

SUPPLEMENTAL INFORMATION MEMORANDUM

TRANSALP 1 SECURITIES PLC

(A special purpose limited liability company incorporated in Ireland)

EUR 25,000,000 Secured Fixed Rate Notes due September 2014 Series 2011-1 (the "Notes") linked to the EUR 5,000,000,000 Buoni del Tesoro Poliennali linked to European Inflation (ex Tobacco) due 2014 issued by the Republic of Italy

This Supplemental Information Memorandum includes the Issue Terms relating to the Notes. Investors should note that such Issue Terms supersede in their entirety any term sheets that may have been circulated previously.

The Notes are secured by the EUR 5,000,000,000 Buoni del Tesoro Poliennali linked to European Inflation (ex Tobacco) due 2014 issued by the Republic of Italy

The Notes are only intended for highly sophisticated and knowledgeable investors who are capable of understanding and evaluating the risks involved in investing in the Notes. Prospective investors should be aware of the risks involved in investing in the Notes and are required to read the "Risk Factors" in their entirety beginning on page 4.

Dealer

UniCredit Bank AG

The date of this Supplemental Information Memorandum is 9 December 2011

GENERAL

This Supplemental Information Memorandum under which the EUR 25,000,000 Secured Fixed Rate Notes due September 2014 Series 2011-1 linked to the EUR 5,000,000,000 Buoni del Tesoro Poliennali linked to European Inflation (ex Tobacco) due 2014 issued by the Republic of Italy (the "**Notes**") are described is issued in conjunction with, and incorporates by reference, the Base Prospectus dated 8 April 2011 (the "**Base Prospectus**") relating to the EUR 10,000,000,000 TransAlp Structured Note Programme (the "**Programme**") of TransAlp 1 Securities plc (the "**Issuer**"). It should be read together with the Base Prospectus as one document. To the extent that the Base Prospectus is inconsistent with this Supplemental Information Memorandum this Supplemental Information Memorandum shall prevail. Terms defined in the Base Prospectus shall, unless the context otherwise requires, bear the same meanings in this Supplemental Information Memorandum.

Save as disclosed herein there has been no significant change and no new matter has arisen since publication of the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Supplemental Information Memorandum. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplemental Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information relating to the Charged Assets and the Swap Agreement (each as defined herein) has been accurately reproduced from information published by the Counterparty and the obligor of the Charged Assets. In each case, such information has been accurately reproduced from such sources and, so far as the Issuer is aware and is able to ascertain from such sources, no facts have been omitted from such sources which would render the reproduced information inaccurate or misleading.

Neither the delivery of this Supplemental Information Memorandum nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

This Supplemental Information Memorandum has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Directive 2003/71/EC. The Central Bank only approves this Supplemental Information Memorandum as meeting the requirements imposed under Irish and EU law pursuant to Directive 2003/71/EC. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. No assurance can be given as to whether or not or when such application for listing and admission to trading will be approved.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Supplemental Information Memorandum or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Trustee (as defined herein) or the Dealer (as defined herein).

This Supplemental Information Memorandum does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken by the Issuer, Trustee or the Dealer to permit an offering of the Notes or the distribution of this Supplemental Information Memorandum in any jurisdiction where such action is required.

The Issuer is not regulated by the Financial Regulator by virtue of the issue of the Notes. The Notes do not have the status of a deposit and are not subject to the deposit protection scheme operated by the Financial Regulator.

Claims of the Noteholders and the Counterparty will be limited in recourse to the Secured Property.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Consequently, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act.

DOCUMENTS INCORPORATED BY REFERENCE

The Base Prospectus shall be deemed to be incorporated in, and to form part of, this Supplemental Information Memorandum *provided however that* any statement contained in the Base Prospectus shall be deemed to be modified or superseded for the purpose of this Supplemental Information Memorandum to the extent that a statement contained herein modifies or supersedes such statement.

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RISK FACTORS

The purchase of the Notes may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes.

Noteholders may receive a redemption payment less than 100 per cent. of the principal amount they originally invested. There may be circumstances where the Noteholders lose some or all of their principal investment. Payment of interest or principal is not guaranteed. The Issuer believes that the following factors may affect either its ability to fulfil its obligations under the Notes or the performance of the Notes. Some of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive.

Before making an investment decision, prospective purchasers of the Notes should consider carefully, in the light of their own financial circumstances and investment objectives, all the information set forth in this Supplemental Information Memorandum and the Base Prospectus and, in particular, the considerations set out below and should seek their own independent advice to help them evaluate the risks and merits of an investment in the Notes.

Terms defined in the Base Prospectus shall, unless the context otherwise requires, bear the same meanings when used in this section.

Return on the Notes and exposure to the Charged Assets

Before making an investment decision, prospective purchasers should inform themselves about, and make a detailed evaluation of, the nature and financial position of the obligor of the Charged Assets, the economic, social and political conditions of the Republic of Italy and the terms and conditions of the Charged Assets based upon publicly available information. None of the Issuer, the Dealer, Arranger, Trustee or any party referred to herein has had any access to the obligor of the Charged Assets for the purposes of conducting any investigation and no such person makes any representations as to the financial conditions, creditworthiness or any other matter related to the obligor of the Charged Assets for the purposes of the issuance of the Notes. In addition, prospective purchasers should consider the nature and financial position of the Issuer of the Notes as well as the Conditions (as defined herein) of the Notes and the other related transaction documents described in this document.

The return on an investment in the Notes will be dependent upon, inter alia, the value and performance of the Charged Assets and the Counterparty's ability to fulfil its obligations under the Swap Agreement (as defined herein). Investors in the Notes will only receive payments of interest and principal scheduled to be paid in respect of the Notes to the extent that the Issuer receives amounts under the Swap Agreement and/or the Charged Assets that are sufficient to pay such scheduled interest and principal amounts after application of the Security Ranking Basis.

This Supplemental Information Memorandum contains summaries of certain provisions of other documents executed in relation to the Notes, such as the Swap Agreement. Such summaries are subject to, and are qualified by, the actual provisions of each such document, copies of which are available to Noteholders for inspection at the specified office of the Principal Paying Agent. Holders of the Notes to which this Supplemental Information Memorandum relates, and any other person into whose possession this Supplemental Information Memorandum comes, will be deemed to have notice of all provisions of the documents executed in relation to the Notes, which may be relevant to a decision to acquire, hold or dispose of any of such Notes.

Investor Suitability

Investment in the Notes may only be suitable for investors who:

- (i) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Notes and rights attaching to the Notes;
- (ii) are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time;
- (iii) are acquiring the Notes for their own account for investment, and not with a view to resale, distribution or other disposition of the Notes (subject to any applicable law requiring that the disposition of the investor's property be within its control); and
- (iv) recognise that it may not be possible to make any transfer of the Notes for a substantial period of time, if at all.

Issuer's Note Obligations

The ability of the Issuer to meet its obligations under the Notes will be dependent upon the Principal Paying Agent and the Custodian making the relevant payments when received and upon all parties to the Transaction Documents (other than the Issuer) performing their respective obligations thereunder. Accordingly, Noteholders are exposed, *inter alia*, to the creditworthiness of the Principal Paying Agent, the other Paying Agents and the Custodian.

No Due Diligence

Investors should appreciate that in connection with the issue of the Notes, none of the Issuer, UniCredit Bank AG nor any of UniCredit Bank AG's direct or indirect subsidiaries or affiliates nor the Trustee has made or is making any representations whatsoever as to the obligor of the Charged Assets or any information contained in any document filed by the obligor of the Charged Assets with any exchange or with any regulatory authority or governmental entity.

Modifications to the Conditions of the Notes

Prospective investors' attention is drawn to Condition 19 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and, in particular, the provision that the Trustee shall agree to make any modification (whether or not it may be materially prejudicial to the Noteholders) requested by the Dealer in respect of the Notes if, and to the extent that, such modification is to correct an error in the Issue Terms arising from a discrepancy between the

Issue Terms and the final termsheet, as certified by the Dealer in form and content satisfactory to the Trustee.

Independent review and advice

Each prospective purchaser of the Notes must determine, based on its own independent review (including as to the financial condition and affairs and its own appraisal of the creditworthiness) of the Issuer and the obligor of the Charged Assets (including, without limitation, tax, accounting, credit, legal and regulatory advice) as it deems appropriate under the circumstances, whether an investment in the Notes is appropriate in its particular circumstances.

In so doing, and without restricting the generality of the preceding paragraph, such prospective purchaser must determine that its acquisition and holding of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and conditions, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. None of the Issuer, the Trustee, the Dealer or any of their respective affiliates is acting as an investment adviser, or assumes any fiduciary obligation, to any purchaser of Notes.

Neither the Base Prospectus nor this Supplemental Information Memorandum is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation or constituting an invitation or offer that any recipient of the Base Prospectus or this Supplemental Information Memorandum should purchase any Notes. The Trustee and the Dealer expressly do not undertake to review the financial condition or affairs of the Issuer, the Counterparty or the obligor of the Charged Assets.

Limited recourse

Claims against the Issuer by the Noteholders of this Series and by the Trustee, the Counterparty and the Agents will be limited to the Secured Property relating to this Series. The proceeds of realisation of such Secured Property may be less than the sums due to the Noteholders, the Trustee, the Counterparty and the Agents. Any shortfall will be borne by the Noteholders, the Trustee, the Counterparty and the Agents in accordance with the Security Ranking Basis specified in the Issue Terms. Each Noteholder, by subscribing for or purchasing the Notes, will be deemed to accept and acknowledge that it is fully aware that, in the event of a shortfall, (i) the Issuer shall be under no obligation to pay, and the other assets (if any) of the Issuer including, in particular, assets securing other Series of Notes or Alternative Investments will not be available for payment of, such shortfall, (ii) all claims in respect of such shortfall shall be extinguished and (iii) the Noteholders, the Trustee, the Counterparty and the Agents shall have no further claim against the Issuer in respect of such unpaid amounts and will accordingly not be able to petition for the winding up of the Issuer as a consequence of such shortfall.

The Notes are direct, limited recourse obligations of the Issuer alone and not in anyway the obligations of the officers, members, directors, employees or administrator of the Issuer, the Trustee, the Agents, the Counterparty or the obligor of the Charged Assets or their respective

successors or assigns. Furthermore, they are not obligations of, or guaranteed in any way by, the Dealer.

No secondary market

No secondary market is expected to develop in respect of the Notes and in the unlikely event that a secondary market does develop, there can be no assurance that it will provide the Noteholders with liquidity of investment or that it will continue for the life of the Notes. Accordingly, the purchase of the Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes. Investors must be prepared to hold the Notes for an indefinite period of time or until final redemption or maturity of the Notes.

Business relationships

Each of the Issuer, the Dealer, the Trustee, the Agents or any of their affiliates may have existing or future business relationships with the Counterparty or the obligor of the Charged Assets (including, but not limited to, lending, depository, risk management, advisory and banking relationships), and will pursue actions and take steps that they deem or it deems necessary or appropriate to protect their or its interests arising therefrom without regard to the consequences for a Noteholder. Furthermore, the Dealer, the Trustee, the Counterparty, the Agents or any of their respective affiliates may buy, sell or hold positions in obligations of, or act as investment or commercial bankers, advisers or fiduciaries to, or hold directorship and officer positions in the obligor of the Charged Assets.

Taxation

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. The Issuer will not be obliged to pay any additional amounts to Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or any Paying Agents or suffered by the Issuer in respect of its payments under the Charged Agreement (including the deduction of tax from such payments) or any tax, assessment or charge suffered by the Issuer except as provided for in the Issue Terms.

Provision of information

None of the Issuer, the Trustee, the Agents, the Dealer or any of their respective affiliates makes any representation as to the credit quality of the Counterparty, the obligor of the Charged Assets. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to the obligor of the Charged Assets, including, without limitation, information received by the Issuer in its capacity as holder of the Charged Assets. None of such persons is under any obligation to make available any information relating to, or keep under review on the Noteholders' behalf, the business, financial conditions, prospects, creditworthiness or status of affairs of any of the obligor of the Charged Assets or conduct any investigation or due diligence into the obligor of the Charged Assets.

Legal opinions

Legal opinions relating to the Notes will be obtained on issue with respect to the laws of England and of Ireland but no such opinions will be obtained with respect to any other applicable laws and no investigations will be made into the validity or enforceability of the laws of any other jurisdiction in respect of the obligations under the Notes. Any such legal opinions will not be addressed to, and may not be relied on by, Noteholders.

Legality of purchase

None of the Issuer, the Dealer or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

Preferred creditors under Irish law and floating charges

Under Irish law, upon an insolvency of an Irish company such as the Issuer, when applying the proceeds of assets subject to fixed security which may have been realised in the course of a liquidation or receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company (which may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment) which have been approved by the Irish courts (see "*Examination*" below).

The holder of a fixed security over the book debts of an Irish tax resident company (which would include the Issuer) may be required by the Irish Revenue Commissioners, by notice in writing from the Irish Revenue Commissioners, to pay to them sums equivalent to those which the holder received in payment of debts due to it by the company. Where the holder of the security has given notice to the Irish Revenue Commissioners of the creation of the security within 21 days of its creation, the holder's liability is limited to the amount of certain outstanding Irish tax liabilities of the company (including liabilities in respect of value added tax) arising after the issuance of the Irish Revenue Commissioners' notice to the holder of fixed security.

The Irish Revenue Commissioners may also attach any debt due to an Irish tax resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax (whether Irish or EU) whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Irish Revenue Commissioners has not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question.

In relation to the disposal of assets of any Irish tax resident company which are subject to security, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security.

Furthermore, when applying the proceeds of assets subject to floating security which may have been realised in the course of a liquidation or receivership, the claims of a wider category of

preferential creditors will take priority over the claims of creditors holding floating security and over unsecured creditors. In this case, preferred claims include taxes, such as income tax and corporation tax payable before the date of appointment of the liquidator or receiver and arrears of VAT, together with accrued interest thereon and claims of employees.

It is of the essence of a fixed charge that the person creating the charge does not have liberty to deal with the assets which are the subject matter of the security in the sense of disposing of such assets or expending or appropriating the monies or claims constituting such assets and accordingly, if and to the extent that such liberty is given to the Issuer, a charge constituted by a Trust Instrument may operate as a floating, rather than a fixed charge.

In particular, the Irish courts have held that in order to create a fixed charge on receivables it is necessary to oblige the chargor to pay the proceeds of collection of the receivables into a designated bank account and to prohibit the chargor from withdrawing or otherwise dealing with the monies standing to the credit of such account without the consent of the chargee.

Floating charges have certain weaknesses, including the following:

- (a) they have weak priority against purchasers and chargees of the assets concerned (who are not on notice of any negative pledge contained in the floating charge) and against lien holders, execution creditors and creditors with rights of set-off;
- (b) as discussed above, they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up;
- (c) they rank after certain insolvency remuneration expenses and liabilities;
- (d) the examiner of a company has certain rights to deal with the property covered by the floating charge; and
- (e) they rank after fixed charges.

Examination

Examination is a court procedure available under the Irish Companies (Amendment) Act, 1990, as amended (the "**1990 Act**"), to facilitate the survival of Irish companies in financial difficulties.

The company, the directors of the company, a contingent, prospective or actual creditor of the company, or shareholders of the company holding, at the date of presentation of the petition, not less than 1/10th of the voting share capital of the company are each entitled to petition the court for the appointment of an examiner. The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after his appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to his appointment. Furthermore, he may sell assets the subject of a fixed charge. However, if such power is exercised he must account to the holders of the fixed charge for the amount realised and discharge the amount due to them out of the proceeds of sale.

During the period of protection, the examiner will compile proposals for a compromise or scheme of arrangement to assist the survival of the company or the whole or any part of its undertaking as a going concern.

A scheme of arrangement may be approved by the Irish High Court when at least one class of creditors has voted in favour of the proposals and the Irish High Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement. In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. In the case of the Issuer, if the Trustee represented the majority in number and value of claims within the secured creditor class (which would be likely given the restrictions agreed to by the Issuer in the Conditions), the Trustee would be in a position to reject any proposal not in favour of the Noteholders. The Trustee would also be entitled to argue at the Irish High Court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and inequitable in relation to the Noteholders, especially if such proposals included a writing down to the value of amounts due by the Issuer to the Noteholders. The primary risks to the Noteholders if an examiner were to be appointed to the Issuer are as follows:

- (i) the potential for a scheme of arrangement being approved involving the writing down of the debt due by the Issuer to the Noteholders as secured by the relevant Trust Instrument;
- (ii) the potential for the examiner to seek to set aside any negative pledge in the terms of the Notes prohibiting the creation of security or the incurrence of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and
- (iii) in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the Irish High Court) will take priority over any amounts owed to the Noteholders under the terms of the Notes.

Trustee Indemnity

Upon the occurrence of an Event of Default in relation to the Notes, the Noteholders may be required to provide an indemnity to the Trustee to its satisfaction as provided for in Condition 11 (*Events of Default*). The Trustee shall not be obliged to take any action if not indemnified and / or secured and / or prefunded to its satisfaction (either before or after an Event of Default) as to any loss or costs associated with taking such action.

The Risk Factors set out above are not, and are not intended to be, a comprehensive list of all risk factors relevant to a decision to purchase or hold any Notes. The prospective purchaser acknowledges and agrees that there may be, and are, other risk factors associated with the investment in the Notes.

Terms of EUR 25,000,000 Secured Fixed Rate Notes due September 2014 Series 2011-1 (the "Notes") linked to the EUR 5,000,000,000 Buoni del Tesoro Poliennali linked to European Inflation (ex Tobacco) due 2014 issued by the Republic of Italy are set out below.

ISSUE TERMS

The Notes have the terms as set out in these Issue Terms, which will complete and modify the Bearer Notes Base Conditions Module, April 2011 Edition and the General Definitions Module, April 2011 Edition which are incorporated by reference into these Issue Terms (together, the **Conditions**).

1. Issuer: TransAlp 1 Securities plc
2. Description of the Notes: EUR 25,000,000 Secured Fixed Rate Notes due September 2014 Series 2011-1 linked to the EUR 5,000,000,000 Buoni del Tesoro Poliennali linked to European Inflation (ex Tobacco) due 2014 issued by the Republic of Italy
3. Principal Amount of the Notes: EUR 25,000,000
4. (a) Issue Date: 9 December 2011
(b) Issue Price: 100 per cent of the aggregate principal amount

PROVISIONS RELATING TO INTEREST

5. Interest:
 - (a) Interest Rate Basis: As set out below
 - (b) Interest Payment Dates: The second Business Day following each Fixed Rate Payer Payment Date (as defined in the Swap Agreement), provided that no interest shall accrue or be payable following the occurrence of a Charged Assets Redemption Event (as defined in Schedule 1 hereto).
 - (c) Interest Amount: In respect of any Interest Payment Date, an amount equal to (and in the currency of) the amount received by the Issuer from the Counterparty pursuant to the Swap Agreement on the corresponding Fixed Rate Payer Payment Date (as defined in the Swap Agreement).
 - (d) Interest Commencement Date: The Issue Date

- (e) Business Day Convention: Following Business Day Convention

PROVISIONS RELATING TO REDEMPTION

6. Maturity Date: 15 September 2014, unless the Notes are otherwise redeemed, purchased or cancelled prior to such date and subject to Schedule 1 (*Special Conditions*) hereto
7. Final Redemption Amount: 100 per cent. of the Principal Amount.
8. Credit Linked Provisions: Not Applicable, unless and to the extent specified to be applicable in Schedule 1 (*Special Conditions*) hereto

PROVISIONS RELATING TO SECURITY

9. Charged Assets: EUR 25,000,000 in principal amount outstanding of the EUR 5,000,000,000 Buoni del Tesoro Poliennali linked to European Inflation (ex Tobacco) due 2014 issued by the Republic of Italy (ISIN: IT0003625909)
10. Price: EUR 26,947,356.67
107.79 per cent (dirty price)
91.00 per cent (clean price)
11. Substitution of Charged Assets under Condition 4(b)(I): Not Applicable
12. Substitution of Charged Assets under Condition 4(b)(I) following early redemption: Not Applicable
13. Charged Agreements:
- (a) Counterparty: UniCredit Bank AG, Arabellastraße 12, 81925 Munich, Germany
- (b) Swap Agreement: A 1992 ISDA Master Agreement and Schedule thereto (in the form of the Swap Schedule Terms Module, April 2011 Edition) dated as of 9 December 2011 (the "**Master Agreement**"), as supplemented by a confirmation (comprising an asset swap transaction) dated the Issue Date between the Issuer and the Counterparty (the "**Swap Confirmation**" and together the Master Agreement and the Swap Confirmation, the "**Swap**

Agreement").

- (c) Counterparty's rights to assign and/or to delegate its rights and obligations under the Swap Agreement: No

14. Security:

- (a) Security Basis: Ranking Counterparty Priority Basis, which means that the net proceeds of realisation of, or enforcement with respect to, the security constituted by the Trust Instrument shall be applied:
- (i) first, in payment or satisfaction of all amounts due and unpaid under clause 16 (Remuneration and Indemnification of Trustee) and/or clause 17(K) (Supplement to the Trustee Acts 1925 and 2000) of the Trust Terms Module and/or under any Additional Charging Document to the Trustee and/or any Appointee (which shall include any taxes required to be paid, the costs of realising the Security Interests and the Trustee's remuneration);
 - (ii) secondly, to pay when due any reasonably necessary taxes, fees, costs, duties, liabilities and expenses payable (or reasonably expected to become due and payable) that are reasonably incurred by the Issuer (including to its professional advisers) in connection with the issuance of the Notes and the Issuer's ongoing obligations thereunder and under the Transaction Documents entered into by it;
 - (iii) thirdly, in meeting the claims of the Counterparty under the Charged Agreement;
 - (iv) fourthly, in meeting claims of the Noteholders under the Notes on a *pari passu* and *pro rata* basis; and
 - (v) fifthly, in payment of the balance (if any) to the Issuer.
- (b) Instructing Creditor: For the purposes of these Notes only, the Instructing

Creditor shall be the Counterparty.

- (c) Additional Charging Not Applicable
Document:

GENERAL PROVISIONS APPLICABLE TO THE NOTES

15. Transfer Restrictions: Not Applicable
16. Form of Notes: Notes in bearer form to be represented on issue by a Temporary Bearer Global Note.
- The Temporary Bearer Global Security is exchangeable for a Permanent Bearer Global Security, which is exchangeable for Bearer Securities in definitive form only upon an Exchange Event.
17. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D applicable
18. Currency of Issue: Euro ("EUR")
19. Specified Denomination: EUR 100,000
20. Whether the Issuer is able to purchase any of the Notes pursuant to Condition 9 (*Purchases*): Yes. The Issuer shall be entitled to purchase all or a portion of the Notes in accordance with Condition 9.
21. Rating: The Notes will not be rated.
22. Listing: This Supplemental Information Memorandum has been approved by the Central Bank of Ireland (the "**Central Bank**"). The Central Bank only approves this Supplemental Information Memorandum as meeting the requirements imposed under Irish and EU law pursuant to the Directive 2003/71/EC. Application has been made to the Irish Stock Exchange Limited (the "**ISE**") for the Notes to be listed to the Official List and traded on the ISE's regulated market. The listing of the Notes will be subject to approval by the ISE and no assurances can be given that such approval will be forthcoming. Listing is not a condition precedent to settlement.
23. Security Codes:
- (a) ISIN: XS0705420130

- (b) Common Code: 070542013
24. Payments: As per Condition 10 (*Payments*).
25. Additional Agreement: None

AGENTS AND OTHER PARTIES

26. Parties and specified offices:
- (a) Trustee: Deutsche Trustee Company Limited, Winchester House,
1 Great Winchester Street, London EC2N 2DB
 - (b) Principal Paying Agent: Deutsche Bank AG, London Branch, Winchester House,
1 Great Winchester Street, London EC2N 2DB
 - (c) Custodian: Deutsche Bank AG, London Branch, Winchester House,
1 Great Winchester Street, London EC2N 2DB
 - (d) Agent Bank: UniCredit Bank AG, Arabellastraße 12, 81925 Munich,
Germany
 - (e) Registrar and Transfer Agent: Not Applicable
 - (f) Vendor: UniCredit Bank AG, Arabellastraße 12, 81925 Munich,
Germany
 - (g) Selling Agent: UniCredit Bank AG, Arabellastraße 12, 81925 Munich,
Germany
 - (h) Dealer: UniCredit Bank AG, Arabellastraße 12, 81925 Munich,
Germany
 - (i) Calculation Agent: UniCredit Bank AG, Arabellastraße 12, 81925 Munich,
Germany
 - (j) Issuer's process agent: UniCredit Bank AG, London Branch, Moor House, 120
London Wall, London EC2Y 5ET

SCHEDULE 1

SPECIAL CONDITIONS

The following special conditions shall be deemed to be added to the Conditions of the Notes. To the extent that the Conditions of the Notes are inconsistent with the special conditions, such Conditions shall not apply.

1. CHARGED ASSETS REDEMPTION EVENT

- 1.1. Each of the following shall constitute an additional mandatory redemption event in respect of the Notes (each, a "**Charged Assets Redemption Event**"):
- (a) any event or circumstance which may with the giving of notice by the noteholders of the Charged Assets (or the relevant quorum of noteholders of the Charged Assets) or the lapse of time or both, result in the Charged Assets becoming due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (howsoever described) according to the terms and conditions of the Charged Assets;
 - (b) the occurrence of a Restructuring; and
 - (c) the occurrence of a Repudiation/Moratorium,
- each as determined in the sole and absolute discretion of the Calculation Agent.
- 1.2. Upon the Calculation Agent determining the occurrence of a Charged Assets Redemption Event, the Calculation Agent shall as soon as reasonably practicable give written notice thereof (or shall procure that such written notice is given) to the Trustee, the Principal Paying Agent, the Counterparty, the Noteholders and the Selling Agent.
- 1.3. Thereupon, the Selling Agent shall arrange for, and administer the sale of, all of the Charged Assets in accordance with the Agency Agreement. Upon the sale of all of the Charged Assets and receipt of the Realisation Amount, the Issuer shall give notice as soon as reasonably practicable to the Noteholders, the Principal Paying Agent, the Counterparty and the Trustee (which notice shall be irrevocable) of the Realisation Amount and of the date on which the Notes will be redeemed at the Early Redemption Amount.
- 1.4. Upon the sale of the Charged Assets and receipt of the Realisation Amount, the Issuer shall give notice as soon as reasonably practicable to the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable) of the date on which the Notes will be redeemed at the Early Redemption Amount.

2. DEFINITIONS

For the purposes of these Special Conditions:

"Governmental Authority" means any *de facto or de jure* government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the Republic of Italy;

"Repudiation/Moratorium" means the occurrence of the following event: an authorised officer of the Republic of Italy or a Governmental Authority (a) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, the Charged Assets or (b) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto or de jure*, with respect to the Charged Assets; and

"Restructuring" shall have the meaning given to it in the Credit Linked Definitions Module, April 2011 Edition, *provided, however, that* for the purposes thereof:

- (a) the Obligation shall be the Charged Assets;
- (b) the Reference Entity shall be the Republic of Italy;
- (c) the Default Requirement shall be equal to zero;
- (d) Governmental Authority shall have the meaning given to it in these Special Conditions;
- (e) the words "the later of (i) the Credit Event Backstop Date and (ii)" shall be deemed to be deleted from paragraph (a) thereof;
- (f) the words "to any currency which is not a Permitted Currency" shall be deemed to be deleted from paragraph (a)(v) thereof; and
- (g) Multiple Holder Obligation shall be deemed to be inapplicable.

SCHEDULE 2
FORM OF THE SWAP CONFIRMATION

Interest Rate Swap Confirmation

As of 9 December 2011

The Directors
TransAlp 1 Securities PLC
5 Harbourmaster Place
Dublin 1
Ireland

Dear Sirs,

EUR 25,000,000 Secured Fixed Rate Notes due September 2014 Series 2011-1 (the "Notes") linked to the EUR 5,000,000,000 Buoni del Tesoro Poliennali linked to European Inflation (ex Tobacco) due 2014 issued by the Republic of Italy (the "Charged Assets")

The purpose of this letter (this "**Confirmation**") is to confirm the terms and conditions of the interest rate swap transaction entered into between UniCredit Bank AG ("**Party A**") and TransAlp 1 Securities plc ("**Party B**") on the Trade Date specified below (the "**Transaction**"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2006 ISDA Definitions ("**Swap Definitions**") as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. Capitalised terms used in this confirmation by not otherwise defined herein shall have the meaning given to them in the Conditions.

This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement between Party A and Party B, as amended and supplemented from time to time (the "**Agreement**") constituted by the Trust Instrument. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

This confirmation is entered in connection with and subject to the terms of the Charged Assets and the Notes issued by TransAlp 1 Securities plc (ISIN: XS0705420130) issued under the EUR 10,000,000,000 TransAlp Structured Note Programme.

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

1. GENERAL TERMS

Notional Amount: EUR 25,000,000.00

Trade Date: 9 December 2011

Effective Date: 9 December 2011

Termination Date: 15 September 2014

Fixed Amounts

| | |
|------------------------------------|--|
| Fixed Rate Payer: | Party A |
| Fixed Rate Payer Payment Dates: | Each Floating Rate Payer Payment Date falling in September of a calendar year |
| Fixed Rate Payer Period End Dates: | 15 September of each calendar year, commencing on 15 September 2012 and ending on the Termination Date |
| Fixed Rate: | 7.70% |
| Fixed Rate Day Count Fraction: | Act/Act (unadjusted) |

Floating Amounts

| | |
|------------------------------------|---|
| Floating Rate Payer: | Party B |
| Floating Rate Payer Payment Dates: | Each interest payment date in respect of the Charged Assets |
| Floating Amount: | In respect of any Floating Rate Payer Payment Date, an amount equal to (and in the currency of) the amounts scheduled (as of the Trade Date) to be paid to the Issuer by way of interest in respect of the Charged Assets on such Floating Rate Payer Payment Date; <i>provided that</i> , for the avoidance of doubt, the Floating Amount in respect of the first Floating Rate Payer Payment Date shall include any unpaid interest amounts in respect of the Charged Assets that have accrued prior to the Effective Date. |
| Compounding: | Not applicable |

Initial Exchange:

| | |
|----------------------------------|------------------|
| Initial Exchange Date: | Effective Date |
| Party A Initial Exchange Amount: | EUR 1,947,356.67 |
| Party B Initial Exchange Amount: | Nil |

Final Exchange

| | |
|--------------------------------|--|
| Final Exchange Date: | Termination Date |
| Party A Final Exchange Amount: | Final Redemption Amount of the Notes |
| Party B Final Exchange | An amount equal to (and in the currency of) the redemption amount scheduled (as of the Trade Date) to be paid to the |

Amount: Issuer in respect of the Charged Assets

Business Days: TARGET Settlement Day

Business Day Convention: Following

2. OTHER PROVISIONS

Additional Termination Event

An Additional Termination Event shall occur upon the occurrence of a Charged Assets Redemption Event (as defined in the Issue Terms) and for the purposes thereof, the Early Termination Date shall be the date of the event that constitutes the Charged Assets Redemption Event. For the purposes of such Additional Termination Event, the Affected Party shall be Party B.

Additional Tax Representation

Party A hereby warrants and represents that it is a company which is resident for the purposes of corporate income tax in the Federal Republic of Germany and is subject, without any deemed or notional deduction calculated by reference to the amount of the payments receivable by it under this Agreement, to a tax which generally applies to profits, income or gains in the Federal Republic of Germany by persons from sources outside the Federal Republic of Germany. It is not entering into this agreement in connection with any branch or agency which it may have in the Republic of Ireland.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to the attention of the above or by sending to us a letter substantially similar to this letter, which letter sets forth the material terms of the Transaction to which this Confirmation relates and indicates your agreement to those terms.

Yours sincerely,

Confirmed as of the date first above written:

UniCredit Bank AG

TransAlp 1 Securities Plc

By:
Name:
Title:

By:
Name:
Title:

By:
Name:
Title:

SUBSCRIPTION AND SALE

The Dealer agrees that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses or distributes this Supplemental Information Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and the Issuer shall not have any responsibility therefor.

Neither the Issuer nor the Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

In particular, the following selling restrictions shall apply:

1. Selling restrictions relating to the following jurisdictions, as set out in the Base Prospectus: United States (Non U.S. Series), United Kingdom, Republic of Ireland and EEA.
2. **Republic of Italy Selling Restrictions**

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation. The Dealer has represented and agreed that it will not offer or sell any Notes in the Republic of Italy in a solicitation to the public and that any offer, sale or delivery of the Notes or distribution of copies of this Supplemental Information Memorandum or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Any such offer, sale or delivery of the Notes or distribution of copies of this Supplemental Information Memorandum or any other document relating to the Notes in the Republic of Italy must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time); and
- (ii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, which amounts to EUR 25,000,000, will, along with the Party A Initial Exchange Amount of EUR 1,947,356.67 received from the Counterparty, be used to purchase the Charged Assets on the Issue Date.

Method of Payment

On the Issue Date, delivery of beneficial interests in the Notes will be made in book-entry form through the facilities of Euroclear or Clearstream, Luxembourg, in each case against payment therefor in immediately available funds.

INFORMATION REGARDING THE ISSUER OF THE CHARGED ASSETS

The issuer of the Charged Assets is the Republic of Italy. The Charged Assets were issued by the Issuer on 18 February 2004 pursuant to Decree of the Minister of Economy and Finance No. 13682 of 11 February 2004.

GENERAL INFORMATION

1. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) and in the 12 months preceding the date of this document which may have or have in such period had a significant effect of the financial position of profitability of the Issuer.
2. No material fees are payable by the Issuer in respect of which the Issuer does not have a right of reimbursement. The estimated total expenses relating to the admission of the Notes to trading are EUR 3,000.
3. The Dealer will purchase the Notes by transferring EUR 25,000,000 to Deutsche Bank AG, London Branch as Common Depositary for Clearstream, Luxembourg and Euroclear for the Notes.
4. The auditors of the Issuer are Deloitte & Touche who are chartered accountants qualified to practise in Ireland and members of the Institute of Chartered Accountants in Ireland. The auditors of the Issuer have no material interest in the Issuer.
5. The Issuer does not intend to provide any post-issuance information in relation to the Notes.
6. The governing law of the Charged Assets is Italian law.
7. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 8 December 2011.

REGISTERED OFFICE OF THE ISSUER

TransAlp 1 Securities plc
5 Harbourmaster Place
International Financial Services Centre
Dublin 1, Ireland

VENDOR, SELLING AGENT, DEALER AND CALCULATION AGENT

UniCredit Bank AG
Arabellastraße 12
81925 Munich
Germany

TRUSTEE

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

PRINCIPAL PAYING AGENT AND CUSTODIAN

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

LEGAL ADVISERS

To the Dealer and Trustee as to English law:

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10 Upper Bank Street
London E14 5JJ
United Kingdom

To the Issuer as to Irish law:

A&L Goodbody Solicitors
International Financial Services Centre
North Wall Quay
Dublin 1, Ireland

IRISH LISTING AGENT

A&L Listing Limited
International Financial Services Centre
North Wall Quay
Dublin 1, Ireland