, in the case of Eurodollar Loans, the specific Borrowing or Borrowings pursuant to which such Eurodollar Loans were made, and which notice the Administrative Agent shall promptly transmit to each of the Lenders, provided that prepayment of Eurodollar Loans pursuant to this Section 4.01 may only be made on the last day of the Interest Period applicable thereto unless there are no Base Rate Loans then outstanding;

(ii) each partial prepayment of Revolving Loans pursuant to this Section 4.01 shall be in an aggregate principal amount of at least $500,000 (or such lesser amount as is acceptable to the Administrative Agent), provided that if any partial prepayment of Eurodollar Loans made pursuant to any Borrowing shall reduce the outstanding principal amount of Eurodollar Loans made pursuant to such Borrowing to an amount less than the Minimum Borrowing Amount applicable thereto, then such Borrowing may not be continued as a Borrowing of Eurodollar Loans (and such Borrowing shall automatically be converted into a Borrowing of Base Rate Loans); and (iii) each prepayment pursuant to this Section 4.01 in respect of any Revolving Loans made pursuant to a Borrowing shall be applied pro rata among such Revolving Loans, provided that at the Trustee's election in connection with any prepayment of Revolving Loans pursuant to this Section 4.01, such prepayment shall not, so long as no Default or Event of Default then exists, be applied to any Revolving Loan of a Defaulting Lender.

4.02. Mandatory Repayments. (a) On any day on which the sum of the aggregate outstanding principal amount of all Revolving Loans (after giving effect to all other repayments thereof on such date) exceeds the Total Revolving Loan Commitment at such time, the Trustee shall prepay on such day the principal of Revolving Loans in an amount equal to such excess.

(b) With respect to each repayment of Revolving Loans required by this Section 4.02, the Trustee may designate the Types of Revolving Loans which are to be repaid and, in the case of Eurodollar Loans, the specific Borrowing or Borrowings pursuant to which such Eurodollar Loans were made, provided that: (i) repayments of Eurodollar Loans pursuant to this Section 4.02 may only be made on the last day of an Interest Period applicable thereto unless all Eurodollar Loans with Interest Periods ending on such date of required repayment and all Revolving Loans that are maintained as Base Rate Loans have been paid in full; (ii) if any repayment of Eurodollar Loans made pursuant to a single Borrowing shall reduce the outstanding Eurodollar Loans made pursuant to such Borrowing to an amount less than the Minimum Borrowing Amount applicable thereto, such Borrowing shall be automatically converted into a Borrowing of Base Rate Loans; and (iii) each repayment of any Revolving Loans made pursuant to a Borrowing shall be applied pro rata among such Revolving Loans. In the absence of a designation by the Trustee as described in the preceding sentence, the Administrative Agent shall, subject to the above, make such designation in its sole discretion.

(c) In addition to any other mandatory repayments pursuant to this Section 4.02, all then outstanding Revolving Loans shall be repaid in full on the Termination Date, provided that to the extent that the Trustee does not have sufficient Available Cash to pay all amounts due pursuant to this Section 4.02(c), any deficiency shall be deemed to have been repaid with the proceeds of, and shall Constitute, Exit Facility Tranche A Loans under the Exit Facility Agreement to be repaid from all Available Cash of the Reorganized Debtors.

4.03. Method and Place of Payment, etc. Except as otherwise specifically provided herein, all payments under this Agreement and under any Note shall be made to the Administrative Agent for the account of the Lender or Lenders entitled thereto not later than 12:00 Noon (New York City time) on the date when due and shall be made in Dollars in immediately available funds at the Payment Office. Notwithstanding anything to the contrary contained in this Agreement, whenever any payment to be made under this Agreement or under

any Note shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension.

4.04. Net Payments. (a) All payments made by the Trustee or any Guarantor hereunder, under any Note and/or under any Guaranty will be made without setoff, counterclaim or other defense. Except as provided in Section 4.04(b), all such payments will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments (but excluding, except as provided in the second succeeding sentence, any tax, levy, impost, duty, fee, assessment or other charge imposed on or measured by the net income or net profits of a Lender pursuant to the laws of the jurisdiction in which it is organized or the jurisdiction in which the principal office or applicable lending office of such Lender is located or any subdivision thereof or therein, including, without limitation, any franchise tax, levy, impost, duty, fee, assessment or other charge imposed in lieu of net income tax) and all interest, penalties or similar liabilities with respect to such non-excluded taxes, levies, imposts, duties, fees, assessments or other charges (all such non-excluded taxes, levies, imposts, duties, fees, assessments or other charges being referred to collectively as "Taxes"). If any Taxes are so levied or imposed, the Trustee and the Guarantors jointly and severally agree to pay the full amount of such Taxes, and such additional amounts as may be necessary so that every payment of all amounts due under this Agreement or under any Note, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein or in such Note. If any amounts are payable in respect of Taxes pursuant to the preceding sentence, then the Trustee and the Guarantors shall jointly and severally be obligated to reimburse each Lender, upon the written request of such Lender, for taxes imposed on or measured by the net income or net profits of such Lender pursuant to the laws of the jurisdiction in which such Lender is organized or in which the principal office or applicable lending office of such Lender is located or under the laws of any political subdivision or taxing authority thereof or therein and for any withholding of taxes as such Lender shall determine are payable by, or withheld from, such Lender, in respect of such amounts so paid to or on behalf of such Lender pursuant to the preceding sentence and in respect of any amounts paid to or on behalf of such Lender pursuant to this sentence, which request shall be accompanied by a statement from such Lender setting forth, in reasonable detail, the computations used in determining such amounts. The Trustee or the applicable Guarantor, as the case may be, will furnish to the Administrative Agent within 45 days after the date of the payment of any Taxes due pursuant to applicable law certified copies of tax receipts evidencing such payment by the Trustee or such Guarantor, as the case may be. The Trustee and the Guarantors jointly and severally agree to indemnify and hold harmless each Lender, and reimburse such Lender upon its written request, for the amount of any Taxes so levied or imposed and paid by such Lender.

(b) Each Lender agrees to deliver to the Trustee and the Administrative Agent on or prior to the Effective Date or, in the case of a Lender that is an assignee or transferee of an interest under this Agreement pursuant to Section 2.13 or 14.04(b) (unless the respective Lender was already a Lender hereunder immediately prior to such assignment or transfer), on the date of such assignment or transfer to such Lender, (I) in the case of a Lender that is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for U.S. Federal income tax

purposes, (i) two accurate and complete original signed copies of Internal Revenue Service Form W-8ECI or Form W-8BEN (with respect to a complete exemption under an income tax treaty) (or successor forms) certifying to such Lender's entitlement as of such date to a complete exemption from United States withholding tax with respect to payments to be made under this Agreement and under any Note, or (ii) if the Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code and cannot deliver either Internal Revenue Service Form W-8ECI or Form W-8BEN (with respect to a complete exemption under an income tax treaty) (or any successor forms) pursuant to clause (i) above, (x) a certificate substantially in the form of Exhibit C (any such certificate, a "Section 4.04(b)(ii) Certificate") and (y) two accurate and complete original signed copies of Internal Revenue Service Form W-8BEN (with respect to the portfolio interest exemption) (or successor form) certifying to such Lender's entitlement as of such date to a complete exemption from United States withholding tax with respect to payments of interest to be made under this Agreement and under any Note, and (II) in the case of a Lender that is a United States person (as such term is defined in Section 7701(a)(30) of the Code) for U.S. Federal income tax purposes (other than a Lender that may be treated as an exempt recipient based on the indicators described in U.S. Treasury Regulation Section 1.6049-4(c)(1)(ii) except to the extent required by U.S. Treasury Regulation Section 1.1441-1(d)(4) (and any successor provision)), two accurate and complete original signed copies of Internal Revenue Service Form W-9 (or successor forms) certifying to such Lender's entitlement as of such date to a complete exemption from United States backup withholding tax with respect to payments to be made under this Agreement and under any Note. In addition, each Lender agrees that from time to time after the Effective Date, when a lapse in time or change in circumstances renders the previous certification obsolete or inaccurate in any material respect, such Lender will deliver to the Trustee and the Administrative Agent two new accurate and complete original signed copies of Internal Revenue Service Form W-8ECI, Form W-8BEN (with respect to the benefits of any income tax treaty), or Form W-8BEN (with respect to the portfolio interest exemption) and a Section 4.04(b)(ii) Certificate, as the case may be, and such other forms as may be required in order to confirm or establish the entitlement of such Lender to a continued exemption from or reduction in United States withholding tax with respect to payments under this Agreement and any Note, or such Lender shall immediately notify the Trustee and the Administrative Agent of its inability to deliver any such Form or Certificate, in which case such Lender shall not be required to deliver any such Form or Certificate pursuant to this Section 4.04(b). Notwithstanding anything to the contrary contained in Section 4.04(a), but subject to Section 14.04(b) and the immediately succeeding sentence, (x) the Trustee shall be entitled, to the extent it is required to do so by law, to deduct or withhold income or similar taxes imposed by the United States (or any political subdivision or taxing authority thereof or therein) from interest, Fees or other amounts payable hereunder for the account of any Lender which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for U.S. Federal income tax purposes to the extent that such Lender has not provided to the Trustee Internal Revenue Service Forms or a Section 4.04(b)(ii) Certificate, as the case may be, that establish a complete exemption from such deduction or withholding and (y) the Trustee shall not be obligated pursuant to Section 4.04(a) to gross-up payments to be made to a Lender in respect of income or similar taxes imposed by the United States if (I) such Lender has not provided to the Trustee the Internal Revenue Service Forms required to be provided to the Trustee pursuant to this Section 4.04(b) or (II) in the case of a payment, other than interest, to a Lender described in clause (ii) above, to the extent that such forms do not establish a complete exemption from

withholding of such taxes. Notwithstanding anything to the contrary contained in the preceding sentence or elsewhere in this Section 4.04 and except as set forth in Section 14.04(b), the Trustee agrees to pay any additional amounts and to indemnify each Lender in the manner set forth in Section 4.04(a) (without regard to the identity of the jurisdiction requiring the deduction or withholding) in respect of any amounts deducted or withheld by it as described in the immediately preceding sentence as a result of any changes that are effective after the later of the Effective Date or the date on which such Lender became a party to this Agreement, in any applicable law, treaty, governmental rule, regulation, guideline or order, or in the interpretation thereof, relating to the deducting or withholding of such Taxes.

SECTION 5. Conditions Precedent to the Effective Date.

The occurrence of the Effective Date pursuant to Section 14.10 and the obligation of each Lender to make Revolving Loans are subject at the time of the Effective Date and the making of such Revolving Loans to the satisfaction of the following conditions:

5.01. Effective Date; Notes. On or prior to the Effective Date, (i) this Agreement shall have been executed and delivered as provided in Section 14.10 and (ii) there shall have been delivered to the Administrative Agent for the account of each of the Lenders that has requested same the appropriate Note executed by the Trustee in the amount, maturity and as otherwise provided herein.

5.02. Trustee's/Officer's Certificate. On the Effective Date, the Administrative Agent shall have received a certificate, dated the Effective Date and signed by the Trustee or the chief financial officer, the president or any vice president of GSC Group, Inc., certifying on behalf of Trustee that all of the conditions in Sections 5.05, 5.09, 5.12 and 7.02 have been satisfied on such date.

5.03. Opinions of Counsel. If so requested by the Administrative Agent, on the Effective Date, the Administrative Agent shall have received opinions from Shearman & Sterling LLP, counsel to Trustee, addressed to the Administrative Agent, the Collateral Agent and each of the Lenders, dated the Effective Date and covering such matters incident to the transactions contemplated herein as the Administrative Agent may reasonably request.

5.04. Company Documents; Proceedings; etc. (a) On the Effective Date, the Administrative Agent shall have received a certificate, dated the Effective Date, signed by the chief financial officer, the president or any vice president of each Guarantor, and attested to by the secretary or any assistant secretary of such Guarantor, in the form of Exhibit F with appropriate insertions, together with copies of the certificate or articles of incorporation and by-laws (or other equivalent organizational documents), as applicable, of such Guarantor and the resolutions of such Guarantor referred to in such certificate, and each of the foregoing shall be in form and substance reasonably acceptable to the Administrative Agent.

(b) On the Effective Date, all legal proceedings and all instruments and agreements in connection with the transactions contemplated by this Agreement and the other Credit Documents shall be reasonably satisfactory in form and substance to the Administrative Agent, and the Administrative Agent shall have received all information and copies of all

documents and papers, including records of Company proceedings, governmental approvals, good standing certificates and bring-down telegrams or facsimiles, if any, which the Administrative Agent reasonably may have requested in connection therewith, such documents and papers where appropriate to be certified by proper Company or Governmental Authorities.

5.05. Adverse Change. Since April 1, 2011, no event, change, condition, occurrence or other circumstance shall have occurred or exist that the Required Lenders determine in good faith has had, or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

5.06. Motion in Support of NCL Plan. The Trustee shall have filed a motion with the Bankruptcy Court in support of the NCL Plan and seeking approval of the related disclosure statement.

5.07. Dip Facility Motion. The Trustee shall have filed a motion (the "DIP Facility Motion") with the Bankruptcy Court in form and substance reasonably satisfactory to the Lenders seeking approval of this Agreement and the entry of the Interim Borrowing Order and the Final Borrowing Order.

5.08. Interim Borrowing Order. The Interim Borrowing Order shall have been entered by the Bankruptcy Court on or prior to 5:00 P.M. New York City time of the 5th Business Day after the filing of the DIP Facility Motion, and the Interim Borrowing Order shall be in full force and effect.

5.09. Pledge and Security Agreement. On the Effective Date, the Trustee shall have duly authorized, executed and delivered the Pledge and Security Agreement in the form of Exhibit G (as amended, modified, restated and/or supplemented from time to time, the "Pledge and Security Agreement") covering all of such Credit Party's Pledge and Security Agreement Collateral, together with:

(i) proper financing statements (Form UCC-1 or the equivalent (including UCC 1 fixture filings)) for filing under the UCC or other appropriate filing offices of each jurisdiction as may be necessary or, in the reasonable opinion of the Collateral Agent, desirable, to perfect the security interests purported to be created by the Pledge and Security Agreement; and

(ii) evidence that all other actions necessary or, in the reasonable opinion of the Collateral Agent, desirable to perfect and protect the security interests purported to be created by the Pledge and Security Agreement have been taken, and the Pledge and Security Agreement shall be in full force and effect.

5.10. Insurance Certificates. On the Effective Date, the Administrative Agent shall have received certificates of insurance complying with the requirements of Section 9.03 for the business and properties of the Debtors and their Subsidiaries, in form and substance reasonably satisfactory to the Agents and naming the Collateral Agent as an additional insured.

5.11. Budget and Initial Payments. On or prior to the Effective Date, the Administrative Agent shall have received, in form reasonably satisfactory to it, the initial

Budget, together with a good faith estimate of all initial payments to be made by the Debtors and their Subsidiaries within the first week following the Effective Date.

5.12. Fees. On the Effective Date, the Trustee shall have paid to the Administrative Agent and each Lender all costs, fees and expenses (including, without limitation, legal fees and expenses) and other compensation contemplated hereby payable to such Agent (or its relevant affiliate) or such Lender to the extent then due.

5.13. Patriot Act. On or prior to the Effective Date, the Lenders shall have received from the Trustee and each Guarantor to the extent requested, all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

In determining the satisfaction of the conditions specified in this Section 5, (i) to the extent any item is required to be satisfactory to any Lender, such item shall be deemed satisfactory to each Lender which has not notified the Administrative Agent in writing prior to the occurrence of the Effective Date that the respective item or matter does not meet its satisfaction and (ii) in determining whether any Lender is aware of any fact, condition or event that has occurred and which would reasonably be expected to have a Material Adverse Effect, each Lender which has not notified the Administrative Agent in writing prior to the occurrence of the Effective Date of such fact, condition or event shall be deemed not to be aware of any such fact, condition or event on the Effective Date. Upon the Administrative Agent's good faith determination that the conditions specified in this Section 5 have been met (after giving effect to the preceding sentence), then the Effective Date shall have been deemed to have occurred, regardless of any subsequent determination that one or more of the conditions thereto had not been met (although the occurrence of the Effective Date shall not release Trustee from any liability for failure to satisfy one or more of the applicable conditions contained in this Section 5).

SECTION 6. Conditions Precedent to Full Availability.

The obligation of each Lender to make Revolving Loans on or after the Final Borrowing Order Entry Date, are subject, at the time of the making of such Revolving Loans or the issuance of such Letters of Credit to the satisfaction of the following conditions:

6.01. Final Borrowing Order. The Final Borrowing Order shall have been entered by the Bankruptcy Court on or prior to 5:00 P.M. New York City time of the 20th day following the filing by the Trustee of the DIP Facility Motion and shall be a Final Order.

6.02. Adverse Change. Since April 1, 2011, no event, change, condition, occurrence or other circumstance shall have occurred or exist that the Required Lenders determine, in good faith, has had, or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

SECTION 7. Conditions Precedent to All Revolving Loans.

The obligation of each Lender to make Revolving Loans (including Revolving Loans made on the Effective Date) are subject, at the time of each such Credit Event, to the satisfaction of the following conditions:

7.01. Effective Date. The Effective Date shall have occurred.

7.02. No Default; Representations and Warranties. At the time of each such Credit Event and also after giving effect thereto (i) there shall exist no Default or Event of Default and (ii) all representations and warranties contained herein and in the other Credit Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on the date of such Credit Event (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date).

7.03. Notice of Borrowing. (a) Prior to the making of each Revolving Loan the Administrative Agent shall have received a Notice of Borrowing meeting the requirements of Section 2.03(a).

(b) Prior to the making of each Revolving Loan, the Administrative Agent shall have received a certificate executed by the Trustee certifying to the Administrative Agent that the Trustee is not aware of any information contained in the Budget which is false or misleading or of any omission of information which causes such Budget to be false or misleading and that the proceeds of the Loans requested on the date of such Credit Event shall be applied in accordance with, and for the purpose identified in, such Budget.

7.04. Interim Borrowing Order and Final Borrowing Order. The Interim Borrowing Order and/or the Final Borrowing Order, as applicable, shall be Final Orders.

7.05. Pleadings. No pleading or application shall have been filed in the Bankruptcy Court by any party in interest, which is not withdrawn, dismissed or denied within 15 days after filing, seeking (i) to dismiss or convert any of the Chapter 11 Cases to a Chapter 7 Case, (ii) the appointment of an examiner having enlarged powers relating to the operation of the business of any Credit Party (beyond those set forth under Section 11.06(a)(3) and (4) of the Bankruptcy Code) under Section 11.06(b) of the Bankruptcy Code, (iii) the granting after the Effective Date of a super-priority claim (other than to the Agents and the Lenders in respect of the Obligations) or a Lien pari passu or senior to that of the Collateral Agent granted pursuant to the Interim Borrowing Order and the Final Borrowing Order, (iv) to stay, reverse, vacate, or otherwise modify the Interim Borrowing Order or the Final Borrowing Order without the prior written consent of the Administrative Agent and the Lenders, or (v) relief from the automatic stay (or any other injunction having similar effect) so as to allow a third party to proceed against any property or assets of any Debtor with a value in excess of $100,000 in any one instance or $200,000 in the aggregate.

7.06. Commitment Usage. At the time of each such Credit Event and also after giving effect thereto, the sum of the aggregate principal amount of all outstanding Loans shall

not exceed the lesser of (i) the Total Revolving Loan Commitment then in effect and (ii) the aggregate amount authorized under the Interim Borrowing Order or the Final Borrowing Order, as applicable at such time.

7.07. Liquidity. At the time of each such Credit Event, but prior to giving effect thereto, the aggregate amount of Available Cash shall not be sufficient to pay amounts budgeted for the payment of expenses in the 7 days following the date of such Credit Event or otherwise due and payable within such 7 day period and for the payment of which the Trustee is permitted by this Agreement to use the proceeds of the Revolving Loans.

The occurrence of the Effective Date and the acceptance of the benefits of each Credit Event shall constitute a representation and warranty by the Trustee to the Administrative Agent and each of the Lenders that all the conditions specified in Section 5 (with respect to the occurrence of the Effective Date and any Credit Events on the Effective Date), Section 6 (with respect to Credit Events on or after the Final Borrowing Order Entry Date) and in this Section 7 (with respect to Credit Events on or after the Effective Date) and applicable to such Credit Event are satisfied as of that time. All of the Notes, certificates, legal opinions and other documents and papers referred to in Section 5, Section 6 and in this Section 7, unless otherwise specified, shall be delivered to the Administrative Agent at the Notice Office for the account of each of the Lenders and in sufficient counterparts or copies for each of the Lenders and shall be in form and substance reasonably satisfactory to the Administrative Agent and the Required Lenders.

SECTION 8. Representations, Warranties and Agreements.

In order to induce the Lenders to enter into this Agreement and to make the Loans, each Credit Party makes the following representations, warranties and agreements, in each case after giving effect to the Transaction, all of which shall survive the execution and delivery of this Agreement and the Notes and the making of the Loans, with the occurrence of the Effective Date and each Credit Event on or after the Effective Date being deemed to constitute a representation and warranty that the matters specified in this Section 8 are true and correct in all material respects on and as of the Effective Date and on the date of each such Credit Event (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date).

8.01. Status of Trustee and Guarantors. The Trustee has been duly appointed as Trustee of the estate of each Debtor in the Chapter 11 Case of such Debtor. Each Guarantor has been duly organized and is validly existing under the laws of its jurisdiction of organization and has full power and authority to own the property owned by it and to conduct its business as currently conducted and as proposed to be conducted after the date hereof.

8.02. Power and Authority. Subject to the entry by the Bankruptcy Court of the Interim Borrowing Order (or the Final Borrowing Order when applicable), such Credit Party has the power and authority to execute, deliver and perform the terms and provisions of each of the Credit Documents to which he is party and, upon entry by the Bankruptcy Court of the Interim Borrowing Order (or the Final Borrowing Order when applicable), has taken all necessary action to authorize the execution, delivery and performance by it of each of such Credit Documents.

Upon entry by the Bankruptcy Court of the Interim Borrowing Order (or the Final Borrowing Order when applicable), such Credit Party has duly executed and delivered each of the Credit Documents to which he is party, and each of such Credit Documents constitutes his legal, valid and binding obligation of such Credit Party enforceable in accordance with its terms and the Interim Borrowing Order (or the Final Borrowing Order when applicable).

8.03. No Violation. Upon entry by the Bankruptcy Court of the Interim Borrowing Order (or the Final Borrowing Order when applicable), neither the execution, delivery or performance by such Credit Party of the Credit Documents to which he is a party, nor compliance by him with the terms and provisions thereof, (i) will contravene or violate any provision of any applicable law, statute, rule or regulation or any order, writ, injunction or decree of any court or Governmental Authority, (ii) will conflict with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to the Credit Documents and Interim Borrowing Order (or the Final Borrowing Order when applicable)) upon any portion of the property or assets of the Debtors' estate or of any Guarantor pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement or loan agreement, or any other agreement, contract or instrument, in each case to which the Trustee, a Debtor or any of the Debtors' estates or any Guarantor is a party or by which it or any of its property or assets is bound or to which it may be subject, and in any case, entered into after the Petition Date, or (iii) will contravene or violate any provision of the certificate or articles of incorporation, certificate of formation, limited liability company agreement or by-laws (or equivalent organizational documents), as applicable, of such Credit Party.

8.04. Approvals. (a) No order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except for the Interim Borrowing Order (or the Final Borrowing Order when applicable)), or exemption by, any Governmental Authority is required to be obtained or made by, or on behalf of, such Credit Party to authorize, or is required to be obtained or made by, or on behalf of, such Credit Party in connection with, (i) the execution, delivery and performance of any Credit Document or (ii) the legality, validity, binding effect or enforceability of any such Credit Document.

(b) The execution, delivery and performance of any Credit Document by such Credit Party or the legality, validity, binding effect or enforceability of any Credit Document against any Credit Party do not require any consent or approval of, registration or filing with, or such other action by, any Governmental Authority, except (i) such as have been obtained or made and are in full force and effect, (ii) filings necessary to perfect Liens created by the Credit Documents and (iii) consents, approvals, registrations, filings, permits or actions the failure to obtain or perform which could not reasonably be expected to result in a Material Adverse Effect.

8.05. Financial Statements; Financial Condition; Undisclosed Liabilities; Projections. (a) The monthly operating reports filed by the Debtors on or prior to the date of this Agreement present fairly in all material respects the financial condition of the Debtors at the date of such financial statements and the results of their operations for the period covered thereby.

(b) Since April 1, 2011, no event, change, condition, occurrence or other circumstance shall have occurred or exist that has had, or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

8.06. Litigation. Except for the Chapter 11 Cases, to the knowledge of such Credit Party, there are no actions, suits or proceedings pending or threatened in writing (i) with respect to any Credit Document or (ii) that have had, or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

8.07. True and Complete Disclosure. All factual information (taken as a whole) furnished by or on behalf of such Credit Party in writing to the Administrative Agent or any Lender for purposes of or in connection with this Agreement, the other Credit Documents or any transaction contemplated herein or therein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of the Trustee in writing to the Administrative Agent or any Lender will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading in any material respect at such time in light of the circumstances under which such information was provided; provided that with respect to projected financial information, such Credit Party represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time of preparation, it being understood that such projections may vary from actual results and that such variances may be material.

8.08. Use of Proceeds; Margin Regulations. (a) All proceeds of the Loans will be used in accordance with the Budget for (i) the administrative expenses of the Trustee and the Debtors' estates, (ii) payments of the fees and expenses of the Trustee's professionals and advisors, and (iii) payment of interest hereunder and the Fees and the costs and expenses of the Agents and the Lenders payable hereunder, provided that no portion of the Loans shall be used, directly or indirectly, to (i) make any payment or prepayment that is prohibited under this Agreement, including any Pre-Petition Payment, or (ii) make any payment in settlement of any claim, action or proceeding, before any court, arbitrator or other governmental body, or (iii) to pursue any action against any Lender or any Non-Controlling Lender or to challenge any claim or lien held by any Lender or Non-Controlling Lender.

(b) No part of any Credit Event (or the proceeds thereof) will be used to purchase or carry any Margin Stock or to extend credit for the purpose of purchasing or carrying any Margin Stock. Neither the making of any Revolving Loan nor the use of the proceeds thereof nor the occurrence of any other Credit Event will violate or be inconsistent with the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System.

8.09. Tax Returns and Payments. The Trustee has timely filed or caused to be timely filed with the appropriate taxing authority all Federal and other material tax returns, statements, forms and reports for taxes (the "Returns") required to be filed by, or with respect to the income, properties or operations of, the Debtors' estates and their Subsidiaries. The Returns accurately reflect in all material respects all liability for taxes of Debtors and their Subsidiaries, as applicable, for the periods covered thereby. The Trustee has paid all taxes and assessments payable by it which have become due, other than those that are immaterial and those that are

being contested in good faith and adequately disclosed. To the knowledge of the Trustee there is no material action, suit, proceeding, investigation, audit or claim now pending or threatened by any authority regarding any taxes relating to Trustee or any of its Subsidiaries.

8.10. Compliance with ERISA. No Debtor or Guarantor maintains or is obligated in respect of any Benefit Plan which is subject to Title IV of ERISA, and no Debtor or Guarantor is obligated to make payments to or in respect of a Multiemployer Plan. No Debtor or any of its subsidiaries maintains any Non-U.S. Benefit Plan except as set forth in Schedule VII hereto.

8.11. Security Interests; Priority. (a) Upon entry by the Bankruptcy Court of the Interim Borrowing Order (or the Final Borrowing Order when applicable), the provisions of this Agreement and each other Security Document are effective to create in favor of the Collateral Agent, for the benefit of the Secured Creditors, a legal, valid and enforceable security interest in all right, title and interest of the Trustee and the Debtors' estates in the Collateral, and the Collateral Agent, for the benefit of the Secured Creditors has a fully perfected security interest in all right, title and interest of the Trustee or the Debtors' estates in all of the Collateral described therein, subject to no other Liens (but subject to the Carve-Out and Permitted Senior Liens).

(b) The provisions of this Agreement and the Security Documents are effective to create in favor of the Collateral Agent, for the benefit of the Secured Creditors, a legal, valid and enforceable security interest in all property of the Guarantors constituting part of the Collateral, which security interest is a first perfected security interest subject to no Liens other than the Carve-Out and Permitted Senior Liens.

(c) All the Obligations of the Debtors constitute allowed administrative expense claims in the Chapter 11 Cases pursuant to Section 364(c)(1) of the Bankruptcy Code having priority over all administrative expenses of the kind specified or ordered pursuant to any provision of the Bankruptcy Code, including but not limited to Sections 105, 328, 330, 331, 503(b), 506(c), 507(a), and 507(b) and 726 of the Bankruptcy Code, including, without limitation, administrative expenses arising under or out of any superseding proceeding under Chapter 7 of the Bankruptcy Code, subject only to the Carve-Out and to the administrative priority claims granted pursuant to the Cash Collateral Order.

8.12. Subsidiaries. On and as of the Effective Date, (x) the Debtors have no Subsidiaries other than those Subsidiaries listed on Schedule VIII and (y) each such Subsidiary is a Wholly-Owned Subsidiary. Schedule VIII sets forth, as of the Effective Date, the percentage ownership (direct and indirect) of each Debtor in each class of Capital Stock of each of its Subsidiaries and also identifies the direct owner thereof. All outstanding shares of Capital Stock of each Subsidiary of the Debtors' estates have been duly and validly issued, are fully paid and non-assessable and have been issued free of preemptive rights. No Subsidiary of the Debtors has outstanding any securities convertible into or exchangeable for its Capital Stock or outstanding any right to subscribe for or to purchase, or any options or warrants for the purchase of, or any agreement providing for the issuance (contingent or otherwise) of or any calls, commitments or claims of any character relating to, its Capital Stock or any stock appreciation or similar rights.

8.13. Compliance with Statutes, etc. The Debtors' estates and their Subsidiaries are in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all Governmental Authorities in respect of the conduct of its business and the ownership of its property (including, without limitation, applicable statutes, regulations, orders and restrictions relating to environmental standards and controls), except such non-compliances as could not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

8.14. Investment Company Act. No Debtor's estate or any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

8.15. Intellectual Property, etc. The Trustee owns or possesses the right to use all material trademarks, service marks, trade names, copyrights, licenses and other intellectual property rights, free from materially burdensome restrictions, that are necessary for the operation of its businesses as presently conducted and as proposed to be conducted.

8.16. Insurance. Schedule IX sets forth a list of all insurance maintained for the Debtors' estates or their Subsidiaries as of the Effective Date, with the amounts insured set forth therein.

8.17. Material Contracts. To the knowledge of the Trustee no default has occurred under any material contract entered into by any of the Debtors after the Petition Date, if such default, either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

8.18. Chapter 11 Cases. Proper notice of the hearing for the approval of the Interim Borrowing Order (or Final Borrowing Order, as applicable) has been given as identified in the Certificate of Service filed with the Bankruptcy Court.

8.19. Cash Management System. A summary of the Debtors' cash management system attached hereto as Schedule X is accurate and complete in all material respects as of the Effective Date and does not omit to state any material fact necessary to make the statements set forth therein not misleading. The Trustee maintains no Deposit Account for the Debtors' estate which is not described in Schedule X or otherwise permitted pursuant to Section 10.13. There has been no change to the cash management system (other than as permitted by Section 10.13) since the Effective Date except such changes as have been disclosed to the Administrative Agent in writing and approved by the Administrative Agent.

8.20. Borrowing Orders. On the date of the making of the initial Loans hereunder, the Interim Borrowing Order (or the Final Borrowing Order, as applicable) will have been entered. On the date of the making of any Revolving Loan, the Interim Borrowing Order or the Final Borrowing Order, as the case may be, shall be a Final Order. Upon the maturity (whether by acceleration or otherwise) of any of the Obligations of the Credit Parties hereunder and under the other Credit Documents, the Agents and the Lenders shall be entitled to immediate payment of such Obligations, and to enforce the remedies provided for hereunder and under the other Credit Documents, without further application to or order by the Bankruptcy Court.

SECTION 9. Affirmative Covenants.

The Trustee hereby covenants and agrees that on and after the Effective Date and until the Total Revolving Loan Commitment is terminated and the Loans and Notes (in each case together with interest thereon), Fees and all other Obligations (other than indemnities described in Section 14.13 which are not then due and payable) incurred hereunder and thereunder are paid in full:

9.01. Information Covenants. The Trustee will furnish to the Administrative Agent the following information (who in turn will promptly forward such information to each Lender):

(a) Financial Report. Within 10 days after the close of each month, beginning with the 10 days following the month in which the Effective Date occurs, the monthly operating report of the Debtors for such month.

(b) Budgets. As soon as practicable and in any event no later than the first Business Day of each week, an updated Budget, in form reasonably satisfactory to the Administrative Agent (it being understood that the form of the Budget delivered pursuant to the Pre-Petition Loan Agreement is in reasonably satisfactory form to the Administrative Agent), depicting cash flow projections for a "rolling" 13-week period commencing from the end of the previous week through and including thirteen weeks thereafter and monthly for the remaining Budget Period, together with (i) a certificate of the Trustee or an Authorized Officer of GSC Group, Inc. demonstrating (in reasonable detail) projected calculations for each of Sections 10.07 and 10.08 for the remainder of the Budget Period and an explanation of the material assumptions on which such projections are based and (ii) a Variance Report.

(c) Notice of Default, Litigation and Material Adverse Effect. Promptly, and in any event within three Business Days after the Trustee obtains knowledge thereof, notice of (i) the occurrence of any event which constitutes a Default or an Event of Default, (ii) any litigation or governmental investigation or proceeding pending against Trustee or any of its Subsidiaries (x) which, either individually or in the aggregate, has had, or could reasonably be expected to have, a Material Adverse Effect or (y) with respect to any Credit Document and (iii) any other event, change or circumstance that has had, or could reasonably be expected to have a Material Adverse Effect, including, without limitation, any default under any other material license, agreement or contract to which Trustee or any its Subsidiaries is or may become a party.

(d) Bankruptcy Information. As soon as practicable in advance of filing with the Bankruptcy Court or to the United States Trustee for the Chapter 11 Cases, as the case may be, the Final Borrowing Order (which must be in form and substance reasonably satisfactory to the Administrative Agent and the Required Lenders), all pleadings, motions, applications, judicial information, financial information and other documents and, without limiting the generality of the foregoing, any and all information and developments in connection with any proposed Asset Sale, including, without limitation, any letters of intent, commitment letters or engagement letters received by any Debtor or any Subsidiaries of the Debtors, and any other event or condition which is reasonably likely to have a material effect on the Trustee or any of its

Subsidiaries or the Chapter 11 Cases, including, without limitation, the progress of any disclosure statement or any proposed Reorganization Plan.

(e) Other Information. From time to time, such other information or documents (financial or otherwise) with respect to the Debtors or any of their Subsidiaries as the Administrative Agent, the Collateral Agent or any Lender (through the Administrative Agent) may reasonably request.

9.02. Books, Records and Inspections; Access to Information and Personnel; Lender Meetings. (a) The Trustee will, and will cause each Subsidiary of the Debtor' estates to, keep proper books of record and accounts in which full, true and correct entries in conformity with GAAP and all requirements of law shall be made of all dealings and transactions in relation to the business and activities of the Debtors and their Subsidiaries. The Trustee will, and will cause each of the Subsidiaries of the Debtors' estates to, permit any representatives designated by the Administrative Agent (including employees of the Administrative Agent or any consultants, accountants, lawyers and appraisers retained by the Administrative Agent), upon reasonable prior notice, to visit and inspect the properties of the Debtors' estates, to examine and make extracts from the books and records relating to the Debtors or their estates, and to discuss the affairs, finances and condition of the Debtors' estates with the Trustee and the officers and independent accountants of the Debtors, all at such reasonable times during normal business hours and as often as reasonably requested.

(b) The Trustee will, and will cause each of the Debtors' Subsidiaries to, provide to the Lenders through the Administrative Agent or any subcommittee thereof and consultants to the Administrative Agent and its counsel (the "Consultants") access to information (including historical information and including information as to strategic planning, cash and liquidity management, operational and restructuring activities) and personnel, including, without limitation, regularly scheduled meetings with senior officers and outside financial advisors to the Debtors and their Subsidiaries and reasonable visits to facilities and the Consultants shall be provided with access to all information it shall reasonably request and to other internal meetings regarding strategic planning, cash and liquidity management, operational and restructuring activities.

(c) The Trustee will hold a meeting or a teleconference with all of the Lenders at least one time in each two week period at which meeting (i) the financial results of the Debtors and their Subsidiaries for the previous month and the Budget presented for the succeeding 13 weeks, and (ii) business, operations, properties and financial and other condition of the Debtors and their Subsidiaries and other matters reasonably requested by the Lenders will be reviewed.

9.03. Maintenance of Property; Insurance. (a) The Trustee will, and will cause each of the Debtors' Subsidiaries to, (i) keep all property necessary to the business of the Debtors and their Subsidiaries in good working order and condition, ordinary wear and tear excepted and subject to the occurrence of casualty events, in each case consistent with prudent industry practices and sound business judgment and with respect to the maintenance of machinery and equipment, in compliance, in all material respects, with applicable government regulations, manufacturers' warranty requests and any licensing requirements, (ii) maintain with financially sound and reputable insurance companies insurance on all such property and against

all such risks as is consistent and in accordance with industry practice for companies similarly situated owning similar properties and engaged in similar businesses as Trustee and its Subsidiaries, and (iii) furnish to the Administrative Agent, upon its request therefor, full information as to the insurance carried. In addition to the requirements of the immediately preceding sentence, the Trustee will at all times cause insurance of the types described in Schedule IX to be maintained (with the same scope of coverage as that described in Schedule IX) at levels which are consistent with their practices immediately before the Effective Date but in the case of liability insurance shall cause the Lenders and the Agents to be named as additional insureds thereunder. Such insurance shall include physical damage insurance on all real and personal property (whether now owned or hereafter acquired) on an all risk basis and business interruption insurance. The provisions of this Section 9.03 shall be deemed supplemental to, but not duplicative of, the provisions of any Security Documents that require the maintenance of insurance.

(b) If the Trustee or any Subsidiaries of the Debtors shall fail to maintain insurance in accordance with this Section 9.03, the Administrative Agent shall have the right (but shall be under no obligation) to procure such insurance and Trustee and the Trustee jointly and severally agree to reimburse the Administrative Agent for all costs and expenses of procuring such insurance.

9.04. Existence; Franchises. The Trustee will, and will cause each of its Subsidiaries to, do or cause to be done, all things necessary to preserve and keep in full force and effect the material rights, franchise, licenses, permits, copyrights, trademarks and patents of the Debtors' estates and their Subsidiaries and their Governmental Approvals; provided, however, that nothing in this Section 9.04 shall (i) prevent sales of assets and other transactions by the Trustee or any Subsidiaries of the Debtors in accordance with Section 10.02 or (ii) require the Trustee or any Subsidiaries of the Debtors to preserve or keep in full force and effect any right, franchise, license, permit, copyright, trademark, patent or Governmental Approval if the Trustee shall determine that the preservation or continued effectiveness thereof is no longer desirable in the conduct of the business of the Debtors or such Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to Trustee or such Subsidiary.

9.05. Compliance with Statutes, etc. The Trustee will, and will cause each of the Subsidiaries of the Debtors to, comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all Governmental Authorities in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls), except to the extent that noncompliances therewith could not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.06. ERISA. The Trustee shall at all times comply with the requirements, if any, of ERISA applicable to any employee benefit plan or employee welfare maintained by the Trustee or any Debtor's estate and shall promptly notify the Administrative Agent if any Debtor's estate or any Subsidiary of a Debtor is reasonably likely to incur any liability under ERISA.

9.07. Performance of Obligations. In accordance with the Bankruptcy Code and subject to approval by an applicable order of the Bankruptcy Court timely pay, discharge or otherwise satisfy as the same shall become due and payable all its Post-Petition taxes and other material obligations of whatever nature that constitute administrative expenses under Section 503(b) of the Bankruptcy Code in the Chapter 11 Cases, except, so long as no property (other than money for such obligation and the interest or penalty accruing thereon) of any Credit Party is in danger of being lost or forfeited as a result thereof, no such obligation need be paid if the amount or validity thereof is immaterial or is being contested in good faith by appropriate proceedings and reserves with respect thereto have been provided on the books of the Credit Parties.

9.08. Payment of Taxes. Except as prohibited or excused by the Interim Borrowing Order (or Final Borrowing Order, as applicable), this Agreement, the Bankruptcy Code or an applicable order of the Bankruptcy Court, Trustee will pay and discharge, and will cause each of the Debtors' Subsidiaries to pay and discharge, all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or upon any properties belonging to it, prior to the date on which penalties attach thereto, and all material lawful claims which, if unpaid, might become a Lien or charge upon any properties of the Debtors' estates or the properties of any of their Debtor's Subsidiaries not otherwise permitted under Section 10.01(i), provided that neither the Trustee nor any of the Debtors' Subsidiaries shall be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings if the Trustee or such Subsidiary has maintained adequate reserves with respect thereto.

9.09. Use of Proceeds. The Trustee will use the proceeds of the Loans only as provided in Section 8.08.

9.10. Further Assurances; etc. (a) Whenever and so often as reasonably requested by the Administrative Agent, the Trustee will promptly execute and deliver or cause to be executed and delivered, in each case in form and substance reasonably satisfactory to the Administrative Agent, all such other and further instruments, security agreements, mortgages, documents or assurances, and promptly do or cause to be done all such other and further things as may be necessary and reasonably required in order to further and more fully vest in the Collateral Agent, the Administrative Agent and the other Secured Creditors all rights, interests (including security interests), powers, benefits, privileges and advantages conferred or intended to be conferred by this Agreement, the other Security Documents, the other Credit Documents and the Interim Borrowing Order and Final Borrowing Order (as applicable).

(b) The Trustee agrees that at any time and from time to time, at the expense of the Debtors' estates, it will promptly execute and deliver all further instruments and documents, and take all further action that may be reasonably necessary or desirable, or that the Administrative Agent may reasonably request, to perfect and protect any Lien granted or purported to be granted hereby, by this Agreement, the other Security Documents, the other Credit Documents or the Interim Borrowing Order and Final Borrowing Order (as applicable), or to enable the Administrative Agent, the Collateral Agent and the other Secured Creditors to exercise and enforce their rights and remedies with respect to any Collateral. Without limiting the generality of the foregoing, the Trustee will execute and file such security agreements,

mortgages, financing or continuation statements, or amendments thereto, and such other instruments, documents or notices, as may be reasonably necessary or desirable, or that the Administrative Agent may reasonably request (and, in each case, in the form and substance reasonably satisfactory to the Administrative Agent), to protect and preserve the Liens granted or purported to be granted hereby and by the other Credit Documents and the Interim Borrowing Order and Final Borrowing Order (as applicable).

(c) The Trustee hereby authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of the Trustee, where permitted by law. A photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

9.11. Ownership of Subsidiaries; etc. Except as otherwise permitted by this Agreement, the Debtors' estates will, own, directly or through their wholly-owned Subsidiaries, 100% of the Equity Interests of each of their Subsidiaries.

9.12. Maintenance of Licenses and Permits. The Trustee and each Guarantor will maintain all permits, licenses and consents as may be required for the conduct of its business by any state, federal or local government agency or instrumentality, except to the extent that the failure to maintain any such permit, license or consent would not reasonably be expected to have a Material Adverse Effect.

9.13. New Subsidiaries. The Trustee will not acquire or establish any New Subsidiaries after the Effective Date except pursuant to a Reorganization Plan.

9.14. Collection of Fees. The Trustee will use commercially reasonable efforts to collect all management, monitoring, transaction and other fees payable to it pursuant to the GSCP Fund Documents other than monitoring fees that the Trustee determines in the good faith exercise of its business.

SECTION 10. Negative Covenants.

The Trustee hereby covenants and agrees that on and after the Effective Date and until the Total Revolving Loan Commitment has terminated and the Loans, Notes (in each case, together with interest thereon), Fees and all other Obligations (other than any indemnities described in Section 14.13 which are not then due and payable) incurred hereunder and thereunder are paid in full:

10.01. Liens. After the date hereof, the Trustee will not, and will not permit any of its Subsidiaries to, create, incur or assume, any Lien upon or with respect to any property or assets (real or personal, tangible or intangible) of any Debtor's estate or any property or assets of its Subsidiaries, whether now owned or hereafter acquired, or suffer to exist any such Lien arising after the date hereof, or sell any such property or assets subject to an understanding or agreement, contingent or otherwise, to repurchase such property or assets (including sales of accounts receivable with recourse to Trustee or any Subsidiaries of its Debtors or the assets of such Subsidiaries), or assign any right to receive income or permit the filing of any financing statement under the UCC or any other similar notice of Lien under any similar recording or

notice statute, provided that the provisions of this Section 10.01 shall not prevent the creation, incurrence, assumption or existence of the following, the Debtors' estate (herein referred to as "Permitted Liens"):

(i) inchoate Liens for taxes, assessments or governmental charges or levies not yet due or Liens for taxes, assessments or governmental charges or levies being contested in good faith and by appropriate proceedings for which adequate reserves have been established;

(ii) Liens in respect of property or assets of the Debtors' estates or property or assets of any of its Subsidiaries imposed by law, which were incurred in the ordinary course of business and do not secure Indebtedness for borrowed money, such as carriers', warehousemen's, materialmen's and mechanics' liens and other similar Liens arising in the ordinary course of business, and (x) which do not in the aggregate materially detract from the value of the Debtors' estates or such Subsidiary's property or assets or materially impair the use thereof in the operation of the business of the Debtors' estates or such Subsidiary, (y) which secure amounts not overdue for a period of more than 30 days, or if more than 30 days overdue, are unfiled and no other action has been taken to enforce such Lien or (z) which are being contested (or the obligations secured thereby are being contested) in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, which proceedings have the effect of preventing or delaying the forfeiture or sale of the property or assets subject to any such Lien;

(iii) created pursuant to the Pre-Petition Credit Documents or the Cash Collateral Order;

(iv) Liens created by or pursuant to this Agreement, the Security Documents and/or the Interim Borrowing Order or the Final Borrowing Order, as applicable;

(v) (x) licenses, sublicenses, leases or subleases granted by the Debtors or the Trustee or any of the Debtors' Subsidiaries to other Persons not materially interfering with the conduct of the business of the Debtors' estates or any of their Subsidiaries and (y) any interest or title of a lessor, sublessor or licensor under any lease or license agreement to which the Trustee, any Debtor or any of Subsidiaries of a Debtor's estate is a party;

(vi) easements, rights-of-way, restrictions, encroachments and other similar charges or encumbrances, and minor title deficiencies, in each case not securing Indebtedness and not materially interfering with the conduct of the business of the Debtors' estates or any of their Subsidiaries;

(vii) Liens arising out of the existence of judgments or awards not constituting an Event of Default and in respect of which the Trustee or any of Subsidiaries of the Debtors' estates shall in good faith be prosecuting an appeal or proceedings for review and in respect of which there shall have been secured, within 30 days of the creation thereof, a subsisting stay of execution pending such appeal or proceedings, provided that

the aggregate amount of all cash and the Fair Market Value of all other property subject to such Liens does not exceed $100,000 at any time outstanding;

(viii) statutory and common law landlords' liens under leases to which any Debtor or the Trustee or any Subsidiaries of the Debtors' estates is a party;

(ix) Liens (other than Liens imposed under ERISA) incurred in the ordinary course of business in connection with workers compensation claims, unemployment insurance and social security benefits and deposits securing the performance of bids, tenders, leases, network services and contracts in the ordinary course of business, statutory obligations, surety bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business and consistent with past practices (exclusive of obligations in respect of the payment for borrowed money) not overdue for a period of more than 30 days or not yet subject to penalties for non-payment that are being contested in good faith and by appropriate proceedings that are diligently conducted, for which adequate reserves have been established in accordance with GAAP, as applicable, provided that the aggregate amount of all cash and the Fair Market Value of all other property subject to all Liens permitted by this clause (x) shall not at any time exceed $500,000;

(x) Liens incurred in the ordinary course of business in connection with the purchase or shipping of goods or assets (or the related assets and proceeds thereof), which Liens are in favor of the seller or shipper of such goods or assets and only attach to such goods or assets, or in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such goods or assets;

(xi) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to (x) cash and Cash Equivalents on deposit in one or more accounts maintained by a Debtor, the Trustee or any Subsidiaries of the Debtors' estates, in each case granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank or banks with respect to cash management and operating account arrangements, and (y) financial assets on deposit in one or more securities accounts maintained by a Debtor, the Trustee or any Subsidiaries of the Debtors' estates, in each case granted in the ordinary course of business in favor of the securities intermediaries with which such accounts are maintained, securing amounts owing to such securities intermediaries with respect to services rendered in connection with such securities accounts;

(xii) deposits in the ordinary course on business securing liability for reimbursement obligations of insurance carriers providing insurance to the Trustee, the Debtors' estates or any Subsidiaries of the Debtors' estates; and

(xiii) Liens granted as adequate protection to the Non-Controlling Lenders pursuant to the Interim Borrowing Order or Final Borrowing Order, as applicable, which Liens are junior to the Liens contemplated hereby in favor of the Secured Creditors, it being understood that the Interim Borrowing Order or the Final Borrowing Order, as

applicable, provides that the holder of such junior Liens shall not be permitted to take any action to enforce their rights with respect to such junior Liens so long as any of the Obligations shall remain outstanding or any Revolving Loan Commitment shall be in effect.

Notwithstanding the foregoing, Liens permitted under Sections 10.01(i) through (xiv) (other than Section 10.01(iv)) shall at all times be junior and subordinate to the Liens securing the Obligations under the Credit Documents, other than the Carve-Out and Permitted Senior Liens.

10.02. Consolidation, Merger, Purchase or Sale of Assets, etc. Other than pursuant to the NCL Plan, the Trustee will not permit the Debtors' estates or any of the Debtors' Subsidiaries to liquidate or enter into any partnership, joint venture, or transaction of merger or consolidation, or convey, sell, lease or otherwise dispose of all or any property or assets (other than sales of inventory in the ordinary course of business), or enter into any sale-leaseback transactions, or purchase or otherwise acquire (in one or a series of related transactions) any property or assets (other than purchases or other acquisitions of inventory, materials and equipment in the ordinary course of business) of any Person (or agree to do any of the foregoing at any future time), except that:

(i) the Trustee may sell assets of the Debtors' estates and their Subsidiaries, other than Management Contracts, in the ordinary course of business;

(ii) the Trustee and Subsidiaries of the Debtors' estates, may liquidate or otherwise dispose of obsolete, uneconomic or worn-out property or assets in the ordinary course of business;

(iii) Investments may be made to the extent permitted by Section 10.05;

(iv) the Trustee and Subsidiaries of the Debtors may lease (as lessee) or license (as licensee) real or personal property (so long as any such lease or license does not create a capitalized lease obligation except to the extent permitted by Section 10.04(ii);

(v) the Trustee and Subsidiaries of the Debtors' estates may sell or discount, in each case without recourse and in the ordinary course of business, accounts receivable arising in the ordinary course of business, but only in connection with the compromise or collection thereof and not as part of any financing transaction;

(vi) the Trustee and Subsidiaries of the Debtors' estates may grant licenses, sublicenses, leases or subleases to other Persons not materially interfering with the conduct of the business of the Debtors' estates or any Subsidiaries of the Debtors' estates, in each case so long as no such grant would adversely affect any Collateral or the Collateral Agent's rights or remedies with respect thereto;

(vii) the Trustee and Subsidiaries of the Debtors may liquidate or otherwise dispose of Cash Equivalents in the ordinary course of business, in each case for cash at Fair Market Value; and

(viii) Dividends may be paid by Subsidiaries of the Debtors to the extent permitted by Section 10.03.

Notwithstanding the foregoing, except as provided in clause (vi) above and except to the extent permitted by Section 9.04, neither the Trustee nor any Subsidiaries of the Debtors shall sell, assign, transfer or otherwise dispose or attempt to dispose of in any way any Governmental Approval or any other licenses, permits or approvals necessary or appropriate for the operation of the Business. To the extent the Required Lenders (or, to the extent required by Section 14.12, all Lenders) waive the provisions of this Section 10.02 with respect to the sale of any Collateral, or any Collateral is sold as permitted by this Section 10.02 (other than to a Debtor or a Subsidiary of the Debtors), such Collateral shall be sold free and clear of the Liens created by this Agreement, the Security Documents and the Interim Borrowing Order and Final Borrowing Order, as applicable (so long as such Collateral is also sold free and clear of the Liens created by the Pre-Petition Security Documents), and the Administrative Agent and the Collateral Agent shall be authorized to take any actions deemed appropriate in order to effect the foregoing.

10.03. Dividends. The Trustee will not, and will not permit any Subsidiaries of the Debtors to, authorize, declare or pay any Dividends, except that any Subsidiary of the Debtors may pay Dividends to a Debtor or to any Wholly-Owned Domestic Subsidiary of a Debtor that is a Guarantor.

10.04. Indebtedness. After the date hereof, the Trustee will not, and will not permit any Subsidiaries of the Debtors to, contract, create, incur, assume, any Indebtedness, except:

(i) Indebtedness incurred pursuant to this Agreement and the other Credit Documents;

(ii) to the extent recorded in the Credit Parties' intercompany account ledgers and to the extent the Bankruptcy Court has entered an order (which has not been reversed, vacated or stayed, unless such stay has been vacated) approving the incurrence of such intercompany Indebtedness, and according administrative claim status to such intercompany Indebtedness, Indebtedness constituting Intercompany Revolving Loans to the extent permitted by Section 10.05(vi);

(iii) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business, so long as such Indebtedness is extinguished within five Business Days of its incurrence;

(iv) Indebtedness of the Trustee and Subsidiaries of the Debtors with respect to performance bonds, bid bonds, surety bonds, appeal bonds, customs bonds or other obligations of a like nature required in the ordinary course of business or in connection with the enforcement of rights or claims of the Trustee or the Debtors or any Subsidiary of the Debtors or in connection with judgments that do not result in a Default or an Event of Default, provided that the aggregate outstanding amount of all such obligations, completion guarantees, performance bonds, surety bonds, bid bonds, appeal bonds,

customs bonds or other obligations of a like nature permitted by this clause (vi) shall not at any time exceed $100,000;

(v) Indebtedness of the Trustee or any Subsidiaries of the Debtors which may be deemed to exist in connection with agreements providing for indemnification, purchase price adjustments and similar obligations in connection with the acquisition or disposition of assets in accordance with the requirements of this Agreement, so long as any such obligations are those of the Person making the respective acquisition or sale, and are not guaranteed by any other Person except as permitted by Section 10.04(iii); and

(vi) customary obligations of the Trustee and Subsidiaries of the Debtors to banks in respect of netting services, overdraft protections and similar arrangements in each case in connection with maintaining deposit accounts in the ordinary course of business.

10.05. Advances, Investments and Loans. The Trustee will not, and will not permit any Subsidiaries of the Debtors to, directly or indirectly, lend money or credit or make advances to any Person, or purchase or acquire any Capital Stock, obligations or securities of, or any other Equity Interests in, or make any capital contribution to, any other Person, or purchase or own a futures contract or otherwise become liable for the purchase or sale of currency or other commodities at a future date in the nature of a futures contract (each of the foregoing an "Investment" and, collectively, "Investments"), except that the following shall be permitted:

(i) the Trustee and Subsidiaries of the Debtors may acquire and hold accounts receivable owing to any of them;

(ii) the Trustee and Subsidiaries of the Debtors may acquire and hold cash and Cash Equivalents, provided that at any time that Loans are outstanding, the aggregate amount of Available Cash in excess of $500,000 shall be promptly applied to the repayment of any outstanding Loans;

(iii) the Trustee and Subsidiaries of the Debtors may hold the Investments held by them on the Effective Date, provided that any additional Investments made with respect thereto shall be permitted only if permitted under the other provisions of this Section 10.05;

(iv) the Trustee and Subsidiaries of the Debtors may acquire and own Investments (including, without limitation, debt obligations) received in connection with the bankruptcy or reorganization of suppliers and customers and in good faith settlement of delinquent obligations of, and other disputes with, customers and suppliers;

(v) the Trustee and Subsidiaries of the Debtors may make Revolving Loans and advances to officers and employees of the Debtors and employees of Trustee in each case for travel expenses and other similar expenditures, in each case in the ordinary course of business in an aggregate amount (for all such officers and employees) not to exceed $50,000 at any time outstanding (determined without regard to any write-downs or write-offs of such Revolving Loans and advances);

(vi) the Trustee and the Guarantors may make intercompany loans and advances between or among each other (such intercompany loans and advances, collectively, the "Intercompany Revolving Loans"), provided that each such Intercompany Revolving Loan shall be subject to the security interests granted to the Collateral Agent under the Pledge and Security Agreement;

(vii) the Trustee and Subsidiaries of the Debtors may own the Equity Interests of their respective Subsidiaries (so long as all amounts invested in such Subsidiaries are independently justified under another provision of this Section 10.05);

(viii) Contingent Obligations permitted by Section 10.04 will be permitted to the extent constituting Investments; and

(ix) the Trustee and Subsidiaries of the Debtors may hold Equity Interests and other securities and obligations received in satisfaction of judgments or in settlement of litigation, arbitration or other disputes.

10.06. Transactions with Affiliates. The Trustee will not, and will not permit any Subsidiaries of the Debtors to, enter into any transaction or series of related transactions with any Affiliate of the Debtors (each an "Affiliate Transaction"), other than in the ordinary course of business and on terms and conditions substantially as favorable to the Debtors' estates as would reasonably be obtained by the Debtors' estates or such Subsidiary at that time in a comparable arm's-length transaction with a Person other than an Affiliate, except that the following in any event shall be permitted without regard to preceding clause (a):

(i) Dividends may be paid to the extent provided in Section 10.03;

(ii) loans may be made and other transactions may be entered into by the Debtors' estates and Subsidiaries of the Debtors to the extent permitted by Sections 10.02, 10.04 and 10.05;

(iii) the Trustee and Subsidiaries of the Debtors may enter into, and may make payments in cash and other property under, employment agreements and employee benefit plans and other similar arrangements with officers, employees and directors of Trustee and its Subsidiaries in the ordinary course of business and under bonus plans approved by the Bankruptcy Court;

(iv) Subsidiaries of the Debtors may pay management fees, licensing fees and similar fees to the Debtors' estate or to any Guarantor; and

(v) intercompany transactions solely between or among the Trustee and the Guarantors may be effected to the extent that such intercompany transactions are not otherwise prohibited under this Agreement.

10.07. Modifications of Certain Documents, Certificate of Incorporation, By-Laws and Certain Other Agreements; Limitations on Payments, etc. The Trustee will not permit any Subsidiaries of the Debtors' estates to:

(i) except pursuant to the NCL Plan, amend, modify or change the certificate or articles of incorporation (including, without limitation, by the filing or modification of any certificate or articles of designation), certificate of formation, limited liability company agreement or by-laws (or the equivalent organizational documents), as applicable, of any Debtor or any Subsidiary of a Debtor unless such amendment, modification, change or other action contemplated by this clause (i) does not otherwise result in a violation of this Agreement and could not reasonably be expected to be adverse to the interests of the Lenders in any material respect;

(ii) amend or modify (or permit the amendment or modification of) any of the terms or provisions of the GSCP Fund Documents; provided that any such amendment or modification shall be permitted to the extent that it does not adversely affect (x) the interests of the Lenders or the Collateral Agent with respect to the security interests in the Collateral created pursuant to the Security Documents and the right of any GSCP Entity thereunder or (y) the value of the Collateral, provided further, that (i) the Trustee shall provide prompt notice to the Administrative Agent of any material amendments and modifications to the GSCP Fund Documents and (ii) no such amendment or modification shall have the effect of reducing the amount or delaying the timing of payment of the GSCP Fees, or reducing or delaying the timing of payment of the GSCP Entities' limited partnership interests or carried interests in the GSCP Funds;

(iii) take any action which would reasonably be expected to give rise to an early termination of any GSCP Fund of the investment period under any GSCP Fund to the extent that any such early termination could reasonably be expected to result in the loss of GSCP Fees;

(iv) amend, modify or change any provision of any Tax Sharing Agreement or enter into any new tax sharing agreement, tax allocation agreement or similar agreement;

(v) except as permitted by the Interim Borrowing Order or the Final Borrowing Order, as applicable, or as otherwise agreed to by the Administrative Agent and the Required Lenders, make any Pre-Petition Payment; or

(vi) amend or modify, or permit the amendment or modification of, any provision of any Pre-Petition Credit Document.

10.08. Limitation on Certain Restrictions on Subsidiaries. The Trustee will not permit any Subsidiaries of the Debtors to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any such Subsidiary to (a) pay dividends or make any other distributions on its Capital Stock or any other Equity Interest or participation in its profits owned by any Debtor or any such Subsidiaries, or pay any Indebtedness owed to any Debtor's estate or any Subsidiaries of the Debtors, (b) make Revolving Loans or advances to any Debtor's estate or any Subsidiaries of the Debtors' estates

or (c) transfer any of its properties or assets to any Debtor's estate or any Subsidiaries of the Debtors, except for such encumbrances or restrictions existing under or by reason of (i) applicable law, (ii) this Agreement and the other Credit Documents, (iii) customary provisions restricting assignment of any licensing agreement (in which any Debtor or any Subsidiaries of the Debtors is the licensee) or other contract entered into by any Debtor or any Subsidiaries of the Debtors in the ordinary course of business prior to the Effective Date, (iv) restrictions on the transfer of any asset pending the close of the sale of such asset, (v) Liens permitted by Section 10.01 that limit the right of any Subsidiaries of the Debtors to transfer the assets subject to such Liens, (vi) restrictions with respect to a Subsidiary of the Debtors and imposed pursuant to an agreement that has been entered into for the sale or disposition of 100% of the outstanding Capital Stock or all or substantially all of the assets of such Subsidiary in compliance with the other provisions of this Agreement, and (vii) any other customary provisions arising or agreed to in the ordinary course of business not relating to Indebtedness or Capital Stock that do not individually or in the aggregate (1) detract in any material respect from the value of the assets of Subsidiaries or (2) otherwise impair the ability of Trustee or any of the Debtors' Subsidiaries to perform their obligations under the Credit Documents. For the purpose of this Section 10.08, Subsidiaries of the Debtors shall not include any Debtors.

10.09. Limitation on Issuance of Equity Interests. The Trustee will not permit any of the Debtors' Subsidiaries to issue any Capital Stock or other Equity Interests (including by way of sales of treasury stock), except (i) for transfers and replacements of then outstanding shares of Capital Stock or other Equity Interests, (ii) for stock splits, stock dividends and other issuances which do not decrease the percentage ownership of Trustee or any of the Debtors' Subsidiaries in any class of the Capital Stock of such Subsidiary, (iii) issuance of Equity Interest pursuant to the NCL Plan, and (iv) to qualify directors to the extent required by applicable law.

10.10. Business; etc. The Trustee will not, and will not permit any Debtor or any Subsidiaries of the Debtors to, engage directly or indirectly in any material respect in any business other than the Business.

10.11. Limitation on Creation of Subsidiaries. The Trustee will not and will not permit the Debtors' estates or any Subsidiaries of the Debtors to, establish, create or acquire any new Subsidiary after the Effective Date.

10.12. Pleadings in the Chapter 11 Cases. The Trustee will not, and will not permit any of the Debtors' Subsidiaries to, file any motion, application, objection, plan, response, adversary complaint or similar pleading in the Chapter 11 Cases that might adversely affect the right or ability of the Administrative Agent or the other Secured Creditors to receive indefeasible payment in full in cash of all of the Obligations or impair any of their rights, remedies or Liens hereunder, under the other Credit Documents or any Borrowing Orders.

10.13. Chapter 11 Claims. Except as provided in the Interim Borrowing Order or the Final Borrowing Order, as applicable, the Trustee will not, and will not permit any of the Debtors' Subsidiaries to, incur, create, assume, suffer to exist or permit any other Superpriority Claim or Lien which is senior to or pari passu with, the Obligations other than the Carve-Out and Permitted Senior Liens and any superpriority claims granted pursuant to the Cash Collateral Order.

SECTION 11. Events of Default.

Upon the occurrence of any of the following specified events (each, an "Event of Default"):

11.01. Payments. The Trustee shall (i) default in the payment when due of any principal of any Revolving Loan or any Note or (ii) default, and such default shall continue unremedied for three or more Business Days, in the payment when due of any interest on any Revolving Loan or Note or any Fees or any other amounts owing hereunder or under any other Credit Document; or

11.02. Representations, etc. Any representation, warranty or statement in the nature of a representation or warranty and not covered by one of the other subsections in this Section 11 made or deemed made by or on behalf of any Credit Party herein or in any other Credit Document or in any certificate delivered to the Administrative Agent, the Collateral Agent or any Lender pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or

11.03. Covenants. The Trustee or any Subsidiaries of the Debtors' estates shall (i) default in the due performance or observance by it of any term, covenant or agreement contained in Section 9.01(c)(i), 9.09 or Section 10 or (ii) default in the due performance or observance by it of any other term, covenant or agreement contained in this Agreement (other than those set forth in Sections 11.01 and 11.02) and such default referred to in this clause (ii) shall continue unremedied for a period of five Business Days after the earlier of (A) written notice thereof to the Trustee by the Administrative Agent or the Required Lenders and (B) the Trustee becomes aware of such default; or

11.04. Proceedings in Bankruptcy Cases. The occurrence of any of the following:

(a) any of the Chapter 11 Cases shall be dismissed or converted to a case under Chapter 7 of the Bankruptcy Code or the Trustee shall file a motion or other pleading seeking the dismissal of any of the Chapter 11 Cases under Section 1112 of the Bankruptcy Code or otherwise; an examiner with enlarged powers relating to the operation of the business (powers beyond those set forth in Section 1106(a)(3) and (4) of the Bankruptcy Code) under Section 1106(b) of the Bankruptcy Code shall be appointed in any of the Chapter 11 Cases and the order appointing such examiner shall not be reversed or vacated within thirty (30) days after the entry thereof; or an application shall be filed by the Trustee for the approval of any other Superpriority Claim (other than (i) the Carve-Out or (ii) as contemplated by the Interim Borrowing Order (or Final Borrowing Order when applicable)) in any of the Chapter 11 Cases which is pari passu with or senior to the claims of the Administrative Agent and the Lenders against the Credit Parties hereunder, or there shall arise or be granted any such pari passu or senior Superpriority Claim; or

(b) the Bankruptcy Court shall enter an order or orders granting the automatic stay applicable under Section 362 of the Bankruptcy Code to the holder or holders of any

security interest to permit foreclosure (or the granting of a deed in lieu of foreclosure or the like) on any assets of any of the Credit Parties which have a Fair Market Value in excess of $100,000 individually or $500,000 in the aggregate; or

(c) the Trustee or any Subsidiaries of the Debtors' estates shall file any pleading seeking, or otherwise consenting to, or shall support or acquiesce in any other Person's motion as to, any of the matters set forth in clauses (a) and (b) above and (x) below or fail to timely object to any such pleading filed by any third party; or

(d) the Interim Borrowing Order shall cease to be in full force and effect and the Final Borrowing Order shall not have been entered or deemed to have been entered prior to such cessation, or the entry of the Final Borrowing Order shall not have occurred within 45 days after the Effective Date or the Final Borrowing Order shall cease to be in full force and effect, or the Trustee's authority to borrow funds or use cash collateral hereunder or under the Interim Borrowing Order and Final Borrowing Order, as applicable, shall have otherwise terminated; or

(e) the Trustee or any Subsidiaries of the Debtors' estates shall fail to comply with the terms of the Interim Borrowing Order or the Final Borrowing Order, as applicable; or

(f) the Bankruptcy Court shall abstain from hearing any Chapter 11 Case, or the Trustee or any Subsidiaries of the Debtors' estates shall so move or support any motion brought by any third party seeking such relief; or

(g) the Trustee or any Subsidiaries of the Debtors shall seek to, or shall support (in any such case by way of, inter alia, any motion or other pleading filed with the Bankruptcy Court or any other writing to another party-in-interest executed by or on behalf of Trustee or any of its Subsidiaries) any other Person's motion to, disallow or subordinate in whole or in part any Agent's, any Lender's or any Non-Controlling Lender's claim in respect of the Pre-Petition Indebtedness or the Obligations or to challenge the validity, enforceability, perfection or priority of the Liens in favor of any Agent, any Lender or any Non-Controlling Lender (including, without limitation, the Liens securing the Pre-Petition Indebtedness owed to such Agent, Lender or Non-Controlling Lender); or

(h) the filing of any motion to obtain credit from any Person other than the Administrative Agent and the Lenders unless in connection therewith, all the Obligations shall first be paid indefeasibly in full in cash (including the cash collateralization of Letters of Credit in accordance with the terms hereof); or

(i) the Trustee or any Subsidiaries of the Debtors' estates shall file any Reorganization Plan which is inconsistent with the NCL Plan (such plan, a "Non-NCL Plan"), the Trustee shall fail to timely object to any Non-NCL Plan filed by any other party-in-interest in any of the Chapter 11 Cases, or the Bankruptcy Court shall approve a disclosure statement in respect of any Non-NCL Plan; or

(j) the Bankruptcy Court shall grant a motion with respect to any pleading set forth in clause (c) above; or

(k) any provision of any Credit Document shall, for any reason, cease to be valid and binding on any of the Credit Parties after the entry of the Interim Borrowing Order, or any of the Credit Parties shall so assert in any pleading filed in any court; or

(l) an order of the Bankruptcy Court shall be entered reversing, amending, supplementing, staying for a period in excess of 10 days, vacating or otherwise modifying the Interim Borrowing Order or the Final Borrowing Order, as applicable, without the prior written consent of the Administrative Agent and the Required Lenders; or

(m) any non-monetary judgment or order shall be rendered against Trustee or any Subsidiaries of the Debtors which does or could reasonably be expected to, either individually or in the aggregate, have a Material Adverse Effect, and there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(n) except as permitted by the Interim Borrowing Order or the Final Borrowing Order (as applicable), the Trustee shall make any Pre-Petition Payment; or

(o) the Bankruptcy Court shall fail (A) to approve the disclosure statement with respect to the NCL Plan on or before June 1, 2011 or (B) to enter an order approving the NCL Plan on or before August 1, 2011; or

(p) the Trustee shall fail to diligently pursue confirmation of the NCL Plan; or

(q) the Trustee shall file a motion seeking approval of a credit bid by Black Diamond for all or any portion of the assets of the Debtors; or

(r) a Final Order shall be entered by the Bankruptcy Court approving a credit bid by Black Diamond for all or any portion of the assets of the Debtors.

11.05. Adverse Budget Variance. There is any material adverse variation from the Budget for 2 consecutive one week budget periods; or

11.06. Security Documents. Any of the Security Documents shall cease to be in full force and effect, or any of the Security Documents shall cease to give the Collateral Agent for the benefit of the Secured Creditors the Liens, rights, powers and privileges purported to be created hereby and thereby (including, without limitation, a perfected security interest in, and Lien on, all of the Collateral, in favor of the Collateral Agent, superior to and prior to the rights of all third Persons (subject to the Carve-Out and rights of holders of Permitted Senior Liens), and subject to no other Liens (subject to the Carve-Out and Permitted Senior Liens), or any Credit Party shall default in the due performance or observance of any term, covenant or agreement on its part to be performed or observed pursuant to any Security Document (other than this Agreement) and such default shall continue beyond the period of grace, if any, specifically applicable thereto pursuant to the terms of such Security Document (or if no period

of grace is specifically applicable thereto, such default shall continue unremedied for a period of 30 days); or

11.07. Guaranties. The Guaranty or any provision thereof shall cease to be in full force or effect as to any Guarantor (except as a result of a release of any Guarantor in accordance with the terms of the Guaranty), or any Guarantor or any Person acting for or on behalf of such Guarantor shall deny or disaffirm such Guarantor's obligations under the Guaranty to which it is a party or any Guarantor shall default in the due performance or observance of any term, covenant or agreement on its part to be performed or observed pursuant to the Guaranty to which it is a party; or

11.08. Judgments. One or more Post-Petition judgments or decrees shall be entered against the Trustee or any Debtor involving in the aggregate a liability (not paid or to the extent not covered by a reputable and solvent insurance company) and such judgments and decrees either shall be final and non-appealable or shall not be vacated, discharged or stayed or bonded pending appeal for any period of 30 consecutive days, and the aggregate amount of all such judgments equals or exceeds $500,000; or

11.09. Licenses and Governmental Approvals. Any of the Governmental Approvals or any other approval, authorization or consent of a Governmental Authority required or necessary for the continuing operation of the Debtors' estates or any Subsidiaries of the Debtors' estates or any other approval of or filing with any Governmental Authority with respect to the conduct by the Debtors' estates or any Subsidiaries of the Debtors' estates of their respective business and operations, shall not be made or obtained or shall cease to be in full force and effect and any of the foregoing events or circumstances either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; or

11.10. Credit Document Licenses and Governmental Approvals. Any Governmental Authority, by final order, determines that the existence or performance of this Agreement or any other Credit Document will result in a revocation, suspension or adverse modification of any of the Governmental Approvals for the Business and any such revocation, suspension or adverse modification, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; or

11.11. Suspension of Business. The Trustee or GSCP London is enjoined, restrained or in any way prevented by the order of any court or administrative or regulatory agency from conducting the Business in any respect or, except as permitted by Section 9.04, the Trustee or GSCP London ceases to operate its Business or ceases to hold any of its Governmental Approvals required or necessary for the continuing conduct of its Business and the result of any such event, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; or

11.12. Transfer of Management Contracts. The Trustee has failed to complete by August 5, 2011, the consent solicitation process in respect of the proposed transfer of the Management Contracts to Sankaty and/or the appointment of Sankaty as sub-adviser in respect of such Management Contracts; or

11.13. Sankaty sub-advisory agreement. The Trustee has failed to complete by August 5, 2011, a sub-advisory agreement with Sankaty to be entered into by Sankaty and GSCP (NJ) L.P. (as reorganized pursuant to the NCL Plan) which is acceptable to the Lenders; or

11.14. GSCP Funds. (a) Any GSCP Entity shall be terminated as the manager of any GSCP Funds; or (b) there shall occur an Early Termination of any GSCP Fund, which individually or in the aggregate, could reasonably be expected to result in the loss of GSCP Fees in an aggregate amount exceeding $100,000 during any fiscal year; or

11.15. Non-Competition Agreement. The Confidentiality, Intellectual Property Ownership and Non-Competition Agreement between the Trustee and Eckert dated as of October 1, 2006 (as so reaffirmed and as modified, amended or supplemented from time to time in accordance with the terms thereof and hereof, the "Non-Competition Agreement") shall cease to be in full force and effect, or Eckert or any Person acting by or on behalf of Eckert shall deny or disaffirm in writing Eckert's obligations under the Non-Competition Agreement, or Eckert shall default in the due performance or observance of any material term, covenant or agreement on its part to be performed or observed pursuant to the Non-Competition Agreement;

then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Administrative Agent (or, in the case of clause (iii) below, the Collateral Agent) may, and upon the written request of the Required Lenders shall, by written notice to the Trustee, take any or all of the following actions, without prejudice to the rights of the Administrative Agent, any Lender or the holder of any Note to enforce its claims against any Credit Party, in each case without further order of or application to the Bankruptcy Court (provided that, with respect to the enforcement of Liens or other remedies with respect to the Collateral under clause (iii) below, the Administrative Agent or Collateral Agent shall provide the Trustee with three Business Days' written notice prior to taking any action specified in said clause (iii)): (i) declare the Total Revolving Loan Commitment terminated, whereupon all Revolving Loan Commitments of each Lender shall forthwith terminate immediately and any Commitment Fees shall forthwith become due and payable without any other notice of any kind; (ii) declare the principal of and any accrued interest in respect of all Revolving Loans and the Notes and all Obligations owing hereunder and thereunder to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Credit Party; (iii) enforce, as Collateral Agent, all of the Liens and security interests created pursuant to this Agreement, the Security Documents and the Orders; and (iv) exercise all other rights and remedies available to it, the other Agents and the Lenders under the Credit Documents and applicable law.

SECTION 12. The Agents.

12.01. Appointment. (a) Each Lender hereby irrevocably designates and appoints Credit Agricole as Administrative Agent (for purposes of this Section 12 and Section 14.01, the term "Administrative Agent" also shall include Credit Agricole in its capacity as Collateral Agent pursuant to the Credit Documents) for such Lender to act as specified herein and in the other Credit Documents, and each such Lender hereby irrevocably authorizes, and each holder of any Note by the acceptance of such Note shall be deemed irrevocably to authorize, the Administrative Agent to take such action on its behalf under the provisions of this

Agreement, the other Credit Documents and any other instruments and agreements referred to herein or therein and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of the Administrative Agent by the terms hereof and thereof, together with such other powers as are reasonably incidental thereto. The Administrative Agent may perform any of its duties hereunder by or through its officers, directors, agents, employees or affiliates.

(b) The provisions of this Section 12 are solely for the benefit of the Administrative Agent and the Lenders, and neither Trustee nor any of its Subsidiaries shall have any rights as a third party beneficiary of any of the provisions hereof. In performing its functions and duties under this Agreement, the Administrative Agent shall act solely as agent for the Lenders, and the Administrative Agent does not assume (and shall not be deemed to have assumed) any obligation or relationship of agency or trust with or for Trustee or any of its Subsidiaries.

12.02. Nature of Duties. The Administrative Agent shall not have any duties or responsibilities except those expressly set forth in this Agreement and in the other Credit Documents. Neither the Administrative Agent nor any of its officers, directors, agents, employees or affiliates shall be liable for any action taken or omitted by it or them hereunder or under any other Credit Document or in connection herewith or therewith, unless caused by its or their gross negligence or willful misconduct (as determined by a court of competent jurisdiction in a final and non-appealable decision). The duties of the Administrative Agent shall be mechanical and administrative in nature; the Administrative Agent shall not have by reason of this Agreement or any other Credit Document a fiduciary relationship in respect of any Lender or the holder of any Note and nothing in this Agreement or in any other Credit Document, expressed or implied, is intended to or shall be so construed as to impose upon the Administrative Agent any obligations in respect of this Agreement or any other Credit Document except as expressly set forth herein or therein.

12.03. Lack of Reliance on Agents and Other Lenders. Independently and without reliance upon the Administrative Agent, each Lender and the holder of each Note, to the extent it deems appropriate, has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of the Debtors' estates and Subsidiaries of the Debtors' estates in connection with the making and the continuance of the Loans and the taking or not taking of any action in connection herewith and (ii) its own appraisal of the creditworthiness of the Debtors' estates and Subsidiaries of the Debtors' estates and, except as expressly provided in this Agreement or any other Credit Documents, the Administrative Agent shall not have any duty or responsibility, either initially or on a continuing basis, to provide any Lender or the holder of any Note with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time or times thereafter. The Administrative Agent shall not be responsible to any Lender or the holder of any Note for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, perfection, collectibility, priority or sufficiency of this Agreement or any other Credit Document or the financial condition of Trustee or any of its Subsidiaries or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or any other Credit

Document or the financial condition of Trustee or any of its Subsidiaries or the existence or possible existence of any Default or Event of Default.

12.04. Certain Rights of the Agents. If the Administrative Agent shall request instructions from the Required Lenders with respect to any act or action (including failure to act) in connection with this Agreement or any other Credit Document, the Administrative Agent shall be entitled to refrain from such act or taking such action unless and until the Administrative Agent shall have received instructions from the Required Lenders; and the Administrative Agent shall not incur liability to any Lender by reason of so refraining. Without limiting the foregoing, neither any Lender nor the holder of any Note shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder or under any other Credit Document in accordance with the instructions of the Required Lenders.

12.05. Reliance. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telecopier message, order or other document or telephone message signed, sent or made by any Person that the Administrative Agent believed to be the proper Person, and, with respect to all legal matters pertaining to this Agreement and any other Credit Document and its duties hereunder and thereunder, upon advice of counsel selected by the Administrative Agent.

12.06. Indemnification. (a) To the extent the Administrative Agent (or any affiliate thereof) is not reimbursed and indemnified by the Credit Parties, the Lenders will reimburse and indemnify the Administrative Agent (and any affiliate thereof) in proportion to their respective "percentage" as used in determining the Required Lenders (determined as if there were no Defaulting Lenders), for and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, costs, expenses or disbursements of whatsoever kind or nature which may be imposed on, asserted against or incurred by the Administrative Agent (or any affiliate thereof) in performing its respective duties hereunder or under any other Credit Document or in any way relating to or arising out of this Agreement or any other Credit Document, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, claims, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's (or such affiliate's) gross negligence or willful misconduct (as determined by a court of competent jurisdiction in a final and non-appealable decision).

(b) The Administrative Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Credit Document (except actions expressly required to be taken by it hereunder or under the Credit Documents) unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

(c) The agreements in this Section 12.06 shall survive the payment of all Obligations.

12.07. The Administrative Agent in its Individual Capacity. With respect to its obligation to make Revolving Loans, or issue or participate in Letters of Credit, under this

Agreement, the Administrative Agent shall have the rights and powers specified herein for a "Lender" and may exercise the same rights and powers as though it were not performing the duties specified herein; and the term "Lender", "Required Lenders", "holders of Notes" or any similar terms shall, unless the context clearly indicates otherwise, include the Administrative Agent in its individual capacity. The Administrative Agent and its affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, investment banking, trust or other business with, or provide debt financing, equity capital or other services (including financial advisory services) to, any Credit Party or any Affiliate of any Credit Party (or any Person engaged in a similar business with any Credit Party or any Affiliate thereof) as if they were not performing the duties specified herein, and may accept fees and other consideration from any Credit Party or any Affiliate of any Credit Party for services in connection with this Agreement and otherwise without having to account for the same to the Lenders.

12.08. Holders. The Administrative Agent may deem and treat for all purposes hereof the payee of any Note as the owner thereof and each Person listed in the Register as a Lender as the holder and owner of the full amount of the Loans shown for such Person in the Register unless and until a written notice of the assignment, transfer or endorsement thereof, as the case may be, shall have been filed with the Administrative Agent. Any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is the holder of any Note or reflected in the Register as a Lender or the owner of a Revolving Loan shall be conclusive and binding on any subsequent holder, transferee, assignee or endorsee, as the case may be, of such Note or of any Note or Notes issued in exchange therefore or of such Revolving Loan.

12.09. Resignation of the Agents. (a) The Administrative Agent may resign from the performance of all its functions and duties hereunder and/or under the other Credit Documents at any time by giving 15 Business Days' prior written notice to the Lenders and, unless a Default or an Event of Default then exists, the Trustee. Such resignation shall take effect upon the appointment of a successor Administrative Agent pursuant to clauses (b) and (c) below or as otherwise provided below.

(b) Upon any such notice of resignation by the Administrative Agent, the Required Lenders shall appoint a successor Administrative Agent hereunder or thereunder who shall be a commercial bank or trust company.

(c) If a successor Administrative Agent shall not have been so appointed within such 15 Business Day period, the Administrative Agent shall then appoint a successor Administrative Agent who shall serve as Administrative Agent hereunder or thereunder until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided above.

(d) If no successor Administrative Agent has been appointed pursuant to clause (b) or (c) above by the 20th Business Day after the date such notice of resignation was given by the Administrative Agent, the Administrative Agent's resignation shall become effective and the Required Lenders shall thereafter perform all the duties of the Administrative Agent hereunder and/or under any other Credit Document until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided above.

(e) Upon the resignation of the Administrative Agent pursuant to this Section 12.09, the Administrative Agent shall remain indemnified to the extent provided in this Agreement and the other Credit Documents and the provisions of this Section 12 (and the analogous provisions of the other Credit Documents) shall continue in effect for the benefit of the Administrative Agent for all of its actions and inactions while serving as the Administrative Agent.

12.10. Collateral Matters. (a) Each Lender authorizes and directs the Collateral Agent to enter into the Security Documents for the benefit of the Lenders and the other Secured Creditors. Each Lender hereby agrees, and each holder of any Note by the acceptance thereof will be deemed to agree, that, except as otherwise set forth herein, any action taken by the Required Lenders in accordance with the provisions of this Agreement or the Security Documents, and the exercise by the Required Lenders of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Lenders. The Collateral Agent is hereby authorized on behalf of all of the Lenders, without the necessity of any notice to or further consent from any Lender, from time to time prior to an Event of Default, to take any action with respect to any Collateral or Security Documents which may be necessary to perfect and maintain perfected the security interest in and liens upon the Collateral granted pursuant to the Security Documents.

(b) The Lenders hereby authorize the Collateral Agent, at its option and in its discretion, to release any Lien granted to or held by the Collateral Agent upon any Collateral (i) upon termination of the Total Revolving Loan Commitment and payment and satisfaction of all of the Obligations (other than inchoate indemnification obligations) at any time arising under or in respect of this Agreement or the other Credit Documents or the transactions contemplated hereby or thereby, (ii) constituting property being sold or otherwise disposed of (to Persons other than a Debtor and any Subsidiaries of a Debtor's estate) upon the sale or other disposition thereof in compliance with Section 10.02, (iii) if approved, authorized or ratified in writing by the Required Lenders (or all of the Lenders hereunder, to the extent required by Section 14.12) or (iv) as otherwise may be expressly provided in the relevant Security Documents. Upon request by the Administrative Agent at any time, the Lenders will confirm in writing the Collateral Agent's authority to release particular types or items of Collateral pursuant to this Section 12.10.

(c) The Collateral Agent shall have no obligation whatsoever to the Lenders or to any other Person to assure that the Collateral exists or is owned by any Credit Party or is cared for, protected or insured or that the Liens granted to the Collateral Agent herein or pursuant hereto have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise or to continue exercising at all or in any manner or under any duty of care, disclosure or fidelity with respect to any of the rights, authorities and powers granted or available to the Collateral Agent herein or in any of the Security Documents, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, the Collateral Agent may act in any manner it may deem appropriate, in its sole discretion, given the Collateral Agent's own interest in the Collateral as one of the Lenders and that the Collateral Agent shall have no duty or liability whatsoever to the Lenders, except for its gross negligence or willful misconduct (as determined by a court of competent jurisdiction in a final and non-appealable decision).

12.11. Delivery of Information. The Administrative Agent shall not be required to deliver to any Lender originals or copies of any documents, instruments, notices, communications or other information received by the Administrative Agent from any Credit Party, any Subsidiary thereof, the Required Lenders, any Lender or any other Person under or in connection with this Agreement or any other Credit Document except (i) as specifically provided in this Agreement or any other Credit Document and (ii) as specifically requested from time to time in writing by any Lender with respect to a specific document, instrument, notice or other written communication received by and in the possession of the Administrative Agent at the time of receipt of such request and then only in accordance with such specific request.

12.12. Notice of Default, etc. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has actually received written notice from a Lender or the Trustee referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders; provided that, unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders (as determined by the Administrative Agent in its sole discretion).

SECTION 13. Guaranty.

13.01. Guaranty. In order to induce the Administrative Agent, the Collateral Agent and the Lenders to enter into this Agreement and to extend credit hereunder, and in recognition of the direct benefits to be received by the Guarantors from the proceeds of the Loans, each Guarantor hereby agrees with the Guaranteed Creditors as follows: each Guarantor hereby unconditionally and irrevocably guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, acceleration or otherwise, of any and all of the Guaranteed Obligations of the Trustee to the Guaranteed Creditors. If any or all of the Guaranteed Obligations of the Trustee to the Guaranteed Creditors becomes due and payable hereunder, each Guarantor, unconditionally and irrevocably, promises to pay such indebtedness to the Administrative Agent and/or the other Guaranteed Creditors, or order, on demand, together with any and all expenses which may be incurred by the Administrative Agent and the other Guaranteed Creditors in collecting any of the Guaranteed Obligations. If claim is ever made upon any Guaranteed Creditor for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and any of the aforesaid payees repays all or part of said amount by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property or (ii) any settlement or compromise of any such claim effected by such payee with any such claimant (including the Trustee), then and in such event each Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon each Guarantor, notwithstanding any revocation of this Guaranty or other instrument evidencing any liability of the Trustee, and each Guarantor shall be and remain liable to the aforesaid payees hereunder for the amount so

repaid or recovered to the same extent as if such amount had never originally been received by any such payee.

13.02. Nature of Liability. The liability of each Guarantor hereunder is primary, absolute and unconditional, exclusive and independent of any security for or other guaranty of the Guaranteed Obligations, whether executed by any other guarantor or by any other party, and the liability of each Guarantor hereunder shall not be affected or impaired by (a) any direction as to application of payment by the Trustee or by any other party, or (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the Guaranteed Obligations, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any dissolution, termination or increase, decrease or change in personnel by any Debtor, or (e) any payment made to any Guaranteed Creditor on the Guaranteed Obligations which any such Guaranteed Creditor repays to the Trustee pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each Guarantor waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding, or (f) any action or inaction by the Guaranteed Creditors, or (g) any invalidity, irregularity or enforceability of all or any part of the Guaranteed Obligations or of any security therefor. The obligations of the Guarantors hereunder shall be joint and several.

13.03. Independent Obligation. The obligations of each Guarantor hereunder are independent of the obligations of any other guarantor, any other party or the Trustee, and a separate action or actions may be brought and prosecuted against each Guarantor whether or not action is brought against any other guarantor, any other party or the Trustee and whether or not any other guarantor, any other party or the Trustee be joined in any such action or actions. Each Guarantor waives, to the fullest extent permitted by law, the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by the Trustee or other circumstance which operates to toll any statute of limitations as to the Trustee shall operate to toll the statute of limitations as to each Guarantor.

13.04. Authorization. Each Guarantor authorizes the Guaranteed Creditors without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, from time to time to:

(a) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew, increase, accelerate or alter, any of the Guaranteed Obligations (including any increase or decrease in the principal amount thereof or the rate of interest or fees thereon), any security therefor, or any liability incurred directly or indirectly in respect thereof, and this Guaranty shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered;

(b) take and hold security for the payment of the Guaranteed Obligations and sell, exchange, release, impair, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset thereagainst;

(c) exercise or refrain from exercising any rights against the Trustee, any other Credit Party or others or otherwise act or refrain from acting;

(d) release or substitute any one or more endorsers, guarantors, the Trustee, other Credit Parties or other obligors;

(e) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of the Trustee to its creditors other than the Guaranteed Creditors;

(f) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of the Trustee to the Guaranteed Creditors regardless of what liability or liabilities of the Trustee remain unpaid;

(g) consent to or waive any breach of, or any act, omission or default under, this Agreement or any other Credit Document or any of the instruments or agreements referred to herein or therein, or otherwise amend, modify or supplement this Agreement or any other Credit Document or any of such other instruments or agreements; and/or

(h) take any other action which would, under otherwise applicable principles of common law, give rise to a legal or equitable discharge of a Debtor from its liabilities under this Agreement.

13.05. Reliance. It is not necessary for any Guaranteed Creditor to inquire into the capacity or powers of any Guarantor or the officers, directors, partners or agents acting or purporting to act on their behalf, and any Guaranteed Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

13.06. Subordination. Any indebtedness of the Trustee now or hereafter owing to any Guarantor is hereby subordinated to the Guaranteed Obligations owing by the Trustee to the Guaranteed Creditors; and if the Administrative Agent or the Collateral Agent so requests at a time when an Event of Default exists, all such indebtedness of the Trustee to any Guarantor shall be collected, enforced and received by such Guarantor for the benefit of the Guaranteed Creditors and be paid over to the Administrative Agent on behalf of the Guaranteed Creditors on account of the Guaranteed Obligations, but without affecting or impairing in any manner the liability of any Guarantor under the other provisions of this Guaranty. Prior to the transfer by any Guarantor of any note or negotiable instrument evidencing any such indebtedness of the Trustee to such Guarantor, such Guarantor shall mark such note or negotiable instrument with a legend that the same is subject to this subordination. Without limiting the generality of the foregoing, each Guarantor hereby agrees with the Guaranteed Creditors that it will not exercise any right of subrogation which it may at any time otherwise have as a result of this Guaranty (whether contractual, under Section 509 of the Bankruptcy Code or otherwise) until all Guaranteed Obligations have been irrevocably paid in full in cash.

13.07. Waiver. (a) Each Guarantor waives any right (except as shall be required by applicable statute and cannot be waived) to require any Guaranteed Creditor to (i) proceed

against the Trustee, any other guarantor, any Debtor or any other party, (ii) proceed against or exhaust any security held from the Trustee, any other guarantor or any other party or (iii) pursue any other remedy in any Guaranteed Creditor's power whatsoever. Each Guarantor waives any defense based on or arising out of any defense of the Trustee, any other guarantor, any Debtor or any other party, other than payment of the Guaranteed Obligations to the extent of such payment, based on or arising out of the disability of the Trustee, any Guarantor, any other guarantor or any other party, or the validity, legality or unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Trustee other than payment of the Guaranteed Obligations to the extent of such payment. The Guaranteed Creditors may, at their election, foreclose on any security held by the Administrative Agent, the Collateral Agent or any other Guaranteed Creditor by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Guaranteed Creditors may have against the Trustee or any other party, or any security, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Guaranteed Obligations have been paid. Each Guarantor waives any defense arising out of any such election by the Guaranteed Creditors, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against the Trustee or any other party or any security.

(b) Each Guarantor waives all presentments, demands for performance, protests and notices, including without limitation notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional Guaranteed Obligations. Each Guarantor assumes all responsibility for being and keeping itself informed of each of the Trustee's and each Debtor's estate's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which such Guarantor assumes and incurs hereunder, and agrees that neither the Administrative Agent nor any of the other Guaranteed Creditors shall have any duty to advise any Guarantor of information known to them regarding such circumstances or risks.

(c) Until such time as the Guaranteed Obligations have been paid in full in cash, each Guarantor hereby waives all rights of subrogation which it may at any time otherwise have as a result of this Guaranty (whether contractual, under Section 509 of the Bankruptcy Code, or otherwise) to the claims of the Guaranteed Creditors against the Trustee or any other guarantor of the Guaranteed Obligations and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from the Trustee or any other guarantor which it may at any time otherwise have as a result of this Guaranty.

(d) Each Guarantor warrants and agrees that each of the waivers set forth above is made with full knowledge of its significance and consequences and that if any of such waivers are determined to be contrary to any applicable law of public policy, such waivers shall be effective only to the maximum extent permitted by law.

13.08. Payments. All payments made by each Guarantor pursuant to this Section 13 shall be made in Dollars and will be made without setoff, counterclaim or other defense, and shall be subject to the provisions of Sections 4.03 and 4.04.

SECTION 14. Miscellaneous.

14.01. Payment of Expenses, etc. The Trustee hereby agrees to: (i) whether or not the transactions herein contemplated are consummated, pay all reasonable out-of-pocket costs and expenses of the Administrative Agent (including, without limitation, the reasonable fees and disbursements of White & Case LLP) in connection with the preparation, execution, delivery and administration of this Agreement, the other Credit Documents and the Borrowing Orders and the documents and instruments referred to herein and therein and any amendment, waiver or consent relating hereto or thereto, and, after the occurrence of an Event of Default, each of the Lenders in connection with the enforcement of this Agreement and the other Credit Documents and the Borrowing Orders and the documents and instruments referred to herein and therein (including, in each case without limitation, the reasonable fees and disbursements of counsel and consultants for the Administrative Agent and, after the occurrence of an Event of Default, counsel for each of the Lenders); (ii) pay and hold the Administrative Agent and each of the Lenders (and their respective Affiliates) harmless from and against any and all present and future stamp, documentary, transfer, sales and use, value added, excise and other similar taxes with respect to the foregoing matters, the performance of any obligation under this Agreement or any other Credit Document or any payment thereunder, and save the Administrative Agent and each of the Lenders harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to the Administrative Agent or such Lender) to pay such taxes; (iii) pay all reasonable out-of-pocket costs and expenses, legal and accounting fees and expenses, collateral examination fees and expenses, monitoring fees and expenses, appraisal fees and expenses, financial advisory fees and expenses, fees and expenses of other consultants, and fees and expenses for other services reasonably required by the Administrative Agent in connection with the Credit Documents; and (iv) indemnify the Administrative Agent, each Lender and each of their respective Affiliates, and each of their and their Affiliates' respective officers, directors, employees, representatives, agents, affiliates, trustees and investment advisors from and hold each of them harmless against any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, suits, costs, expenses and disbursements (including reasonable attorneys' and consultants' fees and disbursements) incurred by, imposed on or assessed against any of them as a result of, or arising out of, or in any way related to, or by reason of any investigation, litigation or other proceeding (whether or not the Administrative Agent or any Lender is a party thereto and whether or not such investigation, litigation or other proceeding is brought by or on behalf of any Credit Party) related to the entering into and/or performance of this Agreement or any other Credit Document or the use of the proceeds of any Revolving Loans hereunder or the consummation of the Transaction or any other transactions contemplated herein or in any other Credit Document or the exercise of any of their rights or remedies provided herein or in the other Credit Documents, including, without limitation, the reasonable fees and disbursements of counsel and other consultants incurred in connection with any such investigation, litigation or other proceeding (but excluding any losses, liabilities, claims, damages or expenses to the extent incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified (as determined by a court of competent jurisdiction in a final and non-appealable decision)). To the extent that the undertaking to indemnify, pay or hold harmless the Administrative Agent or any Lender or any other Person set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, Trustee shall make the maximum contribution to the

payment and satisfaction of each of the indemnified liabilities which is permissible under applicable law.

14.02. Right of Set-off. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence and during the continuance of an Event of Default, the Administrative Agent, the Collateral Agent and each Lender is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to any Credit Party or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other Indebtedness at any time held or owing by the Administrative Agent, the Collateral Agent or such Lender (including, without limitation, by branches and agencies of the Administrative Agent, the Collateral Agent or such Lender wherever located) to or for the credit or the account of the Trustee, any Debtor's estate or any other Credit Party against and on account of the Obligations and liabilities of the Credit Parties to the Administrative Agent, the Collateral Agent or such Lender under this Agreement or under any of the other Credit Documents, including, without limitation, all interests in Obligations purchased by such Lender pursuant to Section 14.04(b), and all other claims of any nature or description arising out of or connected with this Agreement or any other Credit Document, irrespective of whether or not the Administrative Agent, the Collateral Agent or such Lender shall have made any demand hereunder and although such Obligations, liabilities or claims, or any of them, shall be contingent or unmatured.

14.03. Notices. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including telecopier communication) and mailed, telecopied or delivered: if to the Trustee, to the address specified opposite its signature below or in the other relevant Credit Documents; if to any Guarantor, to its address specified opposite its signature below; if to any Lender, to its address specified on Schedule XI or in the Register; and if to the Administrative Agent, to the Notice Office; or, as to any Credit Party or the Administrative Agent, to such other address as shall be designated by such party in a written notice to the other parties hereto and, as to each Lender, at such other address as shall be designated by such Lender in a written notice to the Trustee and the Administrative Agent. All such notices and communications shall, when mailed, telecopied or sent by overnight courier, be effective when deposited in the mails, delivered to the overnight courier or sent by telecopier, except that notices and communications to the Administrative Agent and the Trustee shall not be effective until received by the Administrative Agent or the Trustee, as the case may be.

14.04. Benefit of Agreement; Assignments; Participations. (a) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto, provided, however, the Trustee or the Guarantors may not assign or transfer any of their respective rights, obligations or interest hereunder without the prior written consent of the Lenders.

(b) Notwithstanding the foregoing, any Lender (or any Lender together with one or more other Lenders) may assign all or a portion of its Revolving Loan Commitment and related outstanding Obligations (or, if its Revolving Loan Commitment has terminated, outstanding Obligations) hereunder to (i)(x) its parent company and/or any affiliate of such

Lender which is at least 50% owned (directly or indirectly) by such Lender or its parent company or to any fund that invests in loans and is managed or advised by such Lender or by an affiliate of such Lender or (y) to one or more other Lenders or Non-Controlling Lender or any affiliate of any such other Lender or Non-Controlling Lender which is at least 50% owned (directly or indirectly) by such other Lender or Non-Controlling Lender or its parent company (provided that any fund that invests in loans and is managed or advised by the same investment advisor of another fund which is a Lender or Non-Controlling Lender (or by an Affiliate of such investment advisor) shall be treated as an affiliate of such other Lender or Non-Controlling Lender for the purposes of this sub-clause (i)(y)), or (ii) in the case of any Lender or Non-Controlling Lender that is a fund that invests in loans, any other fund that invests in loans and is managed or advised by the same investment advisor of any Lender or Non-Controlling Lender or by an Affiliate of such investment advisor, each of which assignees shall become a party to this Agreement as a Lender by execution of an Assignment and Assumption Agreement, provided that (A) at such time, Schedule II shall be deemed modified to reflect the Revolving Loan Commitments and/or outstanding Loans, as the case may be, of such new Lender and of the existing Lenders, (B) upon the surrender of the relevant Notes by the assigning Lender (or, upon such assigning Lender's indemnifying the Trustee for any lost Note pursuant to a customary indemnification agreement) new Notes will be issued, at the Trustee's expense, to such new Lender and to the assigning Lender upon the request of such new Lender or assigning Lender, such new Notes to be in conformity with the requirements of Section 2.05 (with appropriate modifications) to the extent needed to reflect the revised Revolving Loan Commitments and/or outstanding Loans, as the case may be, (C) the Administrative Agent shall receive at the time of each such assignment, from the assigning or assignee Lender, the payment of a non-refundable assignment fee of $2,500, and (D) no such transfer or assignment will be effective until recorded by the Administrative Agent on the Register pursuant to Section 14.15. To the extent of any assignment pursuant to this Section 14.04(b), the assigning Lender shall be relieved of its obligations hereunder with respect to its assigned Revolving Loan Commitment and outstanding Loans. At the time of each assignment pursuant to this Section 14.04(b) to a Person which is not already a Lender hereunder and which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for U.S. Federal income tax purposes, the respective assignee Lender shall, to the extent legally entitled to do so, provide to the Trustee and the Administrative Agent the appropriate Internal Revenue Service Forms (and, if applicable, a Section 4.04(b)(ii) Certificate) described in Section 4.04(b). To the extent that an assignment of all or any portion of a Lender's Revolving Loan Commitment and related outstanding Obligations pursuant to Section 2.13 or this Section 14.04(b) would, at the time of such assignment, result in increased costs under Section 2.10 or 4.04 from those being charged by the respective assigning Lender prior to such assignment, then the Trustee shall not be obligated to pay such increased costs (although the Trustee, in accordance with and pursuant to the other provisions of this Agreement, shall be obligated to pay any other increased costs of the type described above resulting from changes after the date of the respective assignment).

(c) Any Lender may grant participations in its rights hereunder, provided that (i) such Lender shall remain a "Lender" for all purposes hereunder (and may not transfer or assign all or any portion of its Commitments or Loans hereunder, except as provided in Sections 2.13 and 14.04(b)) and the participant shall not constitute a "Lender" hereunder and (ii) no Lender may grant any such participation to Black Diamond or any Affiliate thereof. In the case of any such participation, the participant shall not have any rights under this Agreement or any of

the other Credit Documents (the participant's rights against such Lender in respect of such participation to be those set forth in the agreement executed by such Lender in favor of the participant relating thereto) and all amounts payable by the Trustee hereunder shall be determined as if such Lender had not sold such participation.

(d) Nothing in this Agreement shall prevent or prohibit any Lender from pledging its Loans and Notes hereunder to a Federal Reserve Bank in support of borrowings made by such Lender from such Federal Reserve Bank and, with prior notification to the Administrative Agent (but without the consent of the Administrative Agent), any Lender which is a fund may pledge all or any portion of its Loans and Notes to its trustee or to a collateral agent or to another creditor providing credit or credit support to such Lender in support of its obligations to such trustee, such collateral agent, such other creditor or a holder of such obligations, as the case may be. No pledge pursuant to this clause (c) shall release the transferor Lender from any of its obligations hereunder.

(e) Any Lender which assigns all of its Revolving Loan Commitment and/or Loans hereunder in accordance with Section 14.04(b) shall cease to constitute a "Lender" hereunder, except with respect to indemnification provisions under this Agreement (including, without limitation, Sections 2.10, 2.11, 4.04, 12.06, 14.01 and 14.06), which shall survive as to such assigning Lender.

14.05. No Waiver; Remedies Cumulative. No failure or delay on the part of the Administrative Agent, the Collateral Agent or any Lender in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between the Trustee or any other Credit Party and the Administrative Agent, the Collateral Agent or any Lender shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights, powers and remedies herein or in any other Credit Document expressly provided are cumulative and not exclusive of any rights, powers or remedies which the Administrative Agent, the Collateral Agent or any Lender would otherwise have. No notice to or demand on any Credit Party in any case shall entitle any Credit Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Administrative Agent, the Collateral Agent or any Lender to any other or further action in any circumstances without notice or demand.

14.06. Payments Pro Rata. (a) Except as otherwise provided in this Agreement, the Administrative Agent agrees that promptly after its receipt of each payment from or on behalf of the Trustee in respect of any Obligations hereunder, the Administrative Agent shall distribute such payment to the Lenders entitled thereto (other than any Lender that has consented in writing to waive its pro rata share of any such payment) pro rata based upon their respective shares, if any, of the Obligations with respect to which such payment was received.

(b) Each of the Lenders agrees that, if it should receive any amount hereunder (whether by voluntary payment, by realization upon security, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Credit Documents, or otherwise), which is applicable to the payment of the principal of, or

interest on, the Loans or Commitment Fees, of a sum which with respect to the related sum or sums received by other Lenders is in a greater proportion than the total of such Obligation then owed and due to such Lender bears to the total of such Obligation then owed and due to all of the Lenders immediately prior to such receipt, then such Lender receiving such excess payment shall purchase for cash without recourse or warranty from the other Lenders an interest in the Obligations of the respective Credit Party to such Lenders in such amount as shall result in a proportional participation by all the Lenders in such amount, provided that if all or any portion of such excess amount is thereafter recovered from such Lenders, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

(c) Notwithstanding anything to the contrary contained herein, the provisions of the preceding Sections 14.06(a) and (b) shall be subject to the express provisions of this Agreement which require, or permit, differing payments to be made to Non-Defaulting Lenders as opposed to Defaulting Lenders.

14.07. Calculations; Computations. All computations of interest, Commitment Fees and other Fees hereunder shall be made on the basis of a year of 360 days (except for interest calculated by reference to the Prime Lending Rate, which shall be based on a year of 365 or 366 days, as applicable) for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, Commitment Fees or other Fees are payable.

14.08. Governing Law; Submission to Jurisdiction; Venue; Waiver of Jury Trial. (a) This Agreement and the other Credit Documents and the rights and obligations of the parties hereunder and thereunder shall be construed in accordance with and be governed by the law of the State of New York (without regard to conflicts of law principles) and, to the extent applicable, the Bankruptcy Code. Subject to the jurisdiction of the Bankruptcy Court, any legal action or proceeding with respect to this Agreement or any other Credit Document may be brought in the courts of the State of New York or of the United States for the Southern District of New York, in each case which are located in the County of New York, and, by execution and delivery of this Agreement or any other Credit Document, each Credit Party hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Each Credit Party hereby further irrevocably waives any claim that any such courts lack personal jurisdiction over trustee or it, and agrees not to plead or claim, in any legal action or proceeding with respect to this Agreement or any other Credit Document brought in any of the aforementioned courts, that such courts lack personal jurisdiction over it. Each Credit Party further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such Credit Party at its address set forth opposite its signature below, such service to become effective 10 days after such mailing. Each Credit Party hereby irrevocably waives any objection to such service of process and further irrevocably waives and agrees not to plead or claim in any action or proceeding commenced hereunder or under any other Credit Document that service of process was in any way invalid or ineffective. Nothing herein shall affect the right of the Administrative Agent, the Collateral Agent, any Lender or the holder of any Note to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against any Credit Party in any other jurisdiction.

(b) Each Credit Party hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement or any other Credit Document brought in the courts referred to in clause (a) above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

(c) **EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.**

14.09. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Trustee and the Administrative Agent.

14.10. Effectiveness. This Agreement shall become effective on the date (the "Effective Date") on which (i) each Credit Party, the Administrative Agent and each of the Lenders shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered the same to the Administrative Agent at the Notice Office or, in the case of the Lenders, shall have given to the Administrative Agent telephonic (confirmed in writing), written or telex notice (actually received) at such office that the same has been signed and mailed to it and (ii) the conditions contained in Sections 5 and 7.02 are met to the satisfaction of, or waived by, the Administrative Agent and the Required Lenders. Unless the Administrative Agent has received actual notice from any Lender that the conditions described in clause (ii) of the preceding sentence have not been met to its satisfaction, upon the satisfaction of the condition described in clause (i) of the immediately preceding sentence and upon the Administrative Agent's good faith determination that the conditions described in clause (ii) of the immediately preceding sentence have been met, then the Effective Date shall have deemed to have occurred. The Administrative Agent will give Trustee, the Trustee and each Lender prompt written notice of the occurrence of the Effective Date.

14.11. Headings Descriptive. The headings of the several sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

14.12. Amendment or Waiver; etc. Neither this Agreement nor any other Credit Document nor any terms hereof or thereof may be changed, waived, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the respective Credit Parties party hereto or thereto and the Required Lenders (although additional parties may be added to (and annexes may be modified to reflect such additions), and Subsidiaries of the Debtors may be released from the Guaranty and the Security Documents in accordance with the provisions hereof and thereof without the consent of the other Credit Parties party thereto or the Required Lenders), provided that no such change, waiver, discharge or termination shall, without

the consent of each Lender (other than a Defaulting Lender) (with Obligations being directly affected thereby in the case of the following clause (i)), (i) extend the final scheduled maturity of any Revolving Loan or Note beyond the date set forth in clause (i) of the definition of "Termination Date", or reduce the rate or extend the time of payment of interest or Fees (except in connection with the waiver of applicability of any post-default increase in interest rates), or reduce (or forgive) the principal amount thereof, (ii) release all or a substantial portion of the Collateral (except as expressly provided in the Credit Documents) under all the Security Documents or all or substantially all of the Guarantors (except as expressly provided in the Credit Documents) under all of the Guaranties, (iii) amend, modify or waive any provision of this Section 14.12, (iv) reduce the "majority" voting thresholds specified in the definition of Required Lenders, or (v) consent to the assignment or transfer by the Trustee of any of its rights and obligations under this Agreement, provided further, that no such change, waiver, discharge or termination shall (1) increase the Revolving Loan Commitment of any Lender over the amount thereof then in effect without the consent of such Lender (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default or of a mandatory reduction in the Total Revolving Loan Commitment shall not constitute an increase of the Revolving Loan Commitment of any Lender, (2) without the consent of the Administrative Agent, amend, modify or waive any provision of Section 12 or any other provision as same relates to the rights or obligations of the Administrative Agent, or (3) without the consent of Collateral Agent, amend, modify or waive any provision relating to the rights or obligations of the Collateral Agent.

14.13. Survival. All indemnities set forth herein including, without limitation, in Sections 2.10, 2.11, 4.04, 12.06 and 14.01 shall survive the execution, delivery and termination of this Agreement and the Notes and the making and repayment of the Obligations.

14.14. Domicile of Loans. Each Lender may transfer and carry its Loans at, to or for the account of any office, Subsidiary or Affiliate of such Lender. Notwithstanding anything to the contrary contained herein, to the extent that a transfer of Loans pursuant to this Section 14.14 would, at the time of such transfer, result in increased costs under Section 2.10, 2.11 or 4.04 from those being charged by the respective Lender prior to such transfer, then the Trustee shall not be obligated to pay such increased costs (although the Trustee shall be obligated to pay any other increased costs of the type described above resulting from changes in any applicable law, treaty, governmental rule, regulation, guidelines or order, or in the interpretation thereof, after the date of the respective transfer).

14.15. Register. The Trustee hereby designates the Administrative Agent to serve as its agent, solely for purposes of this Section 14.15, to maintain a register (the "Register") on which it will maintain a list of the names of each of the Lenders and record the Revolving Loan Commitments from time to time of each of the Lenders, the Loans made by each of the Lenders and each repayment in respect of the principal amount of the Loans of each Lender. Failure to make any such recordation, or any error in such recordation, shall not affect the Trustee's obligations in respect of such Revolving Loans. With respect to any Lender, the transfer of the Revolving Loan Commitment of such Lender and the rights to the principal of, and interest on, any Revolving Loan made pursuant to such Revolving Loan Commitment shall not be effective until such transfer is recorded on the Register maintained by the Administrative Agent with respect to ownership of such Revolving Loan Commitment and Loans and prior to

such recordation all amounts owing to the transferor with respect to such Revolving Loan Commitment and Loans shall remain owing to the transferor. The registration of assignment or transfer of all or part of any Revolving Loan Commitment and Loans shall be recorded by the Administrative Agent on the Register only upon the acceptance by the Administrative Agent of a properly executed and delivered Assignment and Assumption Agreement pursuant to Section 14.04(b). Coincident with the delivery of such an Assignment and Assumption Agreement to the Administrative Agent for acceptance and registration of assignment or transfer of all or part of a Revolving Loan, or as soon thereafter as practicable, the assigning or transferor Lender shall surrender the Note (if any) evidencing such Revolving Loan, and thereupon one or more new Notes in the same aggregate principal amount shall be issued to the assigning or transferor Lender and/or the new Lender at the request of any such Lender. The Trustee agrees to indemnify the Administrative Agent from and against any and all losses, claims, damages and liabilities of whatsoever nature which may be imposed on, asserted against or incurred by the Administrative Agent in performing its duties under this Section 14.15.

14.16. Confidentiality. (a) Subject to the provisions of clause (b) of this Section 14.16, each Lender agrees that it will maintain as confidential and not disclose without the prior written consent of the Trustee (other than (i) to such Lender's employees, managers, trustees, pledgees, auditors, advisors, counsel or representatives or (ii) to another Lender or any Non-Controlling Lender or their respective employees, trustees, pledgees, auditors, advisors, counsel or representatives, provided such Persons shall be subject to the provisions of this Section 14.16 to the same extent as such Lender) any information with respect to the Debtors or any Subsidiaries of the Debtors which is now or in the future furnished pursuant to this Agreement or any other Credit Document and which is designated by the Trustee as being "confidential" (any such information herein called "Confidential Information"), provided that any Lender may disclose any Confidential Information (i) as has become generally available to the public other than by virtue of a breach of this Section 14.16(a) by such Lender, (ii) which was in the possession of any Lender prior to its receipt by the Lenders from the Trustee or its representatives pursuant hereto, (iii) as may be required or appropriate in any report, statement or testimony submitted to any municipal, state or Federal regulatory body or self-regulatory body having or claiming to have jurisdiction over such Lender or to the Federal Reserve Board or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States or elsewhere) or their successors, (iv) as may be required or appropriate in respect to any summons or subpoena or in connection with any litigation, (v) in order to comply with any law, order, regulation or ruling applicable to such Lender, (vi) to the Administrative Agent or the Collateral Agent, (vii) to any direct or indirect contractual counterparty in any swap, hedge or similar agreement (or to any such contractual counterparty's professional advisor), so long as such contractual counterparty (or such professional advisor) agrees to be bound by the provisions of this Section 14.16 prior to its receipt of any such Confidential Information and (viii) to any prospective or actual transferee or participant in connection with any contemplated transfer or participation of any of the Notes or Revolving Loan Commitments or any interest therein by such Lender, provided that such prospective transferee or participant agrees to be bound by the confidentiality provisions contained in this Section 14.16.

(b) The Trustee hereby acknowledges and agrees that each Lender may share Confidential Information with any of its affiliates and with any Lender or Non-Controlling Lender or their respective affiliates, and such affiliates may share with any Lender or Non-

Controlling Lender, any Confidential Information and any other information related to the Debtors' estates or any Debtors' Subsidiaries (including, without limitation, any non-public customer information regarding the creditworthiness of the Debtors' estates and the Debtors' Subsidiaries), provided such Persons shall be subject to the provisions of this Section 14.16 to the same extent as such Lender.

14.17. USA PATRIOT Act. Each Lender subject to the USA PATRIOT ACT (Title 111 of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act") hereby notifies the Trustee that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Trustee, the Debtors and the Debtors' estates and the other Credit Parties and other information that will allow such Lender to identify the Trustee, the Debtors and the Debtors' estates and the other Credit Parties in accordance with the Patriot Act.

14.18. Post-Closing Actions. Notwithstanding anything to the contrary contained in this Agreement or in the other Credit Documents, the parties hereto acknowledge and agree that unless requested to do so by the Administrative Agent, the Trustee is not required to have filed (or cause to have filed) on or prior to the Initial Borrowing Date Financing Statements (Form UCC-1) or any filings with the United States Patent and Trademark Office or the United States Copyright Office. The Administrative Agent may at any time, in its sole discretion, and the Trustee shall promptly, if so requested by the Administrative Agent, file (or cause to have filed) all of such Financing Statements (Form UCC-1) and any filings with the United States Patent and Trademark Office or the United States Copyright Office specified by the Administrative Agent.

14.19. Limitation on Recourse. The Trustee shall have no obligation or liability, in its individual capacity, for the obligations and liabilities of the Trustee hereunder or under any other Credit Documents, and the sole recourse of the Agents and the Lenders, and of the holders of any Notes, for the Trustee's obligations and liabilities hereunder shall be to the assets of the Debtors' estates and, to the extent provided in Section 13, the Guarantors and their assets; provided, however, that the Trustee shall be liable hereunder and under the other Credit Documents in its individual capacity for its gross negligence and willful misconduct.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Agreement as of the date first above written.

Address:

_____
_____
_____

Telephone No.: [_]
Fax No.: [_]
Email: [_____]

Trustee:

_____
JAMES L. GARRITY
solely in his capacity as
Chapter 11 trustee of the
estates of the Debtors
(as defined in this Agreement)

Guarantors:

[NAME OF GUARANTOR]

By: _____

Address:

_____
_____
_____

Telephone No.: [_]
Fax No.: [_]
Email: [_____]

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK,
Individually, as Administrative Agent
and as Collateral Agent

By:_____
Name:
Title:

By:_____
Name:
Title:

Signature page to the Senior Secured Post-Petition Credit Agreement, dated as of _____, 2011, among James L. Garrity, as Chapter 11 Trustee of the estates of the debtors (as defined in said agreement), the lenders party hereto from time to time, and Credit Agricole Corporate and Investment Bank, as Administrative Agent and Collateral Agent

Name of Institution:

_____

By:_____
Name:
Title:

SCHEDULE I

NAMES OF DEBTORS AND GUARANTORS

Debtors

GSC Group, Inc.

GSCP, LLC

GSC Active Partners, Inc.

GSCP (NJ), Inc.

GSCP (NJ) Holdings, L.P.

GSCP (NJ), L.P.

GSC Secondary Interest Fund, LLC

Guarantors

GSC Group Limited

SCHEDULE II

LENDERS AND COMMITMENTS

Name	Commitments
[to be provided]	[to be provided]
Total:	$23,000,000

SCHEDULE III

GSCP FUND DOCUMENTS

[to be provided]

SCHEDULE IV

MANAGEMENT CONTRACTS

[to be provided]

SCHEDULE V

NON-CONTROLLING LENDERS

Apidos CDO II Ltd.

Apidos CDO IV Ltd.

Apidos CDO V Ltd.

Archimedes Funding IV (Cayman) Ltd.

Copper River CLO Ltd.

Crédit Agricole Corporate and Investment Bank (fka Calyon)

Endurance CLO I, Ltd.

General Electric Capital Corporation

Greenlane CLO Ltd.

Gulf Stream-Compass CLO 2002-I LTD

Gulf Stream-Compass CLO 2003-I LTD

Gulf Stream-Compass CLO 2005-I LTD

Gulf Stream-Compass CLO 2005-II LTD

Jefferies High Yield Trading, LLC

Kennecott Funding Ltd.

Landmark II CDO Limited

Landmark III CDO Limited

Landmark IV CDO Limited

Landmark V CDO Limited

Landmark VI CDO Limited

Landmark VII CDO Limited

Landmark VIII CDO Limited

SCHEDULE VI

SPECIFIED SPECIAL PURPOSE ENTITIES

[to be provided]

SCHEDULE VII

NON-U.S. BENEFIT PLANS

[to be provided]

SCHEDULE VIII

SUBSIDIARIES

[to be provided]

SCHEDULE IX

INSURANCE

[to be provided]

SCHEDULE X

CASH MANAGEMENT SYSTEM

[to be provided]

SCHEDULE XI

NOTICE ADDRESS OF LENDERS

[to be provided]

EXHIBIT A-1

Form of Notice of Borrowing

[to be furnished]

EXHIBIT A-2

Form of Notice of Conversion/Continuation

[to be furnished]

EXHIBIT B

Form of Revolving Note

[to be furnished]

EXHIBIT C

Form of Section 4.04(b)(ii) Certificate

[to be furnished]

EXHIBIT D

Form of Officers' Certificate

[to be furnished]

EXHIBIT E

Form of Assignment and Assumption Agreement

[to be furnished]

EXHIBIT F

Form of Interim Borrowing Order

[to be furnished]

EXHIBIT G

Form of Pledge and Security Agreement

[to be furnished]

Exhibit F

Consolidated Balance Sheet of the Debtors, dated as of September 30, 2008

CONSOLIDATED FINANCIAL STATEMENTS OF

GSC Group, Inc. and Subsidiaries

As of and for the period ended September 30, 2008

(Unaudited)

GSC Group, Inc. and Subsidiaries

Consolidated Financial Statements

For the period ended September 30, 2008

(Unaudited)

Contents

GSC Group, Inc. and Subsidiaries

Consolidated Statement of Financial Condition

September 30, 2008

(Unaudited)

Assets	
Cash and cash equivalents	$ 14,519,681
Advisory fees and other receivables	16,239,609
Promissory notes receivable	9,898,938
Investments in affiliated investment funds	297,062,242
Fixed assets and leasehold improvements, net of accumulated depreciation and amortization	13,649,832
Prepaid expenses and other assets	1,192,530
Deferred tax asset, net	49,286,822
Deferred financing costs, net	4,150,274
Total assets	$ 405,999,928
Liabilities	
Senior secured long-term debt	$ 206,376,275
Accounts payable and accrued expenses	19,699,236
Accrued bonuses	15,000,000
Liability due to interest rate hedge contract	4,594,456
Deferred management fee	4,728,136
Total liabilities	250,398,104
Minority interests	
Minority interest in subsidiary	9,502,371
Minority interest in investments in affiliated funds	130,329,147
Total minority interests	139,831,518
PIK Preferred stock (par value $.01 per share; 50,000 shares authorized, 17,850 shares issued and outstanding)	18,888,558
Shareholders' equity	
Common stock (par value $.01 per share; 35,000,000 shares authorized, 10,717,400 shares issued and outstanding, of which 772,148 were restricted)	107,174
Additional paid-in capital	52,895,275
Treasury stock (267,266 shares)	(6,681,650)
Retained loss	(42,181,320)
Accumulated other comprehensive income	(7,257,730)
Total shareholders' equity	(3,118,251)
Total liabilities, minority interests and shareholders' equity	$ 405,999,928

See accompanying notes.

GSC Group, Inc. and Subsidiaries

Consolidated Statement of Earnings

For the nine month period ended September 30, 2008

(Unaudited)

Revenues	
Management fees	$ 57,822,154
Loss from investments in affiliated funds, net	(100,041,825)
Interest, dividend and other income	6,535,729
Transaction Fees	1,574,776
Portfolio monitoring fees	(617,620)
Total revenues	(34,726,786)
Expenses	
Compensation and benefits	48,561,984
Interest expense	14,057,046
General and administrative expenses	9,144,220
Professional fees	4,416,012
Depreciation and amortization	2,524,425
Marketing and business development	1,591,881
Transportation	1,090,654
Total expenses	81,386,222
Loss before provision for income taxes, minority, and preferred interests	(116,113,008)
Benefit for income taxes	28,830,481
Loss before minority and preferred interests	(87,282,527)
Minority interest in income from investments in affiliated funds, net	46,042,255
Loss before minority and preferred interest in income of subsidiary	(41,240,272)
Preferred Interest Expense	(1,395,558)
Minority interest in loss of subsidiary	(1,109,250)
Net loss	$ (43,745,080)

See accompanying notes

GSC Group, Inc. and Subsidiaries

Consolidated Statement of Changes in Shareholders' Equity

For the nine month period ended September 30, 2008

(Unaudited)

	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income	Retained Loss	Total Shareholders' Equity
Shareholders' Equity, December 31, 2007	$ 107,174	$ 39,395,271	$ (6,681,650)	$ 2,068,444	$ 1,563,760	$ 36,452,999
Issuance of common stock and options to employees	–	13,500,004	–	–	–	13,500,004
Other comprehensive income(loss)	–	–	–	(9,326,174)	–	(9,326,174)
Net loss	–	–	–	–	(43,745,080)	(43,745,080)
Shareholders' Equity, September 30, 2008	$ 107,174	$ 52,895,275	$ (6,681,650)	$(7,257,730)	$ (42,181,320)	$(3,118,251)

See accompanying notes.

GSC Group, Inc. and Subsidiaries

Consolidated Statement of Cash Flows

For the nine month period ended September 30, 2008

(Unaudited)

Cash flows from operating activities	
Net loss	$ (43,745,080)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:	
Depreciation and amortization expense	2,524,425
Unrealized valuation in swap contract	156,762
Income from investments in affiliated investment funds	100,041,825
Minority interest loss from investments in affiliated funds	(46,042,255)
Minority interest in loss of preferred partnership interest	1,395,558
Minority interest in loss of subsidiary	1,109,250
Common stock awarded to employees	13,500,000
(Increase) decrease in operating assets:	
Advisory fees and other receivables	8,520,613
Prepaid expenses	1,371,368
Deferred tax asset, net	(38,387,001)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(18,509,908)
Deferred management fee	4,728,136
Net cash and cash equivalents used in operating activities	(13,336,307)
Cash flows from investing activities	
Funding of employee promissory notes, net	795,402
Purchases of fixed assets and leasehold improvements	(733,993)
Proceeds from sale of fixed assets	1,114,383
Investments in affiliated investment funds	(27,584,647)
Distributions from affiliated investment funds	9,869,375
Net cash and cash equivalents used in investing activities	(16,539,480)
Cash flows from financing activities	
Proceeds from issuance of PIK Preferred Equity	17,493,000
Repayment on fractional aircraft loan	(47,118)
Repayment on term loan credit facility	(5,321,249)
Proceeds from revolver loan credit facility	20,000,000
Payment of financing costs	(1,884,361)
Net cash and cash equivalents provided by financing activities	30,240,272
Net change in cash and cash equivalents	$ 364,485
Effect of foreign currency translation	168,044
Cash and cash equivalents, beginning of the period	13,987,152
Cash and cash equivalents, end of the period	$ 14,519,681

GSC Group, Inc. and Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the nine month period ended September 30, 2008

(Unaudited)

Supplemental disclosure of cash flow information	
Cash paid during the period for interest	$ 17,823,241
Cash paid during the period for taxes	$ 2,228,311
Non cash activity	
Unrealized gain on valuation of interest rate swap	$ 156,762
Expenses on issuance of stock and options	$ 13,500,004

See accompanying notes.

1. Business and Organization

GSC Group, Inc. and its subsidiaries (which we refer to collectively as "GSC", or "the Company") provide debt-focused investment management of alternative assets with a full spectrum of complementary investment product offerings. GSC Group, Inc. is a financial holding company, incorporated in the state of Delaware in July 2006.

The Company offers investment management services through its principal subsidiary, GSCP (NJ), LP, ("NJ LP"), a Delaware partnership formed in November 1999 and a registered investment advisor with the Securities and Exchange Commission since March 2001.

NJ LP is an investment advisor to GSC Partners CDO Fund I, Ltd. ("CDO I"), GSC Partners CDO Fund II, Ltd. ("CDO II"), GSC Partners CDO Fund IV, Ltd. ("CDO IV"), GSC Partners CDO Fund V, Ltd. ("CDO V"), GSC Partners CDO Fund VI, Ltd. ("CDO VI"), GSC Partners CDO Fund VII, Ltd. ("CDO VII"), GSC Partners CDO Fund VIII, Ltd. ("CDO VIII"), GSC Partners Gemini Fund, Ltd. ("Gemini"), GSC European CDO I, S.A. ("Euro CDO I"), GSC European CDO II, S.A. ("Euro CDO II"), GSC European CDO III, S.A. ("Euro CDO III"), GSC European CDO IV, S.A. ("Euro CDO IV"), GSC European CDO V, PLC ("Euro CDO V"), (collectively, the "CDO Funds"), GSC ABS CDO 2005-1, Ltd., GSC ABS CDO 2006-1c, Ltd., GSC ABS CDO 2006-2m, Ltd., GSC ABS CDO 2006-3g, Ltd., GSC ABS CDO 2006-4u, Ltd., GSC ABS CDO 2007 – 1r, GSC JPM CDO Squared, Cetus ABS CDO 2006-2, Ltd., Cetus ABS CDO 2006-3, Ltd., Cetus ABS CDO 2006-4, Ltd., Laguna Seca Funding I, Ltd. (collectively, the "ABS CDO Funds"), Greenwich Street Capital Partners, L.P., Greenwich Street Capital Partners II, L.P. ("Fund II"), GSC Recovery II, L.P., GSC Recovery IIA, L.P., GSC Recovery III, L.P., (collectively, the "Recovery Funds"), GSC European Mezzanine Fund, L.P., GSC European Mezzanine Fund II, L.P. (collectively, the "Mezzanine Funds"), GSC Capital Corp. Loan Funding 2005-1, GSC Capital Corp., GSC Pendulum, GSC Eliot Bridge Master Fund I, L.P., GSC Investment Corp., GSC Acquisition Company., GSC European Credit Fund and certain other affiliated investment partnerships (individually, a "Fund" and collectively, the "Funds"). NJ LP also provides management and administrative services to the general partners of the respective Funds.

Through its subsidiary, GSCP (NJ) Holdings, LP ("Holdings"), GSC holds investments in certain affiliated investment funds. Holdings, a Delaware partnership, was formed in November 2000.

GSCP (NJ), Inc. ("NJ Inc."), a Delaware corporation, serves as the general partner of NJ LP and Holdings. NJ Inc. was incorporated in Delaware in December 1999

1. Business and Organization (continued)

GSCP, LLC ("LLC"), a Delaware limited liability company formed in July 2006 is a subsidiary of GSC and is an investment advisor to NJ LP. Additionally, it provides ongoing monitoring and management services to certain portfolio companies of the Funds.

GSC Group Limited ("GSC Europe'), a private limited company incorporated under the laws of the United Kingdom ("UK") in January 2000, is wholly owned by LLC and provides advisory services to NJ LP.

GSC Group, Inc. has three classes of common stock:

Class A common stock has three votes per share and receives the same dividends per share as the Class B and Class C common stock. Class A common stock was issued to the former active partners of GSC in a reorganization, as of October 1, 2006 (the "Reorganization").

Class B common stock has three votes per share and receives the same dividends per share as the Class A and Class C common stock. In addition, if any capital stock or stock options are issued that result in compensation income for any of the holders of Class A common stock, the holders of Class B common stock will receive capital stock or stock options (when they become vested) to ensure that their percentage ownership of GSC Group, Inc. will not be diluted by any such issuance to the holders of Class A common stock. This anti-dilution feature will terminate, and each share of Class B common stock will be converted into one share of Class A common stock, upon an initial public offering. Class B common stock was issued to the former limited partners of GSC in the Reorganization.

Class C common stock has one vote per share and receives the same dividends as the Class A and Class B common stock. Class C common stock and/or options to purchase Class C common stock were issued to employees of GSC.

In April of 2008, GSC Group, Inc. issued 15,000 shares of *Pay-in-kind (PIK) preferred* stock with warrants. The warrants are exercisable into 243,565 shares of Class A common stock. The PIK preferred stock has no voting rights and receives dividends on each share of PIK preferred stock. Preferred stock accretes at a rate of 25% per annum with a final redemption date as of February 16, 2012. Preferred dividends are payable upon final redemption. The preferred stock is not convertible.

1. Business and Organization (continued)

In July of 2008, GSC Group, Inc. issued an additional 2,850 shares of PIK preferred stock with warrants. The warrants are exercisable into 47,358 shares of Class A common stock.

Under the Reorganization, the former owners of GSC contributed their prior ownership interests in exchange for common stock in the Company and preferred partnership interests in NJ LP and Holdings. The minority interest in subsidiary are preferred partnership interests in NJ LP and Holdings that accretes at a rate, plus a tax gross up amount, which yields 12.5% per annum and will increase to a rate, plus a tax gross up amount, which yields 18% per annum on February 15, 2012, and have no maturity date. Interest is payable quarterly in arrears in cash or paid in kind at the discretion of the Company and is recorded on an accrual basis as minority interest in income from subsidiaries on the consolidated statement of earnings. The preferred partnership interests are not convertible.

2. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of GSC Group, Inc. and its majority-owned subsidiaries and variable interest entities ("VIEs") for which the Company is the primary beneficiary. All significant intercompany accounts and transactions have been eliminated.

The Company is a variable interest holder of certain investment interests for which it is the primary beneficiary as defined by FASB Interpretation ("FIN") No. 46 (revised 2003), *Consolidation of Variable Interest Entities* ("FIN 46R"). In addition, certain Company investment interests held within partnerships, not deemed to be VIEs, are subject to FASB's EITF Issue No. 04-5, *Investor's Accounting for an Investment in a Limited Partnership when the Investor is the Sole General Partner and the Limited Partners have Certain Rights* ("EITF 04-5"). The Company acts as general partner of certain affiliated investment funds and does not provide the unaffiliated third-party investors with the simple majority rights to remove the Company as the general partner or to terminate the funds without cause. As a result, the Company is required to consolidate these funds under EITF 04-5.

2. Significant Accounting Policies (continued)

The following table provides a summary of the investment interests and related entities for which FIN 46R or EITF 04-5 apply:

Affiliated Investment Fund	Minority Assets at 9/30/08	Minority Income(loss) for the period ended 9/30/08	
GSC Recovery II, LP	$ 2,857,484	$ (618,122)	*
GSC Recovery IIA, LP	2,496,176	(620,354)	*
GSC Recovery III, LP	25,993	(2,709,942)	*
GSC European Mezzanine Fund, LP	6,861,206	(429,946)	*
GSC European Mezzanine Fund II, LP	1,022,570	(140,920)	*
GSC Partners CDO Investors I, LP	28,049,195	(8,811,155)	**
GSC Partners CDO Investors II, LP	31,361,718	(18,443,486)	**
GSC Partners CDO Investors IV, LP	57,654,805	(14,268,330)	**
GSC Eliot Bridge Master Fund I, Ltd.	-	-	*
GSC Pendulum Fund I, L.P.	-	-	*
	$ 130,329,147	$ (46,042,255)	

***Consolidation of the general partnerships of these funds.**

**** Consolidation of the funds and their general partnerships.**

In accordance with FIN 46R and EITF 04-5, GSC has consolidated certain of the above listed affiliated entities into its consolidated financial statements. As noted in the previous table, these consolidated entities include both sponsored alternative investment funds and the general partnership entities of such fund. The interests in these affiliated entities which are not held directly by the Company are reflected as minority interests.

The Company's consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles and all amounts are stated in U.S. dollars. The significant accounting policies followed in the preparation of these consolidated financial statements are as follows:

2. Significant Accounting Policies (continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers short-term interest bearing investments with initial maturities of three months or less to be cash equivalents. Cash equivalents consist of money market investments held with one major financial institution to which the Company is exposed to credit risk. Cash equivalents are carried at cost, which approximates fair value. Periodically, the Company may hold foreign currencies.

Foreign Currency Translation

The assets and liabilities of GSC Europe are denominated in British pounds and are translated into U.S. dollars at the closing spot foreign currency exchange rate prevailing at September 30, 2008. GSC Group Limited's revenues and expenses are translated at the average monthly currency exchange rates prevailing in the month in which the transaction occurs. Foreign currency translation losses for the Company during the first nine months of 2008 totaled $177,611 and recorded as a component of Other Comprehensive Income (Loss).

Investments in Affiliated Investment Funds

Investments in affiliated investment funds (other than certain CDO Funds discussed below and the convertible preferred notes of GSC Capital Corp.) are in limited partnerships and are accounted for under the equity method of accounting, which approximates fair value. The initial investment is recorded at cost and subsequently adjusted to recognize its share of the earnings or losses of the underlying limited partnerships.

Investments in GSC Capital Corp. (GSCCC) are in the form of common stock, which is accounted for under the equity method of accounting and convertible preferred notes, which are presented at cost discounted by other than temporary declines of fair value.

2. Significant Accounting Policies (continued)

Investments in the equity of GSC Investment Corp and GSC Acquisition Company are also recorded under the equity method.

For CDO V, CDO VI, CDO VII, CDO VIII, Euro CDO II, Euro CDO III, Euro CDO IV, Euro CDO V, and GSC European Credit Fund as the equity interests are held in corporate investments and are not subject to the accounting rules required for investment companies, these investments are accounted for as available for sale securities. Accumulated unrealized losses of $9,148,563 are included in accumulated other comprehensive income in the consolidated statement of financial condition.

Fair Value of Financial Instruments

The fair value of the Company's assets and liabilities, which qualify as financial instruments under Statement of Financial Accounting Standards No. 107, *"Disclosure About Fair Value of Financial Instruments,"* approximates the carrying amounts presented in the consolidated balance sheet.

Income from Investments in Affiliated Funds

As the general partner of its affiliated investment funds, the Company is entitled to a certain percentage of the profits earned by such funds (generally 20%) after certain thresholds have been achieved. The Company recognizes its share of the profits (typically referred to as carried interest) on an accrual basis over the term of the performance period, typically the life of the investment fund. Such income is included in income from investments in affiliated funds in the accompanying consolidated statement of income.

In addition the Company is also entitled to its pro rate share of profits of the investment funds based on its direct capital investment in such funds. Such income is also included in income from investment in affiliated funds in the accompanying consolidated statement of income.

Deferred Financing Costs

Financing costs incurred by the Company in connection with obtaining the current credit facility and senior secured notes have been deferred and are being amortized under the straight line method over the life of the respective debt instruments. At September 30, 2008, unamortized deferred financing costs associated with obtaining the credit facility totaled $4.7 million.

2. Significant Accounting Policies (continued)

Depreciation and Amortization

All fixed assets are recorded at historical cost less accumulated depreciation. Depreciation of fixed assets (excluding aircraft) is provided for under accelerated methods of depreciation over the life of the respective asset. Aircraft related assets are depreciated under the straight line method of depreciation over the respective lives of the assets. Leasehold improvements are amortized over the lesser of the term of the lease or the useful life of the improvement.

Management Fee Income

The Company earns management fee revenue from certain investors of the Funds (or from the Funds themselves in the case of CDO Funds, ABS CDO Funds, GSC Recovery II, L.P., GSC Recovery IIA, L.P., GSC Recovery III, L.P., GSC Credit Strategies Fund, L.P., GSC Capital Corp. Loan Funding 2005-1, GSC Capital Corp. and GSC Eliot Bridge Master Fund I, L.P.).

In the case of Fund II, the Recovery Funds, and the Mezzanine Funds, management fees are based upon committed capital or, after the investment period, invested capital. Fees are billed semi-annually, in advance and the revenue is recorded ratably by the Company over the period earned. Except in the case of the Recovery Funds, a specified portion of the management fees is deferred and earned following the completion of sales of the underlying investments in the Funds.

In the case of the CDO Funds, management fees are based upon the eligible par value of collateral owned. Fees are billed and paid semi-annually or quarterly in arrears and the revenue is recorded ratably by the Company over the period earned.

In the case of the ABS CDO Funds and GSC Capital Corp. Loan Funding 2005-1, management fees are based upon the eligible quarterly asset amount or aggregate principal amount. Fees are billed and paid quarterly in arrears and the revenue is recorded ratably by the Company over the period earned.

In the case of GSC Eliot Bridge Master Fund I, L.P., and GSC European Credit Fund management fees are based upon each fund's net asset value. Fees are billed and paid quarterly in arrears and the revenue is recorded ratably by the Company over the period earned.

2. Significant Accounting Policies (continued)

In the case of GSC Investment Corp., management fees are based upon the fund's average gross asset value, excluding cash and cash equivalents. Fees are billed and paid quarterly in arrears and the revenue is recorded ratably by the Company over the period earned.

In the case of GSC Pendulum Fund I, L.P., management fees are based upon the aggregate of the cost basis of each portfolio investment held by the Partnership net of any realized losses related to such portfolio investment, payable quarterly in arrears and the revenue is recorded ratably by the Company over the period earned.

Monitoring and Transaction Fee Income

The Company has agreements with certain of the Funds' portfolio companies to provide ongoing management services, for which it receives compensation ("Monitoring Fees"). Monitoring Fees are billed periodically, and income is recognized ratably over the applicable contract period. The Company earns fees for structuring and negotiating transactions with portfolio companies in which the Funds invest ("Transaction Fees"). Generally, the Company recognizes 50% of these fees as revenue when earned and the balance reduces future management fees payable by the limited partners of certain of the Funds. Total management fee offsets for the first nine months of 2008 were $532,103.

Income Taxes

The Company's primary sources of revenues are from its subsidiaries, NJ LP, Holdings, NJ Inc., LLC and GSC Europe. NJ LP and Holdings are partnerships for Federal and State income tax purposes. The Company includes its allocable share of income, gains, losses and deductions from NJ LP and Holdings in taxable income. Therefore, its operations are combined with those of the Company for Federal and State income tax purposes. GSC Europe is also subject to UK taxes.

FASB Statement No. 109 ("FAS 109"), "*Accounting for Income Taxes*" prescribes an asset and liability approach to accounting for income taxes that requires the recognition of deferred tax assets and deferred tax liabilities for the expected future tax consequences of events that have been recognized in different periods for income tax purposes than for financial statement reporting purposes. Deferred taxes reflect the temporary differences between the tax basis and financial statement carrying value of assets and liabilities. Provisions for deferred taxes are made in recognition of these temporary differences in accordance with the provisions of FAS 109.

2. Significant Accounting Policies (continued)

A valuation allowance is provided for deferred tax assets when it is more likely than not that the benefits of net deductible temporary differences will not be realized.

Share-Based Compensation

The Company has determined the grant dates or measurement dates for all share-based payments in accordance with Statement of Financial Accounting Standards No.123 "*Accounting for Stock-Based Compensation"* ("FAS 123").

The Company is responsible for the estimation methods and assumptions used in accounting for the Company's share-based payments in accordance with FAS 123. Fair value and intrinsic value measurements under the applicable literature are based on the grant date or measurement date share price. The assumptions used in fair value measurements made in accordance with FAS 123, represent the Company's best estimates as of the measurement date of expectations of future conditions.

Indemnifications

In the ordinary course of its business, the Company may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Company. Based on its history and experience, management feels that the likelihood of such an event is remote.

Recent Accounting Pronouncements

On July 13, 2006, the Financial Accounting Standards Board ("FASB") released FASB Interpretation No. 48 *"Accounting for Uncertainty in Income Taxes"* ("FIN 48"). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet a more-likely-than-not threshold would be recorded as a tax expense in the current year. Adoption of FIN 48 is required for fiscal years beginning after December 15, 2007 and is to be applied to all open tax years as of the effective date. At this time, management is evaluating the implications of FIN 48 and its impact on the financial statements has not yet been determined.

3. Investments

Investments in certain CDO Funds are in the equity tranche of the CDO Funds for which NJ LP provides management services. The fair value of these investments is derived by management of NJ LP from a discounted cash flow analysis based on certain key assumptions regarding future cash flows. Interest rates are generally based on an assumed forward LIBOR curve. For CDO II, the analysis assumes a 3% annual default rate and a 40% recovery on those defaults. In addition, in the case of CDO II, carry has been allocated based on a liquidation model. For CDO IV, the analysis is based on a weighted average of two liquidation models and assumes a 3% annual default rate and a 70% recovery on those defaults. For CDO V, the analysis assumes a 3% annual default rate and a 55% recovery on loan defaults and a 30% recovery on high yield bond defaults. For CDO VI, the analysis assumes a 3% annual default rate and a 30% recovery on bond defaults and a 55% recovery on loan defaults. For Euro CDO II, Euro CDO III, Euro CDO IV and Euro CDO V, the analysis assumes a 3% annual default rate with an 80% recovery on senior secured loan defaults and a 60% recovery on mezzanine loan defaults.

In the case of all of the CDO Funds, when permitted under applicable fund documents, recoveries will be reinvested at par with amortization schedules that match the maximum cumulative maturity profile of the applicable fund.

In general, a discount rate of 25% was applied to the estimated future cash flows, which represents an estimate of the yield that an investor would require for a similar equity investment. The estimated fair value of these investments does not necessarily represent the amount that could be obtained from a sale and changes to the underlying assumptions used could result in differences to the fair value of these investments, which could be material. A portion of the distributions received from the CDO Funds is recorded as interest income based on the estimated internal rate of return and the remainder is amortized against the cost basis of the investments.

The Corporation adopted Statement of Financial Accounting Standard No. 157 “Fair Value Measurements” (“FAS 157”) as of January 1, 2008, which among other matters requires enhanced disclosures about investments that are measured and reported on a fair value basis. As defined in FAS 157, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

3. Investments (continued)

FAS No. 157 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgement in measuring fair value.

Based on the observability of the inputs used in the valuation techniques the Corporation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Investments carried at fair value will be classified and disclosed in one of the following three categories:

Level 1. Valuations based on unadjusted quoted price in active markets for identical, that the corporation has the ability to access;
Level 2. Valuations based on inputs other than quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly that are corroborated by market data;
Level 3. Valuations based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable;

Level 1 primarily consists of investments whose value is based on unadjusted quoted prices in a market in which transactions for the investment occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 includes those investments that are valued based on quoted prices in markets that are not active, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

Level 3 is comprised of investments that are traded infrequently and therefore have little or no price transparency. These investments are valued initially at the transaction price, with subsequent adjustments made to reflect the fair value that would be received to sell the investment at the measurement date (exit price).

3. Investments (continued)

Factors considered in adjusting the initial transaction price may include, but are not limited to: changes in the financial condition and prospects of the issuer, comparable market yield analysis, trading comparables of securities of comparable companies engaged in similar businesses, calculations of the total enterprise value, estimates of liquidation value, the existence of restriction on transferability, and other analytical data relating to the investment.

The following table set forth the Corporation's investments that were accounted for at fair value as of September 30, 2008 by level within the fair value hierarchy:

Level 1	-
Level 2	-
Level 3	$28,000,343

At each reporting period, all investments for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The following table provides a reconciliation of the beginning and ending balances for the major classes of investments for the nine months ended September 30, 2008:

	Level 1	**Level 2**	**Level 3**
Fair Value at December 31, 2007	-	-	$ 39,095,750
Transfers to/from	-	-	(2,397,165)
Purchases and other adjustments to cost	-	-	3,150,600
Sales Proceeds	-	-	-
Realized Gains or Losses	-	-	-
Unrealized Gains or Losses	-	-	(11,848,842)
Fair Value at September 30, 2008	-	-	$ 28,000,343

4. Investments in and Income from Affiliated Investment Funds

At September 30, 2008, investments in affiliated investment funds consisted of:

	Net Investment	Minority Interest	Carry Value	
GSC Recovery II, LP	$ 75,074,207	$ 2,857,484	$ 77,931,691	*
GSC Recovery IIA, LP	19,180,000	2,496,176	21,676,176	*
GSC Recovery III, LP	268,024	25,993	294,017	*
GSC Credit Strategies Fund, LP	–	–	–	*
GSC European Mezzanine Fund, LP	6,611,198	6,861,206	13,472,404	*
GSC European Mezzanine Fund II, LP	5,362,940	1,022,570	6,385,510	*
GSC Partners CDO Fund, LP	4,905,340	28,049,195	32,954,535	*
GSC Partners CDO Fund II, LP	1,738,851	31,361,718	33,100,569	*
GSC Partners CDO Fund IV, Ltd.	4,008,088	57,654,805	61,662,893	*
All Other GSC Group CDO Funds	20,297,064	–	20,297,064	
GSC Acquisition Company	4,025,000	–	4,025,000	
GSC European Credit Fund	5,617,771	–	5,617,771	
Greenwich Street Capital Partners II, LP	114,135	–	114,135	
GSC Investment Corp.	10,391,567	–	10,391,567	
GSC Capital Corp	2,085,509	–	2,085,609	
GSC Eliot Bridge	1,384,018	–	1,384,018	*
Pendulum Fund I, L.P.	4,413,281	–	4,413,281	*
Other investments	1,256,102	–	1,256,103	
	$ 166,733,095	$ 130,329,147	$ 297,062,242	

***Consolidated entity**

4. Investments in and Income from Affiliated Investment Funds (continued)

For the period ended September 30, 2008, income from investments in affiliated investment funds consisted of:

	Net Investment Income (Loss)	Minority Interest Income (Loss)	Reported Income (Loss)	
GSC Recovery II, LP	$ (7,772,677)	$ (618,122)	$ (8,390,799)	*
GSC Recovery IIA, LP	(4,685,520)	(620,354)	(5,305,874)	*
GSC Recovery III, LP	(27,537,166)	(2,709,942)	(30,247,108)	*
GSC Credit Strategies Fund, LP	279	–	279	
GSC European Mezzanine Fund, LP	(1,435,248)	(429,946)	(1,865,194)	*
GSC European Mezzanine Fund II, LP	(422,755)	(140,920)	(563,675)	*
GSC Partners CDO Fund, LP	(1,540,925)	(8,811,155)	(10,352,080)	*
GSC Partners CDO Fund II, LP	(2,494,552)	(18,443,486)	(20,938,038)	*
GSC Partners CDO Fund IV, Ltd.	(1,472,936)	(14,268,330)	(15,741,266)	*
All Other GSC Group CDO Funds	–	–	–	
GSC Acquisition Company	–	–	–	
GSC European Credit Fund	–	–	–	
Greenwich Street Capital Partners II, LP	–	–	–	
GSC Investment Corp.	(931,667)	–	(931,667)	
GSC Capital Corp	(2,466,700)	–	(2,466,700)	
GSC Eliot Bridge	(736,973)	–	(736,973)	*
Pendulum Fund I, L.P.	(2,701,900)	–	(2,701,900)	*
GSC Laguna Seca	199,170	–	199,170	
	$ (53,999,570)	$ (46,042,255)	$ (100,041,825)	

***Consolidated entity**

5. Income Taxes

The Company is a corporation and is subject to U.S. federal, state and local income taxes. In addition, the activities of GSC Europe are subject to tax in the UK.

The components of the Company's income tax provision by taxing jurisdiction for the period ended September 30, 2008 are as follows:

5. Income Taxes (Continued)

Current	
Federal	$ 6,290,423
State and Local	2,933,188
Foreign	318,880
Current provision for income taxes	9,542,491
Deferred	
Federal	(31,233,328)
State and Local	(7,153,673)
Foreign	14,029
Deferred benefit for income taxes	(38,372,972)
Total benefit for income taxes	$ (28,830,481)

The Company's effective tax rate of 38.8% differs from the federal statutory rate of 35.0% mainly due to certain differences including: (1) state and local income taxes (2) dividends received deduction (3) certain permanent book/tax differences with respect to underlying investments (4) income from minority interests and (5) valuation allowances.

The company has a net deferred tax asset net of valuation allowance of $49.3 million. Temporary differences giving rise to significant components of the Company's net deferred tax asset include (1) stock option expense (2) depreciation expense (3) amortization of organizational expenses (4) book/tax differences with respect to underlying investments (5) capital losses, and (6) deferred rent.

As of September 30, 2008, the Company has recorded a valuation allowance related to stock options expense of $15.7 million. The valuation allowance reflects uncertainty surrounding the Company's ability to realize a deduction with respect to stock options due to uncertainties concerning the timing in exercise of such options.

Management believes that it is more likely than not that the results of future operations will generate sufficient taxable income to realize a future benefit with respect to the remaining net deferred tax assets after the valuation allowance. The subsidiaries from which GSC Group, Inc. derives its revenues have had a history of consistent earnings and have reported taxable income in prior years.

6. Fixed Assets and Leasehold Improvements

At September 30, 2008, fixed assets and leasehold improvements consisted of:

	Consolidated Company	Depreciation/ Amortization Period
Leasehold improvements	$ 17,764,963	Various
Furniture and equipment	7,284,892	5 to 7 years
Intangibles	90,741	Indefinite
Aircraft	1,230,232	20 years
	26,370,828	
Less: Accumulated depreciation and amortization	(12,720,996)	
	$ 13,649,832	

7. Long-Term Debt

In January 2001, NJ LP entered into a credit agreement with Credit Lyonnais New York Branch and Lehman Brothers Inc. and in May 2002, amended the credit agreement (the "Amended Credit Agreement"). In September 2004, NJ LP amended and refinanced the Amended Credit Agreement with UBS Securities LLC (the "Second Amended Credit Agreement"). In February 2006, NJ LP paid off the outstanding balance under the Second Amended Credit Agreement by refinancing the debt with UBS Securities LLC (the "Third Amended Credit Agreement"). In February 2007, NJ LP refinanced the existing credit facility with UBS Securities LLC (the "Fourth Amended Credit Agreement") and borrowed an additional $73.5 million of term debt.

In March of 2008, NJLP obtained an amendment and waiver of the fourth amended credit agreement. Under the amendment and waiver, GSC received favorable adjustments to its covenant requirements in exchange for increased pricing and a commitment to issue additional equity. Under the terms of the amendment, the revolving credit facility was reduced $56.5 million to $38.0 million.

Borrowings may be made for either a one, two, three or six month period and upon maturity must be repaid or rolled over with final maturity of all borrowings due on February 15, 2012.

7. Long-Term Debt (Continued)

Interest is due quarterly and is calculated on each borrowing at LIBOR plus 5.50% for the term loan and LIBOR plus 5.50% for any revolver loans. At September 30, 2008, NJ LP had outstanding borrowings under the term and revolver loans of $185.3 million and $20 million respectively.

The Credit Agreement contains certain requirements and restrictions including compliance with certain financial covenants.

At September 30, 2008 the Company owed $1,031,306 under a senior secured note expiring in 2012. The proceeds were used to purchase an interest in an aircraft. The interest in the aircraft is collateral for the loan. Interest payments and a small portion of the principal are due monthly, with the balance of principal due at the end of the note's term. The interest rate on the senior secured note is LIBOR plus 2.50%. At September 30, annual principal payments are as follows:

	Principal
2008	15,029
2009	66,019
2010	69,644
2011	73,469
2012	807,145
Total	$ 1,031,306

8. Interest Rate Swap

In accordance with the terms its credit agreement, the Company entered into a $97 million notional principle interest rate swap agreement with Calyon New York Branch. Under this agreement, the Company is obligated to pay a fixed rate of interest and is entitled to receive from Calyon a variable rate of interest. At September 30, 2008, the Company had recorded a $4,594,456 liability on the interest rate swap, which is included in other liabilities on the consolidated balance sheet. Interest rate swap expense or income is recorded as interest expense, or as a reduction of interest expense, respectively, in the consolidated statement of income. For the period ended September 30, 2008, the company has recorded $156,762 of expense related to changes in the valuation of the interest rate swap agreement.

9. Commitments

The Company has entered into various lease agreements for office space and for the use of an aircraft. As of September 30, 2008, the future annual lease payments are as follows:

	Consolidated Company
2008	$ 718,089
2009	2,872,357
2010	2,225,512
2011	1,636,708
2012	1,881,000
Thereafter	15,345,000
Total	$ 24,678,666

10. Minority Interest in Subsidiaries Preferred Partnership Interest

Under the Reorganization, the former owners of GSC contributed their prior ownership interests in exchange for common stock in the Company and preferred partnership interests in NJ LP and Holdings. The minority interest in subsidiary are preferred partnership interests in NJ LP and Holdings that accrete at a rate, plus a tax gross up amount, which yields 12.5% per annum and will increase to a rate, plus a tax gross up amount, which yields 18% per annum on February 15, 2012, and have no maturity date. Interest is payable quarterly in arrears in cash or paid in kind at the discretion of the Company and is recorded on an accrual basis as minority interest in income from subsidiaries preferred partnership interest on the consolidated statement of income. The preferred partnership interests are not convertible.

Preferred partnership interest in subsidiary, as of December 31, 2007	$ 8,486,545
Less portion owned by parent	(93,423)
Minority portion of preferred partnership interest in subsidiaries, as of September 30, 2008	8,393,122
Preferred interest, taxes, and redemption distributions	–
Accrued Preferred Interest	1,109,249
Balance as of September 30, 2008	$ 9,502,371

11. Other Comprehensive Income

Other comprehensive income as of September 30, 2008 consists of the following:

Balance as of December 31, 2007	$ 2,068,444
Net change in unrealized appreciation	(9,148,563)
Foreign currency translation loss	(177,611)
Balance as of September 30, 2008	$(7,257,730)

12. Deferred Compensation Obligation

Pursuant to a deferred compensation arrangement, the Company is obligated to fund capital commitments to GSEF II, L.P., an affiliated employee partnership formed to invest in Fund II. At September 30, 2008, the remaining unfunded capital commitments were $81,252 relating to this deferred compensation arrangement.

13. Promissory Notes Receivable

On May 16, 2005 the Company advanced $3.0 million to an employee in the form of a promissory note. This note is collateralized by the employee's rights, title and ownership interest in the Company. Interest is accrued at a rate of 12% and payable annually. Total unpaid interest accrued on this loan as of September 30, 2008 was $136,110.

At September 30, 2008, the Company had advanced $2.3 million to certain employees in connection with their investments in certain affiliated funds. Interest is accrued at rates ranging from LIBOR plus 3.25% to the prime lending rate and is payable in cash annually, or, for certain obligations, at the option of the employee, payable annually by the issuance of a payment-in-kind note instrument. These notes mature at the termination of the respective fund. Mandatory payments are required when the fund makes distributions to the respective borrower. Total accrued unpaid interest associated with these advances as of September 30, 2008 was $89,779.

At September 30, 2008, the Company had advanced $4.3 million to certain employees in connection with restricted common stock compensation awards (see note 16). The proceeds of these loans were used by employees to make payments in respect to tax liabilities associated with these awards. Interest is accrued at libor plus 3.30% and is payable quarterly by withholding amounts due from payroll. Total accrued unpaid interest associated with these advances as of September 30, 2008 was $145,373.

14. Related Party Transactions

GSC Europe provides advisory services to NJ LP for a fee equal to GSC Europe's operating cost plus 15%. For the period ended September 30, 2008, GSC Europe and NJ LP recorded an advisory service fee and expense of $8,365,791 related to such service. The advisory service fee and expense were eliminated in the consolidated statement of income. As of September 30, 2008, GSC Europe and NJ LP had due from and due to affiliate balances of $8,496,485, related to the advisory service fee and expense, which was eliminated in the consolidated balance sheet.

As of September 30, 2008, NJ LP and LLC had a due from and due to affiliate balance of $31,959,808, related to an advisory service fee and expense as well as funding of operational expenses made by NJ LP to LLC. These balances were eliminated in the consolidated balance sheet.

15. Profit-Sharing Plan

The Company maintains a 401(k) retirement plan for eligible employees. The Company is not required to make contributions every year or maintain a particular level of contribution. Amounts contributed under the 401(k) retirement plan vest immediately.

The Company maintains two Fund Equity Bonus ("Fund Equity") deferred compensation plans for eligible employees. Participants of the Fund Equity plans receive a discretionary annual bonus award that vests equally over a 3 to 5 year period. The bonus award amounts are calculated by reference to the performance of certain funds managed by NJ LP and bonus payments are triggered by distributions made by the underlying funds. As of September 30, 2008, the Company has recorded an accrual of $9.3 million related to the Fund Equity plans, which is included in accounts payable and accrued expenses on the accompanying consolidated balance sheet.

16. Stock and Option Compensation Plans

Commensurate with the restructuring transaction, a restricted stock and option award plan was established and stock and option grants in the Company were awarded to most employees of the Company. Generally, awards under this plan vest ratably over five years. As of September 30, 2008, $13.5 million has been recognized as a non-cash expense for a portion of the value of these awards that are estimated to vest in 2008.

16. Stock and Option Compensation Plans (continued)

The following table summarizes restricted common stock transactions:

	For the period ended September 30, 2008
Unvested shares as of beginning of year	134,532
Issued	–
Vested	(28,498)
Forfeited	(27,788)
Unvested shares as of September 30, 2008	82,246

The following table summarizes common stock option transactions:

	Number of Options
Outstanding as of January 1, 2008	3,765,206
Granted	2,055,091
Exercised	–
Forfeited	(885,089)
Outstanding as of September 30, 2008	4,935,208

3,150,258 of the outstanding options were vested as of September 30, 2008.

Exhibit G

GSC Group, Inc. Budget Variance Report, dated April 21, 2011

GSC Group, Inc
Cash Collateral Budget
Date prepared - April 21, 2011

Week beginning	Testing Frequency	Variance Tolerance	3/21/2011	3/28/2011	4/4/2011	4/11/2011	4/18/2011	4/25/2011
Beginning Cash			36,684,050	35,601,297	35,057,309	35,925,782	35,735,686	36,074,271
Cumulative variance under cash collateral budget through 03/20/11								
Summary of cash flows								
Cash Management Fees	N/A	N/A	101,252	0	693,561	444,747	356,915	0
Cash Management Fees - Incentive	N/A	N/A	0	0	260,925	0	0	0
Monitoring and Transaction fees	N/A	N/A	0	10,000	0	0	0	10,000
Total Revenues	N/A	N/A	101,252	10,000	954,486	444,747	356,915	10,000
Salary/Benefits/Employer Taxes	bi-weekly	per retention agmts	0	(215,637)	0	(301,985)	0	(215,637)
Bonuses/Employer Taxes	bi-weekly	per retention agmts	(900,000)	0	0	0	0	0
Benefits	bi-weekly	5%	(61,131)	0	0	0	0	(61,131)
Total Payroll / other comp / benefits	N/A	N/A	(961,131)	(215,637)	0	(301,985)	0	(276,768)
T&E	N/A	N/A	(7,038)	(7,038)	(7,038)	(7,038)	(7,038)	(7,038)
Professional Fees - recurring	N/A	N/A	0	(187,438)	0	(35,988)	0	(126,188)
Rent	N/A	N/A	(73,921)	0	(6,600)	0	0	(38,521)
G & A	N/A	N/A	(155,382)	(138,875)	(2,375)	(2,375)	(38,000)	(121,875)
Taxes	N/A	N/A	0	0	0	0	0	0
Non Employee Op Exp	N/A	N/A	(236,341)	(333,351)	(16,013)	(45,401)	(45,038)	(293,622)
Total Operating Expenses	cumulative	10 0%	(1,197,472)	(548,988)	(16,013)	(347,386)	(45,038)	(570,390)
Net cash flows before Fund reimbursements	N/A	N/A	(1,096,220)	(538,988)	938,473	97,361	311,877	(560,390)
Expense reimbursements from funds	N/A	N/A	5,000	5,000	5,000	5,000	5,000	5,000
D&O Expense reimbursements	N/A	N/A	8,468	0	0	7,544	21,708	0
Other	N/A	N/A	0	0	0	0	0	0
Net cash flows from operating	N/A	N/A	(1,082,752)	(533,988)	943,473	109,905	338,585	(555,390)
W&S, SS, Kaye Scholer and Capstone								
Stroock (Debtor Fund Counsel)	as paid	10%						
Ernst & Young (Debtor Tax/Restructuring)	as paid	10%				(300,000)		
US Trustee and Other	monthly	10%		(10,000)				(30,000)
EPIQ (Bankruptcy noticing/claims agent)	monthly	10%			(75,000)			
Other Prepetition	N/A	N/A						
Wind-Down Amount	no variance above budgeted amt							
Retainers back to company	N/A	N/A						
Restructuring expenses	N/A	N/A	0	(10,000)	(75,000)	(300,000)	0	(30,000)
Fund investments	agent consent only							
Fund distributions	N/A	N/A						
Net cash flow from investing			0	0	0	0	0	0
Net weekly cash flows			(1,082,752)	(543,988)	868,473	(190,095)	338,585	(585,390)
Ending Cash			35,601,297	35,057,309	35,925,782	35,735,686	36,074,271	35,488,881

GSC Group, Inc
Cash Collateral Budget
Date prepared - April 21, 2011

Week beginning	Prior cumulative period 8/31/2010 through 04/03/2011				Current reporting period 04/04/2011 through 04/17/2011				Current cumulative period 8/31/2010 through 04/17/2011				
	Forecast	Actuals	Better / (Worse)		Forecast	Actuals	Better / (Worse)		Forecast	Actuals	Better / (Worse)		
Beginning Cash	10,602,688	10,798,359	195,671		35,057,309	35,076,849	19,539		10,602,688	10,798,359	195,671		
Cumulative variance under cash collateral budget through 03/20/11	15,787,514	0	(15,787,514)		0	0	0		15,787,514	0	(15,787,514)		
Summary of cash flows													
Cash Management Fees	21,788,476	29,756,410	7,967,934		1,138,308	1,054,405	(83,903)		22,926,784	30,810,815	7,884,031		
Cash Management Fees - Incentive	629,148	700,665	71,516		260,925	345,443	84,518		890,073	1,046,108	156,035		
Monitoring and Transaction fees	158,750	1,188,346	1,029,596		0	8,173	8,173		158,750	1,196,518	1,037,768		
Total Revenues	22,576,374	31,645,421	9,069,046		1,399,233	1,408,021	8,788		23,975,607	33,053,441	9,077,834		
Salary/Benefits/Employer Taxes	(3,810,145)	(3,399,155)	410,990	11%	(301,985)	(288,241)	13,744	5%	(4,112,130)	(3,687,395)	424,735	10%	
Bonuses/Employer Taxes	(4,026,620)	(887,470)	3,139,150		0		0		(4,026,620)	(887,470)	3,139,150		
Benefits	(498,345)	(267,921)	230,424	46%	0	(39,071)	(39,071)	0%	(498,345)	(306,992)	191,353	38%	
Total Payroll / other comp / benefits	(8,335,110)	(4,554,546)	3,780,564		(301,985)	(327,312)	(25,327)		(8,637,095)	(4,881,858)	3,755,237		
T&E	(230,788)	(190,073)	40,714		(14,077)	(11,425)	2,651		(244,864)	(201,499)	43,366		
Professional Fees - recurring	(1,463,104)	(661,901)	801,203		(35,988)	(97,145)	(61,157)		(1,499,092)	(759,045)	740,047		
Rent	(530,109)	(289,221)	240,888		(6,600)	0	6,600		(536,709)	(289,221)	247,488		
G & A	(1,789,127)	(1,708,422)	80,705		(4,750)	(64,397)	(59,647)		(1,793,877)	(1,772,819)	21,058		Current variance due to timing differences
Taxes	(93,569)	(82,841)	10,728		0	(24,925)	(24,925)		(93,569)	(107,766)	(14,197)		Current activity reimburseable from GSC Funds
Non Employee Op Exp	(4,106,697)	(2,932,458)	1,174,239		(61,415)	(197,892)	(136,477)		(4,168,111)	(3,130,349)	1,037,762		
Total Operating Expenses	##########	(7,487,004)	4,954,803	40%	(363,400)	(525,204)	(161,804)	-45%	(12,805,206)	(8,012,208)	4,792,999	37%	
Net cash flows before Fund reimbursements	10,134,568	24,158,417	14,023,849		1,035,833	882,817	(153,017)		11,170,401	25,041,233	13,870,832		
Expense reimbursements from funds	430,499	1,146,718	716,219		10,000	6,543	(3,457)		440,499	1,153,261	712,762		
D&O Expense reimbursements	1,155,240	874,381	(280,859)		7,544		(7,544)		1,162,784	874,381	(288,403)		
Other	0	182,601	182,601		0		0		0	182,601	182,601		
Net cash flows from operating	11,720,307	26,362,116	14,641,810		1,053,377	889,360	(164,018)		12,773,684	27,251,476	14,477,792		
W&S, SS, Kaye Scholer and Capstone	0	(8,343,615)	(8,343,615)		0	(493,141)	(493,141)		0	(8,836,756)	(8,836,756)		
Stroock (Debtor Fund Counsel)	(100,000)	0	100,000		0	0	0		(100,000)	0	100,000		
Ernst & Young (Debtor Tax/Restructuring)	(500,000)	0	500,000		(300,000)	(142,691)	157,309		(800,000)	(142,691)	657,309		
US Trustee and Other	(100,000)	(27,950)	72,050		0	0	0		(100,000)	(27,950)	72,050		
EPIQ (Bankruptcy noticing/claims agent)	(785,921)	(374,202)	411,719		(75,000)	0	75,000		(860,921)	(374,202)	486,719		
Other Prepetition	0	0	0		0	0	0		0	0	0		
Wind-Down Amount	0	0	0		0	0	0		0	0	0		
Retainers back to company	0	153,190	153,190		0	0	0		0	153,190	153,190		
Restructuring expenses	(1,915,921)	(8,780,729)	(6,864,808)		(375,000)	(635,832)	(260,832)		(2,290,921)	(9,416,561)	(7,125,640)		
Fund investments	(1,200,076)	(585,352)	614,724		0	0	0		(1,200,076)	(585,352)	614,724		
Fund distributions	62,798	7,282,454	7,219,656		0	27,274	27,274		62,798	7,309,728	7,246,930		Current activity due to RIII Fund distribution
Net cash flow from investing	(1,137,278)	6,697,102	7,834,380		0	27,274	27,274		(1,137,278)	6,724,376	7,861,654		
Net weekly cash flows	8,667,107	24,278,490	15,611,382		678,377	280,802	(397,576)		9,345,485	24,559,291	15,213,807		
Ending Cash	35,057,309	35,076,849	19,539		35,735,687	35,357,650	(378,036)		35,735,687	35,357,650	(378,036)		

Exhibit H

Capstone's Recovery Analysis, filed on December 3, 2010

GSC Group, Inc.
Recovery Analysis (assumed sale closing of 12/31/10)

($ in thousands)	Book Value	Worksheet #	Recovery % Low	Recovery % High	Estimated Proceeds Low	Estimated Proceeds High
Cash Sources						
Current Assets						
Projected Cash as of 12/31/10 (estimate)	$ 15,152	1	100%	100%	$ 15,152	$ 15,152
Accounts Receivable as of 7/31/10	1,921	2	60%	90%	1,153	1,729
Tax Refund Receivable (New York)	600	2	80%	100%	480	600
Prepaid Expenses as of 7/31/10	138	3	30%	50%	41	69
Security and Other Deposits as of 7/31/10	236	4	80%	100%	189	236
Professional Fee Retainers (Kaye Scholer and Capstone)	476	1	100%	100%	476	476
Total Current Assets	18,523		94%	99%	17,491	18,262
363 Sales Auction						
Auction Lots: Credit Bid	Credit Bid	5			224,000	224,000
Auction Lots: Cash/Notes	Cash/Notes	5			11,000	11,000
Proceeds From 363 Sales Auction					235,000	235,000
Other Assets						
Amendment to APA			100%	100%	700	700
Safety Kleen (Stock & Options) as of 12/31/09	1,800		50%	75%	900	1,350
LCM Fund I (Equity) as of 12/31/09	100		50%	75%	50	75
Insurance Policies (CEO)	50,000		10%	20%	5,000	10,000
Intercompany Receivables as of 7/31/10						
GSCP (NJ), LP (I/C Receivables - SIF)	50,232	6	20%	26%	10,000	13,000
GSCP (NJ), LP (I/C Receivables - Other Entities)	145,721	6	0%	0%	-	-
GSC Group, Inc. (I/C Receivables)	5,919	6	0%	0%	-	-
GSC Group Limited (I/C Receivables)	6,262	6	0%	0%	-	-
Total Intercompany Receivables as of 7/31/09	208,133				10,000	13,000
Loans to Employees - Recourse as of 10/31/10	1,723		60%	80%	1,034	1,378
Loans to Employees - Non Recourse as of 10/31/10	4,170		0%	10%	-	417
Furniture & Fixtures (net of depreciation) as of 7/31/10	1,007	7	10%	50%	101	503
Proceeds From Other Assets	266,933				17,784	27,423
Total Proceeds before Cash Uses					**$ 270,275**	**$ 280,686**
Cash Uses						
Accrued & Unpaid Professional Fees as of 12/31/10 (estimate)					$ (3,708)	$ (3,708)
Winddown Costs post-12/31/10 (estimate) (A)					(3,500)	(2,500)
Subtotal Cash Uses					(7,208)	(6,208)
Total Proceeds Available for Distribution (B)					**$ 263,067**	**$ 274,478**
Claims						
Senior Lender Claim as of 12/31/10 (estimate) (C)	TBD		100%	100%	248,000	240,000
Total Secured Claims	TBD		100%	100%	248,000	240,000
Proceeds Available for Distribution to Administrative & Priority Claims (D)					**15,067**	**34,478**
Priority Tax Claim	TBD		100%	100%	TBD	TBD
Total Administrative & Priority Claims	TBD		100%	100%	TBD	TBD
Proceeds Available for Distribution to General Unsecured Claims & Equity					**15,067**	**34,478**
Unsecured Claims (estimate):						
New York Lease Rejection Claim	TBD		100%	100%	2,000	1,700
ICP Sub-Advisory Agreement	211		100%	100%	211	211
Aircraft Deficiency Claim	247		100%	100%	247	247
Trade Claims (E)	268	8	100%	100%	268	268
Employee Claims (E)						
2008 Unpaid Bonuses	3,400	9	100%	100%	3,400	3,400
Deferred Compensation Plans (Shadow Plans)	3,763	9	100%	100%	3,763	3,763
Total Employee Claims	7,163		100%	100%	7,163	7,163
Total General Unsecured Claims	7,889				9,889	9,589
Proceeds Available for Distribution to Equity					**$ 5,178**	**$ 24,888**

Notes:

- The above draft analysis includes preliminary assumptions and estimates for values and ranges to determine projected recoveries. In certain instances, the book values used are as of various dates (and are noted accordingly) and may not represent current values. The above analysis only lists assets assumed to have sale value; as a result, the analysis excludes certain assets listed on the balance sheet, such as leasehold improvements.

(A) Estimates of winddown costs post-12/31/10 includes costs to liquidate remaining assets, professional fees, accounting costs, costs associated with preparation of final tax returns, and $500,000 of consulting costs for Peter Frank.

(B) The above analysis does not include an estimate of federal or state taxes that may be due upon the sale of the Debtors' assets; or any estimate of associated tax professional fees or costs related thereto.

(C) The low case of the Senior Lender Claim ($240.0 million) as of 12/31/10 excludes default interest.

(D) The above analysis does not include an estimate of a sale or success fee for the Debtors' financial professionals.

(E) Trade creditor and employee claims are from the Debtors' Schedules of Liabilities. The Debtors' are currently investigating all employee-related claims to determine if they are bona fide claims; and if appropriate, to determine the classification of these claims as general unsecured or equity claims. Pending the completion of this analysis, the above employee-related claims should be treated as a preliminary estimate and subject to change. For purposes of this analysis, all employee-related claims are characterized as general unsecured claims.

GSC Group, Inc.
Recovery Analysis
Projected Cash - Worksheet 1

Beginning cash as of 11/15/10	**$**	**19,627,295**	**Notes**
Projected Cash Inflows			
Management fees		1,237,674	
Recovery II Distribution		5,123,936	
Mezz I Distribution		822,000	(1)
Expense fund reimbursements		369,084	(2)
Total projected cash inflows		**7,552,694**	
Projected Cash Outflows			
Total Payroll / benefits / taxes			
Payroll / benefits / taxes		(898,486)	
Alfred Eckert Settlement		(1,500,000)	
Bonus (all other employees)		(1,126,620)	
Total payroll / benefits / taxes		(3,525,106)	
Non-Employee Operating Expenses			
T&E		(49,268)	
Professional fees - recurring		(189,088)	
Rent		(46,721)	
G & A		(365,302)	
Total non-employee operating expenses		(650,379)	
Professional fees - restructuring			
Kaye Scholer		(1,235,006)	(3)
Capstone		(668,556)	(3)
Ernst & Young		(200,000)	
Winston & Strawn		(300,000)	(4)
EPIQ/other (includes data room)		(325,000)	
Total professional fees - restructuring		(2,728,562)	
Amendment to APA		(5,123,936)	
Total projected cash outflows		**(12,027,983)**	
Change in cash		**(4,475,289)**	
Projected ending cash as of 12/31/10	**$**	**15,152,006**	

Projected Post-12/31/10 Cash Activity			
Projected cash inflows post-12/31/10			
Tax refund (New York State)		600,000	
Professional fee retainers		476,285	(5)
Cash inflows		1,076,285	
Projected cash outflows post-12/31/10 related to prior periods (accrued and unpaid as of 12/31/10)			
EPIQ/other (includes data room)		(100,000)	
US Trustee (quarterly fee)		(30,000)	
Capstone			
November 2010 80% fees		520,000	
December 2010 80% fees		520,000	
September 2010 20% holdback		122,610	
October 2010 20% holdback		160,914	
November 2010 20% holdback		130,000	
December 2010 20% holdback		130,000	
Capstone		(1,583,523)	(6)
Kaye Scholer			
November 2010 80% fees		600,000	
December 2010 80% fees		600,000	
September 2010 20% holdback		206,245	
October 2010 20% holdback		288,473	
November 2010 20% holdback		150,000	
December 2010 20% holdback		150,000	
Kaye Scholer		(1,994,718)	(6)
Cash outflows		(3,708,241)	
Total pro-forma cash	**$**	**12,520,050**	

Notes

- Excludes estimate for any wind-down amount.
(1) Estimate of Mezz I distribution. Expected to be received by GSC during the week of November 29, 2010.
(2) Includes D&O tail policy fund reimbursements.
(3) Includes payment of estimated October 2010 (less 20% fee holdback)
(4) Estimate for Winston & Strawn not provided; includes Debtors' estimate for Oct 1st through Dec 31th.
(5) Includes current outstanding retainers for Capstone and Kaye Scholer.
(6) Includes payment of 80% of fees for Nov 1st through and Dec 31st and 20% fee holdbacks for August 31st through Dec 31st.

GSC Group, Inc.
Recovery Analysis
Accounts Receivable and Tax Refund Receivable - Worksheet 2

	Book Value As of 7-31-2010
Accounts Receivable	
GSCP (NJ) LP	
Employee Expenses Reimbursement[(1)]	$ 155,630
Expense Reimbursement from Funds	1,547,580
Expense Reimbursement from Portfolio Companies	218,013
Management Fee Receivables	Sold to Buyer
GSCP LLC	
Monitoring Fees Receivable	Sold to Buyer
Total	**$ 1,921,223**
Tax Refund Receivable	
GSC Group Inc	
NY Corporate Franchise Tax	500,000
NY Corporate MTA Surcharge Tax	100,000
Total	**$ 600,000**

Note

(1) Employee expense reimbursements are receivables from two employees for personal expenses paid for by GSC.

GSC Group, Inc.
Recovery Analysis
Prepaid Expenses - Worksheet 3

	Book Value As of 7-31-2010
GSCP (NJ) LP	
Prepaid Expenses	$ 82,678
Prepaid Insurance	55,349
Total	**$ 138,027**

GSC Group, Inc.
Recovery Analysis
Security & Other Deposits - Worksheet 4

GSCP (NJ) LP	**Book Value As of 7-31-2010**
Deposit on Corproate Credit Card	$ 50,000
300 Campus Drive Electric Deposit	4,306
500 Campus Drive Electric Deposit	3,480
300 Campus Drive Security Deposit	78,209
500 Campus Drive Security Deposit	43,794
US Bank Deposit on Fund Accounting Services	56,125
Total	**$ 235,914**

GSC Group, Inc.
Summary of Lot Value - Worksheet 5

Lot	Description	Consideration	Ascribed Value
Lot 1 [1]	Recovery II & Greenwich (CMA & Equity)	Cash / Note	$11M in total
Lot 1 [1]	Recovery IIA (Equity)	Credit Bid	$224M in total
Lot 2	Recovery III & Recovery III Paralle	Cash / Note	$11M in total
Lot 3 [2]	Euro Mezz I (CMA)	Cash / Note	$11M in total
Lot 3 [2]	Euro Mezz I (Equity)	Credit Bid	$224M in total
Lot 4 [3]	Euro Mezz II (CMA)	Cash / Note	$11M in total
Lot 4 [3]	Euro Mezz II (Equity)	Credit Bid	$224M in total
Lot 5 [4]	CDO I (Equity) & CDO II (CMA)	Cash / Note	$11M in total
Lot 5 [4]	CDO II (Equity)	Credit Bid	$224M in total
Lot 6	CDO III (Equity)	Cash / Note	$11M in total
Lot 7	CDO IV (CMA & Equity)	Cash / Note	$11M in total
Lot 8	CDO V (CMA)	Cash / Note	$11M in total
Lot 9	CDO V (Equity)	Credit Bid (included in Lot 40)	$224M in total
Lot 10	CDO VI (CMA)	Cash / Note	$11M in total
Lot 11	CDO VI (Equity)	Credit Bid (included in Lot 40)	$224M in total
Lot 12	CDO VII (CMA)	Cash / Note	$11M in total
Lot 13	CDO VII (Equity)	Credit Bid (included in Lot 40)	$224M in total
Lot 14	Loan Funding 2005-1 (CMA)	Cash / Note	$11M in total
Lot 15	CDO VIII (CMA)	Cash / Note	$11M in total
Lot 16	CDO VIII (Equity)	Credit Bid (included in Lot 40)	$224M in total
Lot 17	Gemini (CMA)	Cash / Note	$11M in total
Lot 18	Euro CDO I-R (CMA)	Cash / Note	$11M in total
Lot 19	Euro CDO II (CMA)	Cash / Note	$11M in total
Lot 20	Euro CDO II (Equity)	Credit Bid (included in Lot 40)	$224M in total
Lot 21	Euro CDO III (Accrued & unpaid sub fees)	Credit Bid	$224M in total
Lot 22	Euro CDO III (Equity)	Credit Bid (included in Lot 40)	$224M in total
Lot 23	Euro CDO IV (Accrued & unpaid sub fees)	Credit Bid	$224M in total
Lot 40	GSC Secondary Interest Fund, LLC (Equity)	Credit Bid	$224M in total

Assets sold in 363 Auction $ 235,000,000

Notes:

[1] Per the winning bid form submitted on October 29, 2010, the Winning Bidder caused the agent to make a credit bid for GSC Recovery IIA GP, L.P. (all limited partnership interests, including without limitation, all base limited partnership interests and carry limited partnership interests, of any Seller in GSC Recovery IIA GP, L.P.) (held in Lot 1). As such, management fees and equity interests for GSC Recovery II GP, L.P. and Greenwich Street Capital Partners II, L.P. are allocated to the Note/Cash Bid.

[2] Per the winning bid form submitted on October 29, 2010, the Winning Bidder caused the agent to make a credit bid for GSC European Mezzanine Investors, L.P. (all limited partnership interests, including without limitation, all base limited partnership interests and carry limited partnership interests, of any Seller in GSC European Mezzanine Investors, L.P.) (held in Lot 3). As such, the management fees for GSC European Mezzanine Investors, L.P. have been allocated to the Note/Cash Bid.

[3] Per the winning bid form submitted on October 29, 2010, the Winning Bidder caused the agent to make a credit bid for GSC European Mezzanine Investors II, L.P. (all limited partnership interests, including without limitation, all base limited partnership interests and carry limited partnership interests, of any Seller in GSC European Mezzanine Investors II, L.P.) (held in Lot 4). As such, the management fees for GSC European Mezzanine Investors II, L.P. have been allocated to the Note/Cash Bid.

[4] Per the winning bid form submitted on October 29, 2010, the Winning Bidder caused the agent to make a credit bid for GSC Partners CDO II GP, L.P. (all limited partnership interests, of any Seller in GSC Partners CDO II GP, L.P.). As such, the management fees for GSC Partners CDO II GP, L.P. and equity interests for GSC Partners CDO I GP, L.P. have been allocated to the Note/Cash Bid.

GSC Group, Inc.
Intercompany Matrix - Worksheet 6
As of: 7-31-2010

	Debtor Entities							
	GSC Group, Inc.	**GSCP (NJ), L.P.**	**GSCP, LLC**	**GSC Group Limited (UK)**	**GSCP (NJ) Holdings, L.P.**	**GSCP (NJ), Inc.**	**GSC Secondary Interest Fund, LLC**	**Total**
Intercompany Accounts:								
GSC Group, Inc.	$ -	$ (5,269,077)	$ (650,000)	$ -	$ -	$ -	$ -	**$ (5,919,077)**
GSCP (NJ), L.P.	5,269,077		(32,825,836)	6,261,657	(112,862,414)	(32,913)	(50,231,554)	**$ (184,421,983)**
GSCP, LLC	650,000	32,825,836						**$ 33,475,836**
GSC Group Limited (UK)		(6,261,657)						**$ (6,261,657)**
GSCP (NJ) Holdings, L P.		112,862,414				(1,991,410)	1,991,410	**$ 112,862,414**
GSCP (NJ), Inc.		32,913						**$ 32,913**
GSC Secondary Interest Fund, LLC		50,231,554						**$ 50,231,554**
Total	**$ 5,919,077**	**$ 184,421,983**	**$ (33,475,836)**	**$ 6,261,657**	**$ (112,862,414)**	**$ (2,024,323)**	**$ (48,240,144)**	**$ -**

Note: Receivable balances are shown as positive amounts while Payable balances are shown as negative amounts

GSC Group, Inc.
Recovery Analysis
Furniture & Fixtures - Worksheet 7

	Book Value As of 7-31-2010
GSCP (NJ) LP*	$ 223,065
GSCP LLC*	783,915
Total*	**$ 1,006,980**

* Net of depreciation

GSC Group, Inc.
Recovery Analysis
Trade Claims - Worksheet 8

Creditor Name	Debtor	Type	Unsecured Scheduled Amount
AT&T INC P O BOX 78114 PHOENIX, AZ 85062-8114	GSCP (NJ), L.P.	Trade	$ 8
AVAYA FINANCIAL SERVICES 211 MT. A RY RD BASKING R DGE, NJ 07920	GSCP (NJ), L.P.	Trade	3,982
CARLOS JARA 50 LAKE ROAD MORRISTOWN, NJ 07960	GSCP (NJ), L.P.	Trade	400
CB RICHARD ELLIS BUILD NG R21002 HICKSVILLE, NY 11802-6076	GSCP (NJ), L.P.	Trade	3,873
DAVIS POLK & WARDWELL 450 LEX NGTON AVE, NEW YORK NEW YORK, NY 10017	GSCP (NJ), L.P.	Trade	13,874
DC EXPRESS, INC. 69 KING STREET DOVER, NJ 07801	GSCP (NJ), L.P.	Trade	98
DECHERT LLP 1095 AVENUE OF THE AMERICAS NEW YORK, NY 10036	GSCP (NJ), L.P.	Trade	43,288
DELL MARKETING LP 1 DELL WAY ROUND ROCK, TX 78682	GSCP (NJ), L.P.	Trade	75
DIRECTV, NC. 2230 E. IMPERIAL HWY EL SEGUNDO, CA 90245	GSCP (NJ), L.P.	Trade	109
RON MOUNTAIN 7400 US 2 QUINNESEC, MI 49876	GSCP (NJ), L.P.	Trade	2,939
J.T. MAGEN & COMPANY INC. 44 WEST 28TH STREET 11TH FLOOR NEW YORK, NY 10001	GSCP, LLC	Trade	6,045
LEHMAN, NEWMAN & FLYNN CERTIF ED PUBLIC ACCOUNTANTS 225 WEST 34 STREET, SUITE 2220 NEW YORK, NY 10001	GSCP (NJ), L.P.	Trade	7,000
MANHATTAN MECHANICAL 227 WEST 29TH STREET NEW YORK, NY 10001	GSCP, LLC	Trade	856
PALAMARA, JOSEPH PARTNER #510 7 DUBLIN LN HAZLET, NJ 07730	GSC GROUP, NC.	Trade	
SHAREHOLDER.COM 12 CLOCK TOWER PLACE MAYNDARD, MA 01754	GSCP (NJ), L.P.	Trade	918
STROOCK & STROOCK & LAVAN LLP 180 MA DEN LANE NEW YORK, NY 10038	GSCP (NJ), L.P.	Trade	175,431
SUPERIOR OFFICE SYSTEMS 49 WEST 37TH STREET, 3RD FLOOR NEW YORK, NY 10018	GSCP (NJ), L.P.	Trade	125
TOMFORDE, ROLAND BROADGATE CONSULTANTS 48 WALL STREET NEW YORK, NY 10005	GSC GROUP, NC.	Trade	
TYGRIS DEPT #1608 DENVER, CO 80291-1608	GSCP (NJ), L.P.	Trade	423
VERIZON 540 BROAD STREET, FLOOR 20 NEWARK, NJ 07102	GSCP (NJ), L.P.	Trade	5,783
VERSA CAPITAL MANAGEMENT NC TRANSFEROR: MANHATTAN MECHANICAL CONTRACTORS NC;ATTN: JEFFREY ARMBRISTER CIRCA CENTRE 2929 ARCH STREET PHILADELPHIA, PA 19104-2868	GSC GROUP, NC.	Trade	
V LLAGE OFFICE SUPPLY 600 APGAR DRIVE SOMERSET, NJ 08873	GSCP (NJ), L.P.	Trade	1,362
VOGEL TAYLOR ENG NEERS LLP 417 FIFTH AVENUE NEW YORK, NY 10016-2204	GSCP, LLC	Trade	1,392
Total Trade Creditors			**$ 267,982**

Note: Per Debtors' Schedules of Liabilities as filed with the Bankruptcy Court.

GSC Group, Inc.
Recovery Analysis
Employee Claims - Worksheet 9

Creditor Name	Debtor	Type	Unsecured Scheduled Amount
Employee Claims - Deferred Compensation - Shadow Plan			
ALEX WRIGHT	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	501,709
ALLISON GEORGE	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	31,549
ANDREW WAGNER	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	86,347
APRIL SPENCER	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	23,795
DANIEL LUKAS	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	13,918
DAVID ROBBINS	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	146,287
DAVID THOMPSON	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	39,436
ERIC BOMZE	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	29,597
ERIC SNYDER	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	26,310
EVAN SOTIRIOU	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	45,039
FRANK DELILLO	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	1,838
HARVEY SIEGEL	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	244,145
IN SEON HWANG	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	29,783
IVO TURKEDIJIEV	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	31,549
JILL YANKASKAS	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	5,909
JOHN KLINE	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	123,492
JONATHAN KATELL	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	5,608
MARC CIANCIMINO	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	12,219
MAYUR PATEL	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	158,908
NICK PETRUSIC	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	183,035
PHIL RAYGORDETSKY	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	170,766
RICHARD ALLORTO	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	25,212
SETH KATZENSTEIN	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	561,970
THOMAS LIBASSI	GSCP (NJ), L.P.	Deferred Compensation Plan - Shadow Plan	1,264,818
			3,763,239
Unpaid 2008 Bonus			
ALEX WRIGHT	GSCP, LLC	Unpaid 2008 Bonus	$ 150,000
ALFRED ECKERT	GSCP (NJ), L.P.	Unpaid 2008 Bonus	Waived per settlement
DAVID ROBBINS	GSCP, LLC	Unpaid 2008 Bonus	550,000
MICHAEL LYNCH	GSCP, LLC	Unpaid 2008 Bonus	1,500,000
PETER FRANK	GSCP (NJ), L.P.	Unpaid 2008 Bonus	1,000,000
PHIL RAYGORDETSKY	GSCP, LLC	Unpaid 2008 Bonus	150,000
SETH KATZENSTEIN	GSCP, LLC	Unpaid 2008 Bonus	50,000
			3,400,000
Total Employee Claims			**$ 7,163,239**

Note: Per Debtors' Schedules of Liabilities as filed wi h the Bankruptcy Court.

Exhibit I

Capstone's Summary of Lot Values Sold in the October 26-29, 2010 Auction, dated December 10, 2010

GSC Group, Inc.
Summary of Lot Values Sold in October 26 - 29, 2010 Auction

Lot	Description	Consideration	Credit Bid Capstone Value[1]	Note/Cash Bid Capstone Value[1]
Lot 1 [2]	Recovery II & Greenwich (CMA & Equity)	Cash / Note		$ 37,580,849
Lot 1 [2]	Recovery IIA (Equity)	Credit Bid	$ (7,215,515)	
Lot 2	Recovery III & Recovery III Parallel	Cash / Note		$ 23,750,006
Lot 3 [3]	Euro Mezz I (CMA)	Cash / Note		$ 149,377
Lot 3 [3]	Euro Mezz I (Equity)	Credit Bid	$ 1,560,671	
Lot 4 [4]	Euro Mezz II (CMA)	Cash / Note		$ 5,922,598
Lot 4 [4]	Euro Mezz II (Equity)	Credit Bid	$ 5,716,464	
Lot 5 [5]	CDO I (Equity) & CDO II (CMA)	Cash / Note		$ 559,687
Lot 5 [5]	CDO II (Equity)	Credit Bid	$ 1,276,771	
Lot 6	CDO III (Equity)	Cash / Note		$ 2,759,840
Lot 7	CDO IV (CMA & Equity)	Cash / Note		$ 3,447,244
Lot 8	CDO V (CMA)	Cash / Note		$ 6,005,585
Lot 9	CDO V (Equity)	Credit Bid (included in Lot 40)	N/A	
Lot 10	CDO VI (CMA)	Cash / Note		$ 4,864,084
Lot 11	CDO VI (Equity)	Credit Bid (included in Lot 40)	N/A	
Lot 12	CDO VII (CMA)	Cash / Note		$ 8,178,631
Lot 13	CDO VII (Equity)	Credit Bid (included in Lot 40)	N/A	
Lot 14	Loan Funding 2005-1 (CMA)	Cash / Note		$ 3,496,475
Lot 15	CDO VIII (CMA)	Cash / Note		$ 4,094,020
Lot 16	CDO VIII (Equity)	Credit Bid (included in Lot 40)	N/A	
Lot 17	Gemini (CMA)	Cash / Note		$ 14,543,322
Lot 18	Euro CDO I-R (CMA)	Cash / Note		$ 2,829,533
Lot 19	Euro CDO II (CMA)	Cash / Note		$ 1,270,133
Lot 20	Euro CDO II (Equity)	Credit Bid (included in Lot 40)	N/A	
Lot 21	Euro CDO III (Accrued & unpaid sub fees)	Credit Bid	$ 1,972,021	
Lot 22	Euro CDO III (Equity)	Credit Bid (included in Lot 40)	N/A	
Lot 23	Euro CDO IV (Accrued & unpaid sub fees)	Credit Bid	$ 1,838,824	
Lot 24	Euro CDO IV (Equity)	Credit Bid (included in Lot 40)	N/A	
Lot 25	Euro CDO V (CMA)	Cash / Note		$ 6,261,230
Lot 26	Euro CDO V (Equity)	Credit Bid (included in Lot 40)	N/A	
Lot 27	ABS CDO Funds (CMA)	Cash / Note		$ 977,745
Lot 30	Eliot Bridge (Equity)	Credit Bid (included in Lot 40)	N/A	
Lot 31	Pendant (Equity)	Credit Bid (included in Lot 40)	N/A	
Lot 32	Laguna Seca (Equity)	Credit Bid (included in Lot 40)	N/A	
Lot 40	GSC Secondary Interest Fund, LLC (Equity)	Credit Bid	$ 6,532,335	
	Total - Auction Value		**$ 224,000,000**	**$ 11,000,000**
	Total - Capstone Value		**$ 11,681,570**	**$ 126,690,357**

Notes:
(1) Capstone valuations include assumptions of appropriate operating costs provided by the Company

(2) Per the winning bid form submitted on October 29, 2010, the Winning Bidder caused the agent to make a credit bid for GSC Recovery IIA GP, L.P. (all limited partnership interests, including without limitation, all base limited partnership interests and carry limited partnership interests, of any Seller in GSC Recovery IIA GP, L.P.) (held in Lot 1). As such, management fees and equity interests for GSC Recovery II GP, L.P. and Greenwich Street Capital Partners II, L.P. are allocated to the Note/Cash Bid.

(3) Per the winning bid form submitted on October 29, 2010, the Winning Bidder caused the agent to make a credit bid for GSC European Mezzanine Investors, L.P. (all limited partnership interests, including without limitation, all base limited partnership interests and carry limited partnership interests, of any Seller in GSC European Mezzanine Investors, L.P.) (held in Lot 3). As such, the management fees for GSC European Mezzanine Investors, L.P. have been allocated to the Note/Cash Bid.

(4) Per the winning bid form submitted on October 29, 2010, the Winning Bidder caused the agent to make a credit bid for GSC European Mezzanine Investors II, L.P. (all limited partnership interests, including without limitation, all base limited partnership interests and carry limited partnership interests, of any Seller in GSC European Mezzanine Investors II, L.P.) (held in Lot 4). As such, the management fees for GSC European Mezzanine Investors II, L.P. have been allocated to the Note/Cash Bid.

(5) Per the winning bid form submitted on October 29, 2010, the Winning Bidder caused the agent to make a credit bid for GSC Partners CDO II GP, L.P. (all limited partnership interests, of any Seller in GSC Partners CDO II GP, L.P.). As such, the management fees for GSC Partners CDO II GP, L.P. and equity interests for GSC Partners CDO I GP, L.P. have been allocated to the Note/Cash Bid.

Exhibit J

Capstone's Summary of Its Valuation of the Sankaty Bid

	A	B	C	D	E	F
1		**Sankaty - Round 4 Bid #1 - 10-29-2010 3:40am**				
2						
3		*Discount Rate Assumptions:*				
4		Senior Fees		5.0%		
5		Subordinated Fees		12.5%		
6		Incentive Fees		17.5%		
7		Deferred Fees		12.5%		
8		Return of Capital		5.0%		
9		Return on Capital		17.5%		
10		Carried Interest		17.5%		
11		GSC Equity		17.5%		
12						
13				**Future**		**Bid (Discounted)**
14		**Lot:**		**Value** [1]		**Value**
15						
16		LOT 1		$ 43,326,512		$ 39,444,941
17		LOT 2		43,394,152		36,355,513
18		LOT 3		9,307,324		4,318,798
19		LOT 4		19,175,012		17,032,488
20		LOT 5		3,653,298		2,853,664
21		LOT 6		2,759,840		2,693,328
22		LOT 7		8,346,149		5,784,325
23		LOT 8		8,572,536		7,170,117
24		LOT 9		4,123,307		2,161,129
25		LOT 10		7,183,742		6,263,748
26		LOT 11		2,560,152		1,302,835
27		LOT 12		14,136,943		10,818,816
28		LOT 13		2,090,066		944,777
29		LOT 14		5,503,376		4,461,768
30		LOT 15		7,904,348		6,021,739
31		LOT 16		2,096,569		1,119,484
32		LOT 17		25,235,408		16,256,227
33		LOT 18		10,873,742		5,928,367
34		LOT 19		6,565,148		3,458,923
35		LOT 20		-		-
36		LOT 21		3,732,895		2,471,792
37		LOT 22		2,001,075		751,434
38		LOT 23		3,797,196		2,374,683
39		LOT 24		1,561,236		501,453
40		LOT 25		10,700,152		8,578,973
41		LOT 26		5,183,594		2,180,553
42		LOT 27		870,578		847,365
43		LOT 40		1,628,054		1,588,818
44						
45		**Total Value of Revenue Share**		$ 256,282,405		$ 193,686,060
46						
47		**Cash Component**				
48						

	A	B	C	D	E	F
49		**Note Value**				
50						
51		**Total Bid Value**		$ 256,282,405		$ 193,686,060
52						
53		Note:				
54		[1] Future value of fund cash flow projections included in the dataroom and available to all bidders.				

Exhibit K

Term Sheet for Reorganized NJLP New Senior Notes

Reorganized NJLP New Senior Notes

TERM SHEET

The terms and obligations discussed in this term sheet ("Term Sheet") are subject to conditions to be set forth in definitive documentation, the execution and delivery of which make such terms and obligations binding (such binding terms and obligations, "Reorganized NJLP New Senior Notes").

Except as otherwise defined in this Term Sheet, capitalized terms shall carry meanings ascribed to them in the Joint Chapter 11 Plan for GSC Group, Inc. and its Affiliated Debtors Proposed by the Non-Controlling Lender Group, dated June 27, 2011 (as may be amended from time to time, the "Proposed Plan," and as confirmed by the Bankruptcy Court, the "Plan").

Issuer:	GSCP (NJ), L.P.
Guarantors:	All other Debtors.
Obligors:	The Issuer and the Guarantors collectively.
Amount:	$160,000,000.
Denomination of Notes:	No Reorganized NJLP New Senior Note shall be denominated in a denomination of less than $250,000.
Interest Rate:	11% per annum.
Interest Payment Dates:	Commencing on the first anniversary of the Effective Date, and continuing on the first business day of each April, July, October and January and the Maturity Date of the Reorganized NJLP New Senior Notes.
PIK Option:	If on any Interest Payment Date the interest due on such date exceeds the lesser of (i) the cash on hand of the Obligors and (ii) the Available Cash of the Obligors (such excess the "Interest Shortfall Amount"), the Issuer may pay the Interest Shortfall Amount by issuing to the holders of the Reorganized NJLP New Senior Notes additional Reorganized NJLP New Senior Notes in a principal amount equal to the Interest Shortfall Amount.

Available Cash:	As of any Interest Payment Date, (i) the amount of the cash on hand of the Obligors on such date (after giving effect to the payment of all other amounts due by any Obligor on such date) plus (ii) the amount of the projected cash receipts of the Obligors for the immediately succeeding 12 month period minus the sum of (iii) the amount of the projected cash disbursements of the Obligors for the immediately succeeding 12 month period plus (iv) without duplicating the amounts specified in clause (iii), the amount of all reserves required to be established by the Obligors during such 12 month period
Maturity Date:	On the anniversary of the Effective Date occurring in 2026.
Mandatory Prepayments:	On each Interest Payment Date occurring after the later of (a) the first anniversary of the Effective Date of the Plan, and (b) if such facility is in effect as of the Effective Date, the payment in full of the Exit Facility, the Issuer shall prepay the principal amount of the Reorganized NJLP New Senior Notes by an amount equal to 50% of the lesser of (i) the cash on hand of the Obligors on such Interest Payment Date (after payment of all interest on the Reorganized NJLP New Senior Notes due on such date and all other amounts due on such date) and (ii) the Available Cash on such date (after giving effect to the payment of all interest on the Reorganized NJLP New Senior Notes) due on such date.
Collateral:	The Reorganized NJLP New Senior Notes will be secured by a security interest on all personal property of the Obligors, which security interest shall be subordinate only to the security interest on such property securing the Exit Facility (if such Exit Facility is in effect as of the Effective Date)..
Indenture:	The Reorganized NJLP New Senior Notes shall be issued pursuant to the Reorganized NJLP New Senior Notes Indenture in form and substance satisfactory to the Majority Plan Proponents.
Indenture Trustee:	A banking institution acceptable to the Majority Plan Proponents. The Indenture Trustee may be one of the Non-Controlling Lenders. All fees and expenses of the Indenture Trustee shall be paid by the Issuer.

Representations and Warranties:	Representations and Warranties shall include (i) valid existence and power and authority of the Obligors, (ii) due execution and delivery of the Reorganized NJLP New Senior Notes and the Indenture, (iii) enforceability of the Reorganized NJLP New Senior Notes and the Indenture, (iv) compliance with applicable laws and (v) receipt of all necessary governmental approvals.
Covenants:	Covenants shall include (with appropriate carve-outs and exceptions) (i) maintenance of existence, (ii) payment of Reorganized NJLP New Senior Notes, (iii) limitation on new business, additional borrowings or granting of liens, (iv) compliance with laws, (vi) delivery of a annual financial statements, (viii) delivery of quarterly reports of Available Cash and (ix) notice of occurrence of an Event of Default.

Events of Default:	Events of Default shall include (i) failure to pay interest when due and the continuance of such failure to pay for 15 business days, (ii) failure to make a mandatory prepayment on the Reorganized NJLP New Senior Notes when due and continuance of such failure to pay for 30 business days, (iii) the material breach by any Obligor of any other covenant or agreement of such obligor under the Reorganized NJLP New Senior Notes or the Indenture and such breach remaining uncured or unwaived for a period of 30 days after notice thereof by the Indenture Trustee, which notice shall be given by the Indenture Trustee if instructed to do so by holders of Reorganized NJLP New Senior Notes representing at least 25% of the principal amount of all Reorganized NJLP New Senior Notes then outstanding, (iv) the commencement of a voluntary case or filing of any bankruptcy petition by [the Issuer or any material subsidiary of the Issuer as debtor under the Bankruptcy Code or any other bankruptcy or insolvency law of any jurisdiction or the entry of an order for relief in any bankruptcy case filed by or against the Issuer or any material subsidiary of the Issuer or the acquiescence by the Issuer] or any material subsidiary of the Issuer in any bankruptcy case filed against it, (v) the commencement of an involuntary case or filing of a bankruptcy petition against the Issuer of any material subsidiary of the Issuer as debtor under the Bankruptcy Code or under any other bankruptcy or insolvency of any jurisdiction and such case or petition remaining undismissed for a period of more than 90 days.
Acceleration of Maturity:	Upon the occurrence of any Event of Default, the Indenture Trustee may, if so instructed by holders of Reorganized NJLP New Senior Notes representing at least 80% of the outstanding principal amount of all outstanding Reorganized NJLP New Senior Notes, demand immediate payment of the principal of and interest on all outstanding Reorganized NJLP New Senior Notes; provided, however, that no such notice shall be required with respect to the Event of Default specified in clause (iv) above (voluntary bankruptcy filing).

Amendments	No provisions of the indenture may be amended except upon the instruction of the holders of Reorganized NJLP New Senior Notes representing at least 80% of the outstanding principal amount of all outstanding Reorganized NJLP New Senior Notes; provided that (i) no amendment extending the due date of any amount payable on a New Senior Note or reducing the amount payable thereon may be made without the consent of the Noteholders affected thereby and (ii) no amendment (x) to the 80% consent requirement set forth above or (y) to the requirements set forth in clause (i) above or (z) which would not apply to all New Senior Note (except as provided in clause (i) above) may be made without the consent of 100% of the Noteholders.
Governing Law:	New York.

Exhibit L

Term Sheet for Exit Facility

Exit Facility
for
GSC Group

TERM SHEET

The terms and obligations discussed in this term sheet ("Term Sheet") are subject to conditions to be set forth in definitive documentation, the execution and delivery of which make such terms and obligations binding (such binding terms and obligations, "Reorganized NJLP New Senior Notes").

Except as otherwise defined in this Term Sheet, capitalized terms shall carry meanings ascribed to them in the Joint Chapter 11 Plan for GSC Group, Inc. and its Affiliated Debtors Proposed by the Non-Controlling Lender Group, dated June 27, 2011 (as may be amended from time to time, the "Proposed Plan," and as confirmed by the Bankruptcy Court, the "Plan").

GSC Group/Debtors:	GSC Group, Inc., GSCP, LLC, GSC Active Partners, Inc., GSCP (NJ), Inc., GSCP (NJ) Holdings, L.P., GSCP (NJ), L.P. and GSC Secondary Interest Fund, LLC (each as reorganized pursuant to the Plan (as defined below herein referred to as a "Reorganized Debtor" or with the word "Reorganized" preceding its name)).
Exit Administrative Agent:	Credit Agricole Corporate and Investment Bank.
Exit Lenders:	The entities appearing on Schedule 1 hereto (or affiliates thereof).
Borrower:	Reorganized GSC Group, Inc.
Guarantors:	The GSC Group and any and all subsidiaries of GSC Group.
Effective Date:	The date that the Plan becomes effective.
Exit Facility:	The Exit Facility shall consist of: 1. a secured term credit facility in an amount equal to the DIP Facility Deficiency (as defined below) (the "Tranche A Commitment"), and 2. a multiple draw secured term loan facility in the amount of $7,000,000 (the "Tranche B Commitment" and, together with the Tranche A Commitment, the "Exit Commitments"). The Exit Facility shall be evidenced by a credit agreement (the "Exit Credit Agreement") and other documentation (collectively, the "Exit Documentation") satisfactory in form and substance to the Exit Lenders.

DIP Facility Deficiency:	The amount representing the deficiency between (i) the amount payable on the maturity date under the debtor-in-possession revolving credit facility ("the DIP Facility") among GSC Group, the lenders' party thereto, and Credit Agricole Corporate and Investment Bank, as Agent, and (ii) the amount of cash available to repay all outstanding amounts under the DIP Facility Agreement in full on the maturity date thereunder.
Sankaty:	Sankaty Advisors, LLC, or an affiliate thereof.
Maturity Date:	The date which is 18 months after the Effective Date.
Purpose:	To provide for general corporate requirements of the Reorganized Debtors, including the administration of the claims allowance process in the Debtors' Chapter 11 bankruptcy cases, avoidance litigation and litigation of pre-confirmation causes of action of the GSC Group) consistent with a weekly budget through the Maturity Date.
Availability:	Drawings under the Exit Facility shall only be made in accordance with a budget reasonably acceptable to the Exit Lenders to the extent the Reorganized Debtors do not have sufficient Available Cash (as defined below) to fund a budgeted item.
Budget:	Not later than two business days prior to the Effective Date, the Debtors shall provide the Exit Administrative Agent and each Exit Lender, (i) a copy of a budget (the "Budget"), in form and substance satisfactory to the Exit Administrative Agent and the Required Exit Lenders (as defined below), reflecting on a line-item basis anticipated cash receipts and expenditures for the succeeding six months, to be presented on a weekly basis for the first three months and on a monthly basis thereafter, and (ii) a copy of a variance report (the "Variance Report") reflecting on a line-item basis the actual cash receipts and disbursements for the preceding two weeks and the percentage variance of such actual results from those reflected in the Budget for the preceding two weeks.
Sankaty Fees:	The fees payable to Sankaty for services under the subadvisory agreement to be entered into between the Reorganized Debtors and Sankaty.
Interest Rate:	All loans outstanding under the Exit Facility shall bear interest at the higher of (a) 10.0% per annum, or (b) LIBOR plus 7.5% per annum.

Unused Line Fee:	1.0% per annum of the unutilized portion of the Exit Facility, payable pro rata to the Exit Lenders on the Maturity Date.
Facility Fee:	5.0% of the Tranche B Commitment under the Exit Facility, payable pro rata to the Exit Lenders on the Effective Date.
Agency Fee:	$200,000 payable to the Exit Administrative Agent on the Effective Date.
Interest Payments:	Interest shall be paid on a current basis from Available Cash of the Debtors. To the extent that cash is not available, interest shall accrue and be capitalized on a monthly basis and will itself accrue interest at the Interest Rate.
Turnover Amount:	$ million, which amount will be paid from the first proceeds that would otherwise be payable to the Participating Lenders by the Reorganized Debtors
Application of Funds:	All cash revesting with the Reorganized Debtors on the Effective Date and any cash generated by the Reorganized Debtors on or after the Effective Date, excluding the Sankaty Fees (the "Available Cash"), shall be deposited with the Exit Administrative Agent and applied as follows: 1. first, to repay amounts outstanding under the Tranche A Commitment, if any; 2. second, an amount equal to the budgeted expenditures payable within the subsequent 30 days shall be retained by the Exit Administrative Agent to be released in accordance with the Budget; 3. third, to pay any amounts outstanding under the Tranche B Commitments; and 4. fourth, to pay other amounts outstanding under the Exit Documentation.
Repayment:	On maturity, all amounts outstanding under the Exit Facility will be payable in full.
Commitment Reduction:	The Exit Commitments shall be permanently reduced, dollar for dollar, by the aggregate amount of all Available Cash promptly upon the receipt thereof by GSC Group. Amounts repaid under the Exit Facility may not be reborrowed.

Nature of Fees:	All fees shall be non-refundable under all circumstances.
Collateral:	All the obligations of the Debtors under the Exit Documentation shall be secured by first priority lien and security interest on all assets of the Reorganized Debtors and their subsidiaries.
Voting and Amendments:	"Required Exit Lenders" shall mean, as of any date of determination, Exit Lenders who in the aggregate constitute greater than 50% in amount of the Exit Commitments (which, if terminated, shall be deemed outstanding in the amount outstanding immediately prior to such termination), subject to customary exceptions.
Conditions Precedent to Loans:	Customary for this type of facility including, (i) the confirmation of the Plan implementing the terms specified in the Restructuring Term Sheet and (ii) occurrence of the Effective Date.
Representations:	Customary for this type of facility.
Covenants:	Customary for this type of facility.
Dividends and Distributions:	No dividends or other distributions by the Reorganized GSC Group Inc. will be permitted so long as the Exit Facility is in effect or any commitment thereunder is outstanding.
Events of Default:	Customary for this type of facility.
Assignments/Participations:	Assignments by the Exit Lenders may only be made to other Exit Lenders or other Non-Controlling Lenders or their affiliates.
Governing Law:	New York, except as governed by the Bankruptcy Code

Exhibit M

Term Sheet for Sub-Advisory Agreement between GSC Group and Sankaty, dated June 10, 2011

Subadvisory Agreement
between
GSC Group
and
Sankaty Advisors, LLC

TERM SHEET

The terms and obligations discussed in this term sheet ("Term Sheet") are subject to conditions to be set forth in definitive documentation, the execution and delivery of which make such terms and obligations binding on the Parties (such binding terms and obligations, the "Subadvisory Agreement").

Except as otherwise defined in this Term Sheet, capitalized terms shall carry meanings ascribed to them in the Joint Chapter 11 Plan for GSC Group, Inc. and its Affiliated Debtors Proposed by the Non-Controlling Lender Group, dated May 24, 2011 (as may be amended from time to time, the "Proposed Plan," and as confirmed by the Bankruptcy Court, the "Plan").

The Parties:	The Debtors and Sankaty.
Assumed Management Contracts:	Management Contracts assumed by the Debtors under the Plan and as to which any required consent has been given or deemed given.
Subadvisory Services to be Performed:	The Reorganized Debtors shall delegate to Sankaty as agent, and Sankaty shall perform, all of the duties required to be performed by the Reorganized Debtors under the Assumed Management Contracts (the "Subadvisory Services"). The Subadvisory Services shall include, and are not limited to, all reporting, valuation and monitoring services required to be performed by the Debtors under the Management Contracts. The Reorganized Debtors shall cooperate with Sankaty, at the expense of the advisory clients under the Assumed Management Contracts (to the extent expenses are reimbursable expenses under the Assumed Management Contracts) and at the expense of Sankaty (to the extent expenses are not reimbursable expenses under the Assumed Management Contracts).*
Supplemental Services to be Performed:	Sankaty, at its sole cost and expense (to the extent not reimbursed under the Assumed Management Contracts), shall be responsible for all legal, compliance, accounting and reporting functions and obligations of the Debtors required to be performed by the Reorganized Debtors under the Assumed Management Contracts ("Supplemental Services"); provided that (i) the Debtors shall at all times and at their expense maintain a chief operating officer for the Debtors who may also be an officer of Sankaty,

* Subject to confirmatory due diligence that could be performed by Sankaty prior to the final Disclosure Statement hearing if Sankaty is promptly provided with copies of the Assumed Management Contracts.

	but such officer shall have no authority to control investment decisions of Sankaty in respect of the managed assets, and (ii) the Debtors shall be responsible for all costs, including fees of an accountant incurred in connection with preparing the financial statements of the Debtors.
Technology Services to be Provided:	Sankaty, at its sole cost and expense (to the extent not reimbursed under the Assumed Management Contracts), shall be responsible for providing the Debtors with all information technology and computer services necessary to allow the Debtors to continue operating their business without interruption and to allow Sankaty to perform the Subadvisory Services ("Technology Services"), including without limitation all data processing, computer programming, and computer programs related to the provisions of services under the Management Contracts. Notwithstanding the foregoing, all costs in transitioning the Subadvisory Services to Sankaty's computer system and programs shall be for the account of the Reorganized Debtors (to the extent not reimbursed under the Assumed Management Contracts).
Fees:	Sankaty shall be entitled to 40% of all senior management fees (regardless of the nomenclature used to refer to such fees, as defined in each Assumed Management Contract) earned by the Reorganized Debtors under the Assumed Management Contracts (the "Sankaty Fees") in consideration of the Subadvisory Services, the Supplemental Services and such other services contemplated hereby; for the avoidance of doubt, the Sankaty Fees shall include 40% of the senior management fees that have been paid prior to the Effective Date of the Plan that relate to periods on or after the Effective Date but shall not include any part of the senior management fees (regardless of when collected) that relate to periods before the Effective Date of the Plan.
Expenses:	The Debtors shall reimburse Sankaty for all reasonable legal fees incurred by Sankaty prior to the consummation of the Plan related in any way to the Debtors, the Management Contracts, the Proposed Plan or the Plan. Subsequent to consummation of the Plan. Sankaty shall be responsible for all expenses it incurs in connection with the Subadvisory Services but not for any out-of-pocket costs and expenses it pays to a third-party service provider performing services other than services related to the Subadvisory Services and Supplemental Services. It is contemplated that such third-party service

	providers shall be limited to accountants retained to prepare the financial statements of the Debtors. Sankaty shall be entitled to all amounts reimbursed by the counterparties under the Assumed Management Contracts for all costs and expenses paid by Sankaty pursuant to the Assumed Management Contracts.
Reporting:	Sankaty shall provide to the Reorganized Debtors quarterly reports of (a) all fees and other amounts paid under the Assumed Management Contracts during the quarter covered by the report, specifying the portions thereof constituting senior management fees, (b) all costs and expenses incurred during such quarter in connection with its performance of the Subadvisory Services or the operations of the Reorganized Debtors and all portions thereof which have been charged to the Reorganized Debtors, and (c) all reimbursements recovered in such quarter under the Assumed Management Contracts with respect to such costs and expenses, specifying the portions thereof allocable to costs and expenses charged to the Reorganized Debtors.
Representations and Warranties of the Parties:	Standard and customary representations and warranties for agreements of this type, including, but not limited to, representations from Sankaty as to its registration with the Securities and Exchange Commission as an investment advisor.
Assignment:	Sankaty shall not be allowed to assign its rights under the Subadvisory Agreement without the Reorganized Debtors' prior written consent except to a wholly-owned subsidiary which is capable and legally authorized to perform the Subadvisory Services and Supplemental Services.
Non-Competition:	Neither Sankaty nor any affiliate of Sankaty shall enter into any direct management contract with any counterparty to an Assumed Management Contract regarding the assets that are subject to the Assumed Management Contracts.
Governing Law:	New York.

Effectiveness:	The Subadvisory Agreement shall become effective as of the date upon which the Plan becomes effective; Sankaty shall not be obliged to perform any duties under the Assumed Management Contracts until the Plan becomes effective.
Termination:	The Reorganized Debtors may not terminate the Subadvisory Agreement except for cause, including breach of an Assumed Management Contract that has not been cured within 30 days after written notice, bankruptcy, or fraud; Sankaty may not terminate the Subadvisory Agreement; provided, however, that Sankaty shall not be obligated to perform Subadvisory Services with respect to any Assumed Management Contract which is terminated.
Parties' Conditions:	The obligations of the Parties under this Term Sheet are conditioned upon the negotiation of a mutually satisfactory Subadvisory Agreement providing for the transactions contemplated by this Term Sheet; provided, however, that Sankaty shall, if so requested by the Plan Proponents, (a) designate and make available knowledgeable officers to testify about Sankaty and the transactions contemplated by the Term Sheet at any Bankruptcy Court hearing regarding the Plan and the Disclosure Statement; and (b) cooperate with the Debtors in connection with any attempt by the Debtors to assume Management Contracts and obtain any required consents for the Subadvisory Agreement.

Date: 6/10, 2011

By: Evan C Hollander

Printed Name: Evan C. Hollander

THE PLAN PROPONENTS

Date: 6/10, 2011

Mark Banc

Printed Name: Mark I. Banc

SANKATY ADVISORS, LLC

Exhibit N

Sankaty Advisors, LLC Form ADV, dated as of March 31, 2011

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: SANKATY ADVISORS, LLC **CRD Number: 134852**

ADV - Annual Amendment, Page 1 **Rev. 11/2010**

3/31/2011 5:03:02 PM

ADV Part 1A, Page 1

WARNING: Complete this form truthfully. False statements or omissions may result in denial of your application, revocation of your registration, or criminal prosecution. You must keep this form updated by filing periodic amendments. See Form ADV General Instruction 3.

Item 1 Identifying Information

Responses to this Item tell us who you are, where you are doing business, and how we can contact you.

A. Your full legal name (if you are a sole proprietor, your last, first, and middle names):
SANKATY ADVISORS, LLC

B. Name under which you primarily conduct your advisory business, if different from Item 1.A.
SANKATY ADVISORS, LLC
List on Section 1.B. of Schedule D any additional names under which you conduct your advisory business.

C. If this filing is reporting a change in your legal name (Item 1.A.) or primary business name (Item 1.B.), enter the new name and specify whether the name change is of
☐ your legal name or ☐ your primary business name:

D. If you are registered with the SEC as an investment adviser, your SEC file number: 801-69068

E. If you have a number ("*CRD* Number") assigned by *FINRA's CRD* system or by the IARD system, your *CRD* number: 134852
If your firm does not have a CRD number, skip this Item 1.E. Do not provide the CRD number of one of your officers, employees, or affiliates.

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: SANKATY ADVISORS, LLC **CRD Number: 134852**

ADV - Annual Amendment, Page 2 **Rev. 11/2010**

3/31/2011 5:03:02 PM

Item 1 Identifying Information (Continued)

F. *Principal Office and Place of Business*

(1) Address (do not use a P.O. Box):

Number and Street 1:		Number and Street 2:	
111 HUNTINGTON AVENUE			
City:	State:	Country:	ZIP+4/Postal Code:
BOSTON	MA	UNITED STATES	02199

If this address is a private residence, check this box: ☐

List on Section 1.F. of Schedule D any office, other than your principal office and place of business, at which you conduct investment advisory business. If you are applying for registration, or are registered, with one or more state securities authorities, you must list all of your offices in the state or states to which you are applying for registration or with whom you are registered. If you are applying for registration, or are registered only, with the SEC, list the largest five offices in terms of numbers of employees.

(2) Days of week that you normally conduct business at your *principal office and place of business*:

◉ Monday-Friday ○ Other:

Normal business hours at this location:
7:30AM-8:00PM

(3) Telephone number at this location:
617-516-2318

(4) Facsimile number at this location:
617-516-2319

G. Mailing address, if different from your *principal office and place of business* address:

Number and Street 1: Number and Street 2:

City: State: Country: ZIP+4/Postal Code:

If this address is a private residence, check this box: ☐

H. If you are a sole proprietor, state your full residence address, if different from your *principal office and place of business* address in Item 1.F.:

Number and Street 1: Number and Street 2:

City: State: Country: ZIP+4/Postal Code:

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Item 1 Identifying Information (Continued)

	YES	NO
I. Do you have World Wide Web site addresses? *If "yes," list these addresses on Section 1.I. of Schedule D. If a web address serves as a portal through which to access other information you have published on the World Wide Web, you may list the portal without listing addresses for all of the other information. Some advisers may need to list more than one portal address. Do not provide individual electronic mail addresses in response to this Item.*	◉	○

J. Contact *Employee*:

Name: Title:

ALAN K. HALFENGER		CHIEF COMPLIANCE OFFICER	
Telephone Number:		Facsimile Number:	
617-516-2318		617-516-2319	
Number and Street 1:		Number and Street 2:	
111 HUNTINGTON AVENUE			
City:	State:	Country:	ZIP+4/Postal Code:
BOSTON	MA	UNITED STATES	02199

Electronic mail (e-mail) address, if contact *employee* has one:
AHALFENGER@BAINCAPITAL.COM
The contact employee should be an employee whom you have authorized to receive information and respond to questions about this Form ADV.

	YES	NO
K. Do you maintain some or all of the books and records you are required to keep under Section 204 of the Advisers Act, or similar state law, somewhere other than your *principal office and place of business*? *If "yes," complete Section 1.K. of Schedule D.*	◉	○
L. Are you registered with a *foreign financial regulatory authority*? *Answer "no" if you are not registered with a foreign financial regulatory authority, even if you have an affiliate that is registered with a foreign financial regulatory authority. If "yes", complete Section 1.L. of Schedule D.*	○	◉

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Item 2 SEC Registration

Responses to this Item help us (and you) determine whether you are eligible to register with the SEC. Complete this Item 2 only if you are applying for SEC registration or submitting an *annual updating amendment* to your SEC registration.

A. To register (or remain registered) with the SEC, you must check at least one of the Items 2.A(1) through 2.A(11), below. If you are submitting an *annual updating amendment* to your SEC registration and you are no longer eligible to register with the SEC, check Item 2.A(12). You:

☑ (1) have *assets under management* of $25 million (in U.S. dollars) or more;

See Part 1A Instruction 2.a. to determine whether you should check this box.

☐ (2) have your *principal office and place of business* in Wyoming;

☐ (3) have your *principal office and place of business* outside the United States;

☐ (4) are an investment adviser (or sub-adviser) to an investment company registered under the Investment Company Act of 1940;

See Part 1A Instruction 2.b. to determine whether you should check this box.

☐ (5) have been designated as a nationally recognized statistical rating organization;

See Part 1A Instruction 2.c. to determine whether you should check this box.

☐ (6) are a pension consultant that qualifies for the exemption in rule 203A-2(b);

See Part 1A Instruction 2.d. to determine whether you should check this box.

☐ (7) are relying on rule 203A-2(c) because you are an investment adviser that *controls*, is *controlled* by, or is under common *control* with, an investment adviser that is registered with the SEC, and your *principal office and place of business* is the same as the registered adviser;

See Part 1A Instruction 2.e. to determine whether you should check this box. If you check this box, complete Section 2.A(7) of Schedule D.

☐ (8) are a newly formed adviser relying on rule 203A-2(d) because you expect to be eligible for SEC registration within 120 days;

See Part 1A Instruction 2.f. to determine whether you should check this box. If you check this box, complete Section 2.A(8) of Schedule D.

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Item 2 SEC Registration (Continued)

☐ (9) are a multi-state adviser relying on rule 203A-2(e);

See Part 1A Instruction 2.g. to determine whether you should check this box. If you check this box, complete Section 2.A(9) of Schedule D.

☐ (10) are an Internet investment adviser relying on rule 203A-2(f);

See Part 1A Instructions 2.h. to determine whether you should check this box.

☐ (11) have received an SEC *order* exempting you from the prohibition against registration with the SEC;

If you checked this box, complete Section 2.A(11) of Schedule D.

☐ (12) are no longer eligible to remain registered with the SEC.

See Part 1A Instructions 2.i. to determine whether you should check this box.

B. Under state laws, SEC-registered advisers may be required to provide to *state securities authorities* a copy of the Form ADV and any amendments they file with the SEC. These are called *notice filings*. If this is an initial application, check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings you submit to the SEC. If this is an amendment to direct your *notice filings* to additional state(s), check the box(es) next to the state (s) that you would like to receive notice of this and all subsequent filings you submit to the SEC. If this is an amendment to your registration to stop your *notice filings* from going to state(s) that currently receive them, uncheck the box(es) next to those state(s).

☐ AL	☐ ID	☐ MO	☐ PA
☐ AK	☐ IL	☐ MT	☐ PR
☐ AZ	☐ IN	☐ NE	☐ RI
☐ AR	☐ IA	☐ NV	☐ SC
☐ CA	☐ KS	☐ NH	☐ SD
☐ CO	☐ KY	☐ NJ	☐ TN
☐ CT	☐ LA	☐ NM	☐ TX
☐ DE	☐ ME	☐ NY	☐ UT
☐ DC	☐ MD	☐ NC	☐ VT
☐ FL	☐ MA	☐ ND	☐ VI
☐ GA	☐ MI	☐ OH	☐ VA
☐ GU	☐ MN	☐ OK	☐ WA
☐ HI	☐ MS	☐ OR	☐ WV
			☐ WI

If you are amending your registration to stop your notice filings from going to a state that currently receives them and you do not want to pay that state's notice filing fee for the coming year, your amendment must filed before the end of the year (December 31).

Item 3 Form Of Organization

A. How are you organized?

○ Corporation ○ Sole Proprietorship ○ Limited Liability Partnership (LLP)

○ Partnership ◉ Limited Liability Company (LLC) ○ Other (specify):

If you are changing your response to this Item, see Part 1A Instruction 4.

Item 3 Form Of Organization (Continued)

B. In what month does your fiscal year end each year?
December

C. Under the laws of what state or country are you organized?

State:	Country:
Delaware	UNITED STATES

Item 4 Successions

	YES	NO
A. Are you, at the time of this filing, succeeding to the business of a registered investment adviser?	○	◉

If "yes," complete Item 4.B. and Section 4 of Schedule D.

B. Date of Succession: (MM/DD/YYYY)

If you have already reported this succession on a previous Form ADV filing, do not report the succession again. Instead, check "No." See Part 1A Instruction 4.

Item 5 Information About Your Advisory Business

Responses to this Item help us understand your business, assist us in preparing for on-site examinations, and provide us with data we use when making regulatory policy. Part 1A Instruction 5.a. provides additional guidance to newly-formed advisers for completing this Item 5.

Employees

A. Approximately how many *employees* do you have? Include full and part-time *employees* but do not include any clerical workers.

○ 1- 5 ○ 6-10 ○ 11-50 ◉ 51-250 ○ 251-500
○ 501-1,000 ○ More than 1,000 If more than 1,000, how many? (round to the nearest 1,000)

B.

(1) Approximately how many of these *employees* perform investment advisory functions (including research)?

○ 0 ○ 1-5 ○ 6-10 ○ 11-50 ◉ 51-250
○ 251-500 ○ 501-1,000 ○ More than 1,000 If more than 1,000, how many? (round to the nearest 1,000)

(2) Approximately how many of these *employees* are registered representatives of a broker-dealer?

◉ 0 ○ 1-5 ○ 6-10 ○ 11-50 ○ 51-250
○ 251-500 ○ 501-1,000 ○ More than 1,000 If more than 1,000, how many? (round to the nearest 1,000)

If you are organized as a sole proprietorship, include yourself as an employee in your responses to Items 5.A(1) and 5.B(2). If an employee performs more than one function, you

should count that employee in each of your responses to Item 5.B(1) and 5.B(2).

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Item 5 Information About Your Advisory Business (Continued)

(3) Approximately how many firms or other *persons* solicit advisory *clients* on your behalf?

(•) 0 ( ) 1-5 ( ) 6-10 ( ) 11-50 ( ) 51-250
( ) 251-500 ( ) 501-1,000 ( ) More than 1,000 If more than 1,000, how many? (round to the nearest 1,000)

In your response to Item 5.B(3), do not count any of your employees and count a firm only once -- do not count each of the firm's employees that solicit on your behalf.

Clients

C. To approximately how many *clients* did you provide investment advisory services during your most-recently completed fiscal year?

( ) 0 ( ) 1-10 (•) 11-25 ( ) 26-100 ( ) 101-250
( ) 251-500 ( ) More than 500 If more than 500, how many? (round to the nearest 500)

D. What types of *clients* do you have? Indicate the approximate percentage that each type of *client* comprises of your total number of *clients*.

		None	Up to 10%	11-25%	26-50%	51-75%	More Than 75%
(1)	Individuals (other than *high net worth individuals*)	(•)	( )	( )	( )	( )	( )
(2)	*High net worth individuals*	(•)	( )	( )	( )	( )	( )
(3)	Banking or thrift institutions	(•)	( )	( )	( )	( )	( )
(4)	Investment companies (including mutual funds)	(•)	( )	( )	( )	( )	( )
(5)	Pension and profit sharing plans (other than plan participants)	(•)	( )	( )	( )	( )	( )
(6)	Other pooled investment vehicles (e.g., hedge funds)	( )	( )	( )	( )	( )	(•)
(7)	Charitable organizations	(•)	( )	( )	( )	( )	( )
(8)	Corporations or other businesses not listed above	(•)	( )	( )	( )	( )	( )
(9)	State or municipal *government entities*	(•)	( )	( )	( )	( )	( )
(10)	Other: SOVEREIGN FUND	( )	(•)	( )	( )	( )	( )

The category "individuals" includes trusts, estates, 401(k) plans and IRAs of individuals and their family members, but does not include businesses organized as sole proprietorships.

Unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940, check "None" in response to Item 5.D(4).

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Item 5 Information About Your Advisory Business (Continued)

Compensation Arrangements

E. You are compensated for your investment advisory services by (check all that apply):

- [x] (1) A percentage of assets under your management
- [ ] (2) Hourly charges
- [ ] (3) Subscription fees (for a newsletter or periodical)
- [ ] (4) Fixed fees (other than subscription fees)
- [ ] (5) Commissions
- [ ] (6) *Performance-based fees*
- [x] (7) Other (specify): GENERAL PARTNER PROFITS ALLOCATION

Assets Under Management

		YES	NO
F. (1)	Do you provide continuous and regular supervisory or management services to securities portfolios?	◉	○

(2) If yes, what is the amount of your assets under management and total number of accounts?

	U.S. Dollar Amount	Total Number of Accounts
Discretionary:	(a) $ 17737000000 .00	(d) 27
Non-Discretionary:	(b) $ 0 .00	(e) 0
Total:	(c) $ 17737000000 .00	(f) 27

Part 1A Instruction 5.b. explains how to calculate your assets under management. You must follow these instructions carefully when completing this Item.

Advisory Activities

G. What type(s) of advisory services do you provide? Check all that apply.

- [ ] (1) Financial planning services
- [ ] (2) Portfolio management for individuals and/or small businesses
- [ ] (3) Portfolio management for investment companies
- [x] (4) Portfolio management for businesses or institutional *clients* (other than investment

companies)

- ☐ (5) Pension consulting services
- ☐ (6) Selection of other advisers
- ☐ (7) Publication of periodicals or newsletters
- ☐ (8) Security ratings or pricing services
- ☐ (9) Market timing services
- ☐ (10) Other (specify):

Do not check Item 5.G(3) unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940.

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Item 5 Information About Your Advisory Business (Continued)

H. If you provide financial planning services, to how many *clients* did you provide these services during your last fiscal year?

○ 0 ○ 1-10 ○ 11-25 ○ 26-50 ○ 51-100
○ 101-250 ○ 251-500 ○ More than 500 If more than 500, how many? (round to the nearest 500)

I. If you participate in a *wrap fee program*, do you (check all that apply):

- ☐ (1) *sponsor* the *wrap fee program* ?
- ☐ (2) act as a portfolio manager for the *wrap fee program*?

If you are a portfolio manager for a wrap fee program, list the names of the programs and their sponsors in Section 5.I(2) of Schedule D.

If your involvement in a wrap fee program is limited to recommending wrap fee programs to your clients , or you advise a mutual fund that is offered through a wrap fee program, do not check either Item 5.I(1) or 5.I(2).

Item 6 Other Business Activities

In this Item, we request information about your other business activities.

A. You are actively engaged in business as a (check all that apply):

- ☐ (1) Broker-dealer
- ☐ (2) Registered representative of a broker-dealer
- ☐ (3) Futures commission merchant, commodity pool operator, or commodity trading advisor
- ☐ (4) Real estate broker, dealer, or agent

☐ (5) Insurance broker or agent

☐ (6) Bank (including a separately identifiable department or division of a bank)

☐ (7) Other financial product salesperson (specify):

		YES	NO
B.	(1) Are you actively engaged in any other business not listed in Item 6.A. (other than giving investment advice)?	○	◉
	(2) If yes, is this other business your primary business?	○	○
	If "yes," describe this other business on Section 6.B. of Schedule D.		
		YES	**NO**
	(3) Do you sell products or provide services other than investment advice to your advisory *clients*?	○	◉

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Item 7 Financial Industry Affiliations

In this Item, we request information about your financial industry affiliations and activities. This information identifies areas in which conflicts of interest may occur between you and your *clients*.

Item 7 requires you to provide information about you and your *related persons*. Your *related persons* are all of your *advisory affiliates* and any *related person* that is under common *control* with you.

A. You have a *related person* that is a (check all that apply):

☐ (1) broker-dealer, municipal securities dealer, or government securities broker or dealer

☐ (2) investment company (including mutual funds)

☑ (3) other investment adviser (including financial planners)

☐ (4) futures commission merchant, commodity pool operator, or commodity trading advisor

☐ (5) banking or thrift institution

☐ (6) accountant or accounting firm

☐ (7) lawyer or law firm

☐ (8) insurance company or agency

☐ (9) pension consultant

☐ (10) real estate broker or dealer

☑ (11) sponsor or syndicator of limited partnerships

If you checked Items 7.A.(1) or (3), you must list on Section 7.A. of Schedule D all your related persons that are investment advisers, broker-dealers, municipal securities dealers, or government securities broker or dealers.

		Yes	No
B.	Are you or any *related person* a general partner in an *investment-related* limited partnership or manager of an *investment-related* limited liability company, or do you advise any other "private fund" as defined under SEC rule 203(b)(3)-1?	◉	○

If "yes," for each limited partnership or limited liability company, or (if applicable) private fund, complete Section 7.B. of Schedule D . If, however, you are an SEC-registered adviser and you have related persons that are SEC-registered advisers who are the general partners of limited partnerships or the managers of limited liability companies, you do not have to complete Section 7.B. of Schedule D with respect to those related advisers' limited partnerships or limited liability companies.

To use this alternative procedure, you must state in the Miscellaneous Section of Schedule D :(1) that you have related SEC-registered investment advisers that manage limited partnerships or limited liability companies that are not listed in Section 7.B. of Schedule D ; (2) that complete and accurate information about those limited partnerships or limited liability companies is available in Section 7.B. of Schedule D of the Form ADVs of your related SEC-registered advisers; and (3) whether your clients are solicited to invest in any of those limited partnerships or limited liability companies.

Item 8 Participation or Interest in *Client* Transactions

In this Item, we request information about your participation and interest in your *clients'* transactions. Like Item 7, this information identifies areas in which conflicts of interest may occur between you and your *clients*.

Like Item 7, Item 8 requires you to provide information about you and your *related persons*.

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UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Item 8 Participation or Interest in *Client* Transactions (Continued)

Proprietary Interest in *Client* Transactions

	Yes	No
A. Do you or any *related person*:		
(1) buy securities for yourself from advisory *clients,* or sell securities you own to advisory *clients* (principal transactions)?	○	◉
(2) buy or sell for yourself securities (other than shares of mutual funds) that you also recommend to advisory *clients*?	○	◉
(3) recommend securities (or other investment products) to advisory *clients* in which you or any *related person* has some other proprietary (ownership) interest (other than those mentioned in Items 8.A(1) or (2))?	◉	○

Sales Interest in *Client* Transactions

	Yes	No
B. Do you or any *related person*:		
(1) as a broker-dealer or registered representative of a broker-dealer, execute securities trades for brokerage customers in which advisory *client* securities are sold to or bought from the brokerage customer (agency cross transactions)?	○	◉
(2) recommend purchase of securities to advisory *clients* for which you or any *related person* serves as underwriter, general or managing partner, or purchaser representative?	◉	○

(3) recommend purchase or sale of securities to advisory *clients* for which you or any *related person* has any other sales interest (other than the receipt of sales commissions as a broker or registered representative of a broker-dealer)?	◉	○

Investment or Brokerage Discretion

C. Do you or any *related person* have *discretionary authority* to determine the:	Yes	No
(1) securities to be bought or sold for a *client's* account?	◉	○
(2) amount of securities to be bought or sold for a *client's* account?	◉	○
(3) broker or dealer to be used for a purchase or sale of securities for a *client's* account?	◉	○
(4) commission rates to be paid to a broker or dealer for a *client's* securities transactions?	◉	○

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Item 8 Participation or Interest in *Client* Transactions (Continued)

D. Do you or any *related person* recommend brokers or dealers to *clients*?	◉	○
E. Do you or any *related person* receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions?	◉	○
F. Do you or any *related person*, directly or indirectly, compensate any *person* for *client* referrals?	○	◉

In responding to this Item 8.F., consider in your response all cash and non-cash compensation that you or a related person gave any person in exchange for client referrals, including any bonus that is based, at least in part, on the number or amount of client referrals.

Item 9 *Custody*

In this Item, we ask you whether you or a *related person* has *custody* of *client* assets and about your custodial practices.

A. (1) Do you have *custody* of any advisory *clients'*:	Yes	No
(a) cash or bank accounts?	○	◉
(b) securities?	○	◉

If you are registering or registered with the SEC, answer "No" to Item 9.A.(1)(a) and (b) if you have custody solely because (i) you deduct your advisory fees directly from your clients' accounts, or (ii) a related person maintains client funds or securities as a qualified custodian but you have overcome the presumption that you are not operationally independent (pursuant to Advisers Act rule 206(4)(2)-(d)(5)) from the related person.

(2) If you checked "yes" to Item 9.A(1)(a) or (b), what is the amount of *client* funds and securities and total number of *clients* for which you have *custody*:

U.S. Dollar Amount	Total Number of Clients
(a)$	(b)

If your related person serves as qualified custodian of client assets, do not include the amount of those assets and the number of those clients in your response to Item 9.A.(2). Instead, include that information in your response to Item 9.B.(2).

B. (1) Do any of your *related persons* have *custody* of any of your advisory *clients'*:

	Yes	No
(a) cash or bank accounts?	◉	○
(b) securities?	◉	○

You are required to answer this item regardless of how you answered Item 9.A.(1)(a) or (b).

(2) If you checked "yes" to Item 9.B.(1)(a) or (b), what is the amount of *client* funds and securities and total number of *clients* for which your related persons have *custody*:

U.S. Dollar Amount	Total Number of Clients
(a)$ 10467000000	(b) 19

C. If you or your *related persons* have *custody* of *client* funds or securities, check all the following that apply:

(1) A qualified custodian(s) sends account statements at least quarterly to the investors in the pooled investment vehicle(s) you manage. ☑

(2) An independent public accountant audits annually the pooled investment vehicle(s) that you manage and the audited financial statements are distributed to the investors in the pools. ☑

(3) An independent public accountant conducts an annual surprise examination of *client* funds and securities. ☑

(4) An independent public accountant prepares an internal control report with respect to custodial services when you or your *related persons* are qualified custodians for *client* funds and securities. ☐

If you checked Item 9.C.(2), C.(3) or C.(4), list in Section 9.C. of Schedule D the accountants that are engaged to perform the audit or examination or prepare an internal control report.

D. Do you or your *related persons* act as qualified custodians for your *clients* in connection with advisory services you provide to *clients*?

	Yes	No
(1) you act as a qualified custodian	○	◉
(2) your *related persons* act as qualified custodians	○	◉

If you checked "yes" to Item 9.D.(2), list in Section 9.D. of Schedule D all your related persons that act as qualified custodians for your clients in connection with advisory services you provide to clients (you do not have to list broker-dealers already identified as qualified custodians in Section 7.A. of Schedule D).

E. If you are filing your annual updating amendment and you were subject to a surprise examination by an independent public accountant during your last fiscal year, provide the 11/2010

date (MM/YYYY) the examination commenced:

Item 10 *Control Persons*

In this Item, we ask you to identify every *person* that, directly or indirectly, *controls* you.

If you are submitting an initial application, you must complete Schedule A and Schedule B. Schedule A asks for information about your direct owners and executive officers. Schedule B asks for information about your indirect owners. If this is an amendment and you are updating information you reported on either Schedule A or Schedule B (or both) that you filed with your initial application, you must complete Schedule C.

	YES	NO
Does any *person* not named in Item 1.A. or Schedules A, B, or C, directly or indirectly, *control* your management or policies?	○	◉

If yes, complete Section 10 of Schedule D.

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Item 11 Disclosure Information

In this Item, we ask for information about your disciplinary history and the disciplinary history of all your *advisory affiliates*. We use this information to determine whether to grant your application for registration, to decide whether to revoke your registration or to place limitations on your activities as an investment adviser, and to identify potential problem areas to focus on during our on-site examinations. One event may result in "yes" answers to more than one of the questions below.

Your *advisory affiliates* are: (1) all of your current *employees* (other than *employees* performing only clerical, administrative, support or similar functions); (2) all of your officers, partners, or directors (or any *person* performing similar functions); and (3) all *persons* directly or indirectly *controlling* you or *controlled* by you. If you are a "separately identifiable department or division" (SID) of a bank, see the Glossary of Terms to determine who your *advisory affiliates* are.

If you are registered or registering with the SEC, you may limit your disclosure of any event listed in Item 11 to ten years following the date of the event. If you are registered or registering with a state, you must respond to the questions as posed; you may, therefore, limit your disclosure to ten years following the date of an event only in responding to Items 11.A(1), 11.A(2), 11.B(1), 11.B(2), 11.D (4), and 11.H(1)(a). For purposes of calculating this ten-year period, the date of an event is the date the final order, judgment, or decree was entered, or the date any rights of appeal from preliminary orders, judgments, or decrees lapsed.

You must complete the appropriate Disclosure Reporting Page ("DRP") for "yes" answers to the questions in this Item 11.

For "yes" answers to the following questions, complete a Criminal Action DRP:

	YES	NO
A. In the past ten years, have you or any *advisory affiliate*:		
(1) been convicted of or plead guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any *felony*?	○	◉

(2) been *charged* with any *felony*? ○ ◉

If you are registered or registering with the SEC, you may limit your response to Item 11.A(2) to charges that are currently pending.

B. In the past ten years, have you or any *advisory affiliate*:

(1) been convicted of or plead guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to a *misdemeanor* involving: investments or an *investment-related* business, or any fraud, false statements, or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses? ○ ◉

(2) been *charged* with a *misdemeanor* listed in 11.B(1)? ○ ◉

If you are registered or registering with the SEC, you may limit your response to Item 11.B(2) to charges that are currently pending.

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UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Item 11 Disclosure Information (Continued)

For "yes" answers to the following questions, complete a Regulatory Action DRP:

	YES	NO
C. Has the SEC or the Commodity Futures Trading Commission (CFTC) ever:		
(1) *found* you or any *advisory affiliate* to have made a false statement or omission?	○	◉
(2) *found* you or any *advisory affiliate* to have been *involved* in a violation of SEC or CFTC regulations or statutes?	○	◉
(3) *found* you or any *advisory affiliate* to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted?	○	◉
(4) entered an *order* against you or any *advisory affiliate* in connection with *investment-related* activity?	○	◉
(5) imposed a civil money penalty on you or any *advisory affiliate*, or *ordered* you or any *advisory affiliate* to cease and desist from any activity?	○	◉
D. Has any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority*:		
(1) ever *found* you or any *advisory affiliate* to have made a false statement or omission, or been dishonest, unfair, or unethical?	○	◉
(2) ever *found* you or any *advisory affiliate* to have been *involved* in a violation of *investment-related* regulations or statutes?	○	◉

(3) ever *found* you or any *advisory affiliate* to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted? ○ ◉

(4) in the past ten years, entered an *order* against you or any *advisory affiliate* in connection with an *investment-related* activity? ○ ◉

(5) ever denied, suspended, or revoked your or any *advisory affiliate's* registration or license, or otherwise prevented you or any *advisory affiliate*, by *order*, from associating with an *investment-related* business or restricted your or any *advisory affiliate's* activity? ○ ◉

E. Has any *self-regulatory organization* or commodities exchange ever:

(1) *found* you or any *advisory affiliate* to have made a false statement or omission? ○ ◉

(2) *found* you or any *advisory affiliate* to have been *involved* in a violation of its rules (other than a violation designated as a *"minor rule violation"* under a plan approved by the SEC)? ○ ◉

(3) *found* you or any *advisory affiliate* to have been the cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted? ○ ◉

(4) disciplined you or any *advisory affiliate* by expelling or suspending you or the *advisory affiliate* from membership, barring or suspending you or the *advisory affiliate* from association with other members, or otherwise restricting your or the *advisory affiliate's* activities? ○ ◉

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Item 11 Disclosure Information (Continued)

F. Has an authorization to act as an attorney, accountant, or federal contractor granted to you or any *advisory affiliate* ever been revoked or suspended? ○ ◉

G. Are you or any *advisory affiliate* now the subject of any regulatory *proceeding* that could result in a "yes" answer to any part of Item 11.C., 11.D., or 11.E.? ○ ◉

For "yes" answers to the following questions, complete a Civil Judicial Action DRP:

H. (1) Has any domestic or foreign court: **YES** **NO**

(a) in the past ten years, *enjoined* you or any *advisory affiliate* in connection with any *investment-related* activity? ○ ◉

(b) ever *found* that you or any *advisory affiliate* were *involved* in a violation of *investment-related* statutes or regulations? ○ ◉

(c) ever dismissed, pursuant to a settlement agreement, an *investment-related* civil action brought against you or any *advisory affiliate* by a state or *foreign financial regulatory authority*? ○ ◉

(2) Are you or any *advisory affiliate* now the subject of any civil *proceeding* that could result in a "yes" answer to any part of Item 11.H(1)? ○ YES ◉ NO

Item 12 Small Businesses

The SEC is required by the Regulatory Flexibility Act to consider the effect of its regulations on small entities. In order to do this, we need to determine whether you meet the definition of "small business" or "small organization" under rule 0-7.

Answer this Item 12 only if you are registered or registering with the SEC and you indicated in response to Item 5.F(2)(c) that you have assets under management of less than $25 million. You are not required to answer this Item 12 if you are filing for initial registration as a state adviser, amending a current state registration, or switching from SEC to state registration.

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Item 12 Small Businesses (Continued)

For purposes of this Item 12 only:

- Total Assets refers to the total assets of a firm, rather than the assets managed on behalf of *clients*. In determining your or another *person's* total assets, you may use the total assets shown on a current balance sheet (but use total assets reported on a consolidated balance sheet with subsidiaries included, if that amount is larger).
- Control means the power to direct or cause the direction of the management or policies of a *person*, whether through ownership of securities, by contract, or otherwise. Any *person* that directly or indirectly has the right to vote 25 percent or more of the voting securities, or is entitled to 25 percent or more of the profits, of another *person* is presumed to control the other *person.*

	YES	NO
A. Did you have total assets of $5 million or more on the last day of your most recent fiscal year?	○	○
If "yes," you do not need to answer Items 12.B. and 12.C.		
B. Do you:		
(1) *control* another investment adviser that had assets under management of $25 million or more on the last day of its most recent fiscal year?	○	○
(2) *control* another *person* (other than a natural person) that had total assets of $5 million or more on the last day of its most recent fiscal year?	○	○
C. Are you:		
(1) *controlled* by or under common *control* with another investment adviser that had assets under management of $25 million or more on the last day of its most recent fiscal year?	○	○
(2) *controlled* by or under common *control* with another *person* (other than a natural person) that had total assets of $5 million or more on the last day of its most	○	○

recent fiscal year?

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Primary Business Name: SANKATY ADVISORS, LLC **CRD Number: 134852**

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You must complete this Part 1B only if you are applying for registration, or are registered, as an investment adviser with any of the *state securities authorities.*

Part 1B Item 1 - State Registration

Complete this Item 1 if you are submitting an initial application for state registration or requesting additional state registration(s). Check the boxes next to the states to which you are submitting this application. If you are already registered with at least one state and are applying for registration with an additional state or states, check the boxes next to the states in which you are applying for registration. Do not check the boxes next to the states in which you are currently registered or where you have an application for registration pending.

☐ AL	☐ ID	☐ MO	☐ PA
☐ AK	☐ IL	☐ MT	☐ PR
☐ AZ	☐ IN	☐ NE	☐ RI
☐ AR	☐ IA	☐ NV	☐ SC
☐ CA	☐ KS	☐ NH	☐ SD
☐ CO	☐ KY	☐ NJ	☐ TN
☐ CT	☐ LA	☐ NM	☐ TX
☐ DE	☐ ME	☐ NY	☐ UT
☐ DC	☐ MD	☐ NC	☐ VT
☐ FL	☐ MA	☐ ND	☐ VI
☐ GA	☐ MI	☐ OH	☐ VA
☐ GU	☐ MN	☐ OK	☐ WA
☐ HI	☐ MS	☐ OR	☐ WV
			☐ WI

Part 1B Item 2 - Additional Information

A. Person responsible for supervision and compliance:

Name:

Title:

Telephone: Fax:

Number and Street 1: Number and Street 2:

City: State: Country: ZIP+4/Postal Code:

Email address, if available:

If this address is a private residence, check this box: ☐

B. Bond/Capital Information, if required by your *home state*.

(1) Name of Issuing Insurance Company:

(2) Amount of Bond:
$ .00

(3) Bond Policy Number:

	Yes	No
(4) If required by your home state, are you in compliance with your home state's minimum capital requirements?	○	○

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Part 1B Item 2 - Additional Information (Continued)

	Yes	No
For "yes" answers to the following question, complete a Bond DRP.		
C. Has a bonding company ever denied, paid out on, or revoked a bond for you?	○	○
For "yes" answers to the following question, complete a Judgment/Lien DRP:		
D. Do you have any unsatisfied judgments or liens against you?	○	○
For "yes" answers to the following questions, complete an Arbitration DRP:		
E. Are you, any *advisory affiliate*, or any *management person* currently the subject of, or have you , any *advisory affiliate*, or any *management person* been the subject of, an arbitration claim alleging damages in excess of $2,500, involving any of the following:		
(1) any investment or an *investment-related* business of activity?	○	○
(2) fraud, false statement, or omission?	○	○
(3) theft, embezzlement, or other wrongful taking of property?	○	○
(4) bribery, forgery, counterfeiting, or extortion?	○	○
(5) dishonest, unfair, or unethical practices?	○	○
For "yes" answers to the following questions, complete a Civil Judicial Action DRP:		
F. Are you, any *advisory affiliate*, or any *management person* currently subject to, or have you, any *advisory affiliate*, or any *management person* been *found* liable in, a civil, *self-*		

regulatory organization, or administrative *proceeding* involving any of the following:

(1) an investment or *investment-related* business or activity?	○	○
(2) fraud, false statement, or omission?	○	○
(3) theft, embezzlement, or other wrongful taking of property?	○	○
(4) bribery, forgery, counterfeiting, or extortion?	○	○
(5) dishonest, unfair, or unethical practices?	○	○

G. Other Business Activities

(1) You are actively engaged in business as a(n) (check all that apply):

- ☐ Attorney
- ☐ Certified Public Accountant
- ☐ Tax Preparer

FORM ADV
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Part 1B Item 2 - Additional Information (Continued)

(2) If you are actively engaged in any business other than those listed in Item 6.A of Part 1A or Item 2.G(1) of Part 1B, describe the business and the approximate amount of time spent on that business:

H. If you provide financial planning services, the investments made based on those services at the end of your last fiscal year totaled:

	Securities Investments	Non-Securities Investments
Under $100,000	○	○
$100,001 to $500,000	○	○
$500,001 to $1,000,000	○	○
$1,000,001 to $2,500,000	○	○
$2,500,001 to $5,000,000	○	○
More than $5,000,000	○	○

If securities investments are over $5,000,000, how much? (round to the nearest $1,000,000)

If non-securities investments are over $5,000,000, how much? (round to the nearest $1,000,000)

	Yes	**No**
I. *Custody*		
(1) Do you withdraw advisory fees directly from your *clients'* accounts? If you answered	○	○

"yes", respond to the following:

(a) Do you send a copy of your invoice to the custodian or trustee at the same time that you send a copy to the *client*? ○ ○

(b) Does the custodian send quarterly statements to your *clients* showing all disbursements for the custodian account, including the amount of the advisory fees? ○ ○

(c) Do your *clients* provide written authorization permitting you to be paid directly for their accounts held by the custodian or trustee? ○ ○

(2) Do you act as a general partner for any partnership or trustee for any trust in which your advisory *clients* are either partners of the partnership or beneficiaries of the trust? If you answered "yes", respond to the following: ○ ○

(a) As the general partner of a partnership, have you engaged an attorney or an independent certified public accountant to provide authority permitting each direct payment or any transfer of funds or securities from the partnership account? ○ ○

(3) Do you require the prepayment of fees of more than $500 per *client* and for six months or more in advance? ○ ○

Part 1B Item 2 - Additional Information (Continued)

	Yes	No
J. If you are organized as a sole proprietorship, please answer the following:		
(1) (a) Have you passed, on or after January 1, 2000, the Series 65 examination?	○	○
(b) Have you passed, on or after January 1, 2000, the Series 66 examination and also passed, at any time, the Series 7 examination?	○	○
(2) (a) Do you have any investment advisory professional designations? *If "no", you do not need to answer Item 2.J(2)(b).*	○	○

(b) I have earned and I am in good standing with the organization that issued the following credential:

- ☐ Certified Financial Planner ("CFP")
- ☐ Chartered Financial Analyst ("CFA")
- ☐ Chartered Financial Consultant ("ChFC")
- ☐ Chartered Investment Counselor ("CIC")
- ☐ Personal Financial Specialist ("PFS")
- ☐ None of the above

(3) Your Social Security Number:

Amend, retire or file new brochures:

Brochure ID	Brochure Name	Brochure Type(s)
49698	SANKATY ADVISORS MARCH 2011	Private funds or pools

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Form ADV, Schedule A

Direct Owners and Executive Officers

1. Complete Schedule A only if you are submitting an initial application. Schedule A asks for information about your direct owners and executive officers. Use Schedule C to amend this information.
2. Direct Owners and Executive Officers. List below the names of:
   (a) each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer(Chief Compliance Officer is required and cannot be more than one individual), director, and any other individuals with similar status or functions;
   (b) if you are organized as a corporation, each shareholder that is a direct owner of 5% or more of a class of your voting securities, unless you are a public reporting company (a company subject to Section 12 or 15(d) of the Exchange Act);

   Direct owners include any *person* that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 5% or more of a class of your voting securities. For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.
   (c) if you are organized as a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 5% or more of your capital;
   (d) in the case of a trust that directly owns 5% or more of a class of your voting securities, or that has the right to receive upon dissolution, or has contributed, 5% or more of your capital, the trust and each trustee; and
   (e) if you are organized as a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 5% or more of your capital, and (ii) if

managed by elected managers, all elected managers.

3. Do you have any indirect owners to be reported on Schedule B? (•) Yes ( ) No
4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner or executive officer is an individual.
5. Complete the Title or Status column by entering board/management titles; status as partner, trustee, sole proprietor, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).
6. Ownership codes are:

NA - less than 5%	B - 10% but less than 25%	D - 50% but less than 75%
A - 5% but less than 10%	C - 25% but less than 50%	E - 75% or more

7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.

   (b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.

   (c) Complete each column.

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Title or Status	Date Title or Status Acquired MM/YYYY	Ownership Code	*Control Person*	PR	*CRD* No. If None: S.S. No. and Date of Birth, IRS Tax No., or Employer ID No.
BAIN CAPITAL, LLC	DE	MEMBER	06/2000	E	Y	N	04-3511291
LAVINE, JONATHAN, SCOTT	I	MANAGING DIRECTOR-CHIEF INVESTMENT OFFICER	12/1997	NA	Y	N	1869945
FASSLER, SALLY, DEE	I	CHIEF FINANCIAL OFFICER	07/2007	NA	N	N	5458587
HALFENGER, ALAN, KENT	I	CHIEF COMPLIANCE OFFICER	09/2005	NA	N	N	1715234
HAWKINS, JEFFREY, BROOKS	I	MANAGING DIRECTOR-CHIEF OPERATING OFFICER	01/2008	NA	N	N	5458588
VIENS, ANDREW, SCOTT	I	SENIOR VICE PRESIDENT OF OPERATIONS	01/2010	NA	N	N	5458589
RAMANATHAN, RANESH	I	GENERAL COUNSEL	12/2010	NA	N	N	5124080

Form ADV, Schedule B

Indirect Owners

1. Complete Schedule B only if you are submitting an initial application. Schedule B asks for information about your indirect owners; you must first complete Schedule A, which asks for information about your direct owners. Use Schedule C to amend this information.
2. Indirect Owners. With respect to each owner listed on Schedule A (except individual owners), list below:
   (a) in the case of an owner that is a corporation, each of its shareholders that beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 25% or more of a class of a voting security of that corporation;

   For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

   (b) in the case of an owner that is a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 25% or more of the partnership's capital;

   (c) in the case of an owner that is a trust, the trust and each trustee; and

   (d) in the case of an owner that is a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 25% or more of the LLC's capital, and (ii) if managed by elected managers, all elected managers.
3. Continue up the chain of ownership listing all 25% owners at each level. Once a public reporting company (a company subject to Sections 12 or 15(d) of the Exchange Act) is reached, no further ownership information need be given.
4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner is an individual.
5. Complete the Status column by entering the owner's status as partner, trustee, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).
6. Ownership codes are:
   C - 25% but less than 50%
   D - 50% but less than 75%
   E - 75% or more
   F - Other (general partner, trustee, or elected manager)
7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.
   (b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.

(c) Complete each column.

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Entity in Which Interest is Owned	Status	Date Status Acquired MM/YYYY	Ownership Code	*Control Person*	PR	*CRD* No. If None: S.S. No. and Date of Birth, IRS Tax No. or Employer ID No.
BEKENSTEIN, JOSHUA	I	BAIN CAPITAL, LLC	MANAGING DIRECTOR	10/1984	F	Y	N	5458226
CONNAUGHTON, JOHN, PATRICK	I	BAIN CAPITAL, LLC	MANAGING DIRECTOR	12/1997	F	Y	N	4343603
EDGERLEY, PAUL, BRADFORD	I	BAIN CAPITAL, LLC	MANAGING DIRECTOR	01/1991	F	Y	N	5458229
FERRANTE, DOMENIC, JAY	I	BAIN CAPITAL, LLC	MANAGING DIRECTOR	12/1997	F	Y	N	1859708
KRUPKA, MICHAEL, ALAN	I	BAIN CAPITAL, LLC	MANAGING DIRECTOR	12/1997	F	Y	N	5125779
LAVINE, JONATHAN, SCOTT	I	BAIN CAPITAL, LLC	MANAGING DIRECTOR	12/1997	F	Y	N	1869945
NUNNELLY, MARK, EDWARD	I	BAIN CAPITAL, LLC	MANAGING DIRECTOR	01/1990	F	Y	N	5458252
PAGLIUCA, STEPHEN, GERARD	I	BAIN CAPITAL, LLC	MANAGING DIRECTOR	09/1989	F	Y	N	4344369
POLER, DWIGHT, MACVICAR	I	BAIN CAPITAL, LLC	MANAGING DIRECTOR	10/1999	F	Y	N	1748689
GOSS, MICHAEL, FENTON	I	BAIN CAPITAL, LLC	MANAGING DIRECTOR AND CHIEF OPERATING OFFICER	01/2001	F	N	N	5457250
DOHERTY, SEAN, MICHAEL	I	BAIN CAPITAL, LLC	MANAGING DIRECTOR AND CHIEF LEGAL OFFICER	12/2010	F	N	N	5457249

Form ADV, Schedule C

Amendments to Schedules A and B

1. Use Schedule C only to amend information requested on either Schedule A or Schedule B. Refer to Schedule A and Schedule B for specific instructions for completing this Schedule C. Complete each column.
2. In the Type of Amendment column, indicate "A" (addition), "D" (deletion), or "C" (change in information about the same *person*).
3. Ownership codes are: NA - less than 5%; A - 5% but less than 10%; B - 10% but less than 25%; C - 25% but less than 50%; D - 50% but less than 75%; E - 75% or more; G - Other (general partner, trustee, or elected member)
4. List below all changes to Schedule A (Direct Owners and Executive Officers):

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Type of Amendment	Title or Status	Date Title or Status Acquired MM/YYYY	Ownership Code	*Control Person*	PR	*CRD* No. If None: S.S. No. and Date of Birth, IRS Tax No. or Employer ID No.
VIENS, ANDREW, SCOTT	I	C	SENIOR VICE PRESIDENT OF OPERATIONS	01/2010	NA	N	N	5458589

5. List below all changes to Schedule B (Indirect Owners):

No Changes to Indirect Owner Information Filed

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Form ADV, Schedule D Page 1

Certain items in Part 1A of Form ADV require additional information on Schedule D. Use this Schedule D Page 1 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

Section 1.B. Other Business Names

List your other business names and the jurisdictions in which you use them. You must complete a

separate Schedule D for each business name.

No Information Filed

Section 1.F. Other Offices

Complete the following information for each office, other than your *principal office and place of business*, at which you conduct investment advisory business. You must complete a separate Schedule D Page 1 for each location. If you are applying for registration, or are registered, only with the SEC, list only the largest five (in terms of numbers of *employees*).

Number and Street 1:		Number and Street 2:	
1603 ORRINGTON AVENUE		SUITE 815	
City:	State:	Country:	ZIP+4/Postal Code:
EVANSTON	IL	UNITED STATES	60201

If this address is a private residence, check this box: ☐

Telephone Number at this location:	Facsimile number at this location:
847-563-5330	847-563-5331

Number and Street 1:		Number and Street 2:	
590 MADISON AVENUE		42ND FLOOR	
City:	State:	Country:	ZIP+4/Postal Code:
NEW YORK	NY	UNITED STATES	10022

If this address is a private residence, check this box: ☐

Telephone Number at this location:	Facsimile number at this location:
212-326-9420	212-421-2225

Number and Street 1:		Number and Street 2:	
DEVONSHIRE HOUSE, 1ST FLOOR		MAYFAIR PLACE	
City:	State:	Country:	ZIP+4/Postal Code:
LONDON		UNITED KINGDOM	W1J8AJ

If this address is a private residence, check this box: ☐

Telephone Number at this location:	Facsimile number at this location:
+44 (20) 751 45 75 7	+44 (20) 751 45 75 0

Section 1.I. World Wide Web Site Addresses

List your World Wide Web site addresses. You must complete a separate Schedule D for each World Wide Web site address.

World Wide Web Site Address: WWW.SANKATY.COM

Section 1.K. Locations of Books and Records

Complete the following information for each location at which you keep your books and records, other than your *principal office and place of business*. You must complete a separate Schedule D Page 1 for each location.

Name of entity where books and records are kept:
IRON MOUNTAIN ADDRESS

Number and Street 1:		Number and Street 2:	
175 BEARFOOT ROAD			
City:	State:	Country:	ZIP+4/Postal Code:
NORTHBOROUGH	MA	UNITED STATES	01532

If this address is a private residence, check this box: ☐

Telephone Number:	Facsimile number:
(508) 393-2481	

This is (check one):

- ○ one of your branch offices or affiliates.
- ◉ a third-party unaffiliated recordkeeper.
- ○ other.

Briefly describe the books and records kept at this location.
ARCHIVED BUSINESS RECORDS

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Form ADV, Schedule D Page 2

Use this Schedule D Page 2 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

Section 1.L. Registration with *Foreign Financial Regulatory Authorities*

List the name, in English, of each *foreign financial regulatory authority* and country with which you are registered. You must complete a separate Schedule D Page 2 for each *foreign financial regulatory authority* with whom you are registered.

No Information Filed

Section 2.A(7) Affiliated Adviser

No Information Filed

Section 2.A(8) Newly Formed Adviser

If you are relying on rule 203A-2(d), the newly formed adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations. You must make both of these representations:

- ☐ I am not registered or required to be registered with the SEC or a *state securities authority* and I have a reasonable expectation that I will be eligible to register with the SEC within 120 days after the date my registration with the SEC becomes effective.
- ☐ I undertake to withdraw from SEC registration if, on the 120th day after my registration with the SEC becomes effective, I would be prohibited by Section 203A(a) of the Advisers Act from registering with the SEC.

Section 2.A(9) Multi-State Adviser

If you are relying on rule 203A-2(e), the multi-state adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations.

If you are applying for registration as an investment adviser with the SEC, you must make both of these representations:

☐ I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of 30 or more states to register as an investment adviser with the securities authorities in those states.

☐ I undertake to withdraw from SEC registration if I file an amendment to this registration indicating that I would be required by the laws of fewer than 25 states to register as an investment adviser with the securities authorities of those states.

If you are submitting your *annual updating amendment*, you must make this representation:

☐ Within 90 days prior to the date of filing this amendment, I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of at least 25 states to register as an investment adviser with the securities authorities in those states.

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Form ADV, Schedule D Page 3

Use this Schedule D Page 3 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

Section 2.A(11) SEC Exemptive *Order*

No Information Filed

Section 4 Successions

Complete the following information if you are succeeding to the business of a currently-registered investment adviser. If you acquired more than one firm in the succession you are reporting on this Form ADV, you must complete a separate Schedule D Page 3 for each acquired firm. See Part 1A Instruction 4.

No Information Filed

Section 5.I(2) *Wrap Fee Programs*

If you are a portfolio manager for one or more *wrap fee programs*, list the name of each program and its *sponsor*. You must complete a separate Schedule D Page 3 for each *wrap fee program* for which you are a portfolio manager.

No Information Filed

Section 6.B. Description of Primary Business

No Information Filed

Section 7.A. Affiliated Investment Advisers and Broker-Dealers

You must complete the following information for each *related person* investment adviser and broker-dealer. You must complete a separate Schedule D Page 3 for each listed *related person*.

(1) Legal Name of *Related Person*:
ABSOLUTE RETURN CAPITAL, LLC

(2) Primary Business Name of *Related Person*:
ABSOLUTE RETURN CAPITAL, LLC

(3) *Related Person* is (check only one box):

- (•) Investment Adviser
- ( ) Broker-Dealer
- ( ) Dual (Investment Adviser and Broker-Dealer)

	Yes	No
(4) If the *related person* is a broker-dealer, is it a qualified custodian for your *clients* in connection with advisory services you provide to *clients*?	( )	( )
(5) If you are registering or registered with the SEC and you have answered "yes," have you overcome the presumption that you are not operationally independent (pursuant to Advisers Act rule 206(4)(2)-(d)(5)) from the *related person* broker-dealer, and thus are not required to obtain a surprise examination for your *clients'* funds or securities that are maintained at the *related person* ?	( )	( )

Related Person Adviser's SEC File Number (if any)
801- 69072

Related Person's CRD Number (if any):
145647

(1) Legal Name of *Related Person*:
BAIN CAPITAL PARTNERS, LLC

(2) Primary Business Name of *Related Person*:
BAIN CAPITAL PARTNERS, LLC

(3) *Related Person* is (check only one box):

- (•) Investment Adviser
- ( ) Broker-Dealer
- ( ) Dual (Investment Adviser and Broker-Dealer)

	Yes	No
(4) If the *related person* is a broker-dealer, is it a qualified custodian for your *clients* in connection with advisory services you provide to *clients*?	( )	( )
(5) If you are registering or registered with the SEC and you have answered "yes," have you overcome the presumption that you are not operationally independent (pursuant to Advisers Act rule 206(4)(2)-(d)(5)) from the *related person* broker-dealer, and thus are not required to obtain a surprise examination for your *clients'* funds or securities that are maintained at the *related person* ?	( )	( )

Related Person Adviser's SEC File Number (if any)

801- 69069

Related Person's CRD Number (if any):
145653

(1) Legal Name of *Related Person*:
BAIN CAPITAL VENTURE PARTNERS, LLC

(2) Primary Business Name of *Related Person*:
BAIN CAPITAL VENTURE PARTNERS, LLC

(3) *Related Person* is (check only one box):

- (•) Investment Adviser
- ( ) Broker-Dealer
- ( ) Dual (Investment Adviser and Broker-Dealer)

	Yes	No
(4) If the *related person* is a broker-dealer, is it a qualified custodian for your *clients* in connection with advisory services you provide to *clients*?	( )	( )
(5) If you are registering or registered with the SEC and you have answered "yes," have you overcome the presumption that you are not operationally independent (pursuant to Advisers Act rule 206(4)(2)-(d)(5)) from the *related person* broker-dealer, and thus are not required to obtain a surprise examination for your *clients'* funds or securities that are maintained at the *related person* ?	( )	( )

Related Person Adviser's SEC File Number (if any)
801- 69071

Related Person's CRD Number (if any):
145652

(1) Legal Name of *Related Person*:
BROOKSIDE CAPITAL, LLC

(2) Primary Business Name of *Related Person*:
BROOKSIDE CAPITAL, LLC

(3) *Related Person* is (check only one box):

- (•) Investment Adviser
- ( ) Broker-Dealer
- ( ) Dual (Investment Adviser and Broker-Dealer)

	Yes	No
(4) If the *related person* is a broker-dealer, is it a qualified custodian for your *clients* in connection with advisory services you provide to *clients*?	( )	( )

(5) If you are registering or registered with the SEC and you have answered "yes," have you overcome the presumption that you are not operationally independent (pursuant to Advisers Act rule 206(4)(2)-(d)(5)) from the *related person* broker-dealer, and thus are not required to obtain a surprise examination for your *clients'* funds or securities that are maintained at the *related person* ?

○ ○

Related Person Adviser's SEC File Number (if any)
801- 69070

Related Person's CRD Number (if any):
145650

(1) Legal Name of *Related Person*:
BAIN CAPITAL, LTD.

(2) Primary Business Name of *Related Person*:
BAIN CAPITAL, LTD.

(3) *Related Person* is (check only one box):

- ◉ Investment Adviser
- ○ Broker-Dealer
- ○ Dual (Investment Adviser and Broker-Dealer)

	Yes	No
(4) If the *related person* is a broker-dealer, is it a qualified custodian for your *clients* in connection with advisory services you provide to *clients*?	○	○
(5) If you are registering or registered with the SEC and you have answered "yes," have you overcome the presumption that you are not operationally independent (pursuant to Advisers Act rule 206(4)(2)-(d)(5)) from the *related person* broker-dealer, and thus are not required to obtain a surprise examination for your *clients'* funds or securities that are maintained at the *related person* ?	○	○

Related Person Adviser's SEC File Number (if any)
801-

Related Person's CRD Number (if any):

(1) Legal Name of *Related Person*:
SANKATY ADVISORS, LTD.

(2) Primary Business Name of *Related Person*:
SANKATY ADVISORS, LTD.

(3) *Related Person* is (check only one box):

(●) Investment Adviser

( ) Broker-Dealer

( ) Dual (Investment Adviser and Broker-Dealer)

	Yes	No
(4) If the *related person* is a broker-dealer, is it a qualified custodian for your *clients* in connection with advisory services you provide to *clients*?	( )	( )
(5) If you are registering or registered with the SEC and you have answered "yes," have you overcome the presumption that you are not operationally independent (pursuant to Advisers Act rule 206(4)(2)-(d)(5)) from the *related person* broker-dealer, and thus are not required to obtain a surprise examination for your *clients'* funds or securities that are maintained at the *related person* ?	( )	( )

Related Person Adviser's SEC File Number (if any)
801-

Related Person's CRD Number (if any):

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Form ADV, Schedule D Page 4

Use this Schedule D Page 4 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

Section 7.B. Limited Partnership Participation or Other Private Fund Participation

You must complete a separate Schedule D Page 4 for each limited partnership in which you or a *related person* is a general partner, each limited liability company for which you or a *related person* is a manager, and each other private fund that you advise.

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
SANKATY CREDIT OPPORTUNITIES, L.P.

Name of General Partner or Manager:
SANKATY CREDIT OPPORTUNITIES INVESTORS, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ( ) Yes (●) No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ( ) Yes (●) No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?

0 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 5000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 186000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
SANKATY CREDIT OPPORTUNITIES II, L.P.

Name of General Partner or Manager:
SANKATY CREDIT OPPORTUNITIES INVESTORS II, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
0 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 1000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 949000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
SANKATY CREDIT OPPORTUNITIES III, L.P.

Name of General Partner or Manager:
SANKATY CREDIT OPPORTUNITIES INVESTORS III, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
0 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 1000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 1869000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
PROSPECT HARBOR CREDIT PARTNERS, L.P.

Name of General Partner or Manager:
PROSPECT HARBOR INVESTORS, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
4 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 3000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 1478000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
SANKATY SPECIAL SITUATIONS I, L.P.

Name of General Partner or Manager:
SANKATY SPECIAL SITUATIONS INVESTORS I, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
4 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 25000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 316000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
SANKATY HIGH YIELD PARTNERS II, L.P.

Name of General Partner or Manager:
SANKATY HIGH YIELD ASSET INVESTORS II, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
4 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 1000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 133000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
SANKATY HIGH YIELD PARTNERS III, L.P.

Name of General Partner or Manager:
SANKATY HIGH YIELD ASSET INVESTORS III, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
0 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 250000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 90000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
KATONAH III, LTD

Name of General Partner or Manager:
SANKATY ADVISORS, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203

(b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
0 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 500000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 268000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
KATONAH IV, LTD

Name of General Partner or Manager:
SANKATY ADVISORS, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
8 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 500000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 149000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
AVERY POINT CLO, LIMITED

Name of General Partner or Manager:
SANKATY ADVISORS, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
12 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 1000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 329000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
RACE POINT CLO, LIMITED

Name of General Partner or Manager:
SANKATY ADVISORS, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
16 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 1000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 10000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
RACE POINT II CLO, LIMITED

Name of General Partner or Manager:
SANKATY ADVISORS, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
12 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 1000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 313000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
SANKATY CREDIT OPPORTUNITIES IV, L.P.

Name of General Partner or Manager:
SANKATY CREDIT OPPORTUNITIES INVESTORS IV, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
0 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 1000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 1732000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
SANKATY CREDIT OPPORTUNITIES (OFFSHORE MASTER) IV, L.P.

Name of General Partner or Manager:
SANKATY CREDIT OPPORTUNITIES INVESTORS (OFFSHORE) IV, L.P.

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
0 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 1000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:

$ 2156000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
SANKATY SENIOR LOAN FUND, L.P.

Name of General Partner or Manager:
SANKATY SENIOR LOAN INVESTORS, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
0 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 3000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 239000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
SANKATY MANAGED ACCOUNT (PSERS), L.P.

Name of General Partner or Manager:
SANKATY MANAGED ACCOUNT INVESTORS, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
0 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 0

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 632000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
SANKATY DIP OPPORTUNITIES, L.P.

Name of General Partner or Manager:

SANKATY DIP OPPORTUNITIES INVESTORS, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
0 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 500000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 1100000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
SANKATY DIP OPPORTUNITIES (OFFSHORE MASTER), L.P.

Name of General Partner or Manager:
SANKATY DIP OPPORTUNITIES INVESTORS (OFFSHORE), LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
0 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 500000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 444000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
SANKATY MIDDLE MARKET OPPORTUNITIES FUND, L.P.

Name of General Partner or Manager:
SANKATY MIDDLE MARKET OPPORTUNITIES INVESTORS, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
0 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 1000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 335000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
SANKATY MIDDLE MARKET OPPORTUNITIES FUND (OFFSHORE MASTER), L.P.

Name of General Partner or Manager:
SANKATY MIDDLE MARKET OPPORTUNITIES INVESTORS (OFFSHORE), L.P.

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
0 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 1000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 71000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
SANKATY MIDDLE MARKET OPPORTUNITIES FUND (OFFSHORE MASTER II), L.P.

Name of General Partner or Manager:
SANKATY MIDDLE MARKET OPPORTUNITIES INVESTORS (OFFSHORE II), L.P.

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
0 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 1000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 503000000

Name of Limited Partnership, Limited Liability Company, or other Private Fund:
SANKATY MANAGED ACCOUNT (UCAL), L.P.

Name of General Partner or Manager:
SANKATY MANAGED ACCOUNT INVESTORS (UCAL) LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ○ Yes ◉ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund? ○ Yes ◉ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?
0 %

Minimum investment commitment required of a limited partner, member, or other investor:
$ 0

Current value of the total assets of the limited partnership, limited liability company, or other private fund:
$ 75000000

Section 9.C. Independent Public Accountant

You must complete the following information for each independent public accountant engaged to perform a surprise examination, perform an audit of a pooled investment vehicle that you manage, or prepare an internal control report. You must complete a separate Schedule D Page 4 for each independent public accountant.

(1) Name of the independent public accountant:
PRICEWATERHOUSECOOPERS

(2) The location of the independent public accountant's office responsible for the services provided:

Number and Street 1:	Number and Street 2:
111 HIGH STREET	
City:	State:
BOSTON	Massachusetts
Country:	ZIP+4 / Postal Code:

UNITED STATES 02110

If this address is a private residence, check this box: ☐

	Yes	No
(3) Is the independent public accountant registered with the Public Company Accounting Oversight Board?	◉	○
(4) If yes to (3) above, is the independent public accountant subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?	◉	○

(5) The independent public accountant is engaged to:

A. ☑ audit a pooled investment vehicle
B. ☑ perform a surprise examination of *clients* assets
C. ☐ prepare an internal control report

	Yes	No
(6) Does the report prepared by the independent public accountant that audited the pooled investment vehicle or that examined internal controls contain an unqualified opinion?	◉	○

Section 9.D. Related Person Qualified Custodian

No Information Filed

Section 10 *Control Persons*

You must complete a separate Schedule D Page 4 for each *control person* not named in Item 1.A. or Schedules A, B, or C that directly or indirectly *controls* your management or policies.

No Information Filed

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Form ADV, Schedule D Page 5

Use this Schedule D Page 5 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

Schedule D - Miscellaneous

You may use the space below to explain a response to an Item or to provide any other information.

ITEMS 5A AND 5B: COUNTED EMPLOYEES MAY INCLUDE FULL-TIME DEDICATED EMPLOYEES OF THE ADVISER, AS WELL AS EMPLOYEES IN SUPPORT FUNCTIONS OF THE PARENT COMPANY, WHICH MAY PROVIDE SERVICES TO THIS AND OTHER AFFILIATED ADVISERS. ITEM 5F: TOTAL ASSETS UNDER MANAGEMENT INCLUDES ASSETS OF CLIENTS AND RELATED ENTITIES. THE TOTAL AUM IS AS OF 12/31/2010 (INCLUDES 1/1/2011 CLIENT FUND CONTRIBUTION IN SANKATY SENIOR LOAN FUND, L.P.) AND MAY NOT INCLUDE CLIENTS OR RELATED ENTITIES COMMITTED AFTER THAT DATE (UNLESS OTHERWISE NOTED). ITEM 5F AND SCHEDULE D, SECTION 7B: ASSETS UNDER MANAGEMENT OF EACH CLIENT AND RELATED ENTITY CALCULATED AS TOTAL MARKET VALUE OF ASSETS PLUS, WHERE APPLICABLE, UNCALLED COMMITMENT, AS OF 12/31/2010. ITEM 9B(2)(A):

ASSETS UNDER MANAGEMENT EXCLUDES COMMITTED BUT UNCALLED CAPITAL AS OF 12/31/2010. ITEM 9C: SANKATY'S RELATED PERSONS HAVE CUSTODY OF CLIENTS' FUNDS OR SECURITIES, WHICH MAY RELY ON DIFFERENT METHODS FOR COMPLYING WITH RULE 206(4)-2. FOR SCHEDULE D, SECTION 7B: SANKATY CREDIT MEMBER, LLC IS THE MANAGING MEMBER OF EACH OF SANKATY CREDIT OPPORTUNITIES INVESTORS, LLC, SANKATY CREDIT OPPORTUNITIES INVESTORS II, LLC, SANKATY CREDIT OPPORTUNITIES INVESTORS III, LLC, SANKATY CREDIT OPPORTUNITIES INVESTORS IV, LLC, PROSPECT HARBOR INVESTORS, LLC, SANKATY SPECIAL SITUATIONS INVESTORS I, LLC, SANKATY SENIOR LOAN INVESTORS, LLC, SANKATY MANAGED ACCOUNT INVESTORS, LLC, SANKATY MANAGED ACCOUNT INVESTORS (UCAL), LLC, SANKATY DIP OPPORTUNITIES INVESTORS, LLC AND SANKATY MIDDLE MARKET OPPORTUNITIES INVESTORS, LLC, THE GENERAL PARTNERS OF ONE OR MORE CLIENTS OF THE ADVISER. SANKATY INVESTORS, LLC IS THE MANAGING MEMBER OF SANKATY HIGH YIELD ASSET INVESTORS, LLC, THE GENERAL PARTNER OF A CLIENT OF THE ADVISER. SANKATY INVESTORS II, LLC IS THE MANAGING MEMBER OF SANKATY HIGH YIELD ASSET INVESTORS II, LLC, THE GENERAL PARTNER OF A CLIENT OF THE ADVISER. SANKATY INVESTORS III, LLC IS THE MANAGING MEMBER OF SANKATY HIGH YIELD ASSET INVESTORS III, LLC, THE GENERAL PARTNER OF A CLIENT OF THE ADVISER. SANKATY CREDIT MEMBER (OFFSHORE), LTD. IS THE GENERAL PARTNER OF SANKATY CREDIT OPPORTUNITIES INVESTORS (OFFSHORE) IV, L.P., SANKATY DIP OPPORTUNITIES INVESTORS (OFFSHORE) L.P., SANKATY MIDDLE MARKET OPPORTUNITIES INVESTORS (OFFSHORE), L.P., AND SANKATY MIDDLE MARKET OPPORTUNITIES INVESTORS (OFFSHORE II), L.P., THE GENERAL PARTNERS OF ONE OR MORE CLIENTS OF THE ADVISER. THE ADVISER IS THE SUBADVISOR TO EACH OF KATONAH III, LTD AND KATONAH IV, LTD. MINIMUM CONTRIBUTION NUMBERS ARE THOSE LISTED IN THE OFFERING MEMORANDA OF EACH CLIENT. THE GENERAL PARTNER OF EACH CLIENT, IN ITS SOLE DISCRETION, MAY PERMIT INVESTMENTS BELOW THE AMOUNT STATED.

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: SANKATY ADVISORS, LLC **CRD Number: 134852**

ADV - Annual Amendment, DRP Pages **Rev. 11/2010**

3/31/2011 5:03:02 PM

CRIMINAL DISCLOSURE REPORTING PAGE (ADV)
No Information Filed
REGULATORY ACTION DISCLOSURE REPORTING PAGE (ADV)
No Information Filed
CIVIL JUDICIAL ACTION DISCLOSURE REPORTING PAGE (ADV)
No Information Filed
Bond DRPs
No Information Filed

Judgment/Lien DRPs
No Information Filed
Arbitration DRPs
No Information Filed

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

DOMESTIC INVESTMENT ADVISER EXECUTION PAGE

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for SEC registration and all amendments to registration.

Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the Secretary of State or other legally designated officer, of the state in which you maintain your *principal office and place of business* and any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order* instituting *proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding* or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are submitting a *notice filing*.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal and state regulatory representatives.

Signature: /S/ ALAN K. HALFENGER	Date: MM/DD/YYYY 03/31/2011
Printed Name: /S/ ALAN K. HALFENGER	Title: CHIEF COMPLIANCE OFFICER
Adviser *CRD* Number: 134852	

NON-RESIDENT **INVESTMENT ADVISER EXECUTION PAGE**

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for SEC registration and all amendments to registration.

1. Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint each of the Secretary of the SEC, and the Secretary of State or other legally designated officer, of any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order* instituting *proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding*, or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of any state in which you are submitting a *notice filing*.

2. Appointment and Consent: Effect on Partnerships

If you are organized as a partnership, this irrevocable power of attorney and consent to service of process will continue in effect if any partner withdraws from or is admitted to the partnership, provided that the admission or withdrawal does not create a new partnership. If the partnership dissolves, this irrevocable power of attorney and consent shall be in effect for any action brought against you or any of your former partners.

3. *Non-Resident* Investment Adviser Undertaking Regarding Books and Records

By signing this Form ADV, you also agree to provide, at your own expense, to the U.S. Securities and Exchange Commission at its principal office in Washington D.C., at any Regional or District Office of the Commission, or at any one of its offices in the United States, as specified by the Commission, correct, current, and complete copies of any or all records that you are required to maintain under Rule 204-2 under the Investment Advisers Act of 1940. This undertaking shall be binding upon you, your heirs, successors and assigns, and any *person* subject to your written irrevocable consents or powers of attorney or any of your general partners and *managing agents*.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the *non-resident* investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal and state regulatory representatives.

Signature:	Date: MM/DD/YYYY
Printed Name:	Title:
Adviser *CRD* Number: 134852	

State Registered Investment Adviser Execution Page

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for state registration and all amendments to registration.

1. Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the legally designated officers and their successors, of the state in which you maintain your *principal office and place of business* and any other state in which you are applying for registration or amending your registration, as your agents to receive service, and agree that such persons may accept service on your behalf, of any notice, subpoena, summons, *order* instituting *proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding*, or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are applying for registration or amending your registration.

2. State-Registered Investment Adviser Affidavit

If you are subject to state regulation, by signing this Form ADV, you represent that, you are in compliance with the registration requirements of the state in which you maintain your principal place of business and are in compliance with the bonding, capital, and recordkeeping requirements of that state.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having *custody* or possession of these books and records to make them available to federal and state regulatory representatives.

Signature	Date MM/DD/YYYY
CRD Number 134852	
Printed Name	Title

Sankaty Advisors, LLC

111 Huntington Avenue
Boston, MA 02199

www.sankaty.com

Part 2A of Form ADV: Firm Brochure
March 2011

This brochure provides information about the qualifications and business practices of Sankaty Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (617) 516-2318. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Sankaty Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. An investment adviser's registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

Item 2 is not applicable, as this is the initial public filing of Form ADV Part 2A for Sankaty Advisors, LLC ("Sankaty").

Item 3. Table of Contents

Item 4. Advisory Business

Sankaty, a Delaware limited liability company wholly owned by Bain Capital, LLC ("Bain Capital"), provides investment advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the "1940 Act") and whose securities are not registered under the Securities Act of 1933, as amended (the "Securities Act"), including funds structured as collateralized loan obligations ("CLOs") (collectively the "Sankaty Funds"), and provides advisory services for clients in separately managed accounts ("Separate Account Clients"), as well as various subsidiary financing vehicles which are wholly-owned by one or more Sankaty Funds. The Sankaty Funds and Separate Account Clients are referred to collectively as "Sankaty Clients." The Sankaty Funds other than CLOs are referred to as the "Sankaty Partnerships." Additionally, Sankaty provides sub-advisory services to certain other Sankaty Funds (Sub-Advisory Funds").

Sankaty's investment advisory activities include providing investment advice to Sankaty Clients that have three main strategies: long-only, primarily bank debt focused funds, long/short liquid credit funds and credit opportunities funds that invest in higher yielding credit. As the investment adviser or sub-adviser of each Sankaty Client, Sankaty (along with, in the case of each Sankaty Partnership, the general partner ("General Partner") of such Sankaty Partnership), identifies investment opportunities for, and participates in the acquisition, management, monitoring and disposition of investments of, each Sankaty Client.

Sankaty uses fundamental credit analysis to identify attractive investment opportunities and seeks superior risk adjusted returns, primarily in credit products and fixed-income investments. Sankaty provides investment advice regarding investments in performing and distressed bank loans, high yield bonds, investment grade bonds, mortgages, mezzanine/private placements, structured products, credit based securities, swap transactions (including total rate of return swaps and credit default swaps), derivative instruments, equities, short sales, currency hedging transactions, securities lending arrangements, repurchase agreements, and investments as a limited partner in private equity partnerships. Sankaty Clients may use leverage directly or indirectly. Use of leverage will increase the volatility of levered investments.

Sankaty provides investment advisory services to each Sankaty Client pursuant to separate investment and advisory, investment management or portfolio management agreements (each, an "Advisory Agreement") or separate sub-advisory agreements (each, a "Sub-Advisory Agreement"). Investment advice is provided by Sankaty directly to each Sankaty Partnerships, subject to the direction and control of the affiliated General Partner of the Sankaty Partnership. Any restrictions on investments in certain types of securities are established by the General Partner of the applicable Sankaty Partnership, and are set forth in the documentation received by each limited partner prior to investment in such Sankaty Partnership.

The terms of the advisory services to be provided to a Sankaty Fund (except for the Sub-Advisory Funds and Sankaty Partnerships), including any restrictions on investments in certain types of securities, are established by Sankaty as modified by negotiations with investors in the applicable Sankaty Fund, and are set forth in such Sankaty Fund's Advisory Agreement and other documentation received by each investor prior to investment in such Sankaty Fund. The

terms of the advisory services to be provided to a Sub-Advisory Fund, including any restrictions on investments in certain types of securities, were established at the time that Sankaty began providing investment advisory services to the applicable Sub-Advisory Fund and are set forth in such Sub-Advisory Fund's Sub-Advisory Agreement. Once invested in a Sankaty Fund, investors cannot impose restrictions on the types of securities in which such Sankaty Fund may invest.

The terms of the advisory services to be provided to a Separate Account Client, including any restrictions on investments in certain types of securities, are the result of negotiations between Sankaty and such Separate Account Client, and are set forth in such Separate Account Client's Advisory Agreement. The Advisory Agreement of a Separate Account Client may be changed by such Separate Account Client only to the extent permitted by the applicable Advisory Agreement.

Sankaty has been in business since 1997. As of December 31, 2010, Sankaty manages approximately $17,737,000,000[1] of client assets, all of which is managed on a discretionary[2] basis.

Item 5. Fees and Compensation

As compensation for investment advisory services rendered to the Sankaty Clients, Sankaty receives from each Sankaty Client (or Sub-Advisory Clients) an advisory fee (each, an "Advisory Fee"). Advisory Fees billed to and received from Sankaty Funds vary fund by fund and may be payable quarterly in advance, quarterly in arrears, semi-annually in arrears, or a combination thereof. Advisory Fees billed to Separate Account Clients are individually negotiated, and the timing of the payment of such Advisory Fees is generally quarterly in advance. Upon termination of an Advisory Agreement, appropriate treatment will be given to all management fees collected in advance.

Each Sankaty Fund bears its own expenses, including but not limited to taxes, investment expenses (e.g., brokerage commissions, custody fees and interest expenses), insurance premiums, legal expenses, research expenses (e.g., news and quotation subscriptions, market research and travel expenses in connection with making and monitoring investments), accounting, audit and tax preparation expenses and other expenses associated with the operation of such Sankaty Fund. Such expenses may be reduced through the use of "soft" or commission dollars (see Item 12 below). Each Sankaty Fund will also bear its organizational and offering expenses. Separate Account Clients bear similar expenses, depending on the terms of the Advisory Agreement negotiated with the applicable Separate Account Client.

When a broker is used in connection with an investment by a Sankaty Client, such Sankaty Client will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

[1] Includes 1/1/2011 Sankaty Partnership client contributions.

[2] Sankaty does not have ultimate investment discretion with respect to the assets of any Sankaty Partnerships, as such is retained by the applicable general partner of each Sankaty Partnership.

Item 6. Performance-Based Fees and Side-By-Side Management

Some, but not all, Sankaty Clients pay an Incentive Fee. Please see Item 10 and Item 12 below for additional information relating to how conflicts of interests regarding Incentive Fees are generally addressed by Sankaty.

Item 7. Types of Clients

Sankaty currently provides investment advisory services to the Sankaty Funds. Investment advice is provided directly to the Sankaty Funds (subject to, in the case of the Sankaty Partnerships, the direction and control of the General Partner of each Sankaty Partnership) and not individually to investors in such Sankaty Fund. Sankaty also provides advisory services to various entities that are Separate Account Clients.

Interests in the Sankaty Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Sankaty Funds include high net worth individuals, banks, thrift institutions, pension and profit sharing plans, sovereign wealth funds, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other business entities.

Although Sankaty does not impose minimum dollar values on creating a Sankaty Fund, legal eligibility requirements must be met. Minimum investment commitments may be established for limited partners in the Sankaty Funds. Sankaty and, in the case of each Sankaty Partnership, the General Partner of such Sankaty Partnership, in its sole discretion, may permit investments that are less than the minimum investment commitment of such Sankaty Fund. While Sankaty does not impose a minimum amount for establishing a separate account, separate accounts are generally established with a $100,000,000 minimum, although Sankaty, in its sole discretion, may permit investments that are less than such minimum.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Sankaty will select and monitor investments based on an analytical approach that generally involves evaluating the following investment characteristics:

Idea Generation: Sankaty's professionals identify new investment opportunities through three key avenues. First, through industry analysis and relative value screens conducted by Sankaty's investment professionals. Second, through investment opportunities brought to the Sankaty Clients by Sankaty's network of relationships including restructuring advisers, commercial and investment banks and other affiliates of Bain Capital. Third, through Sankaty's mezzanine and private placement teams' proprietary sourcing efforts.

Company Evaluation

Market Definition. Traditionally, the first step in Sankaty's fundamental competitive analysis is defining, as accurately as possible, the market in which a company competes. Market definition generally requires an assessment of the customer needs driving the consumption of a company's products and services. Many of the tools used in the definition process are derived from methodologies developed at consulting firms.

Market Size and Prospects for Growth. Once a market is defined, the next step in Sankaty's analysis is to attempt to determine the dollar size of the market and to assess its growth prospects. Sankaty seeks to identify the primary drivers of growth (i.e. demographic trends, buying habits, technological shifts) to validate conclusions drawn by the public information. If validation is not possible, Sankaty often derives its own industry growth model through primary source research.

Margin Analysis and Cost Structure. After examining the market environment in which a company operates, Sankaty typically scrutinizes the company's historical performance and prospects. This analysis centers around the company's sustainable margins and its quality of earnings. Sankaty professionals attempt to assess the sustainability of a company's margins over time by tracking and projecting pricing trends in the industry (based on research regarding market definition, size and growth characteristics) and the company's cost structure relative to its competitors. Sankaty generally assesses a company's quality of earnings through detailed margin analyses as well as evaluations of a company's return on assets, paying particular attention to one-time charges and extraordinary events.

Competitive Landscape. In evaluating a company's prospects, Sankaty seeks to identify and assess the current and prospective competitors of that company. The scale economies, technological advantages, and cost efficiencies available to such competitors may then be compared and contrasted in order to benchmark a company's relative strengths and weaknesses. Although a company may participate in a large, growing and otherwise attractive market, its prospects may depend on its ability to maintain a competitive advantage. Sankaty professionals analyze a competitive landscape in order to determine whether a company can be expected to perform at levels consistent with the business plan proffered by the company's management or other sponsors. A significant portion of this analysis is often conducted through interviews of portfolio company executives, other industry contacts, as well as competitors and suppliers.

Corporate Structure and Access to Capital Markets. Sankaty reviews the corporate structure of each of its investments to understand how the company's assets are distributed, which subsidiaries have the support of those assets and how any guarantees, liens or pledges will affect an investment in the company. Sankaty also analyzes an issuer's capitalization, its financial flexibility, debt amortization requirements, and the covenants, terms and conditions of the issuer's outstanding debt and equity securities. Reviewing the various covenant levels and compliance issues is an important part of Sankaty's investment monitoring system. Sankaty Advisors' professionals have extensive experience analyzing the corporate structure and covenant issues in each of the targeted asset classes.

Regulatory, Tax and Legal Environment. As part of its review process, Sankaty generally performs a review of potential regulatory, tax and legal contingencies to assess any potential negative impact on the company's value or ability to continue as an ongoing concern.

Portfolio Management. Sankaty manages portfolio risk by monitoring issuer and industry diversification, interest rate risk, currency risk and other risks applicable to the Sankaty Clients.

On-going Investment Monitoring. Closely monitoring financial performance and market developments of portfolio investments is critical to successful investment management. Accordingly, Sankaty is actively involved in an on-going portfolio review process. To the extent a portfolio investment is not meeting plan, Sankaty takes corrective action when appropriate.

Risks

Investing in securities involves a substantial degree of risk. A Sankaty Client may lose all or a substantial portion of its investments, and Separate Account Clients and investors in Sankaty Funds must be prepared to bear the risk of loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for Sankaty Clients in connection with those strategies and methods, include the following:

Nature of Sankaty Client Investments

General. The investments made by or for Sankaty Clients will generally consist of debt obligations, securities and assets that have significant risks as a result of business, financial, market or legal uncertainties. There can be no assurance that Sankaty and the General Partner of a Sankaty Client, if applicable, will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on such Sankaty Client's investments. Prices of each Sankaty Client's investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of each Sankaty Client's activities and the value of the its investments.

Bank Loans. The investments of a Sankaty Client may include interests in loans originated by banks and other financial institutions. The loans invested in by a Sankaty Client may include term loans and revolving loans, may pay interest at a fixed or floating rate and may be senior or subordinated. Purchasers of bank loans are predominantly commercial banks, investment funds and investment banks. As secondary market trading volumes for bank loans increase, new bank loans are frequently adopting standardized documentation to facilitate loan trading which should improve market liquidity. There can be no assurance, however, that future levels of supply and demand in bank loan trading will provide an adequate degree of liquidity, that the current period of illiquidity will not persist or worsen and that the market will not experience periods of significant illiquidity in the future. In addition, Sankaty Clients may make investments in stressed or distressed bank loans which are often less liquid than performing bank loans.

Sankaty Clients may acquire interests in bank loans either directly (by way of sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more

restricted than those of the assigning institution. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest, not with the borrower. In purchasing participations, a Sankaty Client generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, and such Sankaty Client may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, such Sankaty Client will assume the credit risk of both the borrower and the institution selling the participation.

High Yield Debt. A Sankaty Client may invest in high yield debt that is rated below investment-grade by one or more nationally recognized statistical rating organizations or are unrated but, in Sankaty's opinion, of comparable credit quality to obligations rated below investment-grade, and have greater credit and liquidity risk than more highly rated debt obligations. High yield debt is generally unsecured and may be subordinate to other obligations of the obligor. The lower rating of high yield debt reflects a greater possibility that adverse changes in the financial condition of the obligor or in general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings) or both may impair the ability of the obligor to make payment of principal and interest. Many issuers of high yield debt are highly leveraged, and their relatively high debt-to-equity ratios create increased risks that their operations might not generate sufficient cash flow to service their debt obligations. In addition, many issuers of high yield debt may be in poor financial condition, experiencing poor operating results, having substantial capital needs or negative net worth or be facing special competitive or product obsolescence problems, and may include companies involved in bankruptcy or other reorganizations or liquidation proceedings. Certain of these securities may not be publicly traded, and therefore it may be difficult to obtain information as to the true condition of the issuers. Overall declines in the below investment-grade bond and other markets may adversely affect such issuers by inhibiting their ability to refinance their debt at maturity. High yield debt is often less liquid than higher rated securities.

High yield debt is often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. High yield debt has historically experienced greater default rates than has been the case for investment-grade securities. Sankaty Clients may also invest in equity securities issued by entities with unrated or below investment-grade debt.

High yield debt may also be in the form of zero-coupon or deferred interest bonds, which are bonds which are issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero-coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in the interest rates than bonds that that provide for regular payments of interest.

Credit Default Swaps, Total Rate of Return Swaps and Other Credit Derivatives. A Sankaty Client may make investments in credit default swaps, total rate of return swaps and other credit derivatives. These transactions generally provide for the transfer from one counterparty to another of certain credit risks inherent in the ownership of a financial asset such as a bank loan or a high yield debt security. Such risks include, among other things, the risk of default and insolvency of the obligor of such asset; the risk that the credit of the obligor or the underlying collateral will decline or that credit spreads for like assets will change (thus affecting the market value of the financial asset). The transfer of credit risk pursuant to a credit derivative may be complete or partial, and may be for the life of the related asset or for a shorter period. Credit derivatives may be used as a risk management tool for a pool of financial assets, providing a Sankaty Client with the opportunity to gain exposure to one or more reference loans or other financial assets (each, a "reference asset") without actually owning such assets in order, for example, to reduce a concentration risk or to diversify a portfolio. Conversely, credit derivatives may be used by a Sankaty Client to reduce exposure to an owned asset without selling it in order, for example, to maintain relationships with clients, to avoid difficult transfer restrictions, manage illiquid assets or hedge declining credit quality of the financial asset.

Credit default swaps, total rate of return swaps and other credit derivatives are subject to many of the same types of risks described below in "Item 8: Risks -- Interest Rate, Currency Exchange and Investment Risk Management." For example, in each credit derivative transaction that a Sankaty Client is party to, it assumes the credit risk of the counterparty. In the event that a Sankaty Client enters into a credit derivative with a counterparty who subsequently becomes insolvent or becomes the subject of a bankruptcy case, the credit derivative may be terminated in accordance with its terms and such Sankaty Client's ability to realize its rights under the credit derivative and its ability to distribute the proceeds could be adversely affected.

Credit default swaps, total rate of return swaps and other credit derivatives are a relatively recent development in the financial markets. Consequently, there are certain legal, tax and market uncertainties that present risks in entering into such credit default swaps, total rate of return swaps and other credit derivatives. There is currently little or no case law or litigation characterizing credit default swaps, total rate of return swaps or other credit derivatives, interpreting their provisions, or characterizing their tax treatment. In addition, additional regulations and laws may apply to credit default swaps, total rate of return swaps or other credit derivatives that have not heretofore been applied. There can be no assurance that future decisions construing similar provisions to those in any swap agreement or other related documents or additional regulations and laws governing credit default swaps, total rate of return swaps or other credit derivatives will not have a material adverse effect on the Sankaty Clients.

The use of leverage will significantly increase the sensitivity of the market value of the credit default swaps, total rate of return swaps or other credit derivatives to changes in the market value of the reference assets. The reference assets are subject to the risks related to the credit of the underlying obligors. These risks include the possibility of a default or bankruptcy of the obligors or a claim that the pledging of collateral to secure a loan constituted a fraudulent conveyance or preferential transfer that can be subordinated to the rights of other creditors of the obligors or nullified under applicable law. See below in "Item 8: Risks -- Lender Liability Considerations

and Equitable Subordination" and "Item 8: Risks -- Fraudulent Conveyance Considerations" for a description of these risks.

In addition, the U.S. government recently enacted new regulation of the derivatives market. Such regulation could restrict the ability of Sankaty Clients to engage in derivatives transactions and/or increase the costs of such derivatives transactions, and Sankaty may be unable to execute the investment strategy for a Sankaty Client as a result. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action.

Short Sales. Sankaty is authorized to invest in, or short, public securities for certain Sankaty Clients. Such investments involve a high degree of risk. In a short sale, the seller sells a security that it does not own, typically a security borrowed from a broker or dealer. Because the seller remains liable to return the underlying security that it borrowed from the broker or dealer, the seller must purchase the security prior to the date on which delivery to the broker or dealer is required. As a result, Sankaty will cause a Sankaty Client to engage in short sales only where it believes the value of the security will decline between the date of the sale and the date such Sankaty Client is required to return the borrowed security. The making of short sales exposes a Sankaty Client to the risk of liability for the market value of the security that is sold, an unlimited risk due to the lack of an upper limit on the price to which a security may rise. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase. A Sankaty Client may also take short positions in securities through various derivative products. These derivative products will typically expose such Sankaty Client to similar economic risks as if it had shorted the security directly.

Residential Mortgage-Backed Securities. Residential Mortgage-Backed Securities ("RMBS") represent an interest in a pool of residential mortgage loans. Investing in RMBS involves the general risks typically associated with investing in traditional fixed-income securities (including interest rate and credit risk) and certain additional risks and special considerations (including the risk of principal prepayment and the risk of investing in real estate). Typically, when market interest rates decline, more mortgages are refinanced and the securities are paid off earlier than expected. Prepayments may also occur on a scheduled basis or due to foreclosure. Typically, when market interest rates increase, the market values of mortgage-backed securities decline. At the same time, however, mortgage refinancings and prepayments generally slow, which lengthens the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of RMBS is usually more pronounced than it is for other types of fixed-income securities. Further, different types of RMBS are subject to varying degrees of prepayment risk.

The risks of investing in RMBS reflect the risks of investing in real estate securing the underlying loans, including the effect of local and other economic conditions, the ability of tenants to make payments, and the ability to attract and retain tenants. Some RMBS may be backed by non-conforming mortgage loans, which are mortgage loans that do not qualify for purchase by government-sponsored agencies, such as Fannie Mae and Freddie Mac because of credit characteristics. Accordingly, such mortgage loans are likely to experience higher rates of delinquency, foreclosure and loss than mortgage loans originated in accordance with Fannie Mae or Freddie Mac underwriting guidelines.

RMBS may contain certain credit enhancement features intended to enhance the likelihood that holders of such securities will receive regular payments of interest and principal. There can be no assurance that the credit enhancement, if any, will adequately cover any shortfalls in cash available to make payments on such securities as a result of such delinquencies or defaults.

RMBS may be subordinated to one or more other senior classes of securities of the same series for purposes of, among other things, offsetting losses and other shortfalls with respect to the related underlying mortgage loans. In addition, in the case of certain securities, no distributions of principal would generally be made with respect to any class until the aggregate principal balances of the corresponding senior classes of securities have been reduced to zero. As a result, the subordinate classes are more sensitive to risk of loss and writedowns than senior classes of such securities.

RMBS may not be structured with significant or any overcollateralization, so their performance will be sensitive to delays or reductions in payments, particularly in the case of subordinated tranches of such securities. To the extent that RMBS provide for writedowns of principal, interest will cease to accrue on the portion of principal of a security that has been written down.

Convertible Securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a Sankaty Client is called for redemption, such Sankaty Client will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third-party. Any of these actions could have an adverse effect on the ability of such Sankaty Client to achieve its investment objective.

Use of Options. Sankaty may cause a Sankaty Client to buy or sell (write) both call options and put options (either exchange-traded, over-the-counter or issued in private transactions), and when it writes options it may do so on a "covered" or an "uncovered" basis. Such options transactions may be part of a hedging tactic (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which the applicable Sankaty Client has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be large, depending on the circumstances. In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions the applicable Sankaty Client may enter into.

When a Sankaty Client buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the security in the case of a put, would result in a total loss of such Sankaty Client's investment in the option (including commissions). The Sankaty Client could mitigate those losses by selling short the securities as to which it holds call options or taking a long position (i.e., by buying the securities or buying options on them) on securities underlying put options. When a Sankaty Client sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. Theoretically, the risk is unlimited unless the option is "covered". If it is covered, an increase in the market price of the security above the exercise price would cause the applicable Sankaty Client to lose the opportunity for gain on the underlying security, assuming it bought the security for less than the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the applicable Sankaty Client might suffer as a result of owning the security. The seller of an uncovered put option theoretically could lose an amount equal to the entire aggregate exercise price of the option, if the underlying security were to become valueless. If the option were covered with a short position in the underlying security, this risk would be limited, but a drop in the security's price below the exercise price would cause the applicable Sankaty Client to lose some or all of the opportunity for profit on the "covering" short position, assuming such Sankaty Client sold short for more than the exercise price. If the price of the underlying security were to increase above the exercise price, the premium on the option (after transaction costs) would provide profit that would reduce or offset any loss the applicable Sankaty Client might suffer in closing out its short position.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, generally are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward trading (to the extent forward contracts are not traded on exchanges) and "cash" trading are substantially unregulated;

there is no limitation on daily price movements and speculative position limits are not applicable. Sankaty will not cause Sankaty Clients to trade standardized forward contracts that are traded on regulated commodities exchanges. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market due to unusually high trading volume, political intervention or other factors. The imposition of controls by government authorities might also limit such forward (and futures) trading to less than that which Sankaty would otherwise recommend, to the possible detriment of the Sankaty Clients. Market illiquidity or disruption could result in major losses to the Sankaty Clients.

Highly Volatile Instruments. The prices of the financial instruments in which the Sankaty Clients can invest can be highly volatile. Price movements of high yield debt obligations, currency and other instruments in which the assets of Sankaty Clients may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and financial instrument options. Such intervention is intended to influence prices directly and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The investments of the Sankaty Clients also are subject to the risk of failure of any exchange on which its positions trade or of their clearinghouses.

Middle-Market Companies. A Sankaty Client may invest its assets in small and/or less well established companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they lack the management experience, financial resources, product diversification and competitive strength of larger corporations. In addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies and as such it may be more difficult for a Sankaty Client to exit the investment at its then fair value.

Event-Driven Special Situations. Sankaty,s strategies may, from time to time, involve causing Sankaty Clients to make investments in "event-driven" special situations such as recapitalizations, spinoffs, corporate and financial restructurings, litigation or other catalyst-orientated situations. Sankaty believes these types of investments often have downside risk relative to their current valuations. Sankaty could, however, be incorrect in its assessment of the downside risk associated with an investment, thus resulting in a significant loss. Investments in such securities are often difficult to analyze. Although Sankaty intends to utilize appropriate risk management strategies, such strategies cannot fully insulate the Sankaty Clients from the risks inherent in their expected activities. Moreover, in certain situations, Sankaty may be unable to, or may choose not to, implement risk management strategies because of the costs involved or other relevant circumstances.

Contingent Liabilities. A Sankaty Client may from time to time incur contingent liabilities in connection with an investment. For example, such Sankaty Client may acquire a revolving credit or delayed draw term facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, the applicable Sankaty Client will be obligated to fund the amounts due.

Distressed Investments. A Sankaty Client may also be authorized to invest in the securities and obligations of distressed and bankrupt issuers, including debt obligations that are in covenant or payment default. Such investments generally are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid, if at all, only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments and the amount of any recovery may be affected by the relative seniority of the Sankaty Client's investment in the capital structure of the issuer. In addition, distressed investments are more likely to be challenged as fraudulent conveyances and amounts paid on the investment may be subject to avoidance as a preference under certain circumstances.

DIP Loans. The investments of certain Sankaty Clients may consist of interests in loans issued by companies that are in bankruptcy. These investments are highly risky, as there are a number of significant risks inherent in the bankruptcy process. First, many events in a bankruptcy are the product of contested matters and adversarial proceedings and are beyond the control of the creditors. While creditors are generally given an opportunity to object to significant actions, there can be no assurance that a bankruptcy court in the exercise of its broad powers would not approve actions that would be contrary to the interests of a Sankaty Client. Second, the effect of a bankruptcy filing on a company may adversely and permanently affect the company. The company may lose its market position and key employees and otherwise become incapable of restoring itself as a viable entity. If for this or any other reason the proceeding is converted to liquidation, the liquidation value of the company may not equal the liquidation value that was believed to exist at the time of the investment. Third, the duration of a bankruptcy proceeding is difficult to predict. A creditor's return on investment can be adversely affected by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court and until it ultimately becomes effective. Fourth, the administrative costs in connection with a bankruptcy proceeding are frequently high. Although DIP loans may in some circumstances possess priority over administrative expenses, this is not always the case, and administrative expenses may be paid out of the debtor's estate prior to any return to creditors. For example, if a proceeding involves protracted or difficult litigation, or turns into a liquidation, substantial assets may be devoted to administrative costs. Fifth, bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization. Because the standard for classification is vague, there exists the risk that a Sankaty Client's influence with respect to the class of securities it owns can be lost by increases in the number and amount of claims in that class or by different classification and treatment. Sixth, in the early stages of the bankruptcy process it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. Seventh, especially in the case of investments made prior to the commencement of bankruptcy proceedings, creditors can lose their ranking and priority if they exercise "domination and control" over a debtor and other creditors can demonstrate that they have been harmed by such actions. Eighth, certain claims that have priority by law (for example, claims for taxes) may be quite significant. Ninth, amounts

previously paid to a Sankaty Client may be challenged as fraudulent conveyances or preferences as part of a bankruptcy proceeding. See below in "Item 8: Risks -- Fraudulent Conveyance and Preference Considerations."

A Sankaty Client may invest in the securities and obligations issued by companies that are financially distressed and are expected by Sankaty to commence bankruptcy proceedings or undertake out-of-court restructurings, including debt obligations that are in covenant or payment default. Such investments generally are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. While these loans are subject to the risks inherent in the bankruptcy process as DIP loans, they are typically riskier than DIP loans because they do not possess certain protections, such as priming liens, typically afforded to DIP loans. It is more likely that a creditor making an investment made prior to the commencement of bankruptcy proceedings will be deemed to have exercised "domination and control" over a debtor and consequently lose ranking and priority. In addition, investments in pre-filing companies are more likely to be challenged as fraudulent conveyances and amounts paid on the investment may be subject to avoidance as a preference under certain circumstances.

Exit Financing. Sankaty may cause certain Sankaty Clients to invest in companies that are in the process of exiting, or that have recently exited, the bankruptcy process. Post-reorganization securities typically entail a higher degree of risk than investments in securities that have not undergone a reorganization or restructuring. Moreover, post-reorganization securities can be subject to heavy selling or downward pricing pressure after the completion of a bankruptcy reorganization or restructuring. If an evaluation by Sankaty of the anticipated outcome of an investment situation should prove incorrect, the relevant Sankaty Client could experience a loss.

Equity Securities. Sankaty may cause certain Sankaty Clients to invest in equity securities. As with other investments that the Sankaty Clients may make, the value of equity securities held by a Sankaty Client may be adversely affected by actual or perceived negative events relating to the issuer of such securities, the industry or geographic areas in which such issuer operates or the financial markets generally. However, equity securities may be even more susceptible to such events given their subordinate position in the issuer's capital structure. As such, equity securities generally have greater price volatility than fixed income securities, and the market price of equity securities owned by a Sankaty Client is more susceptible to moving up or down in a rapid or unpredictable manner.

Structured Products. Sankaty may cause certain Sankaty Clients to invest in structured products. These investments will typically consist of equity or subordinated debt securities issued by a private investment fund that invests, on a leveraged basis, in the bank loan, high yield debt or other asset groups. A Sankaty Client's investments in structured products will be subject to a number of risks, including risks related to the fact that the structured products will be leveraged. Utilization of leverage is a speculative investment technique and will generally magnify the opportunities for gain and risk of loss borne by an investor in the equity or subordinated debt securities issued by a structured product. Many structured products contain covenants designed to protect the providers of debt financing to such structured products. A failure to satisfy those covenants could result in the untimely liquidation of the structured product and a complete loss of the Sankaty Client's investment therein. In addition, if the particular structured product is

invested in a security in which the Sankaty Client is also invested, this would tend to increase the Sankaty Client's overall exposure to the credit of the issuer of such securities, at least on an absolute, if not on a relative basis.

The value of an investment in a structured product will depend on the investment performance of the assets in which the structured product invests and will therefore be subject to all of the risks associated with an investment in those assets. These risks include the possibility of a default by, or bankruptcy of, the issuers of such assets or a claim that the pledging of collateral to secure any such asset constituted a fraudulent conveyance or preferential transfer that can be subordinated to the rights of other credits of the issuer of such asset or nullified under applicable law. The Sankaty Client will not own such assets directly and will therefore not benefit from general rights applicable to the holders of assets, such as the right to indemnity and the rights of setoff, or have voting rights with respect to such assets, and in such cases, all decisions related to such assets, including whether to exercise certain remedies, will be controlled by the structured product. Structured products are a relatively recent development in the financial markets. Consequently, there are certain tax and market uncertainties that present risks relating to investing in structured products.

Leverage

Sankaty may cause certain Sankaty Clients to utilize leverage directly and indirectly. The use of leverage will increase the volatility of the Sankaty Client. While the use of borrowed funds will increase returns if the Sankaty Client earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage will decrease returns if the Sankaty Client fails to earn as much on such incremental investments as it pays for such investment. The effect of leverage may therefore result in a greater decrease in the net asset value of the Sankaty Client than if the Sankaty Client was not so leveraged.

Certain Sankaty Clients may to enter into one or more prime brokerage agreements from time to time. Under these agreements, the Sankaty Client may also utilize leverage including engaging in trading on margin by borrowing funds and pledging securities as collateral. In addition to the general risk posed by using leverage, any use by the Sankaty Client of short-term margin borrowings will result in certain additional risks to the Sankaty Client. For example, the securities pledged to brokers to secure the Sankaty Clients's margin accounts could be subject to a "margin call," pursuant to which the Sankaty Client would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. A sudden, precipitous drop in value of the Sankaty Client's assets accompanied by corresponding margin calls could force the Sankaty Client to liquidate assets quickly, and not for fair value, in order to pay off its margin debt. A Sankaty Client may also use leverage by participating in total rate of return swaps.

Investments in Undervalued Assets

Sankaty may cause Sankaty Clients to invest in undervalued assets. The identification of investment opportunities in undervalued assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in

undervalued assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

A Sankaty Client may be forced to sell, at a substantial loss, assets which it believes are undervalued. In addition, a Sankaty Client may be required to hold such assets for a substantial period of time before realizing their anticipated value. During this period, a portion of such Sankaty Client's funds would be committed to assets purchased, thus possibly preventing such Sankaty Client from investing in other opportunities. In addition, the Sankaty Client may finance such purchases with borrowed funds and thus will have to pay interest on such funds during this waiting period. Finally, margin calls and other events related to such Sankaty Client's indebtedness could force such Sankaty Client to have to sell assets at prices that are less than their fair value.

General Market and Credit Risks of Debt Securities

Debt portfolios are subject to credit and interest rate risk. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, subordination, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument and securities which are rated by rating agencies are often reviewed and may be subject to downgrade. "Interest rate risk" refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

The credit markets have experienced an unprecedented degree of dislocation since 2007. Sankaty seeks to capitalize on opportunities created by this dislocation, but this strategy carries significant risk of substantial loss if the market dislocation continues or is exacerbated by other events, such as the failure of significant financial institutions or hedge funds, dislocations in other investment markets, or extrinsic events.

Interest Rate, Currency Exchange and Investment Risk Management

Sankaty may cause Sankaty Clients to use various investment strategies to hedge interest rate or currency exchange risks. These strategies are generally accepted as portfolio management techniques and are regularly used by many investment funds and other institutional investors. Techniques and instruments may change over time as new instruments and strategies are developed or regulatory changes occur. A Sankaty Client may use any or all such types of interest rate hedging transactions and currency hedging transactions at any time and no particular strategy will dictate the use of one transaction rather than another. The choice of any particular

interest rate hedging transactions and currency hedging transactions will be a function of numerous variables including market conditions.

Although Sankaty intends to cause Sankaty Clients to engage in any interest rate hedging transactions and currency hedging transactions only for hedging purposes and not for speculation, use of interest rate hedging transactions and currency hedging transactions involves certain inherent risks. These risks include (i) the possibility that the market will move in a manner or direction that would have resulted in gain for a Sankaty Client had an interest rate hedging transaction or currency hedging transaction not been utilized, in which case it would have been better had such Sankaty Client not engaged in the interest rate hedging transaction or currency hedging transaction, (ii) the risk of imperfect correlation between the risk sought to be hedged and the interest rate hedging transaction or currency hedging transaction utilized, (iii) potential illiquidity for the hedging instrument utilized, which may make it difficult for the relevant Sankaty Client to close-out or unwind an interest rate hedging transaction or currency hedging transaction and (iv) credit risk with respect to the counterparty to the interest rate hedging transaction or currency hedging transaction.

The Sankaty Clients may also enter into certain hedging and short sale transactions for the purpose of protecting the market value of an investment made by such Sankaty Client for a period of time without having to currently dispose of such investment. Such defensive hedge transactions may be entered into when a Sankaty Client is legally restricted from selling an investment or when Sankaty otherwise determines that it is advisable to decrease its exposure to the risk of a decline in the market value of an investment. Such defensive hedging transactions may expose the relevant Sankaty Client to the counterparty's credit risk. There also can be no assurance that Sankaty will accurately assess the risk of a market value decline with respect to an investment or will advise or cause a Sankaty Client to enter into an appropriate defensive hedge transaction to protect against such risk. Furthermore, the Sankaty Clients are in no event obligated to enter into any defensive hedge transaction.

The Sankaty Clients may from time to time employ various investment programs including the use of derivatives, short sales, swap transactions, currency hedging transactions, securities lending agreements and repurchase agreements. There can be no assurance that any such investment program will be undertaken successfully.

Exposure to Originated Investments

A Sankaty Client may originate certain of its investments with the expectation of later syndicating a portion of such investment to other affiliated funds or third parties. Prior to such syndication, or if such syndication is not successful, such Sankaty Client's exposure to the originated investment may exceed the exposure that Sankaty intends for such Sankaty Client to have over the long-term or would have had had it purchased such investment in the secondary market rather than originating it.

Third Party Litigation

In addition to litigation relating to the bankruptcy process as described above under "Item 8: Risks — Nature of Sankaty Client Investments — DIP Loans," the Sankaty Clients' investment

activities subject them to the normal risks of becoming involved in litigation by third parties. This risk is somewhat greater where the relevant Sankaty Client exercises control or significant influence over a company's direction. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the relevant Sankaty Client and would reduce net assets.

Third-Party Involvement

The Sankaty Clients may co-invest with third-parties through partnerships, joint ventures or other entities. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals which are inconsistent with those of the relevant Sankaty Client, or may be in a position to take action contrary to the investment objective of the Sankaty Client. In addition, the Sankaty Clients may in certain circumstances be liable for actions of its third-party co-venturer or partner.

Fluctuations of Investment Values and Potential Illiquidity of Investments

The market value of the investments of each Sankaty Client will fluctuate with, among other things, changes in market rates of interest, general economic conditions and economic conditions in particular industries, the condition of financial markets and the financial condition of the issuers of the Sankaty Client's investments. In addition, the lack of an established, liquid secondary market for some of the Sankaty Clients' investments may have an adverse effect on the market value of such investments and on the Sankaty Clients' ability to dispose of them. Additionally, the Sankaty Clients' investments may be subject to certain transfer restrictions that may also contribute to illiquidity. Finally, assets of Sankaty Clients that are typically traded in a liquid market may become illiquid if the applicable trading market tightens as a result of a significant macro-economic shock or for any other reason. Therefore, no assurance can be given that, if Sankaty is determined to cause the disposal of a particular such investment held by a Sankaty Client, it could dispose of such investment at the prevailing market price. Such illiquidity may adversely affect the price and timing of liquidation of the Sankaty Clients' investments upon the redemption of an investor's interest, to pay expenses of the Sankaty Clients or to pay the Advisory Fee.

A portion of a Sankaty Client's investments may consist of securities that are subject to restrictions on resale by such Sankaty Client because they were acquired in a "private placement" transaction or because such Sankaty Client is deemed to be an affiliate of the issuer of such securities. Generally, a Sankaty Client will be able to sell such securities only under Rule 144 under the Securities Act, which permits limited sales under specified conditions, or pursuant to a registration statement under the Securities Act. When restricted securities are sold to the public, a Sankaty Client may be deemed to be an underwriter or possibly a controlling person, with respect thereto for the purposes of the Securities Act and be subject to liability as such under the Securities Act.

In addition, Sankaty may, from time to time, possess material, non-public information about a borrower or issuer or Sankaty may be an affiliate of a borrower or an issuer. Such information or affiliation may limit the ability of the applicable Sankaty Client to buy and sell investments.

Currency Exchange Risk

Investments or liabilities of the Sankaty Clients may be denominated in currencies other than the U.S. dollar, and hence the value of such investments, or the amount of such liabilities, will depend in part on the relative strength of the U.S. dollar. The Sankaty Clients may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between foreign currencies and the U.S. dollar. Changes in foreign currency exchange rates may also affect the value of dividends and interest earned, and the level of gains and losses realized on the sale of securities. The rates of exchange between the U.S. dollar and other currencies are affected by many factors, including forces of supply and demand in the foreign exchange markets. These rates are also affected by the international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. The Sankaty Clients are not obligated to engage in any currency hedging operations, and there can be no assurance as to the success of any hedging operations that a Sankaty Client may implement. See "Item 8: Risks -- Interest Rate, Currency Exchange and Investment Risk Management."

Participation on Creditors' Committees

Sankaty may participate of behalf of a Sankaty Client on committees formed by creditors to negotiate the management of financially troubled companies that may or may not be in bankruptcy or Sankaty may seek to negotiate on behalf of a Sankaty Client directly with the debtors with respect to restructuring issues. If Sankaty does join a creditors' committee on behalf of a Sankaty Client, the participants of the committee would be interested in obtaining an outcome that is in their respective individual best interests and there can be no assurance of obtaining results most favorable to the applicable Sankaty Client in such proceedings. By participating on such committees, Sankaty may be deemed to have duties to other creditors represented by the committees, which might thereby expose the Sankaty Clients to liability to such other creditors who disagree with the actions.

Sankaty may also be provided with material non-public information that may restrict Sankaty's ability to trade in the company's securities on a Sankaty Client's behalf. While Sankaty and the Sankaty Clients intend to comply with all applicable securities laws and to make judgments concerning restrictions on trading in good faith, Sankaty may trade in the company's securities on a Sankaty Client's behalf while engaged in the company's restructuring activities. Such trading creates a risk of litigation and liability that may cause the Sankaty Client to incur significant legal fees and potential losses.

Lender Liability Considerations and Equitable Subordination

In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an

institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain of the Sankaty Clients' investments, a Sankaty Client could be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lending institution (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of the other creditors of such borrower, a court may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." Because of the nature of certain of the Sankaty Clients' and their affiliates' investments, a Sankaty Client could be subject to claims from creditors of an obligor that such Sankaty Client's investments issued by such obligor should be equitably subordinated. Some of the investments of the Sankaty Clients will involve investments in which the applicable Sankaty Client would not be the lead creditor. It is, accordingly, possible that lender liability or equitable subordination claims affecting the investments of a Sankaty Client could arise without the direct involvement of such Sankaty Client.

If a Sankaty Client purchases debt securities of an affiliate in the secondary market at a discount, (i) a court might require such Sankaty Client to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (ii) such Sankaty Client might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt.

Fraudulent Conveyance and Preference Considerations

Various federal and state laws enacted for the protection of creditors may apply to the purchase of investments by a Sankaty Client, by virtue of such Sankaty Client's role as a creditor with respect to the borrowers under such investments. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of a borrower, such as a trustee in bankruptcy or the borrower as debtor-in-possession, were to find that the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and the grant of any security interest or other lien securing such investment, and, after giving effect to the incurring of such indebtedness, the borrower (i) was insolvent, (ii) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could invalidate, in whole or in part, such indebtedness and such security interest or other lien as fraudulent conveyances, could subordinate such indebtedness to existing or future creditors of the borrower or could allow the borrower to recover amounts previously paid by the borrower to the creditor (including to a Sankaty Client) in satisfaction of such indebtedness or proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness. In addition, in the event of the insolvency of an

issuer of an investment, payments made on a Sankaty Client's investment could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year) before insolvency depending on a number of factors, including the amount of equity of the borrower owned by the Sankaty Client and its affiliates and any contractual arrangement between the borrower, on the one hand, and such Sankaty Client and its affiliates, on the other hand. The measure of insolvency for purposes of the foregoing will vary depending on the law of the jurisdiction which is being applied. Generally, however, a borrower would be considered insolvent at a particular time if the sum of its debts was greater than all of its assets at a fair valuation or if the then-present fair saleable value of its assets was less than the amount that would be required to pay its probable liabilities on its then-existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether a borrower was insolvent after giving effect to the incurrence of the loan or that, regardless of the method of evaluation, a court would not determine that the borrower was "insolvent" upon giving effect to such incurrence.

In general, if payments on an investment are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient (such as a Sankaty Client) or from subsequent transferees of such payments, including investors in Sankaty Funds.

Investment in non-U.S. Issuers

Subject to the limitation described in their organizational documents or investment guidelines, the Sankaty Clients may invest in the securities of non-U.S. issuers. There may be less information publicly available about a non-U.S. issuer than about a U.S. issuer, and non-U.S. issuers are not generally subject to accounting, auditing and financial reporting standards and practices comparable to those in the United States. The securities of some non-U.S. issuers are less liquid and at times more volatile than securities of comparable U.S. companies. In addition, with respect to certain countries, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Sankaty Clients, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

Reliance on Management of the Investment Adviser

The success of the Sankaty Clients is highly dependent on the financial and managerial expertise of Sankaty. Although Sankaty has attempted to foster a team approach to investing, the loss of key individuals employed by Sankaty could have a material adverse effect on the performance of the Sankaty Clients (or, as applicable, their accounts). Such individuals may not necessarily continue to be employed by Sankaty during the entire period in which Sankaty provides advisory services to the Sankaty Clients. In addition, a number of members of the professional staff of Sankaty are investors in other funds advised by Sankaty and are actively involved in managing the investment decisions of these funds. Thus the members of the professional staff of Sankaty

will have demands on their time for the investment, monitoring and other functions of other funds advised by Sankaty.

Widening Risk

For reasons not necessarily attributable to any of the risks set forth herein, the prices of the securities and other financial assets in which the Sankaty Clients invest may decline substantially. In particular, purchasing assets at what may appear to be "undervalued" levels is no guarantee that these assets will not be trading at even lower levels at a time of valuation or at the time of sale. It is not possible to predict, or to hedge against, such "spread widening" risk.

Different risks may exist with respect to investments in different Sankaty Funds and Separate Account Clients. The risks associated with an investment in any particular Sankaty Fund or Separate Account Client may be substantially impacted by the nature and timing of the market.

Item 9. Disciplinary Information

No material items exist as of this time.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

One of several limited liability companies (each, an "Ultimate General Partner") serves as the general partner of the general partner of each Sankaty Partnership, and Mr. Jonathan S. Lavine, Managing Director, managing partner and Chief Investment Officer of Sankaty, is the managing member of each Ultimate General Partner.

Affiliated Advisers

Sankaty currently has four affiliated advisers based in the U.S., each of which focuses primarily on a different area of investment management, although such areas may overlap from time to time (such advisers, together with Sankaty, the "U.S. Affiliate Advisers"). Each U.S. Affiliate Adviser is registered as an investment adviser with the Securities and Exchange Commission. The U.S. Affiliate Advisers currently include, in addition to Sankaty:

- Bain Capital Partners, LLC, which focuses on leveraged buyouts and growth capital in a wide variety of industries;

- Brookside Capital, LLC, the public equity affiliate of Bain Capital, whose primary objective is investing in securities of publicly-traded companies that offer opportunities to realize substantial long-term capital appreciation;

- Bain Capital Venture Partners, LLC, the venture capital arm of Bain Capital, which focuses on seed through late-stage growth equity investing in software, hardware, information, healthcare and technology-driven business services companies; and

- Absolute Return Capital, LLC, which manages assets in fixed income, equity and commodity markets to produce attractive risk-adjusted returns while maintaining low correlation to traditional investments.

In addition to the U.S. Affiliate Advisers, Bain Capital, Ltd. and Sankaty Advisors Ltd., both affiliates of Bain Capital, are licensed as investment advisers with the United Kingdom Financial Services Authority (together with the U.S. Affiliate Advisers, the "Affiliate Advisers").

Each of the U.S. Affiliate Advisers' investment activities are conducted independently, but the U.S. Affiliate Advisers may provide an extensive personal network and access to vertical industry expertise. On occasion, the Sankaty Clients may also benefit from attractive non-traditional investment opportunities from U.S. Affiliate Advisers.

Bain Capital has established other non-investment advisory related entities which are affiliates of the U.S. Affiliate Advisers. These entities do not provide investment advisory services and have been organized primarily to provide services incidental to the services of the U.S. Affiliate Advisers.

Conflicts of Interest

Bain Capital and its affiliates, including Sankaty, engage in a broad range of activities, including investment activities for their own account (such as co-investment vehicles) and for the account of other investment funds or accounts and providing transaction-related, advisory, management and other services to funds and operating companies.

As discussed above, Bain Capital currently has a number of Affiliate Advisers, including Sankaty, each of which focuses primarily on a different investment strategy, although such investment strategies overlap from time to time. The funds and accounts advised by Sankaty are referred to as the "Sankaty Clients." The funds and accounts advised by the Affiliate Advisers (including Sankaty) are referred to as the "Clients." In the ordinary course of conducting its activities, the interests of a Sankaty Client may conflict with the interests of Sankaty, other Funds or their respective affiliates.

Resolution of Conflicts

Each of Sankaty and the other Affiliate Advisers will deal with all conflicts of interest using its best judgment, but in its sole discretion. When conflicts arise between a Sankaty Client and other Clients, Sankaty will represent the interests of the Sankaty Client, and the other participating Affiliate Adviser will represent the interests of the other Client it advises. In resolving conflicts, Sankaty and the other Affiliate Advisers may consider various factors, including the interests of the funds and accounts they advise in the context of both the immediate issue at hand and the longer term course of dealing among the Sankaty Clients and the other Clients. When conflicts arise between a Sankaty Client and another Sankaty Client, Sankaty will

resolve the conflict. In doing so, it may consider various factors, including the interests of such Sankaty Client and the other Sankaty Client with respect to the immediate issue and/or with respect to the longer term course of dealing among the Sankaty Clients. In the case of all conflicts involving a Sankaty Client, Sankaty's determination as to which factors are relevant, and the resolution of such conflicts will be made in Sankaty's sole discretion.

Sources of Conflicts of Interest

The material conflicts of interest encountered by a Sankaty Client include those discussed below, although the discussion below does not describe all of the conflicts that may be faced by such Sankaty Client. Other conflicts may be disclosed throughout this document and the document should be read in its entirety for other conflicts.

Conflicts Relating to Sankaty and Certain Affiliate Advisers

It is expected that most or all of the officers and employees responsible for managing the Sankaty Funds or accounts for Separate Account Clients will have responsibilities with respect to other funds or accounts managed by Sankaty, including funds and accounts that may be advised in the future. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

The other Affiliate Advisers often perform advisory and other services for, and will receive compensation from, a number of entities, which may include entities in which that Sankaty Clients or have interests. These fees will not be shared with the Sankaty Clients.

Sankaty and the other Affiliate Advisers have existing and potential advisory and other relationships with a significant number of portfolio companies and other clients, and may provide financing, services, advice or otherwise deal with third parties whose interests conflict with the interests of a company in which a Sankaty Client has invested, such as competitors, suppliers or customers of a company in which the Sankaty Client has invested. Sankaty or another Affiliate Adviser may recommend or cause such a third party to take actions that are adverse to a Sankaty Client or companies in which it has invested.

Each General Partner of a Sankaty Partnership is entitled to a performance allocation under the terms of the relevant partnership agreement. The existence of each Sankaty Partnership's General Partner's performance allocation and Sankaty's incentive fee may create an incentive for the General Partner of a Sankaty Partnership or Sankaty, as applicable, to cause a Sankaty Partnership to make more speculative investments than it would otherwise make in the absence of performance-based compensation.

Securities for which no market prices are available will be valued at such value as Sankaty (or, in the case of the Sankaty Partnerships, the applicable General Partner) may reasonably determine. All other assets of a Sankaty Client (except goodwill, including the name of the Sankaty Client, which will not be taken into account) will be assigned such value as Sankaty or the applicable General Partner, as the case may be, may reasonably determine. The exercise of such discretion in each of the above cases may give rise to conflicts of interest, since the Incentive Fee and Sankaty's management fees are calculated based on these valuations.

The Sankaty Funds and other Clients may have tax exempt, taxable, foreign and other investors, whereas most members of the General Partners of the Sankaty Partnerships and other Clients and most members of Sankaty are taxable at individual U.S. rates. Conflicts of interest exist with respect to various structuring, investment and other decisions because of divergent tax, economic or other interests, including conflicts among the interests of taxable and tax exempt investors, conflicts among the interests of domestic and foreign investors, and conflicts between the interests of investors and management. For these reasons, among others, decisions may be more beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations. Sankaty will generally attempt to structure investments in a way that optimizes after-tax returns to investors in Sankaty Funds and to Separate Account Clients that are subject to U.S. federal income taxes.

A Sankaty Client may, from time to time, make co-investments in transactions sourced by Affiliate Advisers. When a Sankaty Client makes such investment, the applicable Affiliate Adviser will typically perform management, advisory, investment banking, financial advisory and other services for, and will receive fees from, actual or prospective portfolio companies. Although the Affiliate Adviser receives these fees from actual or prospective portfolio companies, the opportunity to earn these fees creates a conflict of interest between the Affiliate Adviser, on the one hand, and, to the extent such Sankaty Client co-invests in the transaction, the Sankaty Client on the other hand, because the amounts of such fees may be substantial and the Sankaty Client will not share in such fees.

Conflicts Relating to the Purchase and Sale of Investments

Sankaty may cause a Sankaty Client to purchase investments from, or sell investments to, another Sankaty Client. Sankaty will only cause a Sankaty Client to engage in such transactions if consistent with client guidelines and Sankaty considers whether such transaction is in the best interests of and is appropriate for each Sankaty Client, whether such transaction is consistent with Sankaty's best execution obligation, the cost of execution through a third party, and the pricing methodology. Other Clients may invest in assets eligible for purchase by a Sankaty Client. The investment policies, fee arrangements, carried interest, investments owned by employees of Sankaty or the other Affiliate Advisers, and other circumstances of such Sankaty Client, may vary from those of other Clients. These relationships may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to the Sankaty Client. Subject to any requirements of the governing instruments or investment guidelines of the Sankaty Clients and other Clients, opportunities for investments will be allocated between a Sankaty Client and other Clients in a manner that Sankaty and the other Affiliate Advisers, as well as the Clients' respective General Partners (if applicable), believe in their sole discretion to be appropriate given factors they believe to be relevant. Such factors may include the investment objectives, transaction sourcing, liquidity, diversification, lender covenants and other limitations of the Sankaty Clients and other Clients, and the amount of capital each then has available for such investment. In general, investments sourced by an Affiliate Adviser that are appropriate for Clients advised by such Affiliate Adviser will first be made available to such Clients. Sankaty also reserves the right to make independent decisions about when a Sankaty Client should purchase and sell investments, and the other Affiliate Advisers reserve similar rights with respect to the Clients that they advise. As a result, a Sankaty

Client may be purchasing an investment at a time when another Client is selling the same or a similar investment, or vice versa. A Sankaty Client may invest in opportunities that other Clients have declined, and likewise, a Sankaty Client may decline to invest in opportunities in which other Clients have invested.

Conflicts may arise when a Sankaty Client makes investments in conjunction with an investment being made by other Clients, or in a transaction where another Client has already made an investment (including the investment by the Sankaty Clients in the initial syndication of a loan or bond made to a portfolio company in which another Client has already made an investment). Investment opportunities may be appropriate for a Sankaty Client and certain Clients at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may also arise in determining the terms of investments, especially where Sankaty and/or other Affiliate Advisers control the structure of a transaction and its capitalization. For example, if a Sankaty Client is investing in debt securities, it will have an interest in structuring debt securities that have financial terms (such as interest rates, repayment terms, seniority, covenants and events of default) that are more restrictive than another Client, as an equity owner, may desire. There can be no assurance that the return on a Sankaty Client's investments will not be less than the returns obtained by other Clients participating in the transaction. Employees and related persons of Sankaty and the other Affiliate Advisers have made or may make large capital investments in or alongside certain other Clients, and therefore may have additional conflicting interests in connection with joint investments. Each Affiliate Adviser will determine all matters relating to structuring transactions and capitalizing portfolio companies, including the amount and terms of securities and allocation of securities among the involved Clients, using its best judgment considering all factors it deems relevant, but in its sole discretion. The allocation of securities as among Sankaty Clients and as between Sankaty Clients and other Clients may be affected by a fund's stage in its lifecycle or the length of time the separate account for a Separate Account Client has been funded. For example, a newly organized fund or a newly-funded separate account may seek to purchase a disproportionate amount of investments until it is ramped up.

A Sankaty Client may invest in other funds or structured products sponsored by Sankaty or other Affiliate Advisers. A Sankaty Client's interest in any such fund or structured product would be subject to the terms and conditions of such fund or product, including fees and carried interest, provided that the General Partner of, and the Affiliate Adviser to, such fund or product, may in their sole discretion waive all or a portion of such fees and carried interest with respect to the Sankaty Client.

The appropriate allocation among the Clients of expenses and fees generated in the course of evaluating and making investments often may not be clear, especially where more than one Client participates. For instance, if an investment that is being considered by or for a Sankaty Client and another Client is not consummated, allocation of the expenses generated for the account of the Sankaty Client and such other Client (such as expenses of common counsel and other professionals) will be made in good faith. When Sankaty and the other Affiliate Advisers incur expenses that were related to the Sankaty Client and/or other Clients, they will typically allocate such expenses among all Sankaty Clients and other Clients eligible to reimburse expenses of the applicable nature. In general, Sankaty and each relevant Affiliate Adviser will participate in the resolution of all such matters using its best judgment, considering all factors it deems relevant, but in its sole discretion.

Certain Clients may invest in a Sankaty Partnership as a limited partner. Sankaty may from time to time in its sole discretion provide the Affiliate Adviser of any such Clients certain information about the applicable Sankaty Partnership's investment portfolio, although it is under no obligation to do so and may decide not to provide any such information at any time. As a condition of receiving such information, the Affiliate Adviser must agree that it will use such information solely for the purpose of making investment recommendations to such Client with respect to hedging its long exposure to certain investment sectors and geographies, and not for the purpose of making any other investment recommendations to such Client or for any other purpose and it must agree not to disclose such information to any other person.

A Sankaty Partnership may waive advisory fees and performance allocations, if applicable, with respect to Clients that are limited partners in such Sankaty Partnership. Affiliate Advisers may receive advisory fees and performance allocations from the Clients. The Clients may own equity in issuers of the loans to be held by a Sankaty Client, which will create a conflict of interest if the loans become distressed.

From time to time, Sankaty or another Affiliate Adviser may come into possession of material, non-public information, and such information may limit the ability of a Sankaty Client to buy and sell investments. Although Bain Capital currently maintains "ethical walls" which reduce the likelihood that Sankaty will be deemed to possess material, non-public information possessed by other Affiliate Advisers, there is no guarantee that Bain Capital will maintain "ethical walls" for the life of each Sankaty Client. Furthermore, Sankaty and the other Affiliate Advisers may agree from time to time to "cross" ethical walls, and Bain Capital may from time to time impose restrictions on transactions involving particular issuers in its sole discretion taking into account all factors it deems relevant in the collective interest of Sankaty and the other Affiliate Advisers. In such cases, the Sankaty Clients and other Clients could be restricted indefinitely in transactions involving a particular issuer. Consequently, the possession of material, non-public information by other Affiliate Advisers may limit the ability of a Sankaty Client to buy and sell investments. In addition, Sankaty may be restricted by contract from using confidential information that it, or another Affiliate Adviser, has for the benefit of a Sankaty Client.

Conflicts Relating to Existing Investments

Further conflicts may arise once a Sankaty Client has made an investment in a company in which another Client has also invested. For example, questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, raise conflicts of interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Sankaty Client or other Clients may or may not provide such additional capital, and if provided the Sankaty Client and each other Client will supply such additional capital in such amounts, if any, as determined by Sankaty and the other relevant Affiliate Advisers in their sole discretion. Sankaty and each other Affiliate Adviser will resolve all such conflicts using their best judgment but in their sole discretion, subject in certain cases to approval by the advisory boards or investment committees of the participating Clients.

Investments to finance follow-on acquisitions are a regular part of the business of certain of the Sankaty Clients and certain other Clients. Follow-on investments present conflicts of interest, including determination of the equity component and other terms of the new financing. In addition, a Sankaty Client may participate in releveraging and recapitalization transactions involving portfolio companies in which other Clients have invested or will invest. Recapitalization transactions may present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. Sankaty and each other Affiliate Adviser will resolve all such conflicts using their best judgment but in their sole discretion, subject in certain cases to approval by the respective advisory boards or investment committees of the participating Clients.

The Sankaty Clients and/or other Clients may in many cases own a significant or controlling percentage of the common equity of a portfolio company which, depending upon the amount of equity owned by it, any relevant contractual arrangements between such portfolio company and the participating funds and accounts, and other relevant factual circumstances, could result in an extension to one year of the ninety-day bankruptcy preference period with respect to payments made to a Sankaty Client and/or subordination of its claims to other creditors and/or recharacterization of debt claims into equity claims. In addition, because of their equity ownership, representation on the boards of directors, and/or contractual rights, the Sankaty Clients and other Clients may be thought to control, participate in the management of or influence the conduct of portfolio companies. The effect of these relationships will vary from jurisdiction to jurisdiction. These factors could expose the assets of a Sankaty Client to claims by a portfolio company, its security holders, its creditors or governmental agencies.

If a Sankaty Client purchases debt securities of an affiliate in the secondary market at a discount, (a) a court might require the Sankaty Client to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities, or (b) the Sankaty Client might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary in from jurisdiction to jurisdiction.

A portion of a Client's investments may consist of securities that are subject to restrictions on resale by such Client because they were acquired in a "private placement" transaction or because such Client is deemed to be an affiliate of the issuer of such securities. Generally, a Client will be able to sell such securities only under Rule 144 under the Securities Act, which permits limited sales under specified conditions, or pursuant to a registration statement under the Securities Act. When restricted securities are sold to the public, the Client may be deemed an "underwriter," or possibly a controlling person, with respect thereto for the purposes of the Securities Act and be subject to liability as such under that Act.

A Sankaty Client may directly or indirectly control or be under common control with issuers of securities held by such Sankaty Client, which were issued under an indenture qualified under the Trust Indenture Act of 1939 (the "Trust Indenture Act"), especially where another Client is deemed to control the issuer of the securities. In such cases, the securities held by the Sankaty Client would be required by the Trust Indenture Act to be disregarded for the purposes of

determining whether the holders of the required principal amount of such issuer's securities have concurred in certain directions or consents.

The following factors may alleviate, but will not eliminate, conflicts of interest among the Clients:

- A Sankaty Client will not make any investment unless Sankaty, and the General Partner of the Sankaty Client (if applicable), believes that such investment is an appropriate investment considered solely from the viewpoint of the Sankaty Client (and investors in the Sankaty Client, if applicable); and

- Where Sankaty or one or more of the Affiliate Advisers deems appropriate in its sole discretion, unaffiliated third parties may be used to help resolve conflicts such as the use of an investment banker to opine as to the fairness of a purchase or sale price. In addition, the willingness of a third party to make an investment on the same terms as a Sankaty Client or other Client would demonstrate the fairness of the transaction to such Sankaty Client or other Client.

Other Conflicts of Interest

The Clients will generally engage common legal counsel and other advisers to represent all of the Clients in a particular transaction, including a transaction in which the Clients have conflicting interests because they are investing in different securities of a single portfolio company. In the event of a significant dispute or divergence of interest between a Sankaty Client and other Clients, such as in a work-out or other distressed situation, separate representation may become desirable, in which case Sankaty and the other Affiliate Advisers may hire separate counsel in their sole discretion, and in litigation and other circumstances, separate representation may be required. Partners of the law firms engaged to represent the Clients may be investors in the Clients, and may also represent one or more portfolio companies or limited partners of the Clients.

The General Partners are permitted to enter into separate agreements with investors in the Sankaty Partnerships that set forth the terms of investment by such investors in the applicable Sankaty Partnerships. Among other things, such agreements may provide for the right to receive certain additional information not available to other investors. Additionally, Sankaty may establish separate accounts with portfolios significantly similar to those of one or more Sankaty Funds. Consequently, the relevant Separate Account Client may have access to information about such portfolio holdings before investors in such Sankaty Funds.

Certain members of each Sankaty Fund's advisory board are, or in the future may be, officers or directors of, or otherwise affiliated with, limited partners of or investors in the Clients. The General Partner of a Sankaty Partnership and the General Partners of other Clients (if applicable) may from time to time utilize the services of Separate Account Clients or limited partners of or investors in the Clients and their affiliates on an arm's length basis, as they deem appropriate.

One or more Sankaty Clients or other Clients may hold "plan assets" subject to ERISA. With respect to those plan assets, if any, Bain Capital and certain affiliates may be classified as "fiduciaries" under ERISA. ERISA imposes certain general and specific responsibilities and

restrictions on fiduciaries with respect to plan assets. As a result, a Sankaty Client may be restricted from entering into certain transactions if the investment would violate ERISA with respect to the Sankaty Client or such other Clients, or may be obligated to take certain actions or refrain from taking certain actions in order to avoid a violation of ERISA with respect to the Sankaty Client or such other Clients.

Different conflicts may exist with respect to investments in different Sankaty Funds and Separate Account Clients.

Please contact the Sankaty Compliance Department with any additional questions or concerns.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Sankaty has adopted a written Code of Ethics policy for its employees. The policy describes employees standard of conduct and fiduciary duties and limits personal trading by employees and their immediate family/household members in a wide range of securities, including common and preferred stock, debt instruments, securities that are convertible or exchangeable for equity or debt securities, and derivative instruments. Employees must report every account that they or their immediate family/household member use trading securities covered by the policy and, if they directly or indirectly influence or control trading in the account, they must generally pre-clear securities transactions covered by the policy and have copies of trade confirmations and periodic account statements sent by their broker to the compliance department. Controlled trading by employees and their immediate family/household members is prohibited in a wide range of securities that appear on restricted lists and confidential watch lists, and the additional steps are taken to ensure that employees and their immediate family/household members are not permitted to trade for their personal account in securities selected for the Sankaty Clients.

A detailed summary of Sankaty's Code of Ethics is available to limited partners and prospective limited partners of a Sankaty Fund during the investment due diligence process, a copy of which may be obtained by Sankaty's Compliance Department.

Existing Sankaty Clients may obtain a copy of the Code of Ethics upon written request to: Sankaty Advisors, LLC, 111 Huntington Avenue, Boston, MA 02199. Attn: Compliance Department.

Related Person Investment

For further detail regarding circumstances in which Sankaty or a related person (a) recommends to clients, or buys or sells for client accounts, securities in which Sankaty or a related person has a material financial interest, (b) invests in the same securities that Sankaty or a related person recommends to clients, or (c) recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that Sankaty or a related person buys or sells the same securities for Sankaty's own (or the related person's own) account, as well as related conflicts of interest, please see "Code of Ethics" and Item 10 above.

Item 12. Brokerage Practices

In choosing broker-dealers for execution of securities transactions, Sankaty, or a related person of Sankaty, considers various relevant factors, including without limitation, pricing terms offered by the broker-dealer, the ability of the broker-dealer to deliver prompt and reliable execution, the size and type of the transactions, the nature and character of the market for the securities, operational efficiency with which transactions are effected, the broker-dealer firm's financial stability, confidentiality, back office stability, trading desk capacities, referrals, custody, settlement, familiarity with derivative securities strategies and the overall value and quality of the services offered by the broker-dealer firm.

Sankaty receives research, statistical and quotation services, data, information and other services and materials that assist Sankaty in the performance of its investment advisory responsibilities from broker-dealer firms that execute transactions for Sankaty Clients. Where such services are provided, Sankaty has agreed to compensate such broker-dealer or third party in either "hard" dollars (directly paid by Sankaty, although certain Advisory Agreements and Sub-Advisory Agreements permit some or all of such costs to be borne by the relevant Sankaty Client), "soft dollars" (commission generated) or some combination of the two. A broker-dealer providing such research services may receive a commission that is in excess of the amount of commission another broker-dealer would have received for effecting that transaction provided Sankaty determines in good faith that such commission was reasonable in relation to the value of the research and brokerage services provided by the broker-dealer. Any such research service may be broadly useful and of value to Sankaty in rendering investment advice to all or a significant portion of the Sankaty Clients, or may be relevant and useful for the management of one Sankaty Client's account or only a few Sankaty Clients' accounts, regardless of whether such account or accounts paid commissions to the broker-dealer through which the research service was provided. Sankaty will only make securities transactions that it in good faith believes are in the best interest of the Sankaty Client. A conflict of interest exists when a broker-dealer provides such research services, however, as Sankaty will have an incentive to favor such broker-dealer over others that may charge lower commissions. Sankaty will also consider broker-dealers commission rates or spreads as compared to other market participants when determining the reasonableness of commission rates and spreads received by a broker dealer.

Sankaty may aggregate trades pursuant to formal written procedures, which generally provide that such allocation is made on a pro rata basis among eligible Sankaty Clients. Certain exceptions may, however, be made in such allocation provided that such exceptions are to ensure that accounts are treated in a fair and equitable manner, taking into account each Sankaty client's best interests and to prevent any favoring of or discriminating against any Sankaty Client or group of Sankaty Clients, and that such allocation is consistent with Sankaty's fiduciary duties, its duty of best execution and on contractual obligations. For additional information regarding the allocation of investments among Sankaty Clients and Clients of the non-Sankaty Affiliated Advisers, please see Item 10 above**.**

A Separate Account Client may request or direct that Sankaty place transactions for its separate account with one or more specified broker-dealers ("Directed Brokerage"). Sankaty will accept Directed Brokerage arrangements only if certain conditions are satisfied including, that the Separate Account Client's directions are furnished in writing and that Sankaty has informed the

Separate Account Client in writing that the use of directed brokerage arrangements may deprive the Separate Account Client of benefits that might otherwise be obtained by aggregating the Separate Account Client's order with orders for other Sankaty Clients and may cause the Separate Account Client to pay a higher commission rate or to receive less favorable execution than if Sankaty had discretion to select the broker or to negotiate the commission rate.

Item 13. Review of Accounts

Oversight and Monitoring

Sankaty continually reviews and analyzes its existing positions to attempt to identify issues early on and to take action where necessary. Sankaty's large investment team and industry-based organization is structured to produce in-depth credit analysis and allow for rapid response to developing situations. The industry teams and the credit committee then review each investment in a formal setting periodically. Each industry analyst updates buy/sell recommendations on a periodic basis and all credit work is shared throughout Sankaty. The industry teams also normally produce detailed investment reviews and financial models on every investment on a periodic basis.

The portfolio of investments of each Sankaty Client is reviewed by a team of investment professionals. The team generally includes Managing Directors and other investment professionals of Sankaty.

Reporting

Investors in the Sankaty Funds other than the CLOs typically receive, among other things, a copy of audited financial statements of the relevant Sankaty Fund within 120 days after the fiscal year end of such Sankaty Fund. Sankaty and the General Partner of a Sankaty Fund may from time to time, in their sole discretion, provide additional information relating to such Sankaty Fund to one or more limited partners of such Sankaty Funds as it deems appropriate.

Investors in the CLOs typically receive, from the relevant trustee and among other things, quarterly reports detailing the aggregate principal balance of such CLO's portfolio of assets and the interest and other proceeds received by such CLO from such assets and available for distribution to investors, the aggregate outstanding amount of such CLO's outstanding debt and details regarding certain expenses incurred by such CLO.

Investors in Sankaty Funds will receive regular reporting updates through quarterly letters, investor meetings and other materials provided on the investor website.

Separate Account Clients may negotiate reporting requirements specific to their account. In the event of individually negotiated terms for Separate Accounts Clients, Sankaty will provide the reporting mutually agreed to by the parties as evidenced in their Advisory Agreement.

Item 14. Client Referrals and Other Compensation

For details regarding economic benefits provided to Sankaty by non-clients, including a description of related conflicts of interest, please see Item 10 above.

Item 15. Custody

Limited partners of certain Sankaty Partnerships receive account statements directly from a qualified custodian. In other instances, Sankaty, in addition to the account statements sent by a qualified custodian, provides account statements directly to the limited partners of the Sankaty Partnerships, When doing so, Sankaty includes a statement that urges such limited partners to compare the account statements sent by Sankaty with those they receive from the qualified custodian.

Item 16. Investment Discretion

Sankaty provides investment advisory services to each of the Sankaty Partnerships pursuant to the Advisory Agreements. Investment advice is provided by Sankaty directly to the Sankaty Partnerships, subject to the direction and control of the affiliated General Partner of such Sankaty Partnership. Any restrictions on investments in certain types of securities are established by the General Partner of the applicable Sankaty Partnership, and set forth in the documentation received by each limited partner prior to investment in such Sankaty Partnership.

Sankaty provides investment advisory services to each Separate Account Client's separate account in accordance with the terms and conditions of the Advisory Agreement. The terms of these documents are generally established at the time of the formation of the applicable separate account and are the result of negotiations with the applicable Separate Account Client.

Sankaty provides investment advisory services to each CLO in accordance with the terms and conditions of such Advisory Agreement or Sub-Advisory Agreement, as applicable, and other related documents of each such CLO. The terms of the Sub-Advisory Agreements, including any restrictions on activities, were established at the time that Sankaty began providing investment advisory services to the Sub-Advisory Funds. The terms of the Advisory Agreements and other related documents of each CLO that is not a Sub-Advisory Fund were generally established at the time of the formation of the applicable CLO and are the result of negotiations with certain potential investors in the applicable CLO.

Item 17. Voting Client Securities

Sankaty intends to vote proxies or similar corporate actions in accordance with the best interests of the applicable Sankaty Client, taking into account such factors as it deems relevant in its sole discretion. Upon receipt of a proxy request, Sankaty's operations department contacts the senior investment professional responsible for the issuer. The senior investment professional reviews the information, determines what is in the best interests of the Sankaty Client and ensures the vote is completed in a timely manner.

Sankaty's proxy voting policy is designed to ensure that if a material conflict of interest is identified in connection with a particular proxy vote, that the vote is not improperly influenced by the conflict. Conflicts of interest may arise from time to time in relation to proxy voting requirements. Sankaty shall monitor all proxies for any potential conflicts of interest. If a material conflict of interest arises, Sankaty will determine what is in the best interests of the relevant Sankaty Client and may take appropriate steps to eliminate any such conflict.

A detailed summary of Sankaty's proxy voting policies and procedures are available to limited partners and prospective limited partners of a Sankaty Fund during the investment due diligence process, a copy of which may be obtained by Sankaty's Compliance Department.

Existing Sankaty Clients may obtain copies of relevant proxy logs, identifying how proxies were voted in connection with a Sankaty Client, and copies of proxy voting policies and procedures upon written request to: Sankaty Advisors, LLC, 111 Huntington Avenue, Boston, MA 02199. Attn: Compliance Department.

Item 18. Financial Information

Item 18 is not applicable to Sankaty.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to Sankaty.

Jonathan Lavine

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Part 2B of Form ADV: Brochure Supplement
March 2011

This brochure supplement provides information about Mr. Jonathan Lavine that supplements the Sankaty Advisors, LLC brochure. You should have received a copy of that brochure. Please contact us at (617) 516-2318 if you did not receive Sankaty Advisors LLC's brochure or if you have any questions about the contents of this supplement.

Item 2. Educational Background and Business Experience

Mr. Jonathan Lavine joined Bain Capital, LLC in 1993 and, since inception in 1998, has served as a Managing Director and Chief Investment Officer of Sankaty Advisors, LLC ("Sankaty"). Previously, Mr. Lavine worked as a consultant at McKinsey & Company. Mr. Lavine began his career in the Mergers & Acquisitions Department of Drexel Burnham Lambert where he focused on acquisitions, financings and restructurings in a variety of industries. Mr. Lavine received an M.B.A. with Distinction from Harvard Business School and a B.A. from Columbia College. Mr. Lavine was born in 1966.

Item 3. Disciplinary Information

Item 3 is not applicable to Mr. Jonathan Lavine.

Item 4. Other Business Activities

Item 4 is not applicable to Mr. Jonathan Lavine.

Item 5. Additional Compensation

Sankaty provides investment supervisory services to Sankaty Clients (as defined in Part 2A of Form ADV for Sankaty) and Sankaty, its Managing Directors and its employees, may, in certain instances, receive discounts on products and services provided by portfolio companies of Sankaty Clients.

Item 6. Supervision

Mr. Jonathan Lavine is the Manager of Sankaty and supervises the advisory activities of Sankaty and its employees. In addition, Mr. Lavine is responsible for the ongoing Compliance oversight and infrastructure of Sankaty.

Exhibit O

Capstone's Liquidation Analysis of the Non-Core Assets,
as of February 3, 2011

GSC Group, Inc.
Excluded Assets Summary

($ in thousands)	Approximate Book Value	Worksheet #	Recovery % Low	Recovery % High	Estimated Proceeds Low	Estimated Proceeds High
Current Assets						
Cash					$ -	$ -
Accounts Receivable	1,921	1	60%	90%	1,153	1,729
Tax Refund Receivable (New York)	600	1	80%	100%	480	600
Prepaid Expenses	138	2	30%	50%	41	69
Security and Other Deposits	236	3	80%	100%	189	236
Professional Fee Retainers (Kaye Scholer and Capstone)	476		100%	100%	476	476
Total Current Assets before Cash Balance	3,371		69%	92%	2,339	3,110
Other Assets						
Safety Kleen (Stock & Options)	1,800		50%	75%	900	1,350
LCM Fund I (Equity)	100		50%	75%	50	75
Insurance Policies (CEO)	50,000		10%	20%	5,000	10,000
Intercompany Receivables						
GSCP (NJ), LP (I/C Receivables - SIF)	50,232	4	20%	26%	10,000	13,000
GSCP (NJ), LP (I/C Receivables - Other Entities)	145,721	4	0%	0%	-	-
GSC Group, Inc. (I/C Receivables)	5,919	4	0%	0%	-	-
GSC Group Limited (I/C Receivables)	6,262	4	0%	0%	-	-
SIF (I/C Receivables)	1,991	4	0%	0%	-	-
Total Intercompany Receivables	210,125				10,000	13,000
Loans to Employees - Recourse	1,723		60%	80%	1,034	1,378
Loans to Employees - Non Recourse	4,170		0%	10%	-	417
Furniture & Fixtures (net of depreciation)	1,007	5	10%	50%	101	503
Proceeds From Other Assets	268,924				17,084	26,723
Total Proceeds before Cash Balance					**$ 19,423**	**$ 29,834**

GSC Group, Inc.
Excluded Assets Summary
Accounts Receivable and Tax Refund Receivable - Worksheet 1

	Approximate Book Value
Accounts Receivable	
GSCP (NJ) LP	
Employee Expenses Reimbursement[(1)]	$ 155,630
Expense Reimbursement from Funds	1,547,580
Expense Reimbursement from Portfolio Companies	218,013
Management Fee Receivables	Sold to Buyer
GSCP LLC	
Monitoring Fees Receivable	Sold to Buyer
Total	**$ 1,921,223**
Tax Refund Receivable	
GSC Group Inc	
NY Corporate Franchise Tax	500,000
NY Corporate MTA Surcharge Tax	100,000
Total	**$ 600,000**

Note

(1) Employee expense reimbursements are receivables from employees for personal expenses paid for by GSC.

GSC Group, Inc.
Excluded Assets Summary
Prepaid Expenses - Worksheet 2

	Approximate Book Value
GSCP (NJ) LP	
Prepaid Expenses	$ 82,678
Prepaid Insurance	55,349
Total	**$ 138,027**

GSC Group, Inc.
Excluded Assets Summary
Security & Other Deposits - Worksheet 3

GSCP (NJ) LP		Approximate Book Value
Deposit on Corproate Credit Card	$	50,000
300 Campus Drive Electric Deposit		4,306
500 Campus Drive Electric Deposit		3,480
300 Campus Drive Security Deposit		78,209
500 Campus Drive Security Deposit		43,794
US Bank Deposit on Fund Accounting Services		56,125
Total	**$**	**235,914**

GSC Group, Inc.
Excluded Assets Summary
Intercompany Matrix - Worksheet 4

	Debtor Entities							
	GSC Group, Inc.	**GSCP (NJ), L.P.**	**GSCP, LLC**	**GSC Group Limited (UK)**	**GSCP (NJ) Holdings, L.P.**	**GSCP (NJ), Inc.**	**GSC Secondary Interest Fund, LLC**	**Total**
Intercompany Accounts:								
GSC Group, Inc.	$ -	$ (5,269,077)	$ (650,000)	$ -	$ -	$ -	$ -	**$ (5,919,077)**
GSCP (NJ), L.P.	5,269,077		(32,825,836)	6,261,657	(112,862,414)	(32,913)	(50,231,554)	**$ (184,421,983)**
GSCP, LLC	650,000	32,825,836						**$ 33,475,836**
GSC Group Limited (UK)		(6,261,657)						**$ (6,261,657)**
GSCP (NJ) Holdings, L P.		112,862,414			(1,991,410)		1,991,410	**$ 112,862,414**
GSCP (NJ), Inc.		32,913						**$ 32,913**
GSC Secondary Interest Fund, LLC		50,231,554						**$ 50,231,554**
Total	**$ 5,919,077**	**$ 184,421,983**	**$ (33,475,836)**	**$ 6,261,657**	**$ (114,853,824)**	**$ (32,913)**	**$ (48,240,144)**	**$ -**

Note: Receivable balances are shown as positive amounts while Payable balances are shown as negative amounts

GSC Group, Inc.
Excluded Assets Summary
Furniture & Fixtures - Worksheet 5

		Approximate Book Value
GSCP (NJ) LP*	$	223,065
GSCP LLC*		783,915
Total*	**$**	**1,006,980**

* Net of depreciation