

PEGMATITE PUBLIC LIMITED COMPANY

(Incorporated with limited liability in the Republic of Ireland)
(the “Issuer”)

EUR 20,000,000 Principal Protected Bonds due 2022 (the “Notes”) Series No: 4

The Global Exchange Market is an exchange-regulated market operated under the supervision of the Irish Stock Exchange. This Offering Circular constitutes series listing particulars for the purpose of listing on the Official List and trading on the Global Exchange Market.

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its Global Exchange Market.

Prospective Investors should have regard to the factors described under the section headed “Risk Factors” in the Listing Particulars incorporated by reference herein (see “*Documents Incorporated by Reference*” below) and as included in this Offering Circular. The Listing Particulars and this Offering Circular do not describe all of the risks of an investment in the Notes.

The date of this Offering Circular is

26 October 2010

Arranger
BARCLAYS CAPITAL

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. Information relating to the Swap Counterparty, the Securities and the Securities Issuer has been accurately reproduced from publicly available information. So far as the Issuer is aware and is able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. None of the Issuer or the Swap Counterparty has conducted any due diligence on this information, nor made any enquiries as to its own possession of non-publicly available information.

The information set out in the section headed ‘Information concerning the Securities and the Securities Issuer’ hereto has been accurately reproduced from the Information Memorandum of the Securities Issuer (the “**Securities Issuer Document**”) and as far as the Issuer is aware and is able to ascertain from information published by the Securities Issuer, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Securities Issuer Document has been prepared by the Securities Issuer. None of the Issuer or the Swap Counterparty has verified, or accepts any liability whatsoever for the accuracy of, such information and prospective investors in the Notes should make their own independent investigations and enquiries into the Securities and the Securities Issuer. The Directors of the Securities Issuer, whose names appear on page 11 of the Securities Issuer Document, accept responsibility for the information contained in this document with respect to it. To the best of the knowledge and belief of the Directors of the Securities Issuer (who have taken all reasonable care to ensure that such is the case) the information contained in the Securities Issuer Document, as reproduced herein is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors of the Securities Issuer accept responsibility accordingly.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the sale of Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or that there has been no adverse change in the financial position of the Issuer since the date hereof.

The distribution of this Offering Circular and the sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933 (the “**Securities Act**”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular, see the section of the Listing Particulars (as defined below) headed “Subscription and Sale” and the section of this Offering Circular headed “Distribution - Additional Selling Restrictions”.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer to subscribe for, or purchase any Notes, or enter into any other Transactions.

To the fullest extent permitted by law, the Arranger and the Trustee do not accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arranger or the Trustee or on their behalfs in connection with the Issuer or the Notes. The Arranger and the Trustee accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

Purchasers of Notes and counterparties to Transactions should conduct such independent investigation and analysis regarding the Issuer, the security arrangements and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes. Purchasers of Notes and counterparties to Transactions should have sufficient knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Offering Circular and the merits and risks of investing in the Transactions in the context of their financial position and circumstances. The risk factors identified in this Offering Circular are provided as general information only and the Arranger and the Trustee disclaim any responsibility to advise purchasers of Notes or counterparties to other Transactions of the risks and investment considerations associated therewith as they may exist at the date hereof or as they may from time to time alter.

Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank of Ireland. The Issuer is not and will not be regulated by the Central Bank of Ireland as a result of selling the Notes or entering into any other Transaction.

This Offering Circular is to be read in conjunction with all documents which are incorporated by reference (see “*Documents Incorporated by Reference*” below).

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to “**Euro**”, “**EUR**” and “**€**” are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the listing particulars of the Issuer dated 9 June 2010 relating to the Multi Issuer Secured Transaction Programme (the “**Listing Particulars**”) which has been approved by the Competent Authority and shall be deemed to be incorporated in, and form part of, this Offering Circular, save that any statement contained in any of the documents incorporated by reference in, and forming part of, this Offering Circular shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Offering Circular. This Offering Circular must be read in conjunction with the Listing Particulars and full information on the Issuer and the Notes is only available on the basis of the combination of the provisions set out within this document and the Listing Particulars.

Upon the oral or written request therefor, the Issuer will make available a copy of this Offering Circular (and any documents incorporated by reference in this Offering Circular) free of charge, at the specified offices of the Issuer and the Issuing and Paying Agent. Written or oral requests for such documents should be directed to the specified office of the Issuing and Paying Agent.

TABLE OF CONTENTS

	Page
DOCUMENTS INCORPORATED BY REFERENCE	4
RISK FACTORS	6
TERMS AND CONDITIONS OF THE NOTES	7
INFORMATION CONCERNING THE SECURITIES AND THE SECURITIES ISSUER.....	15
FORM OF CONFIRMATION RELATING TO THE PRINCIPAL PROTECTION AGREEMENT.....	91
INFORMATION CONCERNING THE SWAP COUNTERPARTY	106
GENERAL INFORMATION.....	107

RISK FACTORS

In addition to the risk factors contained in the Listing Particulars dated 9 June 2010 as incorporated by reference herein, additional risk factors specific to the Securities are set out in the sub-section headed “Risk Factors” at page 31 within the section headed “Information concerning the Securities and the Securities Issuer”.

Credit risk upon enforcement

Following enforcement of security, monies realised from the Secured Property shall be held by or on behalf of the Trustee, on trust for the secured parties. Under the terms of the Trust Deed, the Trustee may, in certain circumstances, at its discretion invest such moneys and not distribute them to the secured parties (including the Noteholders). The Trustee may retain such investments and accumulate the resulting income until such time as it is required to pay the amounts to the secured parties in accordance with the post-enforcement waterfall. During that time, Noteholders will be exposed to the risk of insolvency or default of the Trustee and any entity with which it deposits such monies.

TERMS AND CONDITIONS OF THE NOTES

*The terms and conditions of the Notes shall consist of the terms and conditions set out in the Listing Particulars (the “**Base Conditions**”) as amended or supplemented below. References in the Base Conditions to Offering Circular shall be deemed to refer to the terms set out below.*

Full information on Pegmatite Public Limited Company (the “**Issuer**”) and the Notes is only available on the basis of the combination of this Offering Circular and all documents incorporated by reference herein.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Listing Particulars dated 9 June 2010. This document should be read in conjunction with the Listing Particulars and shall be deemed to modify or supersede the Listing Particulars to the extent that any term herein is inconsistent with the terms of the Listing Particulars.

GENERAL PROVISIONS

Issuer:	<p>Pegmatite Public Limited Company</p> <p>Pursuant to the deed of substitution dated the Issuer Substitution Date (as defined below) between the Issuer, Anthracite Rated Investments (Jersey) Limited (the “Original Issuer”), HSBC Bank PLC, London (the “Original Issuing and Paying Agent”) and the “Original Custodian”), HSBC Trustee (C.I.) Limited (the “Original Trustee”), Citicorp Trustee Company Limited (the “Trustee”), the Instructing Holder (as defined below) and the Seller (as defined below) (the “Deed of Substitution”), the Issuer has, from and including the Issuer Substitution Date, acquired the rights, and assumed the obligations, of the Original Issuer in respect of the Notes and the Original Issuer has relinquished such rights and been released from such obligations. For the avoidance of doubt, obligations in respect of the Notes prior to the Issuer Substitution Date remain with the Original Issuer.</p> <p>Pursuant to the deed of amendment dated the Issuer Substitution Date between the Issuer, the Original Issuer, the Original Issuing and Paying Agent, the Original Custodian, the Original Trustee, the Trustee, Citibank, N.A., London Branch (the “Issuing and Paying Agent”) and the “Custodian”) and the Seller, the Original Issuing and Paying Agent, the Original Custodian and the Original Trustee have relinquished their rights in respect of the Notes and have been released from their obligations in respect thereof.</p>
Series Number:	4
Tranche Number: (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)	Not applicable
Issuer Substitution Date:	The Substitution Date as defined in the Deed of Substitution,

	expected to be 25 October 2010
Specified Currency or Currencies:	EUR
Aggregate Nominal Amount:	
Series:	EUR 20,000,000
Tranche:	Not applicable
Issue Price:	Not applicable
Specified Denomination:	EUR 100,000
Calculation Amount:	The Specified Denomination
Issue Date:	26 June 2002
Interest Commencement Date (if different from the Issue Date):	Not applicable
Date Board approval for substitution of the Issuer obtained:	Expected to be the day falling one Business Day prior to the Issuer Substitution Date
Maturity Date:	As defined in the Confirmation (as defined below)
Interest Basis:	Not applicable
Redemption/Payment Basis:	Fund Linked Redemption (see 'Provisions Relating to Redemption' below)
Change of Interest or Redemption/Payment Basis:	Not applicable
Put/Call Options:	Not applicable
Status of the Notes:	Secured and limited recourse obligations
Listing:	Official List of the Irish Stock Exchange
Business Days	Each day on which (i) the Trans-European Automated Real-Time Gross-Settlement Express Transfer 2 (TARGET 2) system is open and (ii) commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, Dublin, Jersey, Paris, New York and the Cayman Islands
Commissions:	Not applicable
Calculation Agent:	Barclays Bank PLC

PROVISIONS RELATING TO INTEREST PAYABLE

No interest is payable under the Notes

PROVISIONS RELATING TO THE SECURITY INTERESTS

Secured Property:	
Securities:	<p>The securities to be held by or on behalf of the Issuer in respect of the Notes are described in Schedule 1 hereto (the “Securities”). The number of the Securities relating to the Notes is set out in Schedule 1 hereto.</p> <p>On the Issuer Substitution Date, the Original Issuer shall effect the transfer of the Securities to the Issuer under the terms of a stock transfer form dated as of the Issuer Substitution Date between the Original Custodian (for the benefit of the Original Issuer) and the Custodian (for the benefit of the Issuer) in consideration for the Issuer assuming the obligations of the Original Issuer in respect of the Notes.</p>
Principal Protection Agreement:	<p>The share option transaction pursuant to which the Seller has granted to the Issuer a cash settled put option in relation to the Securities, as documented under the Master Swap Terms, as incorporated into and amended by the Issue Deed, and as supplemented by a confirmation in the form set out in Schedule 2 hereto with a trade date and an effective date of 26 June 2002 (the “Confirmation”) made between Barclays Bank PLC as seller (the “Seller”) and the Issuer as buyer, and governed by English law.</p> <p>Pursuant to the Premium Payment Letter of Direction (as defined in the Principal Protection Agreement), the Issuer has directed the Securities Issuer (as defined in Schedule 1) to pay any dividends payable by the Securities Issuer to the Custodian (on behalf of the Issuer) directly to the Seller and the Seller has agreed that any such dividends so paid to the Seller by the Securities Issuer on or prior to a Premium Payment Date (as defined in the Principal Protection Agreement) shall satisfy the Issuer’s obligation to pay the Premium (as defined in the Principal Protection Agreement) on such Premium Payment Date by the amount of such dividend so paid.</p>
Indemnity Deed:	<p>The indemnity deed relating to the Notes dated the Issuer Substitution Date between the Original Issuer and the Issuer.</p>
Security Interests (order of priorities):	<p>The Trustee shall apply all moneys received by it under the Trust Deed in connection with the realisation or enforcement of the Security Interests constituted by the Trust Deed in the following order of priorities:</p> <ol style="list-style-type: none"> (1) first, to the extent not paid to the Trustee pursuant to the Pre-Trustee Substitution Expenses Deed (as defined below), in payment or satisfaction of the fees, costs, charges, expenses and liabilities properly incurred by the Trustee (including remuneration payable to it) carrying out its functions under the Trust Deed; (2) secondly, in meeting any Issuing and Paying

	<p>Agent Claim and Custodian Claim, and the claims of all other Agents, Pari Passu Ranking;</p> <p>(3) thirdly, in meeting any claims of the Original Issuer under the Indemnity Deed;</p> <p>(4) fourthly, to the extent not paid to the Issuer pursuant to the Pre-Issuer Substitution Expenses Deed (as defined below), in payment or satisfaction of any outstanding fees, costs, charges, expenses and liabilities incurred by the Issuer where at least part of such fees, costs, charges, expenses and/or liabilities were incurred by the Issuer prior to the Issuer Substitution Date;</p> <p>(5) fifthly, except where the Principal Protection Agreement is terminated by the Issuer as a result of the Seller being dissolved, becoming insolvent or being unable to pay its debts or failing or admitting in writing its inability generally to pay its debts as they become due, making a general assignment, arrangement or composition with or for the benefit of its creditors or otherwise placing itself or being placed into administration or liquidation, in meeting any claims of the Seller;</p> <p>(6) sixthly, in meeting any Noteholder Claim (which, for the avoidance of doubt, shall include the claims of all holders of Notes on a pari passu basis);</p> <p>(7) seventhly, if the Principal Protection Agreement is terminated by the Issuer as a result of the Seller being dissolved, becoming insolvent or being unable to pay its debts or failing or admitting in writing its inability generally to pay its debts as they become due, making a general assignment, arrangement or composition with or for the benefit of its creditors or otherwise placing itself or being placed into administration or liquidation, in meeting any claims of the Seller; and</p> <p>(8) eighthly, in payment to the Issuer,</p> <p>where:</p> <p>“Pre-Issuer Substitution Expenses Deed” means the pre-issuer substitution expenses deed dated the Issuer Substitution Date between the Issuer and CNP Assurances S.A. (“CNP”); and</p> <p>“Pre-Trustee Substitution Expenses Deed” means the pre-trustee substitution expenses deed dated the Issuer Substitution Date between the Trustee and CNP.</p>
Securities Lending Agreement:	Not applicable
Swap:	<p>Applicable</p> <p>The Principal Protection Agreement shall be deemed to be a “Swap” for the purposes of the Conditions and the Issue Deed.</p>

Credit Support Annex:	Not applicable
Securities Purchase Under Swap:	Not applicable
Securities Replacement:	Not applicable
Securities Management:	Not applicable
Swap Termination Method:	Part 5(1) of the Master Swap Terms (<i>Swap Termination Method</i>) shall not apply. In lieu thereof, the amount payable pursuant to the Principal Protection Agreement upon the early termination thereof shall be determined in accordance with the terms set out in the Confirmation.
Pass-through:	Not applicable
Realisation of Security Interests:	Creditor Direction

PROVISIONS RELATING TO REDEMPTION

Credit-Linked to Securities Only (see definition of “Obligations” within the definition of “Credit Event” in Condition 1):	Not applicable Condition 8(c)(i) shall not apply
Full Restructuring:	Not applicable
Repudiation/Moratorium (see definition of “Credit Event” in Condition 1):	Not applicable

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

Index/Formula/variable:	Fund Linked Redemption
Calculation Agent responsible for calculating the Final Redemption Amount:	Barclays Bank PLC
Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	<p>The Final Redemption Amount (payable on the Maturity Date) shall be an amount per Note as calculated by the Calculation Agent on the Final Determination Date in accordance with the following formula:</p> <p>$\text{Fund}_t + \text{Option Cash Settlement Amount}$</p> <p>where:</p> <p>“Dealing Date”, “Final Dealing Date”, “Final Determination Date”, “Fund_t”, “Option Cash Settlement Amount” and “Scheduled Determination Date” each bear the meaning ascribed to such term in the Principal Protection Agreement.</p>
Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	Not applicable

Early Redemption Amount:

Early Redemption Amount(s) of each Note payable on early redemption under Conditions 8(b), 8(c), 8(d), 8(e) or 8(i) and/or the method of calculating the same (if required or if different from that set out in the Conditions):	<p>On or soon as reasonably practicable following the Early Termination Trigger Date (as defined in the Principal Protection Agreement) or any other date on which the Notes are required to be redeemed prior to the Maturity Date, the Calculation Agent on behalf of the Issuer shall deliver a redemption request to the Securities Issuer to redeem the Securities.</p> <p>The “Early Redemption Date” shall be the Business Day immediately following the Early Termination Settlement Date (as defined in the Principal Protection Agreement) and on such Early Redemption Date all but not some only of the Notes shall fall due for redemption at their outstanding Early Redemption Amount</p> <p>The Early Redemption Amount per Note will be an amount calculated by the Calculation Agent equal to such Note’s pro rata share of the product of:</p> <p>(i) the Sale Proceeds of the Securities minus the Aggregate Termination Costs; and</p> <p>(ii) the Note Factor</p>
Clearance System for Securities if not Euroclear or Clearstream, Luxembourg (Condition 1):	Not applicable
Additional Redemption Event:	<p>Applicable.</p> <p>The occurrence of either of the following events shall constitute an Additional Redemption Event for the purposes of Condition 8(i):</p> <p>(i) default is made in the payment of any sum due under the Indemnity Deed; or</p> <p>(ii) default is made in the payment of any sum due under the Indemnification and Expenses Deed.</p> <p>Where:</p> <p>“Indemnification and Expenses Deed” means the indemnification and expenses deed dated the Issuer Substitution Date between CNP Assurances S.A. and the Issuer.</p>
Sovereign Event:	Not applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

Form of Notes:	Bearer Notes
New Global Note:	No
Other terms or special conditions:	Pursuant to the articles of association of the Securities Issuer (the “ Articles ”), the holder of a Security shall not (in

respect of such Security) have the right to receive notice of, attend at or vote as a holder of such Security at any general meeting of the Securities Issuer, but may vote at a separate class meeting convened in accordance with the Articles (a “**Class Meeting**”).

The Custodian on behalf of the Issuer shall only facilitate the convening of a Class Meeting if so requested by the holder of 100 per cent. of the aggregate Nominal Amount of the Notes (the “**Instructing Holder**”) and the Custodian shall only vote at such Class Meeting in the manner (if any) that the Issuer is directed to so vote by the Instructing Holder.

Condition 14 shall be amended such that the Issuer shall not, without the prior approval of the Instructing Holder, be entitled to create and issue further notes to be consolidated and form a single series with the Notes or to consolidate any new notes subscribed by the Instructing Holder with the Notes.

DISTRIBUTION

If non-syndicated, name of Dealer:	Not applicable
Stabilising Manager:	Not applicable
Additional selling restrictions:	Not applicable

PART B – OTHER INFORMATION

LISTING	
Listing:	Ireland
Admission to trading:	Application has been made to the Irish Stock Exchange for the notes to be admitted to the Official List and trading on its Global Exchange Market
Estimate of total expenses related to admission to trading:	EUR 2,532.40
RATINGS	
Ratings:	Not applicable
OPERATIONAL INFORMATION	
ISIN Code:	XS0150284163
Common Code:	15028416
Delivery:	Not applicable
The Agents appointed in respect of the Notes are:	As set out in the Listing Particulars
Intended to be held in a manner which would allow Eurosystem eligibility:	No

SCHEDULE 1

INFORMATION CONCERNING THE SECURITIES AND THE SECURITIES ISSUER

200 Class C redeemable preference shares (each a “**Security**” and collectively the “**Securities**”) issued by PEGASE Four Diversified Limited (the “**Securities Issuer**”), as further described in the Information Memorandum relating to PEGASE Four Diversified Limited attached below.

PEGASE Four Diversified Limited
(incorporated as an exempted company
with limited liability in the Cayman Islands)

INFORMATION MEMORANDUM

Dated 26 October 2010

This Information Memorandum is distributed on a confidential basis in connection with the Class C Redeemable Preference Shares of PEGASE Four Diversified Limited (formerly known as Anthracite Balanced Company (LIBGDF) Limited). The Directors, whose names appear on page 11, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

The contents of this Information Memorandum are not to be construed as a recommendation or advice to any prospective investor in relation to the subscription, purchase, holding or disposition of Class C Redeemable Preference Shares. **Prospective investors should consult their professional advisers accordingly.**

The Directors of the Company, whose names appear under the section headed "Directors and Other Parties", accept responsibility for the information contained in this Information Memorandum. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

No action has been taken to permit the distribution of this Information Memorandum in any jurisdiction where action would be required for such purpose. Accordingly, no person receiving a copy of this Information Memorandum and/or an Application Form in any territory may treat it as constituting an invitation to him to purchase or subscribe for Class C Redeemable Preference Shares nor should he in any event use such an Application Form unless in the relevant territory such an invitation could lawfully be used without compliance with any registration or other legal requirement.

In particular: (i) no offer or invitation to subscribe for Class C Redeemable Preference Shares may be made to the public in the Cayman Islands; (ii) this Information Memorandum has not been approved by the Securities Exchange Commission in the United States of America, and, accordingly, Class C Redeemable Preference Shares may not be offered or sold in the United State of America by means of this Information Memorandum or any other document other than to persons whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent, or in other circumstances which do not constitute an offer to the public for the purposes of the laws of the United States of America; and (iii) the Class C Redeemable Preference Shares have not been registered under the United States Securities Act of 1933 and are not being offered in the United States of America, nor may they be directly or indirectly offered or sold in the United States of America or in its territories or possessions or areas subject to its jurisdiction or to or for the benefit of nationals, citizens or residents thereof or persons who are normally resident therein (including the estate of such person and corporations or partnerships created or organised therein) except pursuant to an exemption available under the United States Securities Act of 1933.

The articles of association of the Company give powers to the Directors to require the redemption of Class C Redeemable Preference Shares held by any person if the Class C Redeemable Preference Shares are held or would be held by or for the benefit of a Non-Eligible Investor.

Any information given or representation made by any dealer, salesman or other person and (in either case) not contained herein should be regarded as un-authorised and, accordingly, should not be relied upon. Neither the delivery of this Information Memorandum nor the offer, issue or sale of Class C Redeemable Preference Shares shall, under any circumstances, constitute a representation that the information contained in this Information Memorandum is correct at any time subsequent to the date of this Information Memorandum.

TABLE OF CONTENTS

DEFINITIONS	5
PART I – PRINCIPAL FEATURES OF THE COMPANY	9
THE COMPANY	9
INVESTMENT OBJECTIVE AND STRATEGY	9
Investment Objective	9
Investment Strategy	10
Borrowing	10
Investment Restrictions	11
RISK CONSIDERATIONS	11
MANAGEMENT AND ADMINISTRATION	11
Directors	11
Registered Office Provider	11
Secretary	13
Allocation Agent	13
Consultant	15
Advisor	15
Administrator	16
Custodian	17
DEALINGS IN SHARES	18
Issue and Redemption of Shares	18
CHARGES AND EXPENSES	20
Allocation Agent Fee	20
Advisor and Consultant Fee	20
Administrator Fee	20
Custodian Fee	20
Value Added Tax	21
General Expenses	21
REPORTS, STATEMENTS AND MEETINGS	21
DIVIDEND POLICY	21
General	21
Fixed Dividend	22
PART II – Additional Information	23
ISSUE AND REDEMPTION OF SHARES	23
Issue and Redemption Prices	23
Transfer of Class C Redeemable Preference Shares	23
Compulsory Redemption and Restrictions on Shareholders	23
VALUATION AND PRICES	24
Calculation of Net Asset Value	24
Suspension of Calculation of Net Asset Value	26
ANTI-MONEY LAUNDERING	27
MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY	28
Memorandum of Association	28
Articles of Association	28
Alteration of the Articles	30
TAXATION	30
Cayman Islands	30
TERMINATION	31

RISK FACTORS	31
Exchange rate hedging risk	31
Risks relating to return on the Portfolio and related risks	31
Investment Risks	32
Economic Conditions	32
Political and/or Regulatory Risks	32
Limitations of Hedging Techniques	32
Liquidity and Settlement Risks	33
Interest Rate Fluctuations	33
Total Disinvestment Event	33
Illiquidity; Liquidation of Securities and “Hold-Back” of Redemption Proceeds	33
Leverage	34
Market Risks	34
Derivatives Risks	34
OTC Transactions	35
Suspension of Trading	35
Change to Counterparty Identities	35
Handling of Mail	36
CONFLICTS OF INTEREST	36
CORPORATE ADMINISTRATION	37
Directors	37
Place of business	37
Litigation	37
Trading Operations	38
Directors’ Interests	38
Disclosure of Interests	38
Mutual Funds Law	38
Confidential Information	39
Inspection of Documents	39
Legal Counsel	40

DEFINITIONS

For the purposes of this Information Memorandum, the following expressions have the following meanings:

“Administrator”	means BNY Mellon Investment Servicing (International) Limited or such other person, firm or corporation appointed, and from time to time acting, as administrator of the Company.
“Administration Agreement”	means the Administration and Accounting Services Agreement dated 20 September 2010 between the Administrator and the Company as may be amended from time to time.
“Advisor”	means Darius Capital Partners S.A.S. or the person, firm or corporation appointed, and from time to time acting, as advisor to the Consultant under the terms of the Allocation Agreement.
“Allocation Agent”	means Barclays Bank PLC or such other person, firm or corporation appointed, and from time to time acting, as allocation agent of the Company.
“Allocation Agreement”	means the Allocation, Consultancy and Advisory Deed dated 20 September 2010 between the Allocation Agent, the Consultant, the Advisor and the Company as may be amended from time to time.
“Allocation Process”	means the allocation process set forth in Schedule 1 of the Allocation Agreement.
“Allocation Rules”	means the allocation rules of the Company set forth in Schedule 1 of the Allocation Agreement.
“Application Form”	means an application form in the form determined by the Administrator from time to time.
“Articles”	means the articles of association of the Company.
“Business Day”	each day on which (i) the Trans-European Automated Real-Time Gross-Settlement Express Transfer 2 (TARGET 2) system is open and (ii) commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, Dublin, Paris, New York and the Cayman Islands or such date or dates as the Directors shall from time to time determine.
“Cayman Islands”	means the British Overseas Territory of the Cayman Islands.

"Class C Assets"	means the assets of the Company held in the Separate Fund and attributable to the Class C Redeemable Preference Shares.
"Class C Redeemable Preference Share"	means a non-voting redeemable Class C Preference Share in the capital of the Company of €0.01 par value and designated as a redeemable Class C Preference Share and having the rights provided for under the Articles.
"Company"	means PEGASE Four Diversified Limited (formerly known as Anthracite Balanced Company (LIBGDF) Limited).
"Consultant"	means CNP Assurances S.A. (formerly Ecureuil Vie) or the person, firm or corporation appointed, and from time to time acting, as consultant of the Company.
"Custodian"	means BNY Mellon International Bank Limited or the person, firm or corporation appointed and from time to time acting as custodian of the Company's assets.
"Custodian Agreement"	means the Custodian Services Agreement dated 20 September 2010 between the Custodian and the Company as may be amended from time to time.
"Dealing Day"	means the last Business Day of each calendar month or such other day or days as may be specified by the Directors from time to time in relation to the Separate Class.
"Directors"	means the directors for the time being of the Company.
"Euro", "EUR" "€"	means the lawful currency of the European Union.
"Immediate Redemption Notice"	means a notice in a form approved by the Directors by which a holder of Class C Redeemable Preference Shares may require the Company to redeem some or all of his Class C Redeemable Preference Shares on the next following Immediate Redemption Notice Business Day
"Immediate Redemption Notice Business Day"	means each such Business Day also deemed to be a Dealing Day by the Directors for the purpose of an Immediate Redemption Notice.
"Information Memorandum"	means this Information Memorandum.
"Issue Date"	means any date or dates as the Directors shall from time to time determine.

“Issue Price”	means, on any Issue Date, the Net Asset Value per Class C Redeemable Preference Share calculated as at the close of business on the relevant Valuation Day plus any applicable Sales Charge.
“Memorandum”	means the memorandum of association of the Company.
“Net Asset Value”	means the value of the assets less the liabilities of the Company attributable to the Separate Fund for the Class C Redeemable Preference Shares and calculated in accordance with the Articles and this Information Memorandum.
“Non-Eligible Investor”	means those persons who are not eligible to hold Class C Redeemable Preference Shares, as determined from time to time by the Directors.
“Ordinary Resolution”	means a resolution passed by a simple majority of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, and includes a unanimous written resolution.
“Ordinary Shares”	means the two voting non-participating ordinary shares in the capital of the Company of \$1.00 par value each and each designated as an Ordinary Share and having the rights provided under the Articles.
“Quantitative Strategy Investments”	means Investments of various formats (including, without limitation, notes, certificates, open-ended collective investment schemes and derivatives) providing exposure to systematic asset allocation strategies, as further detailed in the Allocation Agreement.
“Redemption Day”	means any Dealing Day approved by the Directors by board resolution from time to time.
“Redemption Fee”	means such fee (if any) determined by the Directors as being payable by a Shareholder on a redemption of Class C Redeemable Preference Shares.
“Redemption Notice”	means a notice in a form approved by the Directors by which a holder of Class C Redeemable Preference Shares may require the Company to redeem his Class C Redeemable Preference Shares.
“Redemption Price”	means the price, calculated in the manner described below under the section headed “DEALINGS IN SHARES”, at which Class C Redeemable Preference Shares will normally be redeemed.

“Registered Office Provider”	means Maples Corporate Services Limited or any successor appointed by the Company from time to time.
“Risk Guidelines”	means the risk guidelines of the Company set forth in Schedule 2 of the Allocation Agreement.
“Sales Charge”	means a sales charge payable on a subscription for Class C Redeemable Preference Shares, as determined in accordance with the Articles.
“Secretary”	means Maples Secretaries Limited or any successor appointed by the Company from time to time.
“Separate Fund”	means a separate fund maintained in accordance with the Articles which shall be segregated and kept separate for the benefit of the Class C Redeemable Preference Shares and to which assets and liabilities and income and expenditure attributable or allocated to the Class C Redeemable Preference Shares shall be applied or charged.
“Shareholder”	means a person who is registered on the register of members of the Company as the holder of a Class C Redeemable Preference Share.
“Special Resolution”	has the meaning set out in Section 60 of the Companies Law (2010 Revision) and includes a unanimous written resolution.
“Suspension”	means a determination by the Directors to suspend the calculation of the Net Asset Value and/or the issue and/or the redemption of Class C Redeemable Preference Shares.
"Unitised Collective Investments" or "UCIs"	means open-ended collective investment schemes, mutual funds, managed accounts, money market funds, offshore funds and unit trust schemes.
“US dollars”, “US\$” and “cent”	means the currency of the United States of America.
“Valuation Day”	means any Business Day or such other day or days as may be determined by the Directors from time to time and upon which the Net Asset Value per Class C Redeemable Preference Share is calculated.
“Working Currency”	means such currency as the Directors shall determine in relation to the Class C Redeemable Preference Shares.

PART I – PRINCIPLE FEATURES OF THE COMPANY

The information contained in Part I of this Information Memorandum is qualified in some respects by more detailed information given in Part II of this Information Memorandum and both Parts must be read in conjunction with one another and also with the Articles.

Objectives, policies, guidelines and strategies expressed in this Information Memorandum are subject to change by the Directors. Any material change in the investment objective or policies of the Company will only be made only with the prior approval of the majority of the Members of the Company.

THE COMPANY

The Company was incorporated on 20 June 2002 under the laws of the Cayman Islands and has been assigned company registration number 118365. The authorised share capital of the Company comprises:

- (a) US\$25,000 divided into 2,500,000 unclassified Preference Shares of US\$0.01 par value; and
- (b) Euro 20,000 divided into:
 - (i) 2 voting non-preference Ordinary Shares of Euro 1 par value;
 - (ii) 130 Class A Preference Shares of Euro 0.01 par value; and
 - (iii) 700 Class C Preference Shares of Euro 0.01 par value.

The Company is an exempted company incorporated with limited liability and its Preference Shares can be subscribed for and redeemed in accordance with the Articles.

The Class C Redeemable Preference Shares are not listed on any stock exchange in any jurisdiction and it is not proposed that any application for listing will be made.

INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective

The Company's objective is to deliver consistent capital appreciation with low volatility by investing on a global basis in Unitised Collective Investments and Quantitative Strategy Investments following a CPPI allocation mechanism.

The UCIs and Quantitative Strategy Investments may be invested in a wide range of assets (i) in a variety of countries and markets (including, without limitation, Europe, North America, Japan, the Far East and various emerging markets) and (ii) in a variety of securities (including, without limitation, listed equities, investment grade bonds and notes) and derivatives (including, without limitation, options, futures, warrants, swaps, forward contracts and combinations of the foregoing).

The objective of the Company will be to provide its Members with a substantial level of diversification in terms of: (i) the markets which the UCIs and Quantitative Strategy Investments are exposed to, (ii) the

asset classes in which the UCIs and Quantitative Strategy Investments are invested in and (iii) the techniques used by the UCIs and Quantitative Strategy Investments.

Investment Strategy

CPPI Allocation Mechanism

The Company will follow a CPPI Allocation Mechanism as further detailed in the Allocation Rules of the Allocation Agreement. "CPPI" stands for Constant Proportion Portfolio Insurance and is an insurance technique used to dynamically allocate the assets of a portfolio between two categories of assets: an active asset and a protection asset. The protection asset provides capital protection at a certain point in time and the active asset provides additional return.

The active asset (referred to in this Information Memorandum as the "**Active Asset**") will be composed of UCIs, Quantitative Strategy Investments and money market instruments and may embed as well some currency risk hedging instruments. The Company may engage in certain hedging strategies to manage the currency risk for UCIs and Quantitative Strategy Investments not denominated in EUR. The Company may purchase forward currency contracts or use other methods to hedge against fluctuation in currency exchange rates.

The protection asset (referred to in this Information Memorandum as the "**Protection Asset**") will be a synthetic zero coupon bond wrapped as an "over-the-counter" fully-funded swap transaction.

Investment Process

In accordance with the provisions of the Allocation Agreement:

- (a) the Allocation Agent will monitor the allocation of the Company's assets following the CPPI Allocation Mechanism;
- (b) the Consultant will determine the maximum exposure of the Company to the Active Asset and the composition of the Active Asset across the UCIs, Quantitative Strategy Investments and money market instruments, subject to the Allocation Rules and the Risk Guidelines;
- (c) the Advisor will advise the Consultant on the above matter.

The investment objective and strategy of the Company will be adhered to in accordance with the provisions of the Allocation Agreement and in particular with the Allocation Rules and Risk Guidelines set out therein.

IN THE EVENT THERE IS ANY INCONSISTENCY BETWEEN THE DESCRIPTION CONTAINED HEREIN AND THE ALLOCATION AGREEMENT'S ACTUAL PROVISIONS, THE ACTUAL PROVISIONS OF THE ALLOCATION AGREEMENT SHALL PREVAIL.

IT MUST BE EMPHASISED, THAT THE CLASS A ASSETS OF THE COMPANY ARE AND WILL REMAIN SUBJECT TO NORMAL MARKET RISKS AND NO ASSURANCE CAN BE GIVEN THAT THE INVESTMENT OBJECTIVE OR CURRENCY HEDGING OF THE COMPANY WILL BE ACHIEVED.

Borrowing

When deemed appropriate, the Company may leverage its capital by borrowing monies from third party financial institutions. Any such leverage is unlimited.

Investment Restrictions

In accordance with the Allocation Agreement, the Company, the Allocation Agent and the Consultant are bound to comply with the Allocation Rules and the Risk Guidelines set out therein in respect of the Class C Assets.

The Allocation Rules, the Risk Guidelines and the terms of the Allocation Agreement shall not be amended without the approval of the Company, the Consultant, the Allocation Agent and the Advisor.

MANAGEMENT AND ADMINISTRATION

Directors

Whilst the Directors are responsible for the overall management and control of the Company, they have delegated all day-to-day activities to service providers described herein. The Directors will review the operations of the Company at meetings held at least annually. For this purpose, the Directors will receive periodic reports from the Allocation Agent and the Consultant, as applicable, detailing the performance of the Company and providing an analysis of its investment portfolio. The Allocation Agent and the Consultant, as applicable, will provide such other information as may from time to time be reasonably required by the Directors for the purpose of such meetings.

At the date of this Information Memorandum, the Directors, all of whom act in a non-executive capacity, are:

George Bashforth

George Bashforth is a Vice President with Maples Finance Limited, a company with offices in the British Virgin Islands, the Cayman Islands, Dubai, Dublin, Hong Kong, Jersey, and Luxembourg that offers a comprehensive range of fiduciary and administration services to finance vehicles and investment funds. Mr. Bashforth joined Maples Finance Limited in 2006 and works on a wide range of investment fund and structured finance products. Prior to joining Maples Finance Limited in 2006, Mr. Bashforth worked at Goldman Sachs International in London from 1997-2005. During his time there Mr. Bashforth worked in the Cash Management team at Goldman Sachs, funding the firms' short term liquidity requirement throughout Europe, the Middle East and Asia. He graduated with an MBA in Finance from CASS Business School in 2005 and received his undergraduate degree in Economics from the University of the West of England in 1996.

Jess Shakespeare

Jess Shakespeare is a Vice President with Maples Finance Limited, a company with offices in the British Virgin Islands, the Cayman Islands, Dubai, Dublin, Hong Kong, Jersey, and Luxembourg that offers a comprehensive range of fiduciary and administration services to finance vehicles and investment funds. Mr. Shakespeare joined Maples Finance Limited in 2008 and works on a wide range of investment fund and structured finance products, including multi-manager funds, hedge funds, private equity funds and unit trust structures. From 2002 to 2008, Mr. Shakespeare worked with KPMG in the Cayman Islands where he was a Senior Manager in Restructuring and Advisory servicing clients in the financial services industry, many of which were involved in complex cross border insolvencies and restructurings. Between 1997 and

2002 Mr. Shakespeare worked at KPMG in London also working with a number of financial services industry clients. He is a Fellow of the Association of Chartered Certified Accountants and a member of the Cayman Islands Society of Professional Accountants.

George Bashforth and Jess Shakespeare are employed by Maples Finance Limited ("**MFL**"), a licensed trust company and mutual fund administrator headquartered in the Cayman Islands. MFL is wholly owned and controlled by Maples and Calder, the Cayman Islands legal counsel to the Company.

MFL has entered into an Agreement for the Provision of Directors dated 20 September 2010 with the Company which sets out the terms on which it will provide the services of George Bashforth and Jess Shakespeare. In accordance with the Agreement for the Provision of Directors, the Company is required to pay to MFL an annual fee for such services; such fees are not expected to exceed \$12,500. Prior to the entry into the Agreement for the Provision of Directors, directors were provided to the Company and certain other administration services were carried out by HSBC Financial Services (Cayman) Limited ("**HSBC Cayman**"). HSBC Cayman charged the Company \$10,000 per annum for such services.

MFL is entitled to remuneration from the Company at its customary rates and for reimbursement of its out-of-pocket expenses, including all travelling, hotel and other expenses properly incurred by the Directors supplied by MFL in attending meetings of the Directors or any shareholders meeting held in connection with the business of the Company.

The Directors provided by MFL are non-executive Directors of the Company and are not required to devote their full time and attention to the business of the Company. They may be engaged in any other business and/or be concerned or interested in or act as directors or officers of any other company or entity. Neither MFL nor any of the Directors supplied by MFL are responsible for (i) the commercial structuring of the Company or its investment strategy, (ii) the purchase or sale of any investment on behalf of the Company (which is the responsibility solely of the Allocation Agent), (iii) the valuation of the assets of the Company, or (iv) any loss or damage caused by the acts or omissions of the Allocation Agent, the Consultant, the Administrator, the Custodian or any of their delegates or sub-delegates unless any such loss or damage is actually occasioned by the actual fraud or wilful default of the Directors supplied by MFL.

No Director has (i) any unspent convictions in relation to indictable offences; or (ii) been bankrupt or the subject of a voluntary arrangement, or has had a receiver appointed to any of his assets; or (iii) been a director of any company which, while he was a director with an executive function or within twelve (12) months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangement with its creditors generally or with any class of its creditors; or (iv) been a partner of any partnership, which while he was a partner or within twelve (12) months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

The Articles provide that every Director and officer of the Company shall be indemnified out of the assets of the Company against any liability incurred as a result of any act or failure to act in carrying out his or her functions other than such liability (if any) that may be incurred by reason of the actual fraud or wilful default of such Director or officer. The Articles also provide that no such Director or officer shall be liable to the Company for any loss or damage in carrying out his or her functions unless that liability arises through the actual fraud or wilful default of such Director or officer.

The business address of the Directors is c/o MFL, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

Registered Office Provider

The Company's Registered Office Provider in the Cayman Islands is **Maples Corporate Services Limited**, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Registered Office Provider provides registered office services to the Company in accordance with the Companies Law (2010 Revision) of the Cayman Islands. The services provided by the Registered Office Provider are more particularly described in the registered office agreement (the "**Registered Office Agreement**") dated 20 September 2010, as may be amended from time to time.

The appointment of the Registered Office Provider will continue until terminated by the Company or the Registered Office Provider giving not less than 3 months' notice.

The Registered Office Provider is entitled to receive the fees described in the Registered Office Agreement and as set out below under the section headed "Charges and Expenses".

Secretary

The Company's Secretary is **Maples Secretaries Limited**, PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands. The Secretary will provide corporate secretary services to the Company. The services provided by the Secretary are more particularly described in the company secretarial agreement (the "**Secretarial Agreement**") dated 20 September 2010, as may be amended from time to time.

The appointment of the Secretary will continue until terminated by the Company or the Secretary giving not less than 30 days' notice.

The Secretary is entitled to receive the fees described in the Secretarial Agreement and as set out below under the section headed "Charges and Expenses".

The Company has agreed to indemnify and hold harmless the Secretary from all liabilities, obligations, losses, damages, penalties, actions, proceedings, claims, judgments, demands, costs, expenses or disbursements of any kind (including legal fees and expenses) whatsoever which it may incur or be subject to in consequence of or as a result of the performance of the Secretarial Agreement or as a result of the performance of the services under the Secretarial Agreement except and to the extent that the same are as a result of the actual fraud or wilful default of the party seeking the indemnity.

Allocation Agent

The Company has appointed Barclays Bank PLC as Allocation Agent with respect to the Class C Assets, as more particularly described in the Allocation Agreement.

The Allocation Agent will act, in conjunction with the Consultant and the Advisor, with respect to the Class C Assets in accordance with the terms of the Allocation Agreement.

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP. Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC".

Barclays Bank PLC and its subsidiary undertakings (taken together, the “Group”) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group.

The short term unsecured obligations of Barclays Bank PLC are rated A-1+ by Standard & Poor’s, P-1 by Moody’s and F1+ by Fitch Ratings Limited and the long-term obligations of Barclays Bank PLC are rated AA- by Standard & Poor’s, Aa3 by Moody’s and AA- by Fitch Ratings Limited.

Based on the Group’s audited financial information for the year ended 31 December 2009, the Group had total assets of £1,379,148 million (2008: £2,053,029 million), total net loans and advances¹ of £461,359 million (2008: £509,522 million), total deposits² of £398,901 million (2008: £450,443 million), and total shareholders’ equity of £58,699 million (2008: £43,574 million) (including non-controlling interests of £2,774 million (2008: £2,372 million)). The profit before tax from continuing operations of the Group for the year ended 31 December 2009 was £4,559 million (2008: £5,094 million) after impairment charges and other credit provisions of £8,071 million (2008: £5,419 million). Profit after tax for the year ended 31 December 2009, including discontinued operations and the sale of Barclays Global Investors, was £10,289 million (2008: £5,249 million). The financial information in this paragraph is extracted from the audited Annual Report of the Group for the year ended 31 December 2009.

Based on the Group’s unaudited financial information for the six months ended 30 June 2010, the Group had total assets of £1,587,806 million, total net loans and advances¹ of £494,190 million, total deposits² of £455,297 million, and total shareholders’ equity of £61,720 million (including non-controlling interests of £3,016 million). The profit before tax from continuing operations of the Group for the six months ended 30 June 2010 was £3,947 million after impairment charges on loans and advances and other credit provisions of £3,080 million. The financial information in this paragraph is extracted from the unaudited Interim Results Announcement of the Group for the six months ended 30 June 2010.

The Allocation Agent is responsible for, amongst other things, (i) monitoring the Class C Assets in order to assess compliance with the Allocation Rules and the Risk Guidelines of the Allocation Agreement, (ii) provide the Consultant and Advisor with the maximum allocation to the Active Asset following the CPPI Allocation Mechanism, (iii) notify the Consultant, the Advisor or the Company as applicable upon the occurrence of certain events on the Active Asset, (iv) assess investment instructions received from the Consultant or the Advisor on behalf of the Consultant and determine whether or not such investment instructions comply with the Allocation Rules and Risk Guidelines and (v) issue execution instructions to the Custodian in order to execute the investment instructions received from the Consultant or in order to reallocate the Class C Assets following a breach of the Allocation Rules in accordance with the Allocation Process.

The appointment of the Allocation Agent will continue until terminated by the Company or the Consultant each individually or by the Allocation Agent by giving not less than 90 calendar days’ prior notice in writing to the Company, the Consultant and the Advisor. The Allocation Agent’s appointment may also be terminated in certain other circumstances described in the Allocation Agreement.

The Allocation Agent will be entitled to receive the fees described below under the section headed **“Charges and Expenses”**.

The Company has agreed to indemnify the Allocation Agent out of the Class C Assets against any and all actions, costs, claims, damages, demands or expenses (including but without limitation any lawyers’ fees) suffered or incurred by the Allocation Agent including as a consequence of the Allocation Agent relying upon prices and fair values or any other information provided by the Company or its agents or funds in which the Company has a direct or indirect investment or its agents except to the extent that such actions, costs, claims, damages, demands or expenses result from their actual fraud, negligence or wilful default.

Consultant

The Company has appointed CNP Assurances S.A. (Formerly Ecureuil Vie) as its asset allocation consultant with respect to the Class C Assets, as more particularly described in the Allocation Agreement.

The Consultant has undertaken to allocate the Class C Assets from time to time in accordance with the Allocation Rules and the Risk Guidelines.

CNP Assurances S.A. has 594 151 292 € social capital, is registered under number 341 737 062 R.C.S. Paris and is regulated by the French insurances code. The liability of the members of CNP Assurances S.A. is limited. CNP Assurances S.A. has its registered head office at 4 place Raoul Dautry 75015 Paris. CNP Assurances S.A. was incorporated on the 15th July of 1987 and has been managing assets since then. As at 31 December 2009, CNP Assurances S.A. has 264.7 billion € assets under management.

CNP Assurances S.A. conducts insurance operations relating to life and capitalisation. CNP Assurances S.A. also conducts insurance operations to cover personal injury following accidents and illness. CNP Assurances S.A. can have majority participation in insurance companies. The appointment of the Consultant will continue until the Consultant resigns by giving not less than 90 calendar days' prior notice in writing to the Company, the Allocation Agent and the Advisor. The Consultant may resign in certain other circumstances described in the Allocation Agreement. The Consultant will be entitled to receive the fees described below under the section headed "Charges and Expenses".

The Company has agreed to indemnify the Consultant out of the Class C Assets against any and all actions, costs, claims, damages, demands or expenses (including but without limitation any lawyers' fees) suffered or incurred by the Consultant including as a consequence of the Consultant relying upon prices and fair values or any other information provided by the Company or its agents or funds in which the Company has a direct or indirect investment or its agents except to the extent that such actions, costs, claims, damages, demands or expenses result from their actual fraud, negligence or wilful default.

Advisor

The Consultant shall appoint the Advisor in accordance with the terms of the Allocation Agreement. The Advisor shall act as asset allocation advisor to the Consultant, subject to the overall policies, discretions and control of the Consultant.

The appointment of the Advisor will continue until terminated by the Consultant or by the Advisor by giving not less than 90 calendar days' prior notice in writing to the Company, the Consultant and the Allocation Agent. The Advisor's appointment may also be terminated in certain other circumstances described in the Allocation Agreement.

The Advisor will be entitled to receive the fees described below under the section headed "Charges and Expenses". Such fees shall be paid by the Company (at the direction of the Consultant) in consideration for the provision of such services.

Darius Capital Partners SAS is a " Société par Actions Simplifiée" (limited liability company) registered in France. Darius Capital Partners SAS is registered under file number D005933 as financial investment advisor with the Chambre Nationale des Conseils en Investissements Financiers (CNCIF), an Autorite des marches Financiers (AMF) regulated organization. The liability of the members of Darius Capital Partners SAS is limited. Darius Capital Partners SAS has its registered head office at 24 Avenue Hoche, 75008

Paris, France. Darius Capital Partners SAS was incorporated on May 14, 2004 with RCS N°: 453 561 680 (registre du commerce des sociétés -Paris). As at 30 September 2009, Darius Capital Partners SAS has over \$ 3bln assets under advisory.

Darius Capital Partners SAS offers customized hedge fund solutions to institutional Investors, including advisory, construction, risk analysis and monitoring of new or existing portfolios. Darius Capital Partners SAS is supported by a team of highly skilled analysts with diversified backgrounds and has offices in Paris and New York.

The Company has agreed to indemnify the Advisor out of the Class C Assets against any and all actions, costs, claims, damages, demands or expenses (including but without limitation any lawyers' fees) suffered or incurred by the Advisor including as a consequence of the Advisor relying upon prices and fair values or any other information provided by the Company or its agents or funds in which the Company has a direct or indirect investment or its agents except to the extent that such actions, costs, claims, damages, demands or expenses result from their actual fraud, negligence or wilful default.

Administrator

By the Administration Agreement, the Company has appointed BNY Mellon Investment Servicing (International) Limited as its Administrator, with responsibility for the day to day administrative management of the Company.

Under the terms of the Administration Agreement, the Administrator will act as liaison with the Auditors, Custodian, Consultant, Advisor and Allocation Agent to supply such parties with the information required to perform their duties and obligations.

The Administrator has been appointed to administer the day to day operations and business of the Company, including processing subscriptions, redemptions, computing the Net Asset Value and the Net Asset Value per Share, maintaining books and records (except for the statutory records of the Company which, pursuant to the law of the Cayman Islands, must be maintained in the Cayman Islands and will be kept at the registered office of the Company), disbursing payments, establishing and maintaining accounts on behalf of the Company and any other matters usually performed for the administration of a fund. The Administrator will keep the accounts of the Company in accordance with applicable accounting standards. The Administrator will also maintain the register of shareholders.

The Administrator will not be responsible for monitoring compliance with the Allocation Rules or Risk Guidelines nor will it conduct regular checks upon the Allocation Agent or the Consultant in respect of their respective responsibilities to the Company. The services provided by the Administrator are more particularly described in the Administration Agreement.

The Administrator is a private limited liability company incorporated in Ireland on 19th August 1993 under registration number 206361. The Administrator is an indirect wholly-owned subsidiary of The Bank of New York Mellon Corporation. As at 31 December 2009, the Administrator had assets under administration of US\$77 billion. The Administrator's registered office is at Riverside Two, Sir John Rogerson's Quay, Grand Canal Dock, Dublin 2, Ireland. The Administrator's main business activity is the provision of administrative services to collective investment schemes and other portfolios.

The Administrator is a service provider to the Company and will not have any responsibility or authority to make investment decisions, nor render investment advice, with respect to the assets of the Company. The Administrator has no responsibility for monitoring compliance by the Company or the Allocation Agent with any investment policies or restrictions to which they are subject. The Administrator is responsible and liable only for the administration services that it provides to the Company pursuant to the Administration

Agreement. The Administrator accepts no responsibility or liability for any losses suffered by the Company as a result of any breach of such policies or restrictions by the Company or the Allocation Agent.

The appointment of the Administrator will continue until terminated by the Company or the Administrator giving to the other not less than 90 calendar days' prior notice in writing to the other party. The Administration Agreement may also be terminated in certain other circumstances described therein.

The Administrator will be entitled to receive the fees described below under the section headed "Charges and Expenses".

The Company has agreed to indemnify the Administrator from all taxes, charges, expenses, assessments, claims and liabilities (including, without limitation, reasonable attorneys' fees, disbursements and liabilities arising under any laws, rules or regulations) arising directly or indirectly from any action or omission to act which the Administrator takes in connection with the provision of services to the Company. Neither the Administrator, nor any of its affiliates, shall be indemnified against any liability (or any expenses incident to such liability) caused by the Administrator's or its affiliates' own bad faith, negligence, reckless disregard, fraud or wilful default in the performance of the Administrator's activities under the Administration Agreement.

Custodian

By the Custodian Agreement, the Company has appointed BNY Mellon International Bank Limited as its Custodian.

The Custodian is responsible for the safe-keeping of all of the assets of the Company within its custody network. The Custodian must exercise due care and diligence in the discharge of its duties and will be liable to the Company and the Shareholders for any loss suffered by them arising from negligence, fraud, bad faith, wilful default or recklessness in the performance of its duties. The liability of the Custodian will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safe-keeping. In order to discharge its responsibility under the Central Bank Notices, the Custodian must exercise care and diligence in choosing and appointing a third party as a safe-keeping agent so as to ensure that the third party has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned. The Custodian must maintain an appropriate level of supervision over the safe-keeping agent and make appropriate enquiries from time to time to confirm that the obligations of the agent continue to be competently discharged.

Under the terms of the Custodian Agreement, the Custodian will hold on behalf of the Company any and all securities and other investments items which the Company may from time to time deposit, or cause to be deposited, with the Custodian or which the Custodian may from time to time hold for the Company and all income of any of such securities and all proceeds of the sale of any of such securities (the "**Property**").

The Property will be paid into a securities account or bank account specifically set up by the Custodian on its own books and records (the "**Account**"). Pursuant to written instructions from the Company, the Custodian will make cash payments from or for the Account of the Company for the purchase of securities in the name of the Company and/or the Custodian, purchase or redeem any shares delivered to the Company, release and deliver any securities held for or owned by the Company and make cash payments of dividends and distributions to shareholders. In connection with the settlement of purchases and sales of securities by the Company, the Custodian will deposit, and thereafter administer, any securities belonging to the Company into a securities system.

The Custodian has a first lien and security interest on and a right of set off against the assets maintained in the Account to secure its fees, compensation, costs and expenses and the Custodian is authorised to

sell or otherwise realise any such assets and to apply the proceeds of such sale or realisation in satisfaction of the payment of such fees, compensation, costs or expenses.

The Custodian was incorporated in Ireland on 24th May 1995 as a limited liability company under registration number 233557 and was granted an Irish banking licence by the Central Bank on 4th May 2007. The authorised share capital of the Custodian is Euro 50,000,000 of which over Euro 7,400,000 is issued and fully paid up. The Custodian's registered office is at Riverside Two, Sir John Rogerson's Quay, Grand Canal Dock, Dublin 2, Ireland. The Custodian is an indirect wholly owned subsidiary of The Bank of New York Mellon Corporation. The Custodian is principally engaged in the provision of custody and trustee services for collective investment schemes.

As at 18 October 2010, the Long-term Senior Debt of BNY Mellon is rated Aa2 by Moody's, AA- by Standard & Poor's, AA- by Fitch and AA(low) by DBRS; Subordinated Debt is rated Aa3 by Moody's, A+ by Standard & Poor's, A+ by Fitch and A(high) by DBRS; Trust Preferred Securities are rated A1 by Moody's, A- by Standard & Poor's, A by Fitch and A(high) by DBRS; Short-term is rated P1 by Moody's A-1+ by Standard & Poor's, F1+ by Fitch and R-1(middle) by DBRS; and the Outlook is rated Stable by Moody's, Standard & Poors, Fitch and DBRS.

The appointment of the Custodian will continue until terminated by the Company or the Custodian giving to the other not less than 90 calendar days' prior notice in writing to the other party. The Custodian Agreement may also be terminated in certain other circumstances described therein.

The Custodian will be entitled to receive the fees described below under the section headed "Charges and Expenses".

The Custodian Agreement contains provisions governing the responsibilities of the Custodian and provides that, in the absence of fraud, negligence, bad faith, recklessness or wilful default on the part of the Custodian, the Custodian shall be indemnified out of the Class C Assets of the Company.

DEALINGS IN SHARES

Issue and Redemption of Shares

Subscription and Redemption Request

In accordance with the Memorandum and Articles of the Company, the Directors may not allot, issue nor dispose of or grant options over any Class C Redeemable Preference Shares to any person other than Pegmatite Public Limited Company ("**the Issuer**"), its nominee or such other party as may replace the Issuer as issuer of the Series 4 EUR 20,000,000 Principal Protected Notes due 2022 (the "**Notes**") by reason of any transfer, restructuring or novation of the Notes.

Further Issues of Class C Redeemable Preference Shares

Class C Redeemable Preference Shares may be issued by the Company on such terms as it may from time to time determine, provided that the Company shall not issue any shares or Class C Redeemable Preference Shares to any person other than the Issuer its nominee or such other party as may replace the Issuer of the Bonds by reason of any transfer, restructuring or novation of the Notes.

Redemption

The holder of the Class C Redeemable Preference Shares has the right to require all or a portion of its Class C Redeemable Preference Shares to be redeemed by serving either a Redemption Notice or an Immediate Redemption Notice on the Administrator. Unless timely receipt is waived by the Directors in a

particular case, a Redemption Notice shall be required to be received not less than forty five (45) calendar days prior to the proposed Redemption Day with respect to such Class C Redeemable Preference Shares (or such number of days prior to such Redemption Day as may be determined by the Directors) and an Immediate Redemption Notice shall be served on any Business Day.

The Company shall redeem such Class C Redeemable Preference Shares at the Redemption Price, being an amount equal to the Net Asset Value per Class C Redeemable Preference Share less the applicable Redemption Fee or procure the purchase thereof at a price not less than such amount.

Each request should be sent to the Company, should be given in writing (by facsimile with the original to follow by mail) and must specify the number or a dollar figure of Class C Redeemable Preference Shares to be redeemed and give payment instructions for the redemption proceeds.

The Directors have the right to redeem compulsorily any holding of Class C Redeemable Preference Shares if the Class C Redeemable Preference Shares are or would be held by or for the benefit of a Non-Eligible Investor.

The Company may impose a Redemption Fee on any Class C Redeemable Preference Share being redeemed by a Shareholder. The Redemption Fee shall be determined by the Directors in their discretion from time to time and in accordance with the Articles and will be paid by the Company to the Allocation Agent on the applicable Redemption Day, as the case may be.

Redemption proceeds will be paid within such times as the Directors may determine from time to time and may be cabled or telexed to a bank at the Shareholder's request and expense or otherwise as directed by the Shareholder. The Directors also have the power to divide *in specie* the whole or any part of the assets of the Company (including, without limitation, shares, debentures, or securities of any other company whether or not held by the Company on the Redemption Date in question) and to appropriate such assets in satisfaction or part satisfaction of the Redemption Price and any other sums payable on redemption as provided in the Articles.

If the Directors receive Redemption Notices and/or an Immediate Redemption Notice in respect of Class C Redeemable Preference Shares on any Valuation Day which, in aggregate, represent Net Asset Value in excess of such proportion of the Net Asset Value of the Company on that Valuation Day as the Directors may determine at such time to be detrimental to the Company, the Directors may impose a gate and refuse to redeem all such Preference Shares in excess of that determined proportion which are subject to the Redemption Notices and/or the Immediate Redemption Notice. In such circumstances the Directors may scale down the amounts to be redeemed to such extent and in such manner as they consider may be necessary. Where any redemption requests have been scaled down pursuant to this Article, the Directors may determine that any Redemption Notices and/or Immediate Redemption Notice which have been postponed from any prior Redemption Day shall have priority on any subsequent Redemption Day, or may take such other steps in respect of such postponed Redemption Notices and/or Immediate Redemption Notice as they deem appropriate.

Where any redemption requests subject to an Immediate Redemption Notice have been scaled down in accordance with the Articles, each subsequent Business Day following the Immediate Redemption Notice Business Day specified in the Immediate Redemption Notice shall be deemed to be an Immediate Redemption Notice Business Day for the purpose of such Immediate Redemption Notice until such time as all of the Preference Shares subject to the applicable Immediate Redemption Notice have been redeemed in full. In such circumstances, the Directors may determine the manner in which such gated redemption requests will be dealt with on any subsequent Immediate Redemption Notice Business Day.

No redemption of Class C Redeemable Preference Shares may be effected during the period of any suspension of the determination of the Net Asset Value (for details see the section headed "Valuation and Prices").

CHARGES AND EXPENSES

Allocation Agent Fee

In accordance with the Allocation Agreement, the Allocation Agent will be entitled to receive a running allocation agent fee (the "**Running Allocation Agent Fee**") in connection with the asset allocation services provided the Company. The Running Allocation Agent Fee is payable out of the Class C Assets of the Company. The Running Allocation Agent Fee will accrue on each day and will be calculated on the Net Asset Value of the Class C Assets as of the relevant Valuation Day.

The Running Allocation Agent Fee has been set at 0.73 per cent per annum of the Net Asset Value of the Class C Assets and is payable as of the end of each calendar quarter in arrears as further detailed in the Allocation Agreement.

Advisor and Consultant Fee

In accordance with the terms of the Allocation Agreement, the Company shall pay, out of the Class C Assets, a running advisor fee (the "**Running Advisor Fee**"). The Running Advisor Fee will accrue on each day and will be calculated on the Net Asset Value of the Class C Assets as of the relevant Valuation Day. The Running Allocation Agent Fee has been set at 0.25 per cent per annum of the Net Asset Value of the Class C Assets and is payable as of the end of each calendar quarter in arrears as further detailed in the Allocation Agreement.

The Consultant agreed to provide asset allocation consultancy services to the Company under the Allocation Agreement in consideration of the other parties entering into the Allocation Agreement and in consideration for the Company agreeing to pay the Running Advisor Fee to the Advisor.

Administrator Fee

In accordance with the Administration Agreement, the Administrator will be entitled to receive a running administrator fee (the "**Running Administrator Fee**") in connection with the administrative and accounting services provided to the Company. The Running Administrator Fee is payable out of the Class C Assets of the Company. The Running Administrator Fee will accrue on each day and will be calculated on the Net Asset Value of the Class C Assets as of the relevant Valuation Day.

The Running Administrator Fee has been set at an annual rate (i) of 0.12% of the first EUR 200 million of net assets, (ii) of 0.10% of the next EUR 200 million of net assets and (iii) of 0.08% of net assets in excess of EUR 400 million, subject in each case to a minimum annual fee of EUR 40,000. The Running Administrator Fee is payable as of the end of each calendar month in arrears as further detailed in the Administration Agreement.

Custodian Fee

In accordance with the Custodian Agreement, the Custodian will be entitled to receive a running custodian fee (the "**Running Custodian Fee**") in connection with the custodian services provided to the Company. The Running Custodian Fee is payable out of the Class C Assets of the Company. The Running Custodian Fee will accrue on each day and will be calculated on the Net Asset Value of the Class C Assets as of the relevant Valuation Day.

The Running Custodian Fee has been set at an annual rate (i) of 0.04% of the first EUR 500 million of gross assets and (ii) of 0.025% of gross assets in excess of EUR 500 million, subject in each case to a minimum annual fee of EUR 14,500. The Running Custodian Fee is payable as of the end of each calendar month in arrears as further detailed in the Custodian Agreement.

Value Added Tax

Fees are subject to value added tax if appropriate.

General Expenses

The Company will bear the cost of all brokerage (if any) payable on the purchase or sale of investments, interest on borrowings and fees in respect thereof, execution costs relating to cash transfer between bank accounts, fees payable in the Cayman Islands on increases in the share capital of the Company, the annual company registration fee payable in the Cayman Islands, the fees and reasonable travel, hotel and incidental expenses of the Directors, the fees and expenses of the auditors and legal advisers to the Company, the cost of printing and distributing the annual and semi-annual reports and statements and all other operating and administrative expenses.

The Company will also pay certain fees to Maples Secretaries Limited and Maples Corporate Services Limited in consideration for such parties providing respectively secretarial services and registered office services in the Cayman Islands to the Company, as further detailed in the relevant agreements between such parties and the Company.

REPORTS, STATEMENTS AND MEETINGS

Financial periods of the Company end on 31 December of each year. The annual audited financial statements of the Company, if prepared by the Administrator, will be sent to the Shareholders at their registered addresses within five months of the applicable financial year end.

The Directors do not intend to hold regular annual general meetings but general meetings of the Company may be convened from time to time by the Directors by notice in writing to the Shareholders.

All financial statements, notices and other documents will be sent, in the case of joint holders of Class C Redeemable Preference Shares, to the holder who is named first in the Register of Members of the Company at his registered address.

DIVIDEND POLICY

General

In Accordance with the Articles, the Directors in their discretion may from time to time declare dividends (including interim dividends) on the Class C Redeemable Preference Shares and authorise payment of the same out of the funds of the Company lawfully available therefore.

Fixed Dividend

In accordance with the Articles, the Company shall pay pro rata to the holders of the Class C Redeemable Preference Shares a fixed dividend equal to 0.60 per cent per annum of the Net Asset Value in respect of the Class C Redeemable Preference Shares. The Fixed Dividend will accrue on each day and will be calculated by the Administrator on the Net Asset Value of the Class C Assets as of the relevant Valuation Day. The Fixed Dividend is payable out of the Class C Assets of the Company on the last Business Day of each calendar quarter in arrears as further detailed in the Articles.

Exceptional Dividend

In accordance with the Articles, if Barclays Bank PLC ceases to act as Allocation Agent, the Company shall pay to the holders of the Class C Redeemable Preference Shares an exceptional dividend equal to the Fixed Dividend which has accrued but not yet been paid since the last payment date of the Fixed Dividend. Such exceptional dividend will be payable on the date on which Barclays Bank PLC ceases to act as Allocation Agent. No further Fixed Dividend shall be paid by the Company after the payment of such exceptional dividend.

PART II – Additional Information

ISSUE AND REDEMPTION OF SHARES

Issue and Redemption Prices

The Articles provide that the Issue Price or Redemption Price of each Class C Redeemable Preference Share for any relevant Valuation Day will, subject as provided below, be determined by dividing the Net Asset Value as at the close of business in the relevant market or markets on that Valuation Day by the number of Class C Redeemable Preference Shares then in issue.

Under the Articles the Directors are given the power, in determining the Issue Price of a Class C Redeemable Preference Share, to add to the Net Asset Value per Class C Redeemable Preference Share (before making any rounding adjustment) an amount which they consider to be an appropriate allowance for the fiscal and purchase charges which would be incurred for the account of the Company in investing an amount equal to that Net Asset Value per Class C Redeemable Preference Share. Similarly, the Directors are empowered by the Articles, when determining the Redemption Price of a Class C Redeemable Preference Share, to deduct from the Net Asset Value per Class C Redeemable Preference Share (before making any rounding adjustment) for the account of the Company an amount which they consider to be an appropriate allowance for the fiscal and sale charges which would be incurred in realising assets to provide funds to meet any redemption request.

Transfer of Class C Redeemable Preference Shares

Subject to the provisions of the Articles, Class C Redeemable Preference Shares in the Company shall be transferable on any Dealing Day by a transfer in any usual or common form in use in the Caymans Islands or in such other form as the Directors shall from time to time sanction or allow, but so that every form of transfer shall relate to Class C Redeemable Preference Shares of one class only and shall state the full name and address (and, if required by the Directors, the nationality and country of residence and domicile) of the transferor and of the transferee.

Instruments of transfer shall be signed by the transferor (and in the case of partly paid Shares by the transferee) and provided to the Company on any Business Day up to, and including, the applicable Dealing Day for such proposed transfer. The transferor of a Class C Redeemable Preference Share shall be deemed to remain the holder of such Class C Redeemable Preference Share until the same has been transferred to the transferee in the Register of Members. The Directors may, in their absolute discretion and without assigning any reason therefore, decline to register any transfer of any Class C Redeemable Preference Share (not being a fully paid share), or any share over which the Company has a lien.

Compulsory Redemption and Restrictions on Shareholders

The Directors may, in their absolute discretion without notice to any holder of Class C Redeemable Preference Shares effect the compulsory redemption of all (but not some) of the Class C Redeemable Preference Shares registered in the name of such person on the Business Day next following the expiry of

the notice period at Net Asset Value per Class C Redeemable Preference Share on the last preceding Valuation Day, less the applicable Redemption Fee if, in the opinion of the Directors, the holder is not an Eligible Investor.

VALUATION AND PRICES

Calculation of Net Asset Value

The Net Asset Value of the Class C Redeemable Preference Shares will be determined as at the close of business in the relevant market or markets on each Valuation Day in accordance with the Articles, which provide (inter alia) that:

- (a) the assets of the Separate Fund shall be deemed to include:
 - (i) all cash on hand, on loan or on deposit, or on call including any interest accrued thereon;
 - (ii) all bills, demand notes, promissory notes and accounts receivable;
 - (iii) all bonds, time notes, shares, stock, commodities, metals, debentures, debenture stock, subscription rights, warrants, options, financial futures, and other investments and securities owned or contracted for by the Separate Fund other than rights and securities issued by it;
 - (iv) all shares, stock and cash dividends and cash distributions to be received by the Separate Fund and not yet received by it but declared payable to shareholders of record on a date before the day as of which the assets are being valued;
 - (v) all interest accrued on any interest-bearing securities owned by or credited to the Separate Fund;
 - (vi) all other securities of the Separate Fund; and
 - (vii) all other assets of the Separate Fund of every kind and nature including prepaid expenses as valued and defined from time to time by the Directors.
- (b) the assets of the Separate Fund shall, unless the Directors determine otherwise, be valued as follows:
 - (i) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash distributions or dividends declared to holders of record on a date or before the Valuation Day but not yet received, and interest accrued and not yet received, will be deemed to be the full amount thereof, unless the Directors have determined that any such deposit, bill, demand note or account receivable is not worth the full amount thereof, in which event the value thereof will be such value as the Directors determine to be the fair value thereof;

- (ii) the value of any security listed or dealt in on a stock exchange will be determined by taking the last sale price (or, lacking any sales, a price not higher than the closing asked price and not lower than the closing bid price therefore as the Directors may from time to time determine) on the latest available quotation;
 - (iii) in the case of any security which is listed or dealt in on more than one stock exchange, the Directors will determine the stock exchange whose quotations shall be used in the determination of the value of such security;
 - (iv) in the case of any security for which no price quotations are available as above provided, the value thereof will be determined from time to time in such manner as the Directors shall from time to time determine;
 - (v) short-term investments having a maturity of 60 days or less are valued at cost plus accrued interest and plus or minus any amortised discount or premium;
 - (vi) in the event securities which are not readily marketable due to restrictions on sale are held by the Company such securities will be valued at their market price determined as above less the same rate of discount that was applied when the securities were purchased, provided that the rate of such discount may be reduced proportionately where such restriction is to be lifted on a specific date;
 - (vii) the value of any security interest in any mutual fund, investment trust, collective investment scheme, money market fund or other similar fund will be such price as is provided to or generally made available to the Directors by the administrator or operator of any such entities; and
 - (viii) in cases where the valuation in respect of any asset is determined by the Directors not to represent a fair valuation, the value will be calculated in such manner as the Directors may determine.
- (c) In cases where the Directors cannot value assets of any class or if the valuation in respect of any asset is determined by the Directors not to represent a fair valuation thereof, in accordance with the Articles, the Directors may rely upon the opinions of any persons who appear to them to be competent to value assets of any class or classes by reason of any appropriate professional qualification or of experience of any relevant market or asset.
- (d) The liabilities of the Company include:
- (i) all bills and notes payable and accounts payable;
 - (ii) all administrative expenses payable or accrued, or both (including management fees);
 - (iii) all contractual obligations for the payment of money or property, including the amount of any unpaid distributions or dividends declared and payable to Shareholders of record on or before the day as of which the value of the Securities of that Separate Fund is being determined; and
 - (iv) all other liabilities of the Separate Fund of any kind but excluding liabilities represented by the share capital or share premium paid on Class C Redeemable Preference Shares and

of any surplus funds distributable to the holders of the Class C Redeemable Preference Shares but undeclared.

- (e) Assets and liabilities which are denominated in a currency which is not the Working Currency of the Separate Fund will be valued by converting the value in the first currency into the Working Currency at the exchange rate determined by the Administrator prevailing at the close of business on each Valuation Day.
- (f) The unaudited Net Asset Value as at 30 September 2010 October 2010 was Euro 23,149,707.78.

Suspension of Calculation of Net Asset Value

The Directors may declare a suspension of the determination of the Net Asset Value in any of the following events:

- (a) when one or more exchanges or other regulated markets which provide the basis of valuing a substantial proportion of the Class C Assets, or when one or more foreign exchange markets in the currency in which a substantial portion of the Class C Assets is denominated, is or are closed otherwise than for ordinary holidays or if trading thereupon is restricted or suspended;
- (b) when, as a result of political, economic, military or monetary events, or any other circumstances outside the control of the Company, the disposal of a substantial part of the Class C Assets is not reasonable or normally practicable without being seriously detrimental to the interests of the holders of Class C Redeemable Preference Shares;
- (c) in the case of a breakdown in the normal means of communication used for the valuation of a substantial portion of the Class C Assets or if, for any reason, the value of a substantial portion of the Class C Assets may not be determined as rapidly and accurately as required (including where any of the underlying funds does not publish the official net asset value per underlying fund share on a monthly basis); or
- (d) if, as a result of exchange or other restrictions affecting the transfer of funds, a substantial amount of transactions on behalf of the Company is rendered impracticable or if purchases and sales of a substantial portion of the Class C Assets cannot be effected at normal rates of exchange.

Where any of the events mentioned above does not affect a substantial portion of the Class C Assets or a substantial amount of transactions on behalf of the Company, as appropriate, then the suspension shall not take effect and historic valuations of the affected assets shall be used to calculate the Net Asset Value, unless the Directors adopt alternative methodologies in calculating the Net Asset Value.

Such suspension shall take effect at such times as the Directors shall specify but not later than the close of business on the Business Day next following the declaration and thereafter there shall be no determination of the price of Class C Redeemable Preference Shares until the Directors shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised under the Articles of the Company shall exist. Whenever the Directors shall declare a suspension of the determination of the Net Asset Value, then as soon as may be practicable after any such declaration the Directors shall cause a notice to be given to the holders of the Class C Redeemable Preference Shares stating that such declaration has been made, and at the end

of any period of suspension the Directors shall cause another notice to be given to the holders of Class C Redeemable Preference Shares stating that the period of suspension has ended.

ANTI-MONEY LAUNDERING

In order to comply with legislation or regulations aimed at the prevention of money laundering the Company is required to adopt and maintain anti-money laundering procedures, and may require subscribers to provide evidence to verify their identity and source of funds. Where permitted, and subject to certain conditions, the Company may also delegate the maintenance of its anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

The Company, and the Administrator on the Company's behalf, reserve the right to request such information as is necessary to verify the identity of a subscriber, unless in any particular case the Directors, or the Administrator on the Company's behalf, are satisfied that an exemption applies under the Money Laundering Regulations (2009 Revision) of the Cayman Islands, as amended and revised from time to time (the "**Regulations**"). Depending on the circumstances of each application, a detailed verification of identity might not be required where:

- (a) the applicant makes the payment for their investment from an account held in the applicant's name at a recognised financial institution; or
- (b) the applicant is regulated by a recognised regulatory authority and is based or incorporated in, or formed under the law of, a recognised jurisdiction; or
- (c) the application is made through an intermediary which is regulated by a recognised regulatory authority and is based in or incorporated in, or formed under the law of a recognised jurisdiction and an assurance is provided in relation to the procedures undertaken on the underlying investors.

For the purposes of these exceptions, recognition of a financial institution, regulatory authority or jurisdiction will be determined in accordance with the Regulations by reference to those jurisdictions recognised by the Cayman Islands Monetary Authority as having equivalent anti-money laundering regulations.

In the event of delay or failure on the part of the subscriber in producing any information required for verification purposes, the Company, or the Administrator on the Company's behalf, may refuse to accept the application, in which case any funds received will be returned without interest to the account from which they were originally debited.

The Company, and the Administrator on the Company's behalf, also reserve the right to refuse to make any redemption payment to a Shareholder if the Directors or the Administrator suspect or are advised that the payment of redemption proceeds to such Shareholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure the compliance by the Company or the Administrator with any such laws or regulations in any applicable jurisdiction.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Law, 2008 of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) to a police

officer of the rank of constable or higher pursuant to the Terrorism Law (2009 Revision) of the Cayman Islands if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

The Memorandum and Articles of Association comprise the constitution of the Company.

Memorandum of Association

The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (2010 Revision) or as revised, or any other law of the Cayman Islands.

Articles of Association

The Articles provide, *inter alia*, as follows:

Share Capital

The authorised share capital of the Company is Euro 20,000 and US\$25,000 divided into 2 voting non-preference Ordinary Shares of Euro 1 par value (the "**Ordinary Shares**") and 130 Class A Preference Shares of Euro 0.01 par value, 700 Class C Preference Shares of Euro 0.01 par value (the "**Class C Redeemable Preference Shares**"), 1,998,970 unclassified Preference Shares of Euro 0.01 par value and 2,500,000 unclassified Preference Shares of US\$0.01 par value

The Ordinary Shares have been issued at a price of €500 per Ordinary Share and are fully paid and are legally owned by Maples Finance Limited (the "**Share Trustee**"), under the terms of a declaration of trust (the "**Declaration of Trust**") dated 20 September 2010, under which the Share Trustee holds the Ordinary Shares on trust for certain specified charities. Under the terms of the Declaration of Trust, the Share Trustee, *inter alia*, has covenanted not to dispose of or otherwise deal with the Ordinary Shares whilst any of the Preference Shares remain in issue without the approval of the holders of the Preference Shares. The Share Trustee will have no beneficial interest in the Class C Redeemable Preference Shares and derive no benefit other than its fees for acting as Share Trustee from its holding of the Ordinary Shares.

It should be noted that there are no provisions under the laws of the Cayman Islands or under the Articles conferring pre-emption rights on Shareholders. .

The Company may by Ordinary Resolution increase its share capital, consolidate its shares or subdivide any of them into shares of a smaller amount or cancel authorised but unissued shares.

Subject to the provisions of Cayman Islands law and the rights of any holders of any class of shares, the Company may by Special Resolution reduce its share capital or any capital redemption reserve or share premium account.

Variation of Class Rights

All or any of the special rights for the time being attached to any class of share for the time being issued (of which there are none at present save as referred to herein) may (unless otherwise provided by the terms of issue of the shares of that class) from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a resolution passed at a separate general meeting of the holders of such shares on the register of members on the date on which notice of such separate general meeting is given by a majority of three quarters of the votes cast at such meeting. To any such separate class meeting all the provisions of the Articles as to general meetings of the Company shall *mutatis mutandis* apply, but so that any holder of shares of the class present in person or by proxy may demand a poll, and voting rights on a poll are not on the basis of one share, one vote but rather votes will be related to the Net Asset Value per share. For such purposes the Directors may treat all the classes of shares as forming one class if they consider that all such classes would be affected in the same way by the proposals under consideration but, in any other case, shall treat them as separate classes.

The rights attached to the Class C Redeemable Preference Shares shall be deemed to be varied by the creation or issue of any shares ranking *pari passu* with or in priority to them as respects participation in the profits or assets of the Company.

Subject to the Articles, the special rights attached to any class of shares having preferential rights shall (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by the allotment, issue or redemption of Class C Redeemable Preference Shares.

Quorum and Voting Rights

Class C Redeemable Preference Shares carry only limited voting rights at class meetings.

The quorum for any general meeting shall be one Shareholder present in person or by proxy and who is entitled to vote or (in the case of a corporation or other non-natural person) by a duly authorised representative.

Subject to any special terms as to voting for the time being attached to any shares, at any general meeting:

- (a) on a show of hands every Shareholder who holds a Preference Share or an Ordinary Share who is present in person or by proxy shall have one vote; and
- (b) on a poll every Shareholder present in person or by proxy shall be entitled to one vote in respect of each Preference Share held by him weighted by the Net Asset Value of such share, for which purpose each Ordinary Share shall have a Net Asset Value of one Class C Redeemable Preference Shares (or such other share as the Directors may determine).

Dividends

Dividends shall only be payable to the holders of Class C Redeemable Preference Shares and out of the funds of the Company lawfully available therefore including the share premium account. Any dividend unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

Alteration of the Articles

The Articles may at any time be altered or added to by Special Resolution of the Ordinary Shareholder, subject to variation of class rights.

TAXATION

All parties and investors should consult their professional advisers on the potential tax consequences of subscribing for, purchasing, holding or redeeming Class C Redeemable Preference Shares under the laws of their country of citizenship, domicile or residence.

As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely. The following is based on the law and practice currently in force in the Cayman Islands and Jersey and accordingly, is subject to changes therein.

Cayman Islands

The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Company or the Shareholders. The Cayman Islands are not party to a double taxation treaty with any country (other than the United Kingdom).

The Company received an undertaking from the Governor-in-Cabinet of the Cayman Islands on 2 July 2002 that, in accordance with section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on the shares, debentures or other obligations of the Company or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Company to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Company.

Although the Company is not subject to tax in the Cayman Islands, the Company may be liable for any taxes which may be withheld at source in other countries in respect of income or gains derived from its investments.

No attempt is made in this Information Memorandum to summarise the possible local tax consequences of the acquisition, holding or disposal of Class C Redeemable Preference Shares. Shareholders should consult their professional advisers on the possible tax, exchange control or other consequences of buying, holding, selling or redeeming Class C Redeemable Preference Shares under the laws of their country of citizenship, residence or domicile.

TERMINATION

The Company may be wound up by a Special Resolution. On a winding up, the Class C Redeemable Preference Shares carry a right to a return of the nominal amount paid up thereon and an exclusive right to share, *pari passu inter se*, in surplus assets remaining after the return of the par amount paid up on the Ordinary Shares.

RISK FACTORS

Shareholders should be aware that the value of Class C Redeemable Preference Shares may fall as well as rise.

Investment in the Company involves significant risks. Whilst it is the intention of the Company that the investment strategy is designed to minimise potential losses, there can be no assurance that this strategy will be successful. It is possible that a Shareholder may lose a substantial proportion or all of its investment in the Company. As a result, each Shareholder should carefully consider whether it can afford to bear the risks of investing in the Company. The following discussion of risk factors does not purport to be a complete explanation of the risks involved in investing in the Company.

The risks of investing in the Company include, but are not necessarily limited to, the following:

Exchange rate hedging risk

The Class C Redeemable Preference Shares are denominated and repayable in Euros and some or all of the securities the Company will invest into may be denominated in US dollars. The Company will enter into FX Forwards as a hedging strategy to limit the effect of fluctuations in the US dollar/Euro exchange rate on the Euro value of its investment in such securities. However, there can be no assurance that the Company's exchange rate hedging strategy will be entirely successful. Accordingly, the market price and liquidity of, and return on an investment in, the Class C Redeemable Preference Shares could be adversely affected by fluctuations in such exchange rate.

Risks relating to return on the Portfolio and related risks

The investment return on the Class C Redeemable Preference Shares should depend principally on the performance of the securities the Company will invest into. There is no guarantee that such securities will achieve their intended objectives. The operation of the Allocation Process may be varied by the Company if advised to do so by the Consultant provided that, *inter alia*, any such changes are in compliance with the Allocation Rules and the Risk Guidelines. There is no guarantee that any such changes will be for the benefit of Shareholders.

The Company may not have liquid assets available in relation to the Class C Redeemable Preference Shares to meet its fees and expenses or to fund dividend payments to the Issuer. Although the Company's assets will be managed so far as possible to anticipate expected redemption requests, such fees, expenses and dividends will be funded by the redemption of securities held by the Company in relation to the Class C Redeemable Preference Shares to the extent the Company cannot access

sufficient cash. To the extent that an underlying fund is unable to settle the relevant redemption proceeds with the Company by the due date for payment of such fees, expenses or dividends, the Company may not have the resources to fund such commitments in full when they become due.

Any delay in receipt of liquidation and/or redemption proceeds by the Company from the realisation of the securities in the underlying funds may result in a delay in the payment of distributions and redemption payments to the holders of the Class C redeemable Preference Shares.

Investment Risks

The price of the Class C Redeemable Preference Shares may fall as well as rise. There can be no assurance that the Company will achieve its investment objective or that a Shareholder will recover the full amount invested in the Company. The capital return and income of the Company are based on the capital appreciation and income on the securities it holds, less expenses incurred. Therefore, the Company's return may be expected to fluctuate in response to changes in such capital appreciation or income.

The Consultant will allocate assets to, and from time to time reallocate assets among, various UCIs and/or Quantitative Strategy Investments in accordance with the Allocation Agreement. There can be no assurance that the Company will always be able to invest in a particular UCI or Quantitative Strategy Instrument. No assurance can be given that the investment strategies to be used by the underlying UCIs and Quantitative Strategy Investments will be successful under all or any market conditions.

Economic Conditions

The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of investor participation in the equity markets. Unexpected volatility or illiquidity in the markets in which the UCIs and Quantitative Strategy Investments get exposed to could impair the UCIs' and Quantitative Strategy Investments' ability to carry out their business or cause them to incur losses. None of these conditions is within the control of the Investment Manager and no assurances can be given that the Investment Manager will anticipate these developments.

Political and/or Regulatory Risks

The value of the Company's assets may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries in which the Company's assets are invested.

Limitations of Hedging Techniques

The UCIs may in certain cases employ various hedging techniques to reduce the risk of investment positions. A substantial risk remains, nonetheless, that such techniques will not always be available and

when available, will not always be effective in limiting losses. The UCIs are likely to take substantial unhedged positions.

Liquidity and Settlement Risks

The Company will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default. Market practices in relation to the settlement of certain securities transactions and the custody of assets could provide increased risks.

Interest Rate Fluctuations

The prices of securities tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, any increase in interest rate will generally increase the interest carrying costs of the Company and/or the UCIs in relation to borrowed securities and leveraged investments.

To the extent that interest rate assumptions underlie the hedge ratios implemented in hedging a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose the Company to losses.

In respect of the CPPI Allocation Mechanism, any interest rate fluctuations may have an adverse impact to the Company's exposure to the Active Asset and therefore to the Class C Redeemable Preference Shares performance and volatility level.

Total Disinvestment Event

In the event that the Company's allocation to the Active Asset falls down to 0% pursuant to the CPPI Allocation Mechanism, because of, for example, a significant decline in the value of the UCIs and/or Quantitative Strategy Investments, or because of a decrease in interest rates, the Company will no longer have exposure to an investment in the Active Asset and therefore will not benefit from any subsequent gains related to such investment.

Illiquidity; Liquidation of Securities and "Hold-Back" of Redemption Proceeds

The method and timing of the liquidating of investments and exit strategies are critical elements of maximising portfolio return. The UCI managers may liquidate their investments through sales on public exchanges, underwritten registered offerings and sales in the public market pursuant to exemptions from registration. A substantial portion of any securities may be subject to transfer restrictions imposed by law because they are acquired in private placement transactions.

It may not always be possible to execute a buy or sell order at the desired price or to liquidate an open position, either due to market conditions on exchanges or due to restrictions on the transferability of the securities in which the UCIs may invest, such as a minimum holding period required prior to the UCIs reselling a particular security. It is also possible that an exchange or governmental authority may suspend or restrict trading on an exchange or in particular securities or other instruments traded on the exchange.

The UCIs in which the Company invest may hold-back redemption proceeds until the relevant UCI's annual audit and this may result in the inability of the Company to make redemptions.

Leverage

Some UCIs in which the Company will be invested will acquire leveraged trading positions. As a result, relatively minor movements in price may result in a significant drawdown in assets of the UCIs. Any purchase or sale of a leveraged investment may result in losses in excess of the amount initially deposited as margin for the investment. However, leverage as expressed solely in terms of margin/equity ratio is not a true reflection of risk. For example, an arbitrage position designed to take advantage of a temporary pricing anomaly may require margin to be placed on both sides of the trades, implying a high leverage profile, but the actual risk assumed in acquiring two offsetting highly correlated financial instruments is comparatively low.

Market Risks

The markets in which the UCI managers invest may prove to be highly volatile from time to time as a result of, for example, sudden changes in government policies on taxation and currency repatriation or changes in legislation relating to the level of foreign ownership in companies, and this may affect the price at which the UCI managers may liquidate positions to meet repurchase requests or other funding requirements. Moreover, many emerging markets are undergoing a period of rapid growth and are less regulated than many of the world's leading stock markets. In general, such stock markets are less liquid and the purchase and sale of investments may take longer than may otherwise be expected on developed markets and transactions may need to be conducted at unfavourable prices.

Any investment made in specific securities is exposed to the universal risks of the securities market. However, there can be no guarantee that losses equivalent to or greater than the overall market will not be incurred as a result of investing in individual stocks. Strict position management should lessen but not eradicate this risk.

Derivatives Risks

The Company and certain UCIs and Quantitative Strategy Investments may invest in derivatives, including, without limitation, options, futures, swaps, warrants, forward contracts and combinations of the foregoing. Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying

asset, reference rate or index. Investors may use derivatives for any number of purposes including, among other things, as a substitute for taking a position in an underlying asset or as part of a strategy designed to reduce or increase exposure to other risks, such as interest rate or currency risk. The use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere in this section, such as interest rate risk, market risk and credit risk. They also involve the risk of mispricing or inaccurate valuation and the risk that changes in the value of the derivative may not correlate perfectly with changes in the price or level of the underlying asset, rate or index. If the Company, a UCI or a Quantitative Strategy Instrument invests in a derivative, it could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that the Company, a UCI or a Quantitative Strategy Instrument will engage in these transactions to reduce exposure to other risks when that would be beneficial.

OTC Transactions

The Company, certain UCIs or Quantitative Strategy Investments may invest in derivative instruments that are not traded on organized exchanges and, as such, are not standardized. These transactions, among others, are known as over-the-counter (“OTC”) transactions. In general, there is less governmental regulation and supervision in OTC markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the interposition of an exchange clearinghouse as a party to a futures contract, will not be available in connection with OTC transactions. This exposes the Company, a UCI or a Quantitative Strategy Instrument to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. In addition, the Company, a UCI or a Quantitative Strategy Instrument will be subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy, governmental prohibition or other causes, which could subject the Company, the UCI or the Quantitative Strategy Instrument to losses.

Suspension of Trading

Securities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchanges. A suspension could render it impossible for the UCI managers to liquidate positions and thereby expose the Company to losses.

Change to Counterparty Identities

The Allocation Agent shall be entitled to cease its appointment upon the occurrence of certain events in accordance with the terms of the Allocation Agreement. Upon the Allocation Agent ceasing to be part of the Allocation Agreement and unless the Allocation Agent is replaced by a new allocation agent for the Company in respect of the Class C Assets, the CPPI Allocation Mechanism will terminate with the Active Asset and Protection Asset being liquidated and the redemption proceeds being held in cash.

Handling of Mail

Mail addressed to the Company and received at its registered office will be forwarded unopened to the Administrator to be dealt with. None of the Company, its directors, officers or service providers will bear any responsibility for any delay howsoever caused in mail reaching the Administrator. In particular the Directors will not receive, open or deal directly with mail addressed to the Company.

CONFLICTS OF INTEREST

Investors' attention is drawn to the following potential conflicts of interest:

The Allocation Agent, its holding company, holding company's shareholders, any subsidiaries of its holding company and any of their directors, officers, employees, agents and affiliates ("**Interested Parties**") may be involved in other financial, investment or other professional activities which may on occasion cause conflicts of interest with the Company. These include management of other funds, purchases and sales of securities, investment and management advisory services, brokerage services, and serving as directors, officers, advisers, or agents of other funds or other companies. In particular it is envisaged that the Allocation Agent may be involved in advising other investment funds which may have similar or overlapping investment objectives to or with the Company. The Allocation Agent may provide services to third parties similar to those provided to the Company and shall not be liable to account for any profit earned from any such services. Where a conflict arises the Allocation Agent will endeavour to ensure that it is resolved fairly. In relation to the allocation of investment opportunities to different clients, including the Company, the Allocation Agent may be faced with conflicts of interest with regard to such duties but will ensure that investment opportunities in those circumstances will be allocated fairly.

The Allocation Agent and/or any company associated with it may enter into portfolio transactions for or with the Company either as agent, in which case they may receive and retain customary brokerage commissions and/or cash commission rebates, or with the approval of the Custodian, deal as a principal with the Company in accordance with normal market practice subject to such commissions being charged at rates which do not exceed customary full service brokerage rates.

The Allocation Agent and/or any company associated with it reserves the right to effect transactions by or through the agency of another person with whom the Allocation Agent and/or any company associated with it have an arrangement under which that party will from time to time provide to or procure for the Allocation Agent and/or any company associated with it goods, services or other benefits (such as research and advisory services, computer hardware associated with specialised software or research services and performance measures) the nature of which is such that their provision can reasonably be expected to benefit the Company as a whole and may contribute to an improvement in the performance of the Company or of the Allocation Agent and/or any company associated with it in providing services to the Company and for which no direct payment is made but instead the Allocation Agent and/or any company associated with it undertake to place business with that party. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

Any party may contract or enter into any financial or other transaction with any Shareholder or with any entity any of whose securities are held by or for the account of the Company, or be interested in any such contract or transaction. Furthermore, any party may receive commissions and benefits which it may negotiate in relation to any sale or purchase of any investments of the Company effected by it and which may or may not be for the benefit of the Company.

CORPORATE ADMINISTRATION

Directors

The Directors shall be entitled to be paid out of the funds of the Company for their general services to the Company or to be paid their travelling, hotel or other expenses incurred by them in going to, attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof.

The Directors may by resolution award special remuneration to any Director of the Company undertaking any special work or services for, or undertaking any special mission on behalf of, the Company other than his ordinary routine work as a Director. Any fees paid to a Director who is also counsel or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his remuneration as a Director.

A Director or Alternate Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.

No Director or intending Director shall be disqualified from his office by contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office, or of the fiduciary relation thereby established, provided that the nature of his interest shall be declared by him at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not at the date of that meeting interested in the proposed contract or arrangement, then at the next meeting of the Directors held after he becomes so interested, and in a case where the Director becomes interested in a contract or arrangement after it is made then at the first meeting of the Directors held after he becomes so interested.

The chairman of a director's meeting shall not have a casting vote at any meetings of the Directors.

The Directors may exercise the Company's powers to borrow and to charge its assets.

Place of business

Other than in the Cayman Islands, the Company has not established and does not intend to establish a place of business elsewhere.

Litigation

The Company is not engaged in any litigation or arbitration and the Directors do not know of any litigation or claim pending or threatened by or against the Company. The Company has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Information

Memorandum that may have, or have had in the recent past, significant effects on its financial position or profitability.

Trading Operations

There has been no significant change in the financial or trading position of the Company since the end of the period for which the last audited financial statements were prepared, being 31 December 2008. These accounts are attached in Appendix 1 and form part of this document.

Directors' Interests

There are no service contracts in existence between the Company and any of its Directors, nor are such contracts proposed.

Since incorporation of the Company, no remuneration has been paid and no benefits in kind or loans have been granted to the Directors, and the Company has not provided any guarantee for the benefit of any Director.

Save as disclosed elsewhere in this Information Memorandum.

- (a) no Director has any interest, direct or indirect, in the promotion of or in any assets which have been or are proposed to be acquired or disposed of by, or issued to, the Company;
- (b) no Director is materially interested in any contract or arrangement subsisting at the date hereof which is unusual in its nature or significant in relation to the business of the Company; and
- (c) no Director (nor any spouse or child under 18 of a Director nor any connected person of a Director) has any interest, direct or indirect, in the share capital of the Company. Such persons may acquire Class C Redeemable Preference Shares on the same terms as other investors.

Disclosure of Interests

Save as may result from the entry by the Company into the agreements listed under "Material Contracts" above or any other fees, commissions or expenses discharged, reimbursed or paid as disclosed elsewhere in this document, no amount or benefit has been paid or given or is intended to be paid or given to any promoter of the Company.

Mutual Funds Law

The Company is not required to register or be regulated as a mutual fund under the Mutual Funds Law (2009 Revision) of the Cayman Islands. Neither the Cayman Islands Monetary Authority nor any other governmental authority in the Cayman Islands has passed judgment upon or approved the terms or merits of this document. There is no investment compensation scheme available to investors in the Cayman

Islands. The Company may register under the Mutual Funds Law (2009 Revision) in the future if required to do so.

Confidential Information

The Company shall be entitled to retain any information it receives, whether within or without the Cayman Islands, in such manner as it shall, in its absolute discretion, consider appropriate. The Company reserves the right to engage such agents, whether within or without the Islands, as, in its absolute discretion, it shall consider appropriate for the purpose of complying with its obligations pursuant to applicable laws and regulations.

The Company, the Administrator and the Allocation Agent will treat information received from investors as confidential and will not disclose such information other than:

- (a) to their professional advisers or other service providers, whether within or without the Islands, where the Company, the Administrator or the Allocation Agent (as applicable) considers such disclosure necessary or appropriate in the normal course of business or to enable them to conduct their affairs; or
- (b) where such disclosure is required by any applicable law or order of any court of competent jurisdiction or pursuant to any direction, request or requirement (whether or not having the force of law) of any central bank, governmental or other regulatory or taxation agency authority.

Inspection of Documents

Copies of the following documents are available for inspection free of charge for a period of 14 days from the date hereof at any time during normal business hours on any Business Day at the offices of Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Copies may be obtained from the Company at a nominal cost (as determined by the Company) per set of copy documents:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Allocation Agreement, the Administration Agreement, the Custodian Agreement, the Registered Office Agreement and the Secretarial Agreement;
- (c) the Companies Law (2010 Revision) of the Cayman Islands;
- (d) a list of past and current directorships and partnerships held by each Director over the last 5 years; and
- (e) the audited annual financial statements of the Company.

Legal Counsel

Maples and Calder, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, acts as Cayman Islands legal counsel to the Company. In connection with the Company's issue of shares and subsequent advice to the Company, Maples and Calder will not be representing Shareholders. No independent legal counsel has been retained to represent the Shareholders. Maples and Calder's representation of the Company is limited to specific matters as to which it has been consulted by the Company. There may exist other matters that could have a bearing on the Company as to which Maples and Calder has not been consulted. In addition, Maples and Calder does not undertake to monitor compliance by the Allocation Agent, the Consultant or their affiliates with the investment program, valuation procedures and other guidelines set forth herein, nor does Maples and Calder monitor ongoing compliance with applicable laws. In connection with the preparation of this Information Memorandum, Maples and Calder's responsibility is limited to matters of Cayman Islands law and it does not accept responsibility in relation to any other matters referred to or disclosed in this Information Memorandum. In the course of advising the Company, there are times when the interests of Shareholders may differ from those of the Company. Maples and Calder does not represent the Shareholders' interests in resolving these issues.

Directory

Allocation Agent

Barclays Bank PLC
1 Churchill Place
Canary Wharf
London
E14 5HP

Custodian

BNY Mellon International Bank Limited
Riverside Two
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

Advisor

Darius Capital Partners
24 avenue Hoche
75008 Paris
France

Auditor

PricewaterhouseCoopers
Chartered Accountants and Registered
Auditors
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Administrator

BNY Mellon Investment Servicing (International)
Limited
Riverside Two
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

Consultant

CNP Assurances S.A. (Formerly Ecureuil Vie)
Tour Maine Montparnasse
33 avenue du Maine - BP64
75755 Paris
CEDEX 15
France

Registered Office

c/o Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Appendix 1
Annual Accounts as at 31/12/2008

Financial Statements of

**ANTHRACITE BALANCED COMPANY
(LIBGDF) LIMITED**

December 31, 2008 and 2007

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Table of Contents

	<u>Page</u>
Independent Auditors' Report to the Shareholders	1-2
Schedules of Investments	3
Balance Sheets	4
Income Statements	5
Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares	6
Statements of Cash Flows	7
Notes to Financial Statements	8-31



KPMG
PO Box 493
Century Yard
Grand Cayman KY1-1106
CAYMAN ISLANDS

Telephone: +1 345 949-4800
Fax: +1 345 949-7164
Internet: www.kpmg.ky

Independent Auditors' Report to the Shareholders

We have audited the accompanying financial statements of Anthracite Balanced Company (LIBGDF) Limited (the "Company"), which comprise the schedules of investments and the balance sheets as at December 31, 2008 and 2007, and the income statements, statements of changes in net assets attributable to holders of redeemable shares and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. Except as discussed in the Basis for Qualified Opinion paragraphs, we conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audits to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independent Auditors' Report to the Shareholders (continued)

Basis for Qualified Opinion

Following the occurrence of a "Lehman Suspension Event" on September 15, 2008, Lehman Brothers International (Europe) Limited, ceased being the Company's allocating agent. The Company's books and records were kept by the allocating agent and previously these were not subject to audit. Because of the unavailability of accounting records and audited financial statements prior to January 1, 2007, it was not practicable to extend our auditing procedures sufficiently to satisfy ourselves as to the fairness of the opening balances used in the accompanying statements of changes in equity as of December 31, 2007 therefore we are unable to determine whether any adjustments might be necessary to the opening retained earnings of €3,486,645 as at January 1, 2007. In addition, also due to the unavailability of accounting records and audited financial statements prior to January 1, 2007, we are also unable to obtain sufficient appropriate audit evidence to support the movement in unrealised gains/(losses) and net realised gains/(losses) of investments for the years ended December 31, 2008 and 2007, which are reflected in the income statements as net amounts of €(1,847,415) and €3,060,482, respectively.

The financial statements include investments in other funds of €2,291,683 at December 31, 2008 whose values are estimated by the Board of Directors in the absence of readily ascertainable market values. We were unable to obtain sufficient competent audit evidence with respect to these estimated values due to audited NAVs not being available for the respective investee funds at the date of our report.

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined necessary to retained earnings as at January 1, 2007, and the movement in unrealised gains/(losses) and net realised gains/(losses) of investments for the years ended December 31, 2008 and 2007, and the estimated values in respect of investments in other funds, as described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

This report is prepared for and only for Anthracite Balanced Company (LIBGDF) Limited, in accordance with the terms of our engagement letter dated January 30, 2009 and for no other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

KPMG

March 30, 2009

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Schedules of Investments

December 31, 2008 and 2007

2008	Units	Fair value	% of net assets
<i><u>Non-affiliated investment funds</u></i>			
FIM Long - Invest (USD) Fund	20,558.32	1,391,555	5.84%
Gems Multistrategy Segregated 1 SPV	1,108.24	792,730	3.32%
CFM Stratus Fund Ltd Discus Class S	756.59	107,398	0.45%
Total investments in other funds	€	2,291,683	9.61%

2007	Units	Fair value	% of net assets
<i><u>Non-affiliated investment funds</u></i>			
Gartmore Antea Class A	5,964.11	5,397,500	20.76%
Olympia Special Opportunities Fund Ltd Class B Euro	47,370.00	5,652,188	21.73%
FIM Long Invest (USD) Fund	27,420.80	4,130,444	15.88%
Persistent Edge Asia Partners Ltd Class A USD	3,649.68	2,733,604	10.51%
Gems Progressive Fund II SPC Multi-strategy Segregated	1,843.10	2,515,155	9.67%
CFM Stratus Fund Ltd Class D Euro Standard Leverage	1,498.78	2,069,708	7.96%
Eureka Euro Fund Limited Share Class B Euro	12,184.16	1,802,768	6.93%
York Total Return Unit Trust Series 5/06	1,126.97	998,176	3.84%
Leman Global diversity Fund, Ltd Class A2	409.00	227,912	0.88%
Total investments in other funds	€	25,527,455	98.16%

See accompanying notes to financial statements.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Balance Sheets

December 31, 2008 and 2007

(stated in Euro)

	Note	2008	2007
Assets			
<i>Financial assets at fair value through profit or loss</i>			
Investments in other funds	4	2,291,683	25,527,455
Forward contracts	6	0	65,239
<i>Loans and receivables</i>			
Cash and cash equivalents	3	13,676,218	51,529
Redemptions receivable	5	10,187,101	4,808,398
		26,155,002	30,452,621
Liabilities			
<i>Financial liabilities measured at amortised cost</i>			
Unsettled forward contracts	6	1,133,753	0
Credit facility	14,15	1,099,046	4,374,749
Accounts payable and accrued expenses	11,12,13,14	77,298	71,816
		2,310,097	4,446,565
Net assets	€	23,844,905	26,006,056
Represented by:			
Share capital	9	4	4
Share premium	10	19,503,122	19,503,122
Retained earnings		4,341,779	6,502,930
	€	23,844,905	26,006,056
Net asset value per redeemable preference share:			
Class C-Based on 200 shares outstanding	€	119,224.525	130,030.280

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on March 30, 2009

CONNAN HILL

Director

ALEX JOHNSTON

Director

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Income Statements

Years ended December 31, 2008 and 2007

(stated in Euro)

	Note	2008	2007
Income			
<i>Financial assets at fair value through profit or loss</i>			
Net realised and unrealised (losses)/gains on investments and foreign currency		(1,847,415)	3,060,482
<i>Other investment income</i>			
Rebate income		38,692	37,816
Interest income		35,813	21,250
		(1,772,910)	3,119,548
Expenses			
Professional fees	14	53,768	0
Investment consultant fees	11	34,402	40,774
Interest expense		29,870	42,378
Administrative fees	12,14	20,000	20,111
Legal fees		6,302	0
Other expenses		3,899	0
		148,241	103,263
Change in net assets attributable to holders of redeemable shares			
		€ (1,921,151)	3,016,285

See accompanying notes to financial statements.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

Years ended December 31, 2008 and 2007

(stated in Euro)

	Note	2008	2007
Balance at beginning of year		26,006,056	27,272,850
Redemption of redeemable shares		0	(3,997,874)
Change in net assets attributable to holders of redeemable shares		(1,921,151)	3,016,285
Dividends paid	13	(240,000)	(285,205)
Balance at end of year		€ 23,844,905	26,006,056

See accompanying notes to financial statements.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Statements of Cash Flows

Years ended December 31, 2008 and 2007

(stated in Euro)

	2008	2007
Cash flows from operating activities		
Purchase of financial assets	(3,219,734)	(4,809,159)
Proceeds from sale of financial assets	18,917,645	3,620,688
Proceeds from derivative financial instruments	1,092,248	1,538,771
Interest received	35,813	21,250
Rebate income received	27,972	28,311
Operating expenses paid	(45,946)	(59,525)
	16,807,998	340,336
Financing activities		
Credit facility	(3,275,703)	3,575,892
Redemption of redeemable shares	0	(3,997,874)
Interest paid	(30,246)	(42,002)
Dividends paid	(302,667)	(222,538)
	(3,608,616)	(686,522)
Increase/(decrease) in cash and cash equivalents during year	13,199,382	(346,186)
Cash and cash equivalents at beginning of year	51,529	299,863
Exchange gains on cash and cash equivalents	425,307	97,852
Cash and cash equivalents at end of year	€ 13,676,218	51,529

See accompanying notes to financial statements.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements

December 31, 2008 and 2007

(stated in Euro)

1. Incorporation and principal activity

Anthracite Balanced Company (LIBGDF) Limited, (the "Company") is an exempted company incorporated with limited liability under the Companies Law of the Cayman Islands on June 20, 2002 as Anthracite Balanced Company (LBAIM) Limited. On July 29, 2003 the Company's name was changed.

The objective of the Company is to expose the Bond Holders of the Issuing Company, Anthracite Rated Company (Jersey) Limited (the "Issuer") to the performance of funds invested in by the Company. The Company is a fund of funds and will consist of a multi-manager multi-strategy portfolio, which will be constructed through investing the Company's assets primarily in securities of other investment funds, funds of funds, investment vehicles and/or in other types of investment vehicles and/or managed accounts (together the "Investment Vehicles") managed by consultants selected by CNP Assurances (the "Company Consultant"), with advice from the Calculating Agent. Asset allocation is determined by Lehman Brothers International (Europe) Limited, the Calculating and Allocating Agent in consultation with the Company Consultant who manages the distribution of the assets to achieve the investment objectives. Darius Capital Partners Limited acts as the Adviser to the Company Consultant.

The funds invested by the Company have been obtained from the proceeds of a bond issue by the Issuer. The Issuer consisted of three different series of Principal Protected Bonds. Series JR-6 with nominal bond amount of €13,000,000, having 130 Class A preference shares of the Company. Series JR-7 with nominal bond amount of €20,000,000 having 700 Class C preference shares of the Company and Series JR-9 with nominal bond amount of US\$10,000,000 having 100 Class B shares of the Company. At different stages the shares of each series were redeemed, on December 27, 2007, 35 Class A shares of Series JR-6 were redeemed for €3,997,874, and thus as at December 31, 2008 and 2007 only 200 Class C shares of Series JR-7 remain. The JR-7 Bonds are €100,000 denominated bearer zero coupon bonds, quoted in the Luxembourg stock exchange issued on June 26, 2002 and are due for maturity on June 26, 2012 (the "Maturity Date"). The Bonds are debt obligations of the Issuer, a special purpose company. The bond holders have no control or interest in the Company and do not have any impact in its actions.

The Bonds are secured by (i) a first fixed charge over 200 Class C Shares of the Company issued at €100,000 each. (ii) an assignment of the rights of the Issuer under the Principal Protection Agreement, the Subscription Agreement and Agency Agreement.

At December 31, 2008 and 2007, the value of the outstanding notional value of the bonds are €20,000,000.

The Company may issue redeemable preference shares in different classes, which may have different investment objectives and terms and conditions as stipulated in the Prospectus. The Company has only one class in issue called Class C redeemable preference shares as at December 31, 2008 and 2007.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

1. Incorporation and principal activity (continued)

On September 15, 2008, Lehman Brothers Holdings Inc. filed for protection under Chapter 11 of the United States Bankruptcy Code. On September 19, 2008, a proceeding under the Securities Investor Protection Act (SIPA) was commenced with respect to Lehman Brothers Inc., a broker-dealer. A trustee appointed under SIPA is administering the bankruptcy estate of Lehman Brothers Inc. Lehman Brothers International (Europe) was placed in administration under the UK Insolvency Act on September 15, 2008. Lehman Brothers Special Financing Inc. filed for protection under Chapter 11 of the United States Bankruptcy Code on October 3, 2008. In connection with these filings, the Lehman Brothers group of companies (collectively "Lehman Brothers") will be reorganized and/or liquidated in an orderly fashion, subject to court approval. Each Lehman Brothers entity is a separate legal entity that is subject to its own bankruptcy proceeding.

As a result of the occurrence of the above, defined in the Prospectus to cause a "Lehman Suspension Event", the Company, through Banque AIG, the Principal Protection Agent, gave notice for redemption of all positions held by the Company.

As at December 31, 2008 and 2007 the Company had no employees. The investment activities of the Company are managed by the Consultant under consultation with Lehman Brothers International (Europe) Ltd. ("LBIE") who also acted as the calculating agent until September 15, 2008 (see note 17), while the administration, share registration and custodial services of the Company are handled by HSBC Financial Services (Cayman) Limited (the "Administrator"). The Company's registered office is located at P.O. Box 1109, George Town, Grand Cayman KY1-1102, Cayman Islands.

2. Significant accounting policies

(a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board (IASB).

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2007.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

2. Significant accounting policies (continued)

(a) Statement of compliance (continued)

The Company's assessment of the impact of adopting those standards, amendments and interpretations are set out below:

- (i) The IFRS 7 - *Financial Instruments: Disclosures*, and a Complementary Amendment to IAS 1 - *Presentation of Financial Statements: Capital Disclosures*.

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk including sensitivity analysis to market risk. It replaces the disclosure requirements in IAS 32, *Financial Instruments: Disclosure and Presentation*.

The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Company assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures are the expanded qualitative and quantitative financial instrument risk disclosures including sensitivity to market risk disclosures and the capital disclosures required by the IAS 1 amendment.

All other new standards, amendments and interpretations effective January 1, 2007 are not considered relevant to the Company's operations.

- (ii) Relevant standards and amendments issued prior to December 31, 2008 but not effective until future periods:

IFRS 8 - *Operating Segments* (effective from January 1, 2009) is not expected to impact the Company as the Company does not fall within the scope of this new standard.

IAS 1 - *Presentation of Financial Statements* (Revised and effective January 1, 2009), results in a new requirement that all changes in equity arising from transactions with owners in their capacity as owners i.e. owner changes in equity be presented separately from non-owner changes in equity. As a result, an entity will no longer be permitted to present components of comprehensive income i.e. non-owner changes in equity in the statement of changes in equity. Instead, a new "statement of comprehensive income" will be required. This revised standard is not expected to significantly impact the Company as currently all non-owner changes in equity are included in the income statements.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

2. Significant accounting policies (continued)

(b) Basis of preparation

The functional and presentation currency of the Company is the Euro and not the local currency of the Cayman Islands, reflecting the fact that the Company's preference shares and ordinary shares (non-redeemable) are issued and redeemed primarily in Euro and the Company's operations are wholly conducted in Euro.

These financial statements are prepared on a fair value basis for financial assets and liabilities held at fair value through profit or loss. Other financial assets and liabilities are stated at amortised or historical cost, which is considered the appropriate fair value due to the short-term nature of these assets and liabilities.

(c) Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the periods. Actual results could differ from those estimates.

(d) Financial instruments

(i) Classification

The category of financial assets and liabilities at fair value through profit or loss comprises financial instruments designated at fair value through profit or loss upon initial recognition and derivatives held for trading.

Financial assets that are classified as loans and receivables include cash and cash equivalents and redemptions receivable and are held at amortised cost.

Financial liabilities that are not at fair value through the profit or loss include unsettled forward contracts, credit facility and accounts payable and accrued expenses.

(ii) Recognition

The Company recognises financial assets and liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognised unless one of the parties has performed or the contract is a derivative contract not exempted from the scope of IAS 39.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

(iii) Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in the case of a financial asset or liability not at fair value through the profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, all instruments classified at fair value through the profit or loss are measured at fair value with changes in the fair value recognised in the income statements.

Financial assets classified as loans and receivables are carried at amortised cost.

Financial liabilities, other than those at fair value through the profit or loss, are measured at amortised cost using the effective interest rate. Financial liabilities arising from the redeemable shares issued by the Company are carried at the redemption amount representing the investors' right to a residual interest in the Company's assets.

(iv) Fair value measurement principles

Investments in other open-ended investment funds are recorded at the unaudited and/or estimated net asset value per share as reported by administrators of such funds. The unaudited net asset values provided by the respective fund administrators may differ from the net asset values that would have been used had audited net asset values of the investment funds at December 31, 2008 been available, and the differences could be material.

The carrying value of other financial assets and liabilities is considered to approximate fair value due to the short-term nature of these instruments.

(v) Unrealised gains and losses on subsequent measurement

Unrealised gains and losses arising from a change in the fair value of trading and financial instruments designated at fair value through profit and loss upon initial recognition are recognised in the income statements.

Unrealised gains and losses are netted with realised gains and losses on investments and foreign currency. Due to the cost of investments sold being unknown, the unrealised and realised gains and losses have been netted.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

(vi) Specific instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash held in current accounts held at a recognized financial institution.

Redemptions receivable

Receivables comprise redemption requests that have been made but which remain unsettled at year end. The Company derecognises the investment in other funds on the redemption date.

Investments in other funds

Investments in other funds are carried at their fair values at the date of the respective balance sheets, which in turn are based on unaudited and/or estimated net asset values as reported by the respective fund administrators of the investment funds in which the Company has invested. The unaudited net asset values provided by the respective fund administrators may differ from the net asset values that would have been used had audited net asset values of the investment funds at December 31, 2008 been available, and the differences could be material. As at December 31, 2008 the directors have estimated a net asset value ("NAV") for the Company based on available information of the investment funds, due to side pockets implemented by the remaining investee funds (see note 4).

At December 31, 2008 and 2007, the carrying amounts of funds invested, for which fair values were determined by reference to audited financial statements amounted to €Nil and €25,299,543 respectively. The carrying amounts of funds invested for which fair values were determined using un-audited NAV statements was €2,291,683 and €227,912 respectively, which represents 100% and 0.89% of investments in other funds respectively.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007
(stated in Euro)

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

(vi) Specific instruments (continued)

Forward Contracts

Forwards contracts are commitments to either purchase or sell a designated financial instrument, currency, commodity or an index at a specified future date for a specified price and may be settled in cash or another financial asset. Forwards contracts result in credit exposure to the counterparty.

The Company enters into forward contracts (note 6) which are classified as held for trading instruments and recognized on the balance sheets at fair value.

The fair value of open positions in forward contracts is calculated as the difference between contract price and fair value based on reported market prices of the underlying contract variables. Realised and unrealised gains and losses are included in the income statements.

Unsettled forward contracts

Unsettled forward contracts comprise matured forward contracts that have not yet settled (note 6).

Credit facility

The Company entered into a credit facility agreement (note 15) with Lehman Commercial Paper, Inc. (the "Credit Facility") for the purpose of leveraging the investments of the Company in respect of the Class C preference shares in the Company. The Company is required to invest in the Equity Portfolio more than the Class C Net Asset Value at such time, it will borrow the amount of such shortfall by making drawings under a credit facility made available to it by Lehman Brothers Commercial Paper, Inc.

(e) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(f) Interest income and interest expense

Interest income and expense is recognised in the income statements on the accrual basis.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

2. Significant accounting policies (continued)

(g) *Expenses*

All expenses are recognised in the income statements on the accrual basis. Transaction costs incurred on the disposal of investments are deducted from the sale proceeds.

(h) *Taxation*

There are no taxes on income or gains in the Cayman Islands, and in accordance with the Tax Concessions Law, the Company has received an undertaking from the Governor in Cabinet of the Cayman Islands exempting it from all local taxation on profits, income or gains until July 2, 2022. Accordingly no provision for income tax is included in the financial statements.

(i) *Net asset value and net asset value per share*

The net asset value of the Company in respect of the Class C Preference Shares, denominated in Euros, is calculated by determining the value of the assets of the Company in respect of the Preference Shares and deducting all liabilities of the Company.

The net asset value per share is calculated in accordance with the Articles of Association by dividing the net assets by the number of redeemable preference shares outstanding at year end.

3. Cash and cash equivalents

As at December 31, 2008 and 2007, the cash and cash equivalents for the purposes of the statements of cash flows comprise the following amounts:

	2008	2007
Current account	€ 13,676,218	51,529

Current account balances are held at HSBC Bank PLC of London.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

4. Investments in other funds

The investment objectives and standard redemption restrictions/liquidity provisions for the investment funds held by the Company at December 31, 2008 and 2007 whose fair value exceeds 5% of net assets are noted below.

Fund	Strategy	Investment	Redemption restrictions/liquidity provisions
FIM Long Invest (USD) Fund	Multi-manager	The fund's investment objective is to seek capital appreciation by allocating assets among a selected group of investment managers and collective investment vehicles in a multi-manager format who, either directly or through their investment in other investment managers employ a variety of diversified investment strategies and techniques investing in securities, options and futures.	Shares may be redeemed by giving at least thirty-five (35) business days prior to the valuation date on which the relevant shares are to be redeemed.
Gems Progressive Fund II SPC Multi-Strategy Segregated Portfolio	Multi-manager	<p>The objective of the fund is to achieve above average long-term capital appreciation through investing in funds managed by managers selected by Gems Management Limited ("GML").</p> <p>GML uses a multi-manager approach to each portfolio so as to minimise risk while maintaining an above average return.</p>	Shares may be redeemed by giving advance notice at least thirty-five (30) business days to the administrator.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

4. Investments in other funds (continued)

Fund	Strategy	Investment	Redemption restrictions/liquidity provisions
Gartmore Antea Class A	Portfolio Funds	The fund will invest in various portfolio funds representing differing asset classes, and these portfolio funds may themselves employ a variety of diversified investment strategies and techniques investing in securities, options and futures, including purchase and sale of stocks, bonds, options, currencies, futures contracts as well as rated and unrated debt and money market instruments throughout the world.	Shares may be redeemed on the last business day after giving 35 days advance notice to the administrator
Olympia Special Opportunities Fund Ltd Class B Euro	Long and/or short	The fund seeks capital appreciation through a structured program of investments in investment companies and other pooled funds and managed accounts analyzed, selected, monitored and rebalanced on an active and ongoing basis by the allocation manager. Portfolio Investments may include the following types of investment vehicles: Open-end and closed-end international investment companies, limited partnerships, trusts, whether or not in unit form, discretionary managed accounts and comparable investment vehicles as structured under local laws.	Shares may be redeemed on the last business day after giving 30 days advance notice to the administrator

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

4. Investments in other funds (continued)

Fund	Strategy	Investment	Redemption restrictions/liquidity provisions
Persistent Edge Asia Partners Ltd Class A USD	Managed Funds	The fund is a multi-manager fund of funds, specializing in generating steady returns over market cycles through the diversification and allocation of capital. The fund seeks capital appreciation. Current income is not an objective.	Shares may be redeemed on the last business day after giving 35 days advance notice to the administrator
CFM Stratus Fund Ltd Class D Euro Standard Leverage	Multistrategy	The fund's investment objective is to achieve consistent, above average returns regardless of market conditions whilst seeking a risk profile that is lower and less volatile than market indices. The fund will seek to achieve its investment objective primarily by investing its assets in the master funds, which are highly decorrelated.	Shares may be redeemed on the last business day after giving 15 days advance notice to the administrator
Eureka Euro Fund Limited Share Class B Euro	Equities of European Companies	The fund's objective is to provide investors with above average absolute returns primarily through investing and trading in equities and equity related instruments. Short-term volatility will be managed through the use of various hedging and risk management techniques.	Shares may be redeemed on the last business day after giving 15 days advance notice to the administrator.

The Company has issued redemption requests to all remaining investment funds as at December 31, 2008. Some investee funds have not accepted the requests due to such events as gates, temporary suspension of determination of net asset values and side pocket investments. Hence the Company has not derecognised these investments as redemptions receivable.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

4. Investments in other funds (continued)

At December 31 2008, the investee funds had placed investments amounting to €2,291,683 representing 100% all investments in sidepockets (2007: Nil). The directors valued the Company's holding in the investee funds in good faith using the information in relation to the market value at that time. The details of investee funds with side pockets are as follows:

Investment in other funds	Fair value/valuation Method	Status and anticipated redemption
FIM Long-Invest (USD) Fund	€1,391,555 Valued at the latest available NAV, being the NAV obtained from the administrator at November 30, 2008.	<p>On January 2, 2009, the next anticipated redemption date after December 31, 2008, it is estimated that 54.72% of the redeeming investors' redemption proceeds will be paid in cash and the balance of 45.18% will form part of Designated Investment Shares, representing investments whose liquidity has materially changed.</p> <p>Designated Investment Shares will be compulsorily redeemed by the fund (Full liquidation of the fund), and payment of the relevant cash proceeds will be made, as soon as reasonably practicable following receipt by the fund of part or all of the cash redemption proceeds due from the Designated Investments. It is estimated that up to 98% of the funds will be available progressively until 2011.</p>

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

4. Investments in other funds (continued)

Investment in other funds	Fair value/valuation Method	Status and anticipated redemption
Gems Multistrategy Segregated 1 SPV	€792,730 Valued at the latest available NAV, being the NAV obtained from the administrator at November 30, 2008.	On January 28, 2009, in relation to redemption requests made on November 30, 2008, it is estimated that 61% of the redeeming investors' redemption proceeds will be paid in cash and the balance of 39% placed in the form of in kind distribution of shares in the multi-strategy segregated portfolio 1 SPV.
CFM Stratus Fund Ltd / Discus Class S	€ 107,398 Valued at the latest available NAV, being the NAV obtained from the administrator at November 30, 2008.	<p>As a result of the bankruptcy proceedings commenced On Friday August 17, 2007 whereby Sentinel Management Group, Inc ("Sentinel"), one of the cash managers of Discus Master Limited (the "Master Fund"), filed for protection from creditors under Chapter 11 of the United States Bankruptcy Code. On August 20, 2007, all payments from Sentinel of any kind have been frozen until the various rights of parties in interest can be approved by the court.</p> <p>As a result of the bankruptcy filing by Sentinel, the Master Fund cannot withdraw its assets from Sentinel. Further, the Master Fund may not ultimately recover all of its assets from Sentinel and, at this time, the Master Fund cannot determine with certainty the value of the assets it will ultimately recover. As a result, the Master Fund suspended determination of its Net Asset Value and suspended all redemptions on August 27, 2007.</p>

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

5. Redemptions receivable

Redemptions receivable relate to investments that have been tendered for redemption as of December 31, 2008 and December 31, 2007. These investments have been derecognized on the redemption date. Subsequent to the balance sheet dates, redemptions receivables have been substantially collected.

6. Forward contracts and unsettled forward contracts

Forward contracts are commitments to purchase or sell a designated currency at a specified future date for a specified price. Lehman Brothers Special Financing Inc. (the "FX Counterpart") will enter into rolling monthly foreign exchange forward contracts with the Company in respect of the Class A preference shares to purchase Euros and sell United States ("US") dollars ("FX Forwards") to hedge the Company's exposure to the movement in Euro, US dollar exchange rates with respect to the US dollar denominated investee fund shares.

The Company had foreign currency forward contracts outstanding with Lehman Brothers Special Financing Inc as counterparty at the time the entity was placed in administration. At the time of being placed into administration, the Company was in a net liability position with respect to transactions and holdings with Lehman Brothers. The net liability position in the foreign currency forward contracts has been incorporated as a liability on the balance sheets of the Company. Interest due on the unsettled liability has not been included in this amount since the Directors opine that it is not the fault of the Company that the principal is outstanding and thus the interest clause under the Credit Facility Agreement will not be invoked. The amount outstanding at December 31, 2008, without taking into account any interest that may be due to Lehman Brothers is €1,133,753.

The Company, through the Principal Protection Agent, has delivered notices of default to the relevant Lehman Brothers entities in accordance with the terms of the applicable agreements. For transactions with Lehman Brothers counterparties, the Company is in the process of terminating the trades and has obtained quotations from brokers for replacement trades. Where possible, the Company has re-opened positions with new counterparties.

The contract amounts stated below reflect the extent of the Company's involvement in forward contracts at December 31, 2007:

2007

Expiry date	Description	Notional Currency	Fair Value
January 22, 2008	US\$/Euro Forward Contract	US\$19,300,000	€65,239

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

7. Segregation and allocation of net asset value

The Class C Shares are referable to the Class C Assets, a pool of assets segregated from the other assets of the Company. The net assets of the series are allocated to the various classes and sub-classes in proportion to related subscriptions received by the Company. These subscriptions constitute contributions to the particular class or sub-class asset pool.

Payments on each class of Preference Shares will be made solely by reference to assets referable to those Preference Shares. Consequently, payments in respect of the Class C Shares will be made solely by reference to the performance of the Class C Assets, and the Class C Assets will not be used to finance payments in respect of other classes of Preference Shares, as applicable.

At December 31, 2008 and December 31, 2007, the Company had issued redeemable preference shares in respect to one class, Class C.

8. Risks associated with financial instruments

The Company's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which the underlying funds invests in. The most important types of financial risk the Company is exposed to are market risk, credit risk, currency risk, interest rate risk and liquidity risk.

Such risks were managed by the Calculating agent, (formerly Lehman Brothers International (Europe) Limited), in consultation with CNP Assurances. Post "Lehman Suspension Event," the risks are managed by the directors with Banque AIG, the principal protection provider. The investments of the Company are regulated by the Prospectus.

The nature and extent of the financial instruments outstanding at the balance sheet dates and the risk management policies employed by the Company are discussed below.

(a) Market risk

In the normal course of business the Company trades financial instruments and enters into financial transactions where risk of potential loss exists due to changes in the market (market risk) or failure of the other party to a transaction to perform (credit risk). Similar to credit risk, the Company may be exposed to counterparty risk, or the risk that an institution or other entity with which the Company has unsettled or open transactions will default. The potential loss could exceed the value of the financial assets recorded in the financial statements. Financial assets, which potentially expose the Company to credit risk, consist principally of cash due from counterparties, redemptions receivable and investments. The extent of the Company's exposure to credit and counterparty risks in respect to these financial assets approximates their carrying value as recorded in the Company's Balance Sheets.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

8. Risks associated with financial instruments

(a) Market risk (continued)

Market risk is mitigated by the Company through the construction of a diversified fund of funds with various strategies employed over a range of different asset classes. A diverse portfolio of instruments are traded on various markets by the investee funds.

(i) Fund of Funds

At December 31, 2008 and 2007, investments in other funds were held as below, and whose respective strategies have been described in Note 4:

Strategy	2008		2007	
	EURO Fair value	% of Net assets	EURO Fair value	% of Net assets
Fund of Funds	2,291,683	9.61%	25,527,455	98.16%

(b) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. As explained in Note 6, the Company had contractual obligations with various Lehman Brothers entities that either filed for bankruptcy protection or were put under administration. Consequently, the Company may be exposed to the risk of Counterparty inability/unwillingness to meet their part of contractual obligations previously entered into.

The Company's assets placed in cash and cash equivalents, investments in open ended funds and redemptions receivable are exposed to credit risk to the extent that the parties liable for these assets may become insolvent and unable to meet their obligations to the Company. Management of the Company mitigates this risk by placing its cash and cash equivalents with large and credit-worthy financial institutions, such as HSBC Bank PLC (the "Bank"), the Company's cash custodian. The extent of the Company's exposure to credit risk with respect to such financial assets is reflected in their carrying values as reported in the Company's balance sheets.

Bankruptcy or insolvency by the Bank may cause the Company's rights with respect to the cash held by the Bank to be delayed or limited.

A schedule of all investments in other funds can be seen on page 3, in conjunction with the balance sheets on page 4.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

8. Risks associated with financial instruments (continued)

(c) *Currency risk*

The Company may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. The Bonds and the Class C preference shares are denominated and repayable in Euros and some or all of the Company's shares may be denominated in United States ("US") dollars. The Company entered into FX forward contracts with Lehman Brothers Special Financing Inc as FX Counterparty (Note 6) as a hedging strategy to limit the effect of fluctuations in the US dollar/Euro exchange rate on the Euro value of its investment in US dollars denominated investee fund shares. However, there can be no assurance that the Company's exchange rate hedging strategy will be entirely successful.

(d) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Company's financial assets are non-interest bearing except for the credit facility agreement. The Company was indirectly exposed to changes in interest rates as the credit facility carried a variable interest based on one month EURIBOR plus 1.2 per cent per annum. The Company's interest rate risk was monitored by the Calculating Agent on a regular basis prior to the Lehman Suspension event (note 17). No interest has been accrued subsequent to the suspension event. As a result the Company is not exposed to any interest rate risk as at December 31, 2008.

(e) *Liquidity risk*

Liquidity provisions relating to investments held as at December 31, 2008 and 2007 have been disclosed in Note 4 of these financial statements.

Liquidity is defined as the number of days between redemption dates plus the number of days notice required to effect redemptions. A fund which offers monthly liquidity will be deemed to have 31 days between redemption dates, a fund with quarterly liquidity 91 days, a fund with semi-annual liquidity 182 days and a fund with annual liquidity 365 days.

The Company's preference shares are anticipated to be held to maturity and hence the Company does not deem be faced with a significant liquidity risk in this aspect. The liquidity of the Company is dependent on the liquidity of the underlying funds. The Company has limitations on the minimum liquidity acceptable in all levels of its underlying investments.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

8. Risks associated with financial instruments (continued)

(e) *Liquidity risk (continued)*

The Company manages the liquidity risk by engaging several lock-up options against the redemption of the preference shares in one hand and requiring various levels of liquidity in the investee funds.

Principal and interest on the credit facility were to be paid first from available cash and secondly by requesting the redemption of investee funds' shares. On the early redemption of any Bonds, the pro rata portion of the amount outstanding under the credit facility was to be repaid. If the Company's investment in investee funds' is reduced on any Adjustment Date in accordance with the Investment Allocation Mechanism, any cash amount realised from the reduction were to be used to repay amounts outstanding under the Credit Facility.

The Company has sufficient cash to fully settle the outstanding amounts under the credit facility but is unable to do so due to the Lehman Suspension event.

Liquidity for the Preference Shareholders

The Company will, on receipt of a written request in the appropriate form by any of the preference share holders redeem the preference shares submitted for redemption.

The Company will procure the liquidation of each category of the Company's assets in a proportion equal to the proportion that the number of preference shares submitted for redemption bears to the aggregate number of the outstanding shares.

The Company anticipates that the Bonds will be held to maturity. However, early redemption is allowed at any time during the time of the Bond. Any early redemption is subject to a discount, to discourage early redemption.

As at December 31, 2008, 9.61% of net asset value has been distinguished as side pocket investments by management of the underlying funds and the timing of redemption cannot be reasonably estimated. These side pockets relate to investments currently held per the schedules of investments on page 3. No equivalent side pockets were in existence as at December 31, 2007. Information regarding the side pocketed investee funds can be found in note 4.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

9. Share capital

	2008	2007
Authorised:		
2 Ordinary Shares of €1 each	2	2
130 Class A Preference Shares of €0.01 each	1	1
700 Class C Preference Shares of €0.01 each	7	7
1,998,970 unclassified preference shares of €0.01 each	19,990	19,990
	€ 20,000	20,000

	2008	2007
Authorised:		
2,500,000 Preference Shares of US\$0.01 each	25,000	25,000
	US\$ 25,000	25,000

	2008		2007	
	Number	€	Number	€
Issued and fully paid:				
Ordinary Shares:				
Balance at beginning of year, being				
balance outstanding at end of year	2	2	2	2

	2008		2007	
	Number	€	Number	€
Issued and fully paid:				
130 Class A Preference Shares of €0.01 each:				
Balance at beginning of year	0	0	35	1
Redeemed during the year	0	0	(35)	(1)
Balance at end of year	0	0	0	0

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

9. Share capital (continued)

	2008		2007	
	Number	€	Number	€
Issued and fully paid:				
200 Class C Preference Shares of €0.01 each:				
Balance at beginning of year, being				
balance outstanding at end of year	200	2	200	2

Ordinary Shares

The Ordinary Shares have been issued at a price of €500 per Ordinary Share and are fully paid and are legally owned by HSBC Financial Services (Cayman) Limited (the "Share Trustee") under the terms of a declaration of trust (the "Declaration of Trust") dated June 25, 2002 under which the Share Trustee holds the Ordinary Shares on trust for certain specified charities. The holders of the Ordinary Shares have the right to receive notice of attend at and vote at any general meetings of the Company on a show of hands or by proxy, but are not entitled to any dividend. The shares are not redeemable nor can they be repurchased whether at the option of the Company or the holder. In the event of winding up or dissolution of the Company, the holders of these shares are only entitled, out of the surplus assets of the general company, to an amount equal to the capital paid up on acquisition of such Ordinary Shares.

Class C redeemable preference shares

Preference Shares are redeemable by shareholders at the redemption price of each Class C Share calculated by dividing the proceeds of the liquidation of a proportionate share of Class C Assets by the total number of Class C Shares submitted for redemption after making an appropriate allowance for fiscal charges (i.e. stamp duty or any other governmental taxes or charges) if any. They have the right to vote at meetings of the Company on a show of hands or by proxy. On a winding up or dissolution of the Company, the preference shareholders will rank in priority to the ordinary shareholders and are entitled to the capital paid up on such shares and thereafter to a pro rata share of the surplus assets, subject to the provisions of the Articles of Association. Class C preference shares carry no pre-emption rights. Dividend shall be payable on the Class C Shares each year in an amount equal to 1.20 per cent per annum of the daily average principal amount outstanding of Bonds (note 1).

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

10. Share premium

Share premium represents the excess of the issue price of the redeemable shares over their nominal or par value reduced by the redemption price of the preference shares over their nominal or par value. The uses to which the balance on this account may be put are as stated in section 34 of the Cayman Islands Companies Law. The movement in share premium account during the year is as follows:

	2008	2007
Balance at beginning of year	19,503,122	23,500,995
Premium on redemption of share	0	(3,997,873)
Balance at end of year	€ 19,503,122	19,503,122

11. Investment consultant fees

Pursuant to a consultancy agreement dated April 24, 2006 (the "Company Consultancy Agreement") the Company will pay CNP Assurances, the Company Consultant, a Consultancy fee of 0.15 per cent per annum of the average of the net asset value of the Equity Portfolio as of each of the three Adjustment Dates immediately preceding the date on which such fee is to be paid, accruing daily and payable quarterly in arrears, on the basis of a year of 360 days consisting of 12 months of 30 days each, on March 25th, June 25th, September 25th and December 25th in each year.

At December 31, 2008 and December 31, 2007, the outstanding consultancy fees were €5,562 and €7,217 respectively and is included under accounts payable and accrued expenses.

12. Administrative fees

Pursuant to the calculation agency agreement dated April 24, 2006, the Company will pay Lehman Brothers International (Europe) a fee of 0.10 per cent per annum of the daily average principal amount outstanding of the Bonds, accruing daily and payable quarterly in arrears, on the basis of a year of 360 days consisting of 12 months of 30 days each, on March 25th, June 25th, September 25th and December 25th in each year. In consideration of this fee, Lehman Brothers International (Europe) has agreed to discharge the administrative fees and expenses in relation to the Bonds of both the Issuer and the Company. The "Lehman Suspension Event", however, caused the fees to cease (see Note 17).

At December 31, 2008 and December 31, 2007, the outstanding administration fees was €10,333 and €222, respectively and is included under accounts payable and accrued expenses.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

13. Dividends

The holders of the Preference Shares are entitled to receive dividends each year in an amount equal to 1.20 per cent per annum of the daily average principal amount outstanding of the Bond and will be paid quarterly in arrears, on a 30/360 basis.

The Bond Issuer will in turn pay Banque AIG, the Principal Protection Provider, a fee of 1.20 per cent per annum of the daily average principal amount outstanding of the Bonds, accruing daily and payable quarterly in arrears.

At December 31, 2008 and December 31, 2007, the dividends payable to the holders of the Preference Shares was €1,333 and €64,000 respectively and is included under accounts payable and accrued expenses, respectively.

14. Related parties

The Administrative agent, HSBC Financial Services (Cayman) Ltd is a related party by virtue of providing the directors of the Company. The Calculating agent, Lehman Brothers International (Europe) Limited is a related party by virtue of its limited veto on the investments held by the Company and the significant influence it assumes on the running of the Company. Anthracite Rated Company (Jersey) is a related party by virtue of being the Bond Issuer and thus financier of the Company (Note 1).

Corporate administration fees

Pursuant to a corporate administration agreement dated June 26, 2002 relating to the Company (the "Corporate Administration Agreement"), HSBC Financial Services (Cayman) Limited has been appointed as corporate administrator (the "Corporate Administrator"). The Corporate Administrator will be paid an annual fee by Lehman Brothers International (Europe).

Balances with Related party balances are listed below:

	2008	2007
Balance sheets:		
Accounts payable and accrued expenses	20,835	222
Credit facility	1,099,046	4,374,749
Income statements:		
Administrative expenses	20,000	20,111
Professional fees	10,502	0

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

15. Credit facility agreement

On June 26, 2002 and as amended and restated on April 24, 2006 the Company entered into a credit facility agreement with Lehman Commercial Paper, Inc. (the "Credit Facility") for the purpose of leveraging the investments of the Company in respect of the Class C Shares in the Fund. The Company is required to invest in the Equity Portfolio more than the Class C Net Asset Value at such time, it will borrow the amount of such shortfall by making drawings under a credit facility made available to it by Lehman Brothers Commercial Paper, Inc. The Credit Facility was to be available until the maturity of the Bonds issued by the Issuer (note 1) and was subject to a maximum permitted borrowing up to the lesser of:

- i. 40 per cent of the Class C Net Asset Value from time to time and
- ii. 70 per cent of the principal amount of the Bonds outstanding at such time.

Interest was to be paid by the Company on the outstanding balance of the Credit Facility at a rate equal to one month EURIBOR plus 1.2 per cent per annum calculated on the basis of the number of days elapsed in a year of 360 days and were to be paid monthly in arrears on the Friday before the last Business Day each month. Such interest were to be paid first from available cash and secondly by requesting the redemption of investee funds' shares. On the early redemption of any Bonds, the pro rata portions of the amount outstanding under the credit facility were to be repaid. If the Company's investment in investee funds' is reduced on any Adjustment Date in accordance with the Investment Allocation Mechanism, any cash amount realised from the reduction were to be used to repay amounts outstanding under the Credit Facility.

The Company has also obtained another short term loan from Lehman Brothers Holdings Inc. (a subsidiary of Lehman Commercial Paper Inc.) amounting to €5,150,000 which was interest free and made in order to facilitate the redemption of Series JR-6 shares, which were initially part of the Company's structure.

At December 31, 2008 and December 31, 2007, the amounts outstanding consist of both the above facilities.

16. Fair value information

For certain financial instruments of the Company, including cash and cash equivalents, redemptions receivable, unsettled forward contracts and accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

ANTHRACITE BALANCED COMPANY (LIBGDF) LIMITED

Notes to Financial Statements (continued)

December 31, 2008 and 2007

(stated in Euro)

17. Lehman suspension event

On September 15, 2008, Lehman Brothers International (Europe) Limited filed for bankruptcy protection (note 1) and failed to perform its duties as the Calculating agent, failing to compute the Net Asset Value for the Company as required under the Calculation Agency Agreement. Under the Prospectus, a "Lehman Suspension Event" occurs when the Company Calculation Agent fails to perform any of its obligations under the Company Calculation Agency Agreement.

Under the Information Memorandum, the Company is obliged to request the redemption of its investee funds' shares on notification by the Principal Protection Provider and/or the Trustee to the Company Calculation Agent of the occurrence of a Lehman Suspension Event. As a result of the suspension event, the Investment Allocation Mechanism was suspended and the Company has requested for redemption of its positions.

Following the suspension, where possible the investments of the Company were redeemed under instruction from Banque AIG, the Principal Protection Agent, however due to sidepockets as detailed in note 4, certain investee funds could not honour the redemption request and remain as Investments on the Balance Sheets as at December 31, 2008.

18. Subsequent events

Barclays Bank plc have made a proposal to the Bond Issuer and the Company in regards to restructuring the underlying structured deal. Under the proposed restructure Barclays Bank plc will assume the roles of Allocation Agent, Credit Facility provider, Principle Protection Provider and FX Forward Counterparty to the Company.

Maples Finance Ltd. will take on the corporate services administration in the Cayman Islands and will also provide new directors to the Company with HSBC Bank (Cayman) Ltd (current Administrator) and the current directors of the Company resigning.

CNP Assurances S.A. will act as the Consultant and Darius Capital Partners will act as the advisor to the Company.

The Company will no longer require a Calculation Agent to determine its NAV each month as this service will be provided by the proposed new Administrator namely, PNC Global Investment Servicing (Europe) Limited. PNC International Bank Ltd will provide the Custodian services.

It is planned that all Lehman Brother's related liabilities will be settled in full by the Company and it will obtain a full release from Lehman Brothers for these liabilities. These settlements could take place before the restructure or after the restructure of the bonds depending on how quickly agreement can be reached on the settlement figures by all parties. The current directors are already in advanced discussions with Lehman Brothers in regard to these settlement amounts. Once all the Lehman liabilities have been paid, then the structured bonds and subsequently the Company can continue business as normal until the maturity of the bonds.

Legal Advisers

to the Company as to matters of Cayman Islands law:

Maples and Calder

PO Box 309, Ugland House

Grand Cayman

KY1-1104

Cayman Islands

SCHEDULE 2

FORM OF CONFIRMATION RELATING TO THE PRINCIPAL PROTECTION AGREEMENT



Barclays Capital
5 The North Colonnade
Canary Wharf
London E14 4BB

Tel +44 (0)20 7623 2323

To: Pegmatite Public Limited Company (the “**Issuer**”)

Attn: The Directors

Fax: +353 1 619 2001

From: Barclays Bank PLC (“**BBPLC**”)

Date: 26 October 2010

Ref.: BL121578

AMENDED AND RESTATED PUT OPTION TRANSACTION CONFIRMATION

The purpose of this facsimile (this “**Confirmation**”) is to confirm the amended and restated terms and conditions of the put option transaction entered into between us on the Trade Date specified below (such amended and restated transaction being the “**Transaction**”). This Confirmation supersedes any previous Confirmation or other written communication with respect to the Transaction described below and evidences a complete and binding agreement between us as to the terms of the Transaction described below. This Confirmation constitutes a “**Confirmation**” as referred to in the Agreement referred to below.

The definitions and provisions contained in the 2006 ISDA Definitions (the “**2006 Definitions**”) and in the 2002 ISDA Equity Derivative Definitions (the “**Equity Definitions**”) and, together with the 2006 Definitions, the “**Definitions**”), in each case as published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”), are incorporated into this Confirmation. In the event of any inconsistency between the 2006 Definitions and the Equity Definitions, the Equity Definitions will govern. In the event of any inconsistency between either set of Definitions and this Confirmation, this Confirmation will govern. References herein to a “**Transaction**” shall be deemed to be references to a “**Share Option Transaction**” for the purposes of the Equity Definitions and a “**Swap Transaction**” for the purposes of the 2006 Definitions.

This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement as amended and supplemented from time to time (the “**Agreement**”) that is incorporated into, and amended and supplemented by, the Master Swap Terms (February 2009 Edition) (the “**Master Swap Terms**”) incorporated into, and amended and supplemented by the Issue Deed dated as of the date hereof that amends and replaces the ISDA Master Agreement between Anthracite Rated Investments (Jersey) Limited and BBPLC dated as of 20 September 2010, as supplemented from time to time (the “**Issue Deed**”), by and among the persons thereto for the purposes of setting out the terms and conditions of the Series 4 EUR 20,000,000 Principal Protected Notes due 2022 linked to a portfolio of funds (the “**Notes**”) of the Issuer under its Multi Issuer Secured Transaction Programme. All provisions contained in the Agreement govern this Confirmation except as expressly modified below. In the event of any inconsistency between the provisions of the Agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction. References to “**Notes**”, a “**Condition**” in respect

of the Notes and any other capitalised term that is used but not defined herein, in the Agreement or in the Definitions shall have the respective meanings ascribed thereto in the Issue Deed.

Capitalized terms used in this Confirmation and not defined in this Confirmation or the Definitions shall have the respective meanings assigned in the Agreement. Each party hereto agrees to make payment to the other party hereto in accordance with the provisions of this Confirmation and of the Agreement.

Each party represents to the other party that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary): -

- (a) **Non-Reliance.** It is acting for its own account for the benefit of its clients, and it has made its own independent decisions to enter into the Transaction and as to whether the Transaction is appropriate or proper based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into the Transaction: it being understood that information and explanations related to the terms and conditions of the Transaction shall not be considered investment advice or a recommendation to enter into the Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of the Transaction.
- (b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of the Transaction. It is also capable of assuming, and assumes, the risks of the Transaction.
- (c) **Status of Parties.** The other party is not acting as a fiduciary for or an adviser to it in respect of the Transaction.
- (d) **No Agency.** It is entering into the Transaction as principal and not as agent of any person.
- (e) **Purpose.** It is entering into the Transaction for the purposes of hedging its assets or liabilities or in connection with a line of business.

The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date	26 June 2002
Effective Date	26 June 2002
Option Style	European
Option Type	Put
Seller	BBPLC
Buyer	Issuer
Shares	200 Class C Preference Shares (as defined in the Memorandum and Articles of Association) issued by PEGASE Four Diversified Limited (the “ Company ”).
Unprotected NAV per Share	Means the net asset value per Share, as published by the Administrator on each Calculation Date. For the purpose of this definition, the Unprotected NAV per Share is deemed to have been published on a Business Day if it has been received by BBPLC on or before 15.00 (local time in London) on such Business Day. If such Unprotected NAV per Share is received by BBPLC after 15.00 (local time in London), it will be deemed to have been published on the following Business Day.

Unprotected NAV	Means the net asset value of all Shares, as published by the Administrator on each Calculation Date.
Calculation Date	<p>Means any Business Day on which the Administrator publishes the Unprotected NAV and Unprotected NAV per Share in respect of a Valuation Day or, if the Administrator subsequently publishes a correction to the Unprotected NAV and Unprotected NAV per Share corresponding to such Valuation Day within 5 Business Days, the Business Day on which such correction is published, any Early Termination Calculation Date and the Final Determination Date.</p> <p>If the Administrator does not publish the Unprotected NAV and Unprotected NAV per Share corresponding to a Valuation Day within 2 Business Days of the scheduled Calculation Date, then the Calculation Agent may estimate such Unprotected NAV and Unprotected NAV per Share, such estimate, if any, being the Unprotected NAV and Unprotected NAV per Share.</p>
Valuation Day:	Means any day in respect of which the Administrator determines the Unprotected NAV and Unprotected NAV per Share, expected to be on a daily basis, as further detailed in the constitutional documents of the Company.
Correction of the Unprotected NAV and the Unprotected NAV per Share	<p>In the event that the Unprotected NAV and Unprotected NAV per Share calculated and published by the Administrator (or any party acting on its behalf) for any Valuation Day is subsequently corrected and the correction is published by the Administrator (or any party acting on its behalf) within 5 Business Days after the original publication, the Calculation Agent shall use the corrected Unprotected NAV and Unprotected NAV per Share figures rather than the original Unprotected NAV and Unprotected NAV per Share figures.</p> <p>For the avoidance of doubt, Section 11.4 of the Equity Definitions shall not apply to the Transaction.</p>
Dealing Date	Means any day on which subscriptions to, and redemptions from, the Shares may be effected as per the governing documents of the Company, expected to be on a monthly basis.
Final Dealing Date	Means the latest Dealing Date which falls at least 45 calendar days before the Scheduled Maturity Date.
Strike Price	EUR 100,000 per Share.
Administrator	Means BNY Mellon Investment Servicing (International) Limited (formerly known as PNC Global Investment Servicing (Europe) Limited), a company incorporated in Ireland or such other person as the Company may appoint from time to time as administrator in respect of the Company.
Advisor	Means Darius Capital Partners or such other person as the Consultant may appoint from time to time as asset allocation advisor in respect of the Class C Assets.
Allocation Agent	Means BBPLC or such other person as the Company may appoint from time to time as allocation agent in respect of the Class C Assets.

Fund Custodian	Means BNY Mellon International Bank Limited (formerly known as PNC International Bank Limited), a company incorporated in Ireland or other such person the Company may appoint from time to time as Fund Custodian in respect of the Company.
Consultant	Means CNP Assurances S.A. or such other person the Company may appoint from time to time as asset allocation consultant in respect of the Class C Assets.
Trustee	Means Citicorp Trustee Company Limited in its capacity as security trustee for, inter alia, the holders from time to time of the Notes or any entity which has succeeded it in that capacity.
Class C Assets	Means the assets of the Company which are in the books of the Company applied to a Separate Fund for the Class C Shares.
Separate Fund	Bears the meaning ascribed to such term in the Memorandum and Articles of Association.
Memorandum and Articles of Association	Means the Memorandum and Articles of Association in respect of the Company as adopted by Special Resolution of the Company on the date hereof, as may be amended from time to time.
Number of Options	200
Option Entitlement	1 Share per Option
Premium	<p>0.60 per cent per annum of the Unprotected NAV, accruing on each day and calculated, in respect of each Calculation Period by the Calculation Agent on an Act / 365 basis.</p> <p>The Premium calculated in respect of a Calculation Period shall be payable on the Premium Payment Date immediately following such Calculation Period.</p> <p>In respect of any accrued but unpaid Premium, if the Fund Custodian (on behalf of the Issuer) has not received from the Company the Relevant Dividend (as defined below) at least 1 Business Day prior to the Final Determination Date or the Early Termination Calculation Date (as applicable), then such Premium shall be zero.</p>
Protected Amount	Means, at the Expiration Date, an amount per Share equal to 100% x Strike Price.
Floor Level	Means, in respect of the Early Termination provision, the present value of the Protected Amount, as calculated by the Calculation Agent acting in a commercially reasonable manner and in good faith as of the Early Termination Date in respect of the Swap Units Transaction (as defined in the Allocation, Consultancy and Advisory Deed) which is designated by a party to such Swap Units Transaction.
Premium Payment Date	The 3 rd Business Day of January, April, July and October in each year and the Maturity Date or the Early Termination Settlement Date (as applicable), from and including the 3 rd Business Day of October 2010 to and including the Maturity Date or the Early Termination Settlement Date (as applicable) (each a “Scheduled Premium Payment Date”).

provided that:

in respect of any Premium Payment Date if the Fund Custodian (on behalf of the Issuer) has not received from the Company an amount equal to the Premium from, and including, the immediately preceding Premium Payment Date (or, if there is no preceding Premium Payment Date, then the date hereof) to, but excluding, such Premium Payment Date (the “**Relevant Dividend**”) then such Premium Payment Date shall be adjusted to fall on the first Business Day following the receipt by the Fund Custodian (on behalf of the Issuer) from the Company of the Relevant Dividend.

Pursuant to the Letter of Direction, the Issuer has directed the Fund Custodian (on behalf of the Issuer) to pay the Premium to Barclays on each Premium Payment Date.

Letter of Direction	The letter of direction dated as of the date hereof between the Issuer and the Fund Custodian and BBPLC.
Calculation Period	Means, in respect of the Transaction, each period from, and including, one Period End Date to, but excluding, the next Following Period end Date, except that (a) the initial Calculation Period shall commence on, and include, 20 September 2010 and end on but exclude the first Period End Date and (b) the final Calculation Period for each party will commence on, and include, the Period End Date immediately preceding the Final Determination Date or the Early Termination Calculation Date (as applicable) and will end on, but exclude, the Final Determination Date or the Early Termination Calculation Date (as applicable) For the avoidance of doubt, Section 4.13 and of the 2006 Derivatives Definitions shall not apply to this Transaction.
Period End Dates	The last Business Day in March, June, September and December in each year commencing in September 2010.
Business Days	TARGET 2, London, Dublin, Jersey, Paris, New York and the Cayman Islands.
Exchange	Not Applicable
Related Exchange(s)	Not Applicable
Exchange Business Day	Not Applicable
Allocation, Consultancy and Advisory Deed	Means the deed dated 20 September 2010 and amended and restated on the date hereof entered into by the Allocation Agent, the Consultant, the Advisor and the Company in respect of the Shares, as the same may be amended or supplemented from time to time.

Procedure for Exercise

Expiration Date	The Final Determination Date
Expiration Time	5 p.m. local time in London
Final Determination Date	Means, subject to the Early Termination provisions, the day that is 3

Business Days immediately preceding the Maturity Date.

Maturity Date Means, subject to the Early Termination provisions, the later of the Scheduled Maturity Date and the Adjusted Maturity Date.

Scheduled Maturity Date Means 3 June 2022 or, if that is not a Business Day, the immediately succeeding Business Day.

Adjusted Maturity Date The day that falls 3 Business Days following the date on which Issuer receives payment in full in respect of the redemption of all of the Shares.

Automatic Exercise: Applicable

Valuation:

Valuation Time The Expiration Time

Valuation Date The Expiration Date

Market Disruption Not Applicable

Settlement Terms:

Cash Settlement Applicable. For the avoidance of doubt Section 6.3 to 6.8 (inclusive) of the Equity Definitions shall not apply to the Transaction.

Settlement Currency EUR

Cash Settlement Payment Date Subject to the Early Termination provisions, the Business Day immediately prior to the Maturity Date.

Option Cash Settlement Amount An amount per Option determined by the Calculation Agent on the Valuation Date equal to:

$$\text{Max } (0, \text{PA} - \text{Fund}_t - [\text{UAA}_t / 200])$$

Where:

PA means the Protected Amount;

Fund_t means the value per Share or, if the Shares are redeemed on more than one Dealing Date, the weighted average value per Share at which the Company has redeemed all of the outstanding Shares targeted for redemption on the Final Dealing Date. For the avoidance of doubt, the value per Share used by the Calculation Agent in the calculation of Fund_t will not include any fees, charges or premiums which may be charged by the Company in respect of the Shares upon their redemption;

UAA_t is the Uncovered Adjustment Amounts; and

Uncovered Adjustment Amounts is the total value (as determined by the Calculation Agent in its sole discretion) of the Class C Assets which is applied by the Company at any time from, and including, the date hereof to, and including, the Valuation Date in payment or satisfaction of any outstanding fees, costs, charges, expenses and/or

liabilities (including, without limitation, legal expenses and/or other expenses arising from the negotiation, settlement or defence of any such fees, costs, charges, expenses and/or liabilities) incurred by any person or entity:

(x) pursuant to any agreement executed by the Company prior to 20 September 2010; and/or

(y) pursuant to any agreement executed by the Company on or following 20 September 2010 where payment in respect thereof is or may effected pursuant to an indemnity contained in such agreement; and/or

(z) as a consequence of any action and/or omission by any person or entity relating in whole or in part to the Notes and/or the Company where at least part of the outstanding fees, costs, charges, expenses and/or liabilities arising either directly or indirectly from such action and/or omission was incurred by the relevant party prior to 20 September 2010 (each event described under (x), (y) and (z) hereof being a “**Company Liability**”).

The Option Cash Settlement Amount in respect of such Option exercised (if any) is payable on the Cash Settlement Payment Date.

Adjustments:

Method of Adjustment

For the purposes of Section 11.2 of the Equity Definitions, in respect of the Shares Calculation Agent Adjustment is applicable.

For the avoidance of doubt, Sections 11.1, 11.3 and 11.4 of the Equity Definitions shall not apply to the Transaction.

Other Terms:

Calculation Agent:

BBPLC, unless any of the events described in Section 5(a)(vii) of the Agreement occurs and BBPLC is the Defaulting Party in respect thereof in which case the Issuer shall appoint a replacement Calculation Agent in accordance with the instructions of the Instructing Holder (as defined below), failing which, such third party as may be nominated by the Issuer as Calculation Agent, and upon such nomination such third party shall be the Calculation Agent for the purposes of the Transaction. Except to the extent that the Calculation Agent has acted negligently or fraudulently or is in wilful breach of its duties, the Calculation Agent shall not be liable to any party for any expense, loss or damage suffered by or occasioned to such party. In any event, the Calculation Agent shall not be responsible for any consequential or indirect loss, notwithstanding it having been advised of the possibility of such loss.

Additional Termination Events

The following shall be Additional Termination Events for this Transaction:

(i) BBPLC submits a Valid Allocation Process Termination Instruction (as defined in the Allocation, Consultancy and Advisory Deed) for the purposes of ceasing its appointment as Allocation Agent to the Company under the Allocation, Consultancy and Advisory Deed. For the purposes of this Additional Termination Event, the Issuer shall be the sole Affected Party and the Transaction shall be the sole Affected Transaction, unless BBPLC ceases to be Allocation

Agent as a result of its fraud, insolvency or wilful default under, or its material breach of, the Allocation, Consultancy and Advisory Deed, in which case BBPLC shall be the sole Affected Party and the Transaction shall be the sole Affected Transaction.

(ii) BBPLC notifies the Issuer that it has determined that any Fund Event (as defined in the attached Schedule) or an Extraordinary Event has occurred, in which case for the purposes of this Additional Termination Event the Issuer shall be the sole Affected Party and the Transaction shall be the sole Affected Transaction. Section 12.7 of the Equity Definitions shall not apply to this Transaction.

(iii) Notice is given to the Issuer that the Notes are immediately due and repayable. For the purposes of this Additional Termination Event, the Issuer shall be the sole Affected Party and the Transaction shall be the sole Affected Transaction.

Early Termination

In the event that either (i) the Calculation Agent or the Issuer determines that a Change in Law or an Insolvency Filing has occurred, or (ii) the Calculation Agent determines that an Event of Default has occurred in relation to the Issuer or a Termination Event (including, for the avoidance of a doubt, an Additional Termination Event) in relation to which the Issuer is an Affected Party has occurred:

(i) BBPLC, or either BBPLC or the Issuer in the case of the occurrence of a Change in Law or Insolvency Filing, (in each case acting in a commercially reasonable manner and in good faith) may designate any day upon which such event is continuing as an Early Termination Trigger Date and the Transaction shall terminate upon the Early Termination Settlement Date determined as provided below (provided that, if such Early Termination Trigger Date has been designated pursuant to (a) an early redemption of the Notes in whole then such Early Termination Trigger Date shall be the date on which the process of redeeming the Notes early is commenced by the Issuer; or (b) the designation of an Early Termination Date in respect of the Swap Units Transaction and/or an FX Transaction (as defined below) then such Early Termination Trigger Date shall be the Early Termination Date in respect of such Swap Units Transaction or FX Transaction.

(ii) BBPLC shall promptly notify the Allocation Agent of its designation of an Early Termination Trigger Date; and

(iii) a settlement amount (the “**BBPLC Final Amount**”) shall be determined by the Calculation Agent, acting in a commercially reasonable manner and in good faith, on the Early Termination Calculation Date, by reference to the following factors: (a) the weighted average value per Share at which the Calculation Agent determines that the Issuer would be able to sell or otherwise realise its holding of Shares in respect of a redemption of such Shares effected as soon as reasonably practicable after the Early Termination Trigger Date, (b) the Floor Level (c) any cost, fee or charge incurred by BBPLC in relation to the termination of the Transaction and (d) any Uncovered Adjustment Amounts.

For the avoidance of doubt the amounts described in (c) and (d) above will reduce the BBPLC Final Amount, but the BBPLC Final Amount is floored at zero.

In the event that the Issuer determines that an Event of Default has

occurred in relation to BBPLC or a Termination Event (excluding any Additional Termination Event) in relation to which BBPLC is an Affected Party has occurred:

(i) the Issuer may designate any day upon which such event is continuing as an Early Termination Trigger Date and the Transaction shall terminate upon the Early Termination Settlement Date;

(ii) the Issuer shall promptly notify the Allocation Agent of its designation of an Early Termination Trigger Date; and

(iii) a settlement amount (the “**Issuer Final Amount**”) shall be determined by the Issuer (and the Issuer may appoint a third party (the “**Issuer Calculator**”) in accordance with the instructions of the Instructing Holder, failing which, such third party as may be nominated by the Issuer to be the Issuer Calculator, and upon such nomination such Issuer Calculator shall calculate the Issuer Final Amount in a commercially reasonable manner and in good faith) on the Early Termination Calculation Date, by reference to the following factors: (a) the weighted average value per Share at which the Issuer Calculator determines the Issuer would be able to sell or otherwise realise its holding of the Shares in respect of a redemption of such Shares effected as soon as reasonably practicable after the Early Termination Trigger Date, (b) the Floor Level, (c) any cost, fee or charge incurred by the Issuer in relation to the termination of the Transaction and (d) any Uncovered Adjustment Amounts.

Where “**Instructing Holder**” means the holder of the majority of the principal amount outstanding of the Notes on the date of such determination of the Issuer Final Amount.

For the avoidance of doubt the amounts described in (c) and (d) above will reduce the Issuer Final Amount, but the Issuer Final Amount is floored at zero.

The BBPLC Final Amount (if any) or the Issuer Final Amount (if any), as applicable, will be payable by the Seller to the Buyer (such amount payable, if any, being the “**Early Termination Settlement Amount**”) within 5 Business Days of the Early Termination Calculation Date (the date of such payment being the “**Early Termination Settlement Date**”).

For the avoidance of a doubt, the value per Share used by the Calculation Agent in the consideration of the Early Termination Settlement Date will not include any fees, charges or premium which may be charged by the Company in respect of the Shares upon their redemption.

Upon payment of the Early Termination Settlement Amount on the Early Termination Settlement Date (or, if the Calculation Agent determines on the Early Termination Calculation Date that no Early Termination Settlement Amount is payable, then as of the Early Termination Calculation Date) each party shall be released from its respective future obligations to the other party, and shall cease to have any further rights against the other party, in respect of the Transaction. Without duplication of any rights or obligations, the designation of an Early Termination Trigger Date shall not affect the rights and obligations of the parties arising on or prior to the Early Termination Settlement Date or the Early Termination Calculation Date (as applicable).

Early Termination Trigger Date	Means any date designated by BBPLC or the Issuer as an Early Termination Trigger Date in accordance with the provisions of the section hereof entitled “Early Termination”.
Early Termination Calculation Date	<p>For the purposes of the calculation of the BBPLC Final Amount:</p> <p>The day that falls 3 Business Days following the date on which the Calculation Agent determines that the Issuer would have received payment in full in respect of the redemption by the Issuer of all of its holding of Shares if the redemption thereof were requested by the Issuer as soon as practicable after the Early Termination Trigger Date.</p> <p>For the purposes of the calculation of the Issuer Final Amount:</p> <p>The day that falls 3 Business Days following the date on which the Issuer determines that the Issuer would have received payment in full in respect of the redemption by the Issuer of all of its holding of Shares if the redemption thereof were requested by the Issuer as soon as practicable after the Early Termination Trigger Date.</p>
Further representation by Issuer	<p>By agreeing to enter into this Transaction, Issuer is deemed to represent and warrant to BBPLC that it is neither a United States person nor a foreign person controlled by a United States person as such terms are defined in Regulation X of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 224, as amended from time to time.</p> <p>As at the Trade Date, Regulation X defines (1) "United States person" to include "a person which is organised or exists under the laws of any state of the United States of America or, in the case of a natural person, a citizen or resident of the United States; a domestic estate; or a trust in which one or more of the foregoing persons has a cumulative direct or indirect beneficial interest in excess of 50% of the value of the trust" and (2) "foreign person controlled by a United States person" to include "any non corporate entity in which United States persons directly or indirectly have more than a 50% beneficial interest, and any corporation in which one or more United States persons, directly or indirectly, own stock possessing more than 50% of the total combined voting power of all classes of stock entitled to vote, or more than 50% of the total value of shares of all classes of stock".</p>
Extraordinary Events:	
Nationalization, Insolvency	Not Applicable
Merger Event	Applicable
Tender Offer	Not Applicable
Delisting	Not Applicable
Index Adjustment Events	Not Applicable
Additional Disruption Events:	
Change in Law	Section 12.9(a)(ii) of the Equity Definitions shall be amended by the deletion of “Shares” and its replacement with “Hedge Positions”.

Insolvency Filing	Applicable.
	For the avoidance of doubt, Section 12.8 and Section 12.9(b) of the Equity Derivatives Definitions shall not apply to this Transaction.
Hedging Disruption	Not Applicable.
Failure to Deliver	Not Applicable.
Increased Cost of Hedging	Not Applicable.
Loss of Stock Borrow	Not Applicable
Increased Cost of Stock Borrow	Not Applicable
Miscellaneous	
Non-Reliance	Applicable
Agreements and Acknowledgments Regarding Hedging Activities	Applicable
Additional Acknowledgments	Applicable.
	The Issuer hereby gives notice, and BBPLC hereby acknowledges that it has notice, of the assignment by way of security by the Issuer to the Trustee of all of its rights under the Transaction and BBPLC hereby consents to such assignment and any further assignment by way of security by the Issuer of such rights to any successor Trustee under the Transaction.
Additional Share Acknowledgements	BBPLC may deal in the Shares, the Company or any other interest issued by or relating to the Company and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with the Company or any other person or entity having obligations relating to the Company and may act with respect to such business in the same manner as it would if the Transaction did not exist, regardless of whether any such action might have an adverse effect on the Company or the position of the Issuer or otherwise.
Process Agent	For the purpose of section 13(c) of the Agreement, the Issuer appoints Hackwood Secretaries Limited, at its address for the time being at One Silk Street, London, EC2Y 8HQ as its process agent.
Consent to Disclosure	Each party hereby agrees that any information in respect of or relating to the Agreement, to the extent that such information is not known to the public, and this Transaction (the "Information") is confidential and shall be treated as such and that each party consents to the communication and disclosure by the other party of the Information to the other party's branches, subsidiaries, Affiliates and advisors and their respective employees, on a need-to-know basis for the purposes of performing the Agreement and this Transaction and to the extent required by law, any government or regulatory authority.
Further Agreement	BBPLC and the Issuer acknowledge and agree that this Put Option Transaction does not constitute a contract of insurance.

Account Details:**Account for payments to BBPLC:**

An account with the following details or any successor account whose details are communicated in writing by BBPLC to the Issuer:

Bank: Barclays Bank PLC, London

IBAN: GB66BARC20 325356218299

SWIFT: BARCGB22

Account Name: Barclays Bank PLC (BARCGB33)

Account Number: 56218299

Address: 1 Churchill Place
London
E14 5HP

Account for payments to the Issuer:

An account whose details shall be communicated separately in writing by the Issuer to BBPLC or any successor account whose details are communicated by the Issuer to BBPLC in writing.

The time of dealing will be confirmed upon written request by Barclays Bank PLC

Please confirm that the foregoing correctly sets forth all the terms and conditions of our agreement with respect to the Transaction by responding within two (2) Business Days by promptly signing in the space provided below and faxing the signed copy to Barclays, Equity Derivatives Incoming Team, OTC Transaction Management, facsimile number +44 (0)20-7516-8226, telephone +44 (0)20-7773-3985. Your failure to respond within such period shall not affect the validity or enforceability of the Transaction as against you. This facsimile shall be the only Confirmation documentation in respect of this Transaction and accordingly no hard copy versions of this Confirmation for this Transaction shall be provided unless the Issuer requests.

BARCLAYS BANK PLC

By:

Name:

Title: Authorised Signatory

PEGMATITE PUBLIC LIMITED COMPANY

By:

Name:

Title:

Date:

By:

Name:

Title:

Date:

Schedule Fund Events

Each of the events listed below shall constitute a Fund Event if the Calculation Agent, acting in a commercially reasonable manner and in good faith, determines that such event has had, or can be expected to have, a material adverse effect on the Shares (including, without limitation, the rights of any investor therein), the Transaction or on BBPLC (including, without limitation, any adverse change to BBPLC's hedging risk profile or ability to effectively hedge its liability under the Transaction):

The Fund Events are intended to preserve the risk profile of the hedging arrangements (if any) entered into by the BBPLC in relation to the Transaction but do not aim at protecting any performance of the related Notes. For the avoidance of doubt, the Calculation Agent has no obligation to actively monitor whether or not any of the Fund Events has occurred or is likely to occur.

- (a) any material change to, or material breach of, the Administration Agreement by the Administrator (including, but not limited to, the Administrator's failure to provide the Allocation Agent with any information required under the Administration Agreement), as notified by the Allocation Agent to the Calculation Agent and regardless of whether or not such breach triggers a termination of the Administration Agreement;
- (b) any material change to, or material breach of, the Custody Agreement by the Fund Custodian (including, but not limited to the Fund Custodian's failure to process any instruction from the Allocation Agent or any other authorised party pursuant to the terms of the Custody Agreement) as notified by the Allocation Agent to the Calculation Agent and regardless of whether or not such breach triggers a termination of the Custody Agreement;
- (c) any material change to, or material breach of, the terms of the Company's constitutional documents by the Company which remains unremedied for 5 Business Days after it has been notified of such breach;
- (d) any material change to, or material breach of, the terms of the Issuer's constitutional documents by the Issuer which remains unremedied for 5 Business Days after it has been notified of such breach;
- (e) any failure by the Issuer (or the Fund Custodian on behalf of the Issuer) to pay the Premium within 5 Business Days of receipt by the Issuer (or the Fund Custodian on behalf of the Issuer) of the Relevant Dividend;
- (f) the unenforceability, illegality or invalidity in whole or in respect of a part of the Transaction;
- (g) the activities of the Administrator, the Fund Custodian, the Consultant, the Company, the Issuer or the Advisor become subject to any investigation, review, proceeding or litigation by any governmental, legal, administrative or regulatory authority to whose rules they are subject by reason of any alleged wrongdoing, breach of any law, rule or any regulation or other similar reason;
- (h) the Administrator, the Fund Custodian, the Consultant, the Company, the Issuer or the Advisor (i) loses any relevant licence or new conditions are imposed on such licence or (ii) has any regulatory authorisation, registration or approval cancelled, suspended, revoked or removed for whatever reason;
- (i) the Unprotected NAV per Share has declined by 20% or more over any 30 day period from and including the date hereof;
- (k) the Administrator fails to publish the Unprotected NAV and Unprotected NAV per Share on any Business Day (unless there is no Business Day in relation to which the Unprotected NAV and Unprotected NAV per Share have not been published) and the Unprotected NAV and Unprotected NAV per Share for the related Valuation Day are not published by the Administrator either (i) on or before the 2nd Business Day following the originally scheduled Calculation Date or (ii) if such non-publication of the Unprotected NAV and Unprotected NAV per Share has directly resulted from an event beyond the control of the Administrator, on or before the 60th Business Day following the originally scheduled Calculation Date;

- (l) there has been any change by the Company to any valuation methodology which it uses in relation to the Shares which has had or will have an adverse effect on the value of the Shares or the Transaction;
- (m) the Company requires the compulsory redemption of any Shares held by the Issuer;
- (n) the calculation or publication of the Unprotected NAV and Unprotected NAV per Share is suspended by the Company or there is a change in the frequency or timing of the calculation or publication of the Unprotected NAV and Unprotected NAV per Share;
- (o) any change in the tax, legal, regulatory or accounting treatment of the Allocation Agent, the Consultant, the Advisor, the Fund Custodian, the Administrator or the Company;
- (p) an Early Termination Date in respect of the Swap Units Transaction or any FX Transaction (as defined in the Allocation, Consultancy and Advisory Deed) is designated by any party thereto;
- (q) the Company or the Consultant ceases to exist or a petition or resolution is made for its winding up, official management, administration or liquidation or analogous event;
- (r) any change of rights attached to the Shares which may in the reasonable opinion of the Calculation Agent have an adverse effect on the Shares or the Transaction;
- (s) any of the Class C Assets are applied by the Company at any time from, and including, the date hereof to, and including, the Valuation Date in payment or satisfaction of any Company Liability;
- (t) any failure by the Company to pay any of the fixed or exceptional dividend described in its articles of association within 10 Business Days of the scheduled payment date thereof set out in such articles of association;
- (u) an Early Termination Date in respect of any Eligible Assets Derivative Provider Transaction (as defined in the Allocation, Consultancy and Advisory Deed) is designated by any party thereto following the occurrence of an Event of Default under the Eligible Assets Derivative Provider ISDA Master (as defined in the Allocation, Consultancy and Advisory Deed) in respect of which the Company is the Defaulting Party under the Eligible Assets Derivative Provider ISDA Master; or
- (v) the long-term unsecured, unsubordinated and unguaranteed debt rating assigned to the Fund Custodian or the Account Bank by Moody's Investors Service Inc., or any successor thereto ("**Moody's**"), and/or Standard and Poor's Rating Group (a division of McGraw-Hill, Inc.), or any successor thereto ("**S&P**") is downgraded below A+ (S&P) or A- (Moody's) and/or the short-term unsecured, unsubordinated and unguaranteed debt rating assigned to the Fund Custodian or any Fund Prime Broker by Moody's or S&P is downgraded below A-1 (S&P) or P-1 (Moody's),

where:

"Account Bank" means HSBC Bank PLC.

INFORMATION CONCERNING THE SWAP COUNTERPARTY

Barclays Bank PLC is a Public Limited Company having its registered office at 1 Churchill Place London E14 5HP incorporated under the laws of England and Wales with registered Company No. 01026167. Barclays Bank PLC carries on the business of general banking activities and the ordinary shares of Barclays Bank PLC are listed on the London Stock Exchange.

GENERAL INFORMATION

- 1) The Issuer has obtained all necessary consents, approvals and authorisations in connection with the performance of the Notes.
- 2) There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer, in each case, since the date of its last audited financial statements.
- 3) The Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Offering Circular that may have, or have had in the recent past, significant effects on its financial position or profitability.
- 4) Each Note and Coupon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
- 5) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems.
- 6) The Issuer does not intend to provide post issuance information.
- 7) For so long as the Notes are outstanding the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection in physical form at the registered office of the Issuer and at the specified office of Citibank N.A., London Branch:
 - (i) the Issue Deed relating to the Notes and each document incorporated by reference into such Issue Deed;
 - (ii) the Memorandum and Articles of Association of the Issuer;
 - (iii) a copy of this Offering Circular together with any document incorporated by reference in this Offering Circular, supplemental offering circular or any other document required or permitted to be published by the rules of the Irish Stock Exchange;
 - (iv) all audited annual financial statements of the Issuer as and when published.

REGISTERED OFFICE OF THE ISSUER

Pegmatite Public Limited Company
5th Floor
75 St. Stephen's Green
Dublin 2
Ireland

TRUSTEE

Citicorp Trustee Company Limited
Citigroup Centre
14th Floor, Canada Square
Canary Wharf
London E14 5LB

ISSUING AND PAYING AGENT AND CUSTODIAN

Citibank N.A., London Branch
Citigroup Centre
21st Floor, Canada Square
Canary Wharf
London E14 5LB

ARRANGER AND CALCULATION AGENT

Barclays Bank PLC
5 North Colonnade
Canary Wharf
London E14 4BB

LISTING AGENT

Maples and Calder
75 St. Stephen's Green
Dublin 2
Ireland

LEGAL ADVISERS

*To the Arranger
in respect of English law*
Linklaters LLP
One Silk Street
London EC2Y 8HQ

*To the Issuer
in respect of Irish law*
Maples and Calder
75 St. Stephen's Green
Dublin 2
Ireland

*To the Trustee
in respect of English law*
Allen & Overy LLP
One Bishop's Square
London E1 6AD