

GE Capital Debt Advisors LLC

This brochure provides information about the qualifications and business practices of GE Capital Debt Advisors LLC ("GEFDA"). If you have any questions about the contents of this brochure, please contact us at GEFDA@ge.com. 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 GEFDA also is available on the SEC's website at www.adviserinfo.sec.gov.



201 Merritt 7
Norwalk, CT 06856
(203) 956-4710
March 7, 2012

Summary of Material Changes

Please note that this section discusses only specific material changes from our last annual Form ADV Brochure, dated March 25, 2011:

Amanda van Heyst succeeds Denis Creeden as President

On April 25, 2011, Amanda van Heyst succeeded Denis Creeden as President of GE Capital Debt Advisors LLC ("GECDA"). Mr. Creeden left GECDA to accept another senior position within the General Electric Capital Corporation ("GE Capital").

Ms. van Heyst joined GECDA in 2008 at its inception and served as a member of GECDA's Investment Committee. Ms. van Heyst has 15 years of experience in finance and leveraged lending and began her career in GE's Financial Management Program in 1996. Prior to joining GECDA, Ms. van Heyst was a Portfolio & Underwriting Team Leader responsible for a \$2 billion portfolio of syndicated bank loans and previously held positions of increasing responsibility in the GE Capital's risk organization, including account management, underwriting, distressed debt and workouts. Ms. van Heyst has a B.A. in Mathematics from Hamilton College and an M.B.A. in Finance and Management from New York University's Stern School of Business.

Promotion of Kathy Brooks

On April 25, 2011, Kathy Brooks became the Chief Investment Officer of GECDA. Ms. Brooks joined GECDA in 2009 as a senior portfolio manager as part of a consolidation of expertise in senior loans within GE Capital and GE Asset Management Incorporated ("GEAM"). Ms. Brooks specializes in leveraged loans and has 33 years of investment expertise, having held various positions at GEAM including Vice President and Portfolio Manager of the senior loan and high yield portfolio team and Investment Manager and Specialist-Public Bonds. Ms. Brooks also has broad based fixed income experience in government bonds, mortgage-backed securities, investment-grade corporate bonds and short-term investments. Ms. Brooks received her B.S.BA from Sacred Heart University.

Justin Hawthorne succeeds Hittie Lee

On October 17, 2011, Justin Hawthorne succeeded Hittie Lee as Portfolio Manager and Member of

GECADA's Investment Committee. Ms. Lee left GECADA to accept another position within GE Capital.

Mr. Hawthorne joined GECDA at its inception and provides analytical support and identifies & researches appropriate investment opportunities for client portfolios. Prior to that, Mr. Hawthorne managed a portfolio of CLO investments and provided analytical support on structured product initiatives. Prior to joining GECDA, Mr. Hawthorne had been an Assistant Vice President in GE Capital's Bank Loan Group since 2006, where he managed a portfolio of leveraged loan investments throughout a wide range of industries. Mr. Hawthorne started his career at GE Capital in 2003 in Financial Planning & Analysis. Prior to joining GE Capital, Mr. Hawthorne held Financial Analyst positions at a consumer products company, and prior to that, a marketing company. Mr. Hawthorne received a B.A. from Central Connecticut State University and his M.B.A. from Fairfield University.

Evan Gordon succeeds Alvin Lim as Chief Compliance Officer

On November 14, 2011, Evan A. Gordon succeeded Alvin Lim as Chief Compliance Officer of GECDA. Mr. Lim left GECDA to return to his role as Senior Counsel in GE Capital's Bank Loan Group.

Mr. Gordon has 15 years of industry experience and held a variety of compliance positions in several different financial institutions, including York Capital Management, Morgan Stanley Investment Management, U.S. Trust Company of New York, Citigroup Asset Management and UBS Paine Webber Incorporated. Mr. Gordon received a B.A. in English from Syracuse University of New York and a J.D. from Benjamin N. Cardozo School of Law.

CONTENTS

Summary of Material Changes	2
Table of Contents.....	3
Advisory Business.....	4
Fees and Compensation	4
Performance-Based Fees and Side-By-Side Management.....	5
Types of Clients.....	5
Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Disciplinary Information.....	11
Other Financial Industry Activities and Affiliations	11
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	12
Brokerage Practices	15
Review of Accounts	16
Client Referrals and Other Compensation.....	16
Custody	17
Investment Discretion	17
Voting Client Securities	17
Financial Information	18
Requirements for State-Registered Advisers.....	18

ADVISORY BUSINESS

GE Capital Debt Advisors LLC ("GECDA") is a wholly-owned indirect subsidiary of General Electric Capital Corporation ("GE Capital"), which in turn is a subsidiary of the General Electric Company ("GE"). GECDA was formed in October 2008 as a Delaware limited liability and is 100% owned by CFS Management LLC, a Delaware limited liability company whose sole member is GE Capital. Although GECDA is registered with the SEC as an investment adviser, registration with the SEC should not be interpreted as an endorsement by the SEC of GECDA's qualifications, nor does registration imply any particular level of skill or training.

Advisory and Subadvisory Services

GECDA primarily provides investment advisory services with respect to investments in portfolios of senior bank loans. The senior bank loans in which GECDA's clients typically invest are (i) originated by banks and other financial institutions, (ii) syndicated to investors (predominantly commercial banks, investment funds and investment banks), (iii) secured by a first lien on specified assets of the borrower and (iv) granted seniority in terms of payment priority (such loans are referred to in this brochure as "Senior Loans").

GECDA targets clientele consisting of institutional investors and privately-offered pooled investment vehicles, such as collateralized loan obligations ("CLOs"). Currently, GECDA provides advisory services to GE's pension plan, certain GE affiliates and third parties, including several CLOs. GECDA also offers subadvisory services to other asset managers that provide investment services with respect to Senior Loans. In addition, GECDA may from time to time provide investment advisory services with respect to investments in other Senior Loan related products, such as CLOs (collectively, "Senior Loan Investments"), as well as other types of investments. For convenience, references to "advisory" services, fees or agreements in this brochure should also be read to refer to "subadvisory" services, fees or agreements, as applicable.

GECDA provides tailored advisory services pursuant to written advisory agreements. Clients may negotiate the terms of the applicable advisory agreement, including the nature of the arrangement (i.e., whether the services are provided on a discretionary or non-discretionary basis) and terms of the investment

guidelines and restrictions set forth therein. The agreed upon investment objective and strategy may be similar or dissimilar to the investment objectives and strategies of other clients managed by GECDA.

Servicing Activities

In addition to providing investment advisory services, GECDA may also act as a servicer for portfolios consisting primarily of Senior Loans. In connection with such servicing arrangements, GECDA provides account management services with respect to the Senior Loans (e.g., administering payments and collections, recordkeeping and preparation of reports), but does not have discretion to make investment decisions on behalf of its clients. GECDA may delegate any or all of such services to its affiliate(s).

Assets under Management as of 12/31/2011

GECDA provides advisory services to clients on both a discretionary and a non-discretionary basis. As of January 31, 2012, GECDA managed approximately \$1,132,000,000 of client assets on a discretionary basis and approximately \$692,000,000 of client assets on a non-discretionary basis.

FEES AND COMPENSATION

Fees and Expenses Relating to Advisory Services

Fees for GECDA's investment advisory services are negotiated on a case-by-case basis, subject to a minimum fee amount. Fees vary between clients and are determined based on factors such as the amount of the client's managed assets, the investment strategy employed and the client's reporting requirements. In general, advisory fees for non-affiliated clients range between 0.35% and 0.75% per annum of assets under management. In addition, as described in "Performance-Based Fees and Side-By-Side Management" below, certain clients may pay a performance based fee.

The periods over which fees are calculated and the method of payment may also vary subject to the terms of the relevant advisory agreement. GECDA does not receive compensation in advance of providing its services nor does it deduct its fees directly from its clients' accounts. Typically, an independent trustee or custodian will calculate the fees owing to GECDA pursuant to the terms of the relevant advisory agreement and will make payments to GECDA from the client's account.

GEFDA expects to use the services of GE Capital to execute most Senior Loan transactions for its clients. A client does not incur any additional fees in connection with any transaction execution services GE Capital provides on behalf of GEFDA. For more information regarding GEFDA's use of GE Capital to execute its Senior Loan transactions, please refer to the disclosure in "Brokerage Practices."

Fees and Expenses Relating to Loan Servicing Activities

Fees for loan servicing activities are negotiated on a case-by-basis basis and may vary depending on the types and frequency of the services to be provided.

Other Fees and Expenses

In addition to the fees and expenses relating to the advisory services and loan serving activities as described above, clients of GEFDA will be responsible for paying the fees and expenses imposed by any third party custodian selected by the client to hold the Senior Loans and other assets managed or serviced by GEFDA (collectively, the "Portfolio Assets") and may also be responsible for any other third party fees and expenses incurred by GEFDA and its permitted delegates, in the performance of GEFDA's obligations under its client agreements.

Examples of such third party fees and expenses include:

- legal and other advisor fees and expenses in connection with any material amendments or material waivers or enforcement activity or work-out or bankruptcy actions relating to a Portfolio Asset held by the client;
- any governmental fee, charge or tax owed with respect to the Portfolio Assets or in connection with any transaction effected for the Portfolio Assets; and
- assignment fees, registration costs and other similar costs and transaction-related expenses and fees arising out of transactions effected for the Portfolio Assets.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

GEFDA may, from time to time, accept performance-based fees. In the management of CLOs, for example, GEFDA may be entitled to receive a fee in

addition to its base management fee if certain negotiated performance measures are met. Such performance fees may give rise to certain conflicts of interests. For example, GEFDA may have an incentive to favor clients for which it may earn performance-based fees over clients for which it does not. In addition, GEFDA may have an incentive to make riskier investment decisions on behalf of clients for which it may earn performance-based fees because such decisions could yield higher returns. GEFDA recognizes that conflicts may arise under such circumstances and has adopted policies and procedures that were designed to mitigate potential and actual conflicts in certain situations, including policies regarding allocation of investment opportunities and trade prioritization. For more information about potential and actual conflicts and how GEFDA addresses certain conflicts, please see the disclosure in "Other Financial Industry Activities and Affiliations," "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" and "Brokerage Practices."

TYPES OF CLIENTS

As discussed in "Advisory Business" above, GEFDA targets clientele consisting of institutional investors and privately-offered pooled investment vehicles, such as CLOs. Currently, GEFDA provides advisory services to GE's pension plan, certain GE affiliates and third parties, including several CLOs. GEFDA also offers subadvisory services to other asset managers that provide investment services with respect to Senior Loans and may from time to time provide investment advisory services with respect Senior Loan Investments as well as other types of investments. In addition, GEFDA may act as a servicer for portfolios consisting primarily of Senior Loans.

GEFDA typically seeks clients that are willing to place at least \$50,000,000 under the management of GEFDA. When meeting with a prospective client, GEFDA provides information and responds to questions regarding its capabilities and investment approach so that the prospective client can decide whether GEFDA meets its needs. If the parties desire to pursue a potential client relationship, GEFDA consults with the prospective client regarding its financial situation, investment experience and investment objectives, and the parties agree upon an appropriate investment objective and strategy. Other aspects of

the client advisory arrangement are also negotiated on a case-by-case basis. Prior to entering into an advisory agreement with a prospective client, GECDA conducts anti-money laundering and customer due diligence with respect to the prospective client.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

Overview

In providing investment advisory and other services to its clients, GECDA leverages the capabilities, resources, and experience of GE Capital and its more than 65 year lending history, and more specifically its expertise in investing in and managing Senior Loans on behalf of its own portfolio for over 13 years. GECDA has entered into a Master Servicing Agreement (the "MSA") with GE Capital, pursuant to which GE Capital provides various support services to GECDA, primarily through GE Capital's "Bank Loan Group" business unit. Under the MSA, GECDA has access to GE Capital's proprietary credit analysis tools and the services of certain personnel of GE Capital who, among other things, have expertise in loan sourcing, corporate credit analysis, trading, work-out and bankruptcy proceedings, liquidation valuation and the administration of Senior Loans (collectively, the "GE Capital Service Providers"). The GE Capital Service Providers are composed of approximately 100 GE Capital employees who are dedicated to sourcing and managing Senior Loans and have a broad collective knowledge of the Senior Loan market that has been acquired, in part, by managing GE Capital's portfolio of approximately 600 individual Senior Loan investments. Through this servicing arrangement, GECDA obtains information regarding borrowers from sources within GE. Such information typically relates to industry, sector, country or regional data. GE Capital Service Providers are considered to be "Supervised Persons" of GECDA and are subject to GECDA's compliance policies and procedures.

Idea Generation, Sourcing and Screening

GECDA utilizes GE Capital's extensive relationships with agent banks and trading desks to gain broad access to investment opportunities in both the primary and secondary Senior Loan markets. GECDA utilizes a targeted and coordinated pipeline reporting system and meets regularly with GE Capital's highly

experienced loan sourcing professionals. GECDA provides specific investment guidelines to the relevant GE Capital Service Providers and periodically updates and adjusts such investment guidelines as it deems appropriate to meet the investment objectives of its clients. In addition, GECDA has regular and direct discussions with the GE Capital Service Providers responsible for trading in order to obtain market information and generate strategies.

To identify investment opportunities, GECDA relies largely on a team of GE Capital professionals who have expertise in industry and credit analysis. GECDA screens potential investment opportunities based on the investment objective guidelines and strategies of its clients. Specific criteria used include financial measures, company management, loan structure, loan size, pricing, yield and sector weightings, among other criteria.

Macro-Economic and Sector Analysis

Sector weightings are generally based on macro-economic trends that may affect certain key components of the credit analysis of companies within specific industries. The types of information that may be considered by GECDA include information relating to interest rates, commodities, employment or certain raw materials. GECDA utilizes the broad industrial knowledge, global economic and capital markets data processed and disseminated by GE Capital and GE. GECDA has access to internal economic reports and the views of certain of GE's and GE Capital's economists, as well as industrial business leaders and specialists. Such access provides GECDA with in-depth information and understanding of specific sector trends and the key components of the credit analysis of companies within those sectors. GECDA may also utilize external sources of economic and sector information to develop and recalibrate its global economic outlook and sector weightings.

Credit Analysis

In making its investment decisions, GECDA reviews information provided by the borrower and any financial institution(s) arranging the Senior Loan. GECDA may also obtain additional due diligence regarding each potential investment and may perform a "deep-dive" fundamental credit analysis. This deep dive fundamental credit analysis comprises both quantitative and qualitative components. Depending on the particular investment and the related obligor,⁶

this due diligence review may include any of the following:

- Bank meetings and information provided by the loan arranger or agent;
- Borrower's historical and prospective financial information;
- Additional inquiries through the loan arranger and/or agent's counsel;
- Reviews of publicly available information, including industry or company specific reports published by external financial analysts, SEC filings and company reports, media sources, and subscription services such as Moody's, Standard & Poor's, and Loan Pricing Corporation; and
- Investigative and background checks on certain management team members.

The qualitative component of the credit analysis includes an extensive review of the company's business strategy, market dynamics and key "drivers" of success within its sector, the quality of its management team (e.g., experience, track record, reputation of individuals), operations (e.g., cost position, asset utilization, efficiencies), and the structure of the loan agreement (e.g., collateral package, covenants, use of proceeds). GECDA may rely on both external and internal data (e.g., direct access to industry leaders for opinions on business strategy, knowledge of management team and personal reputations, asset utilization and efficiency comparisons) to evaluate the qualitative components of the credit analysis.

The quantitative component of the credit analysis incorporates many of the qualitative components in developing a financial model from which analysts estimate the effect on the borrower's ability to repay its loan under various scenarios. These scenarios typically include a base case and several downside cases in which the analyst may vary the input levels of some of the key "drivers" of the analysis. This financial model generates projections regarding cash generation, covenant compliance and liquidity under the various scenarios. GECDA will evaluate the borrower's estimated financial strength based on certain financial ratios (e.g., leverage, liquidity, fixed costs, required future interest and/or principal payments). In addition, GECDA also considers any exit strategy analyzed by the GE Capital Service Providers. Such exit strategy may take into account

a discounted cash flow, liquidation and/or enterprise multiple analyses.

Upon completion of such analysis, the GE Capital Service Providers provides GECDA with a written summary and recommendation for the prospective senior loan transaction. GECDA may then have extensive conversations with GE Capital Service Providers about the senior loan transaction and may request further analysis and/or due diligence until GECDA is satisfied that it has the appropriate information and analysis required to make an investment decision.

Investment Decisions

GECDA makes its own investment decisions based on the investment objectives and strategies of its clients and all of the available information and analysis it has reviewed with regard to a specific investment. In making its investment decisions, GECDA utilizes the analysis and other resources provided to it by GE Capital through the GE Capital Service Providers.

In connection with its investment decision-making process, GECDA has established an investment committee consisting of its President and other senior members of GECDA (the "Investment Committee"). The Investment Committee reviews potential investments and votes on whether to make a particular investment for a client. The Investment Committee is responsible for overall investment strategy, asset allocation, portfolio construction and investment selection. Portfolio managers determine investment strategy, risk assessment, relative value, security selection and trading recommendations for their respective portfolios with final approval on all strategy and investments granted by the Investment Committee in accordance with individual client guidelines.

Members of the Investment Committee may from time to time work for GE Capital on matters unrelated to GECDA or GECDA's business provided that the President provides his consent. Prior to granting his consent, the President considers whether the proposed assignment would unduly interfere with the performance of such Investment Committee member's duties for GECDA and will not provide his consent if he believes that it would.

Portfolio Construction and Portfolio Management

GECDA intends to select investments for each client across multiple industry sectors and borrowers, in accordance with the investment objectives, strategy

and guidelines set forth in the applicable advisory agreement, using the analysis described above. GEEDA may utilize certain proprietary analytical systems of GE Capital from time to time in an effort to “optimize” the portfolio composition, considering GEEDA’s estimate of appropriate risk/return metrics. This investment portfolio analysis includes hypothetical “probability of default” and “loss-given-default” reviews of the investment portfolio in its entirety and/or the effects on the portfolio of a specific investment opportunity. The proprietary analytical systems of GE Capital utilize external data feeds as well as internally generated information derived from the historical performance of GE Capital’s own investment portfolio of Senior Loans and other Portfolio Assets. GEEDA views its use of such proprietary systems as one of many resources it has available to it to assist in its construction and management of its clients’ accounts.

GEEDA monitors the investment portfolio regularly to enable GEEDA to re-position the investment portfolio in response to sector weighting changes or developments that may make certain Portfolio Assets no longer attractive relative to other opportunities given such portfolio’s risk/return profiles.

Investment Strategies

GEEDA generally seeks to provide a combination of income and capital appreciation in a manner consistent with the preservation of principal. Each client’s investment strategy, however, is determined on a case-by-case basis in accordance with the client’s investment objective. An investment objective weighted more towards income (“core”) generally has a more liquid and lower risk strategy, whereas an investment objective weighted more towards capital appreciation (“opportunistic”) generally has a less liquid and higher risk strategy. Most investment strategies consist primarily of investments in Senior Loans diversified across a range of industry sectors and by borrower. GEEDA generally builds its core strategies around debt obligations of companies that, in its estimation, have stable cash flows, good profit margins, strong management teams and appropriate business models. Opportunistic strategies target investments in assets that GEEDA believes are trading at levels that present short or intermediate term opportunities for significant capital appreciation. Such opportunistic investments may include debt obligations of companies that are experiencing

stress for idiosyncratic reasons and/or companies that are in industry sectors that are experiencing stress. Clients may choose investment objectives that incorporate elements of both core and opportunistic investment strategies.

GEEDA does not believe that the application of any of the investment strategies described above would create risks that are separate from the risks involved in investing in Senior Loans generally (see the discussion below). The risk profile of a portfolio of Senior Loans could vary, however, according to the investment strategy employed.

Senior Loans

GEEDA expects that a significant portion of its investments on behalf of its clients will consist of interests in Senior Loans. The discussion below describes many of the material risks relating to investments in Senior Loans. To the extent that a client permits investments in Senior Loan Investments or in other investments, such client should consult with GEEDA regarding the specific risks associated with any such investments.

Risk Factors and Special Considerations

Discretionary Investing

Subject to the terms of its advisory agreements, GEEDA typically has broad discretion in making investments for its clients. These investments generally consist of Senior Loans that have significant risks as a result of business, financial, market or legal uncertainties. There can be no assurance that GEEDA will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on a client’s portfolio of Senior Loans. Prices of a client’s Senior Loans 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 value of a client’s Senior Loans. The performance of a client’s portfolio of Senior Loans over a particular period is not necessarily indicative of the results that may be expected in future periods. Similarly, the performance of other accounts managed by GEEDA may not be indicative of the results GEEDA may be able to achieve for a particular client in the future. ***There can be no assurance that a client will not incur losses on its Senior Loans or that a client will receive a return of any or all of its investments in its Senior Loans.***

The performance of a client's portfolio of Senior Loans is affected by, among other things, (i) the amount and timing of payments with respect to principal of the Senior Loans (whether through sale, maturity, redemption, default or other liquidation or disposition) and (ii) the financial condition of the issuers of the Senior Loans and the characteristics of the Senior Loans, including the existence and timing of exercise of any optional or mandatory redemption or repayment features (including applicable redemption or repayment prices), the prevailing level of interest rates and currency exchange rates, any actual defaults and the level and timing of recoveries with respect to the Senior Loans, the frequency of tender or exchange offers for the Senior Loans. It is expected that, with respect to a substantial portion of a client's Senior Loans, the issuers will have the right or obligation to cause them to be mandatorily or optionally redeemed or otherwise repaid at various times and subject to various conditions.

Certain factors to be considered in connection with the performance of a client's Senior Loans are described or referred to below. In addition, such factors may be exacerbated, and the performance of a client's Senior Loans may be adversely impacted, by macroeconomic factors, including general economic conditions affecting capital markets and participants therein (such as the issuers of such client's Senior Loans). Such macroeconomic factors include (i) the economic downturns and uncertainties affecting economies and capital markets worldwide, (ii) the effects of, and disruptions and uncertainties resulting from military conflicts, incidents of terrorism and similar events and other consequences thereof, (iii) recent concern about financial performance, accounting and other issues relating to various companies and (iv) recent and proposed changes in accounting and reporting standards.

Credit Risk

GEFDA anticipates that a significant portion of the investments that it makes on behalf of its clients will consist of non-investment grade Senior Loans, which generally involve a greater risk that borrowers may be affected by adverse operating and financial performance, unfavorable macroeconomic, industry, or company-specific factors, and/or a leveraged capital structure. As a result, the value of such non-investment grade Senior Loans could decline significantly.

Interest Rate Risk

Changes in short-term market interest rates will directly affect the yield on GECDA's investments on behalf of its clients. If short-term market interest rates fall, the yield on investments will also generally fall. Conversely, when short-term market interest rates rise, because of the lag between changes in such short-term rates and the resetting of the floating rates on such assets in the client's portfolio, the impact of rising interest rates will generally be delayed to the extent of such lag.

Price Volatility

The prices of the Senior Loans in which GECDA can invest on behalf of a client can be volatile. Price movements of Senior Loans in which GECDA may invest are influenced by, among other things, credit risk, 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. Although the prices of Senior Loans have historically been less volatile than the prices of many other asset classes such as equities and high yield bonds, the Senior Loan market may be subject to certain periods of increased volatility. In 2008 and 2009, for example, Senior Loan markets experienced unprecedented levels of volatility and there can be no assurance that such volatility will not occur in the future.

Limited Secondary Market for Loans

Because of the limited secondary market for some Senior Loans, GECDA may be limited in its ability to sell those Senior Loans for its clients in a timely fashion and/or at a favorable price. For instance, stressed or distressed Senior Loans are often less liquid than performing Senior Loans.

Demand for Loans

An increase in demand for Senior Loans may adversely affect the rate of interest payable on new Senior Loans acquired by GECDA on behalf of its clients and it may also increase the price of Senior Loans in the secondary market. A decrease in the demand for Senior Loans may adversely affect the price of Senior Loans in the portfolios of GECDA's clients, which could cause the portfolios' values to decline.

Non-U.S. Senior Loans

If permitted under the applicable advisory agreement, a portion of the client's Senior Loans may be in obligors located outside of the United States. Non-U.S. Senior Loans involve risks not typically associated with investing in the more developed and established U.S. capital markets and investments, including risks relating to: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; (iii) the difficulty of enforcing legal rights in a foreign jurisdiction and uncertainties as to the status, interpretation and application of laws; (iv) less data on historic default and recovery rates; (v) impact of currency conversion rate changes on non-U.S. obligors; (vi) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital and the risks of political, economic or social instability; (vii) the possible imposition of foreign taxes on income and gains recognized with respect to such Senior Loans; and (viii) the relative difficulty in obtaining and enforcing legal judgments against non-U.S. entities than against U.S. entities.

Contingent Liabilities

If permitted under the applicable advisory agreement, a client may from time to time incur contingent liabilities in connection with an investment. For example, the client may acquire a delayed draw term credit facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, the client will be obligated to fund the amounts due.

Risks of the Bankruptcy Process Affecting Senior Loans

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 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 a 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 and will 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 a reorganization. Because the standard for classification is vague, there exists the risk that a 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 the client may be challenged as fraudulent conveyances or preferences as part of a bankruptcy proceeding.

Middle-Market Companies

If permitted under the applicable advisory agreement, GEEDA may invest in Senior Loans issued by 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 client to exit the investment at its then fair value.

Widening Risk

For reasons not necessarily attributable to any of the risks set forth herein, the prices of a client's Senior Loans may decline substantially. In particular, purchasing assets at what may appear to be "undervalued" levels does not preclude the possibility that these assets may be trading at even lower levels in the future at the time of valuation or at the time of sale. It is not possible to predict, or to hedge against, such "spread widening" risk.

DISCIPLINARY INFORMATION

There have not been any legal or disciplinary events relating to GECDA that, in GECDA's opinion, are material to a client's or prospective client's evaluation of GECDA's advisory business or the integrity of GECDA's management.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

GE Capital Financial Inc.

GE Capital personnel who provide Senior Loan-related services to GECDA also provide similar services to GE Capital's own proprietary account and to GE Capital Financial Inc., a depository institution which is a subsidiary of GE Capital and a Utah-chartered industrial bank. As discussed above in "Methods of Analysis, Investments Strategies and Risk of Loss – Methods of Analysis", GE Capital provides GECDA with various Senior Loan-related services, primarily through its Bank Loan Group business unit. Both GE Capital and GE Capital Financial Inc. invest in the same universe of Senior Loans as GECDA's clients.

GE Commercial Loan Trust, Series 2006-2 and GE Commercial Loan Trust, Series 2006-3

GE Commercial Loan Trust, Series 2006-2 and GE Commercial Loan Trust, Series 2006-3 (the "Static Pool CLOs") are static pooled investment vehicles for which GE Capital acted as the originator and continues to act as asset servicer and loan servicer. In addition, GE Capital owns all of the equity of the Static Pool CLOs. GE Capital, under a servicing agreement with GECDA, delegates certain of its asset and loan servicing obligations with respect to the Static Pool CLOs to GECDA.

Navigator CDO 2003, Ltd., Navigator CDO 2004, Ltd., Navigator CDO 2005, Ltd., Navigator CDO 2006, Ltd., and Antares Funding, L.P.

GECDA provides advisory services to Navigator CDO 2003, Ltd., Navigator CDO 2004, Ltd., Navigator CDO 2005, Ltd. and Navigator CDO 2006, Ltd. (the "Navigator CDOs") and subadvisory services to GEAM (as defined below) with respect to Antares Funding, L.P. (together with the Navigator CDOs, the "CDOs"). GE Capital owns all or a portion of the equity in each of the CDOs.

GE Asset Management Incorporated

GECDA has entered into client solicitation agreements with its affiliates, GE Capital and GE Asset Management Incorporated ("GEAM"), a registered investment adviser. Pursuant to such agreements, GE Capital or GEAM may be entitled to compensation in the event that GECDA is retained to provide services to a client introduced to GECDA by either GE Capital or GEAM. Each of GE Capital and GEAM have agreed to ensure that its employees who perform the services contemplated by the agreements disclose to each potential client their client solicitation arrangement and their affiliation with GECDA as required by applicable law. GEAM also provides certain other limited services to GECDA pursuant to a servicing agreement.

Conflicts of Interest

Various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of GECDA, its affiliates and/or other clients of GECDA.

Affiliates, including GE Capital and GE Capital Financial Inc., and/or other clients of GECDA (which may also include affiliates of GECDA) may invest, or may have already invested, in financial assets that are senior or junior to financial instruments of the same issuer or in different tranches of the same credit facility that are held by a particular client. For example, one client may acquire subordinated debt while another client may be invested in senior debt, or an affiliate of GECDA may be invested in a revolving Senior Loan tranche of a credit facility while a client is invested in a term Senior Loan tranche of the same facility. As a result, any of such parties may have interests that compete with or have interests ad-

verse to those of a particular client, and such parties may take certain actions, including in the context of bankruptcy or similar proceedings or a restructuring, which could adversely affect the value of a Portfolio Asset held by such client.

Affiliates and other clients of GECDA may have investment objectives, programs, strategies and positions that are similar or dissimilar to or may conflict with those of, or those employed on behalf of, a client of GECDA. Also, such parties may invest in businesses that compete with, have interests adverse to, or are affiliated with the issuers of Portfolio Assets owned by a client, which could adversely affect the performance of the Portfolio Assets held by such client. Furthermore, there is no assurance that the portfolios of such affiliates and other clients with investment objectives, programs or strategies similar to those of, or those employed on behalf of, a particular client will hold the same positions or perform in a substantially similar manner as such client's portfolio. Consistent with its fiduciary obligations and the terms of its advisory agreements, GECDA may give advice or take action with respect to the investments of a client which may differ from the advice given or the timing or nature of any action taken with respect to the investments made on behalf of other clients. As a result of such advice or actions, the prices and availability of Portfolio Assets in which a particular client invests or may seek to invest, and the performance of such client's portfolio, may be adversely affected.

In order to address the potential conflicts of interests presented by purchases by affiliates and GECDA clients, the Bank Loan Group, in collaboration with GECDA, has adopted standard operating policies and procedures regarding Senior Loan sourcing and originations, that sets forth, among other things, the protocols the originators follow in identifying and presenting to GECDA new opportunities in the syndicated loan market, and in trade execution. Please see additional disclosure regarding these protocols in "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading."

In addition, GE Capital may act as the administrative agent or otherwise participate in the origination, structuring, negotiation, syndication or offering of Senior Loans purchased by a particular client and may directly or indirectly receive origination, underwriting, or agent fees in connection with such Senior

Loan syndication. As a result, GECDA could have a conflict of interest in connection with such Senior Loan syndication since it has an incentive to base its investment recommendation to its clients on the amount of compensation its affiliate would receive rather than on its client's best interests. GECDA does not generally purchase Senior Loans for which GE Capital acts as the administrative agent, unless a client specifically requests that such Senior Loans be included in its portfolio. In addition, any fees in connection with a Senior Loan syndication would likely be immaterial to GE Capital. In any event, all such transactions will be conducted consistently with the GECDA's fiduciary obligations to act in the best interests of its clients and to treat each of its clients fairly and equitably.

Prospective clients should also be aware that GECDA is an indirect, wholly-owned subsidiary of GE, a diverse conglomerate with numerous product lines and a global presence in a variety of markets. GECDA may invest in Senior Loans, the proceeds of which may, in whole or in part, be used by borrowers to purchase goods or services provided by GE or other affiliates. GECDA has a conflict of interest in connection with such transactions since investments by its clients may directly or indirectly benefit GECDA by enabling GE or its affiliates to sell more of its goods and services. Senior Loans that GECDA purchases on behalf of its clients do not typically specify that the proceeds of such Senior Loans be used to purchase the goods or services of GE or its affiliates. In the unlikely event that such situation occurs, GECDA would seek prior approval of the affected client.

See also the additional disclosure regarding actual and potential conflicts in "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" and "Brokerage Practices."

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

The following is a summary of GECDA's Code of Ethics ("Code of Ethics"), which has been adopted by GECDA in compliance with Rule 204A-1 under the Investment Advisers Act of 1940. The Code of Ethics, among other things:

- sets forth standards of ethical and business conduct expected of advisory personnel;
- requires advisory personnel to comply with the federal securities laws;
- reflects GECDA's fiduciary responsibilities and those of its advisory personnel;
- incorporates by reference GE's code of conduct ("The Spirit and The Letter") and company policies and procedures designed to prevent and detect the misuse of material nonpublic information.

Other provisions of the Code of Ethics reinforce the fiduciary principles that govern the conduct of GECDA and its personnel. The Code of Ethics also requires GECDA's supervised persons to comply with applicable federal securities laws and to report any violations of the Code of Ethics promptly to GECDA's chief compliance officer or to other designated persons. Supervised persons of GECDA must annually certify that they have reviewed the Code of Ethics and have agreed to comply with its provisions.

The Code of Ethics will be provided to any client or potential client upon request.

Participation or Interest in Client Transactions

GE Capital and GE Capital Financial Inc., both affiliates of GECDA, invest in the same universe of Senior Loans as GECDA's clients. Consequently, various conflicts of interest may arise in various circumstances, including, if: (a) GECDA buys or sells for clients, Senior Loans in which a GECDA or a GECDA affiliate has a material financial interest, (b) GECDA (on behalf of its clients) and one or more GECDA affiliates desire to invest in the same Senior Loan in the primary market or (c) GECDA (on behalf of its clients) and one or more GECDA affiliates desire to buy or sell the same Senior Loan in the secondary market at or about the same time. These potential conflicts are described below, but please see additional disclosure about conflicts in "Other Financial Industry Activities and Affiliations" and "Brokerage Activities."

Principal Transactions and Agency Cross-Trades

Conflicts of interest may arise if GECDA buys or sells for clients, Portfolio Assets in which a GECDA or a GECDA affiliate has a material financial interest. Please see "Other Financial Industry Activities and Affiliations – Conflicts of Interest" for a descrip-

tion of the general conflicts of interest relating to investments by clients and affiliates of GECDA. The situations where the potential conflict is most acute is if GECDA causes any client to buy Portfolio Assets from or sell Portfolio Assets to (i) GE Capital or any other affiliate of GECDA or (ii) any other client of GECDA. The transactions described in clause (i) and (ii) are known as "principal transactions" and "agency cross-trades", respectively. GECDA, however, does not typically engage in principal transactions or agency cross-trades.

Such principal transactions and agency cross-trades involve potential conflicts of interest between the interests of GECDA, on the one hand, and the interests of GECDA's clients, on the other hand, since GECDA may have an incentive to favor its affiliate or to favor clients in which its affiliate has an equity interest or for which GECDA is entitled to earn a performance or incentive fee.

To the extent that GECDA intends to effect a principal transaction or an agency cross-trade, GECDA has adopted policies and procedures to address these potential conflicts of interest, including the requirement that all principal transactions and agency cross-trades must be done according to the disclosure and client consent requirements of Section 206(3) of the Investment Advisers Act of 1940. The precise application of these disclosure and consent requirements may depend on the nature of the client and the transaction. Any such transactions will be consistent with GECDA's fiduciary obligation to act in the best interests of its clients.

Allocation of Investment Opportunities in the Primary Market

GECDA utilizes GE Capital's extensive relationships with agent banks to gain access to investment opportunities in the primary Senior Loan market. When a proposed Senior Loan purchase transaction fits the underwriting criteria for one or more clients, GECDA, after determining the level of proposed participation for each client, will inform the applicable GE Capital Service Providers regarding the level of participation that GECDA, on behalf of such clients, desires to have in the Senior Loan purchase transaction. GECDA generally will execute transactions for its clients on an aggregated basis when the investment is appropriate for multiple clients and GECDA believes that aggregation will allow it to obtain best execution. Aggregation opportunities for GECDA generally

arise when the investment programs and portfolio positions of multiple clients make participation in a particular purchase opportunity appropriate and the clients have available cash.

Orders for GECDAs clients are subject to aggregation on two levels. First, when GECDAs determines that a particular loan is appropriate for more than one client, the identified clients' orders may be aggregated. Second, orders for GECDAs clients may, in certain circumstances, be aggregated with orders for GE Capital and its affiliated entities.

Conflicts of interest could arise if there is a Senior Loan investment opportunity in the primary market that is suitable for (i) more than one client or (ii) for one or more clients and one or more GECDAs affiliates, but is not available in sufficient quantities for all parties to obtain their desired allocations from the agent bank. To address the conflicts of interest associated with the aggregation and allocation of investment opportunities in the primary market, GECDAs and the Bank Loan Group have implemented the procedures summarized below.

If the orders for a Senior Loan opportunity for GECDAs clients are aggregated with orders for GE Capital and its affiliated entities, and the parties receive an allocation from the agent bank that is less than the total amount of the aggregated order, the Bank Loan Group will allocate the Senior Loan among GECDAs (on behalf of its clients), GE Capital and its affiliated entities on a pro rata basis. If orders are not aggregated and are instead placed separately with the agent bank, allocations will be made among the parties as communicated by the agent bank.

If GECDAs aggregates the orders of more than one client for a Senior Loan opportunity, the aggregated order will be allocated among its clients consistent with the level of participation GECDAs proposed for each client, to the extent practicable under the specific circumstances. If the aggregated order was only partially filled, GECDAs will allocate on a pro rata basis, to the extent practicable. Otherwise, GECDAs may use rotational, percentage or other allocation methods that it determines to be fair and equitable; provided that the reason for such decision is documented and retained. Reasons for allocating on a non-pro rata basis include, without limitation: (i) ultimate determination of ineligibility due to a client's investment guidelines and restrictions, liquidity requirements, tax or legal reasons, (ii) borrower's

assignment restrictions, and (iii) in partial fill situations, to avoid minimum assignment/minimum hold amounts, odd-lots or in cases when a pro rata allocation would result in a de minimis allocation to one or more clients.

Use of Affiliated Agent to Effect Senior Loan Transactions in the Secondary Market

GECDAs uses the Trade Execution Desk ("TED") of the Bank Loan Group to execute most secondary Senior Loan transactions for its clients. TED, which has expertise in trading Senior Loans, also executes secondary Senior Loan transactions for GE Capital and other affiliates. Although GECDAs generally expects that purchases or sales of Senior Loans by any one party will unlikely move the market for Senior Loans significantly, certain Senior Loans may have limited liquidity in the secondary market, and trading in those Senior Loans may result in changes to the market price which could have an adverse effect on transactions for or positions held by GECDAs clients. In those circumstances, potential conflicts of interest may arise when TED receives multiple orders from GECDAs (on behalf of its clients), GE Capital and/or the Bank at or around the same time to purchase or sell the same Senior Loan.

To address these conflicts, TED, in collaboration with GECDAs, has adopted trade prioritization procedures. In general, any order for a Senior Loan that is executable (because the price at which the Senior Loan is approved to be bought or sold is within market and because there are no conditions or limitations on the ability of TED to execute the order) will be filled ahead of any subsequent order for the same Senior Loan for a period of two business days. Following the expiration of such period, unfilled orders will be filled on a pro rata basis.

If GECDAs aggregates the orders of more than one client for a Senior Loan trade in the secondary market, the aggregated order will be allocated among its clients consistent with the level of participation GECDAs proposed for each client, to the extent practicable under the specific circumstances. If the aggregated order was only partially filled, GECDAs will allocate on a pro rata basis, to the extent practicable. Otherwise, GECDAs may use rotational, percentage or other allocation methods that it determines to be fair and equitable; provided that the reason for such decision is documented and retained.

Personal Trading

Certain portions of the Code of Ethics also set forth restrictions on personal securities transactions and supplement GE's insider trading policies. The policies are designed to avoid conflicts of interest when personnel of GECDA own, buy or sell securities, including non-public securities, also owned by, or bought or sold for clients. GECDA permits its employees and certain other advisory personnel to engage in personal securities transactions, although they are required to pre-clear their personal securities transactions in accordance with GE Capital's policies and these reports are monitored by GECDA's compliance personnel to determine whether the pre-clearance procedures are being followed by its supervised persons.

Potential Limitation on Investment Opportunities as a Result of Material Non-Public Information

In addition, GECDA and its personnel may not trade for its clients or for their own benefit, or recommend trading in Senior Loans of a company while it or its personnel are in possession of material, non-public information or material information that is not available to other members of the lending syndicate (collectively, "Material Non-Syndicate Level Information") concerning such company, or disclose such Material Non-Syndicate Level Information to any person not entitled to receive it. Accordingly, there may be certain cases where GECDA may be restricted from effecting purchases and/or sales of Senior Loans on behalf of its clients. GECDA seeks to minimize those cases whenever practicable, consistent with applicable law and its policies, but there can be no assurance that it will not receive Material Non-Syndicate Level Information and that such restrictions will not occur. At times, GECDA, in an effort to avoid restriction for its clients, may elect not to receive Material Non-Syndicate Level Information that other market participants are eligible to receive or have received. GECDA shall have no obligation to seek to obtain any Material Non-Syndicate Level Information about any issuer of a Senior Loan.

BROKERAGE PRACTICES

As described in "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" GECDA generally uses TED to execute secondary Senior Loan transactions for its clients. TED person-

nel are familiar with the potential universe of dealers that transact in par and distressed Senior Loans, a universe that is much more limited than the universe of firms executing in the public securities markets. TED personnel are knowledgeable about the general reputations for skill, reliability and overall cost structure (spreads, markups and markdowns) of the principal firms that deal in Senior Loans and they interact with these firms' representatives on an ongoing basis and use this knowledge to select counterparties for GECDA's clients' Senior Loan transactions. Further, GECDA's clients may benefit in placing small purchase orders with TED, which is in a position to aggregate the often substantially larger purchase orders of GE Capital and/or another GECDA affiliate for the same Senior Loans.

Individuals in TED who are responsible for selecting Senior Loan sales and trading desks to execute certain secondary Senior Loan transactions on behalf of GECDA's clients are expected to use their best judgment in selecting counterparties to provide overall best execution. The determinative factor in this analysis is not the lowest possible execution cost, but whether the purchase or sale represents the best qualitative execution for GECDA and its clients.

GECDA seeks to obtain "best execution" when executing transactions for a client, which means generally that the client's total aggregate costs or proceeds are the most favorable under the circumstances.

GECDA may, from time to time (for example, when GECDA has decided to sell a relatively small client position), decide to effect a Senior Loan transaction with a third-party directly, rather than using TED. GECDA also will execute most equity securities transactions through third party broker-dealers, rather than using TED, since TED's expertise lies in Senior Loans rather than other Portfolio Assets.

GECDA's advisory agreements generally provide GECDA with discretionary authority, subject to a client's investment guidelines and restrictions set forth in such advisory agreements, to execute secondary Senior Loan transactions on its behalf. A client, however, may limit GECDA's authority by requiring that all or a portion of client's transactions be executed through a third party. To the extent a client mandates the use of a specified third party, such client's trades will not be aggregated and the client may forego the potential benefits obtained when orders

are aggregated, as described above.

With respect to equity securities trades or Senior Loan transactions GECDA places with a third party other than TED, GECDA will effect those transactions with firms with established, national reputations for transacting in Senior Loans or securities, as applicable. The “best execution” factors that GECDA may take into account include, but are not limited to, the overall costs of a transaction, including mark-ups, markdowns or spreads, and the firm’s quality of execution; settlement capabilities; reputation, financial strength and stability; ongoing reliability; block trading and block positioning capabilities; willingness and ability to commit capital; access to primary offerings and secondary markets; ability and commitment to maintain confidentiality of transaction activity; quality of market intelligence regarding transaction activity and the particular borrower; and responsiveness to GECDA.

GECDA does not engage in soft dollar arrangements with counterparty firms. However, GECDA may use full-service broker-dealers and may, on occasion, receive and use research provided by these full-service broker-dealers.

Please see “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” for more information regarding the aggregation and allocation of Senior Loan transactions.

REVIEW OF ACCOUNTS

GECDA reviews all client portfolios to ensure that the management of each client’s portfolio complies with the terms of the relevant advisory agreement. GECDA conducts regular ongoing reviews of portfolio holdings and transactions. Matters reviewed will include specific Portfolio Assets held, the percentage of assets in various types of asset classes and the relative and absolute performance of each portfolio.

Pursuant to the MSA, GE Capital, on behalf of GECDA, monitors and services the individual assets in a client’s portfolio. GE Capital employs a series of automated controls and manual procedures to ensure that account managers review and analyze the financial condition of borrowers on a continuous basis. Factors which may trigger more focused reviews of individual assets may include, but are not limited to, issuer information, rating changes, credit quality, interest rate movements, spread and market

activity, portfolio duration targets, sector allocation and structure relevant to client benchmarks. Senior Loans are governed by terms and conditions in the respective credit agreement, which may contain restrictive covenants with which the borrower must comply. These covenants place limitations on certain activities, particularly in the areas of financial performance, indebtedness, and acquisitions, in an effort, among other reasons, to protect the right of lenders to receive timely payments of interest on and repayment of principal of the Senior Loans. Such covenants may include restrictions on dividend payments, specific mandatory minimum financial ratios, limits on total debt and other financial tests. The GE Capital account managers closely monitor covenant maintenance as part of the credit monitoring process.

GECDA and each client will agree, as set forth in the relevant advisory agreement, on the type and regularity of reporting GECDA will provide to the client. Written reports may include, for example, letters, account statements, and/or performance reports.

CLIENT REFERRALS AND OTHER COMPENSATION

Client Referrals

GECDA has entered into client solicitation agreements with both GE Capital and GEAM to provide client solicitation services to GECDA. All GE Capital employees who are authorized to solicit on behalf of GECDA are “supervised persons” of GECDA, as defined in the Investment Advisers Act of 1940. The employees of GEAM who provide solicitation services to GECDA are not supervised persons of GECDA, however, they are supervised persons of GEAM, an affiliate of GECDA and a registered investment adviser.

From time to time, GECDA may also pay third parties to solicit potential clients for GECDA. All such arrangements will be governed by a written agreement meeting the requirements of applicable securities laws and rules.

Compensation

Professionals of GECDA and GE Capital, including employees of the Bank Loan Group, are compensated on a salary plus bonus system. The bonus component of compensation is determined by quan-

titative and qualitative performance factors. “Executive Band” employees may be eligible for additional compensation in the form of restricted stock or stock options with a multi-year vesting period. From time-to-time, high performing employees below Executive Band are included in this form of compensation. Other forms of financial and non-financial rewards are available via the “GE Global Rewards and Recognition Program.” Due to privacy and competitive concerns, GECDA and GE Capital do not provide exact compensation formulas for individuals to third parties.

As described in “Other Financial Industry Activities and Affiliations”, potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of GECDA, its affiliates and/or other clients of GECDA. As a result of these potential and actual conflicts, the employees of GECDA and the employees of GE Capital who provide services to GECDA may have an economic incentive to act in the best interests of GE Capital or another GECDA affiliate rather than in the best interests of GECDA’s clients, especially if they believed that in doing so, they would be rewarded with higher compensation.

To address these conflicts, all advisory personnel of GECDA are subject to the Code of Ethics that, among other things, emphasizes GECDA’s fiduciary responsibilities and those of its advisory personnel. In addition, the reporting structure of GECDA’s President was designed to limit the control that any one person may exert over GECDA by dispersing potential mechanisms of control over the President in an effort to minimize the risk that GE Capital (acting through one or more of its employees) will exert undue influence over the investment decisions of GECDA. As an example of one such structural feature, the risk of undue influence by the President’s direct supervisor, who is primarily responsible for determining the President’s compensation and assessing the President’s performance, is mitigated by the fact that the direct supervisor is the primary risk officer responsible for managing GE Capital’s leasing portfolio and has no responsibility for managing GE Capital’s Senior Loan portfolio. Since GECDA’s clients are expected to invest primarily in Senior Loans and rarely, if at all, in leases, the President’s direct supervisor is arguably less likely to be predisposed to interfere with the President’s credit decisions.

CUSTODY

GECDA seeks to avoid arrangements by which it may be deemed to have custody of client assets, including arrangements where GECDA has the authority to deduct advisory fees or other expenses directly from a client’s account. Accordingly, GECDA does not accept or hold client funds or Portfolio Assets, and if such are inadvertently received, GECDA will return them to the sender promptly, but in any case within three business days after obtaining knowledge that such funds or Portfolio Assets were received. Clients will receive account statements from a “qualified custodian” that holds clients’ assets.

INVESTMENT DISCRETION

GECDA’s advisory agreements typically provide GECDA with discretionary authority, subject to a client’s investment guidelines and restrictions set forth in such advisory agreements. Investment guidelines may restrict the types of investments that GECDA may make on its behalf and/or the characteristics of the portfolio of Portfolio Assets (for example, concentration limitations in certain industries or borrowers). In addition, a client may also specify certain procedures that GECDA must follow to address certain tax-related issues relevant to the client or its portfolio of Portfolio Assets. A client typically appoints GECDA as its agent in the advisory agreement and grants GECDA the authority to take the actions specified in such agreement.

VOTING CLIENT SECURITIES

GECDA primarily manages Senior Loans and, consequently, does not typically exercise discretion over proxy voting in connection with securities. In connection with its investments in Senior Loans on behalf of its clients, GECDA will be asked to make elections with respect to, or to vote on, a number of matters, including those related to amendments, waivers, consents, modifications or restructurings in respect of credit agreements (collectively, “Amendments”). GECDA typically has discretionary authority over the Senior Loans that it manages for its client and has a fiduciary duty to its clients when voting in connection with any Amendment.

In exercising client voting rights, GECDA is guided by general fiduciary principles. GECDA’s goal is to act prudently, solely in the best interests of its cli-

ents and consistent with efforts to achieve a client's stated investment guidelines, including maximizing portfolio value. In each case, GECDA's voting decision will be made based on its view of the expected risk/reward ratio with respect to the Amendment. That is, GECDA will compare the expected benefit to the client resulting from the implementation of such Amendment against the amount of risk entailed by the implementation. However, GECDA will not always act on an Amendment approval. In certain circumstances, GECDA may determine that it will not provide consent to, or vote on, a particular matter. For example, if a client's holdings are relatively small, the matter subject to a request for consent or vote is expected to be disposed in a manner consistent with the client's best interest without providing a consent, the vote covers only routine corporate business, or the client's position was liquidated between the record date and the vote deadline, GECDA may determine not to take action on an Amendment.

Although GECDA manages primarily Senior Loans, GECDA could become responsible for voting securities if a client receives equity securities as part of a workout of a borrower whose Senior Loans are owned by such client. For clients for whom GECDA does not have authority under the applicable advisory agreement to cast a proxy vote, the relevant custodial agents will be instructed to mail proxy material directly to such clients. GECDA declines to take responsibility for voting client proxies except where it is specifically authorized and agrees to do so in its advisory contracts or comparable documents with clients.

Clients may request a copy of GECDA's voting policies and procedures, as well as applicable voting records, by contacting GECDA.

FINANCIAL INFORMATION

This item is not applicable to GECDA.

REQUIREMENTS FOR STATE-REGISTERED ADVISERS

This item is not applicable to GECDA.