

**Securities Note**  
**Dated February 26, 2014**

**EM Falcon Limited**

*(a private limited company incorporated under the laws of Ireland)*

Series 2014-01

U.S.\$16,114,000 Class A Pass-through Notes due 2016 (the “**Class A Notes**”) and  
U.S.\$399,579,000 Class B Pass-through Notes due 2019 (the “**Class B Notes**” and,  
together with the Class A Notes, the “**Notes**”)

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”). THE NOTES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT (“**REGULATION S**”).

This Securities Note (this “**Securities Note**”) is prepared in connection with the Note Issuance Program of EM Falcon Limited (the “**Issuer**”) and must be read in conjunction with the Registration Document dated May 17, 2013 (the “**Registration Document**” and, together with this Securities Note, the “**Prospectus**” or the “**Placement Memorandum**”), issued by the Issuer. Terms used but not defined in this Securities Note have the same meanings as in the Registration Document. The Registration Document is incorporated by reference into this Securities Note.

This Securities Note has been prepared for the purpose of giving information about the issue of the Notes.

This Securities Note has been approved by the Central Bank of Ireland (the “**Central Bank**”) as competent authority under the Prospectus Directive 2003/71/EC (the “**Prospectus Directive**”). The Central Bank only approves this Securities Note as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to a regulated market for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area (EEA). This document constitutes a Securities Note for the purposes of the Prospectus Directive as implemented in Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005 (the “**Prospectus Regulations**”) and this Securities Note and the Registration Document together constitute a “prospectus” for the purposes of the Prospectus Directive and the Prospectus Regulations.

Application has been made to the Irish Stock Exchange (the “**Irish Stock Exchange**”) for the Notes to be admitted to the Official List and trading on its regulated market (the “**Regulated Market**”). The Regulated Market is a “regulated market” for the purposes of Directive 2004/39/EC.

The Notes offered hereby are issued pursuant to the Series 2014-01 Indenture described herein (as supplemented, the “**Indenture**”) among The Bank of New York Mellon as trustee (the “**Trustee**”), the Issuer and the other parties thereto.

The secured assets relating to the Notes will be referred to herein as the “**Charged Assets**”. The holders of the Notes (the “**Holders**”) will have recourse only to the Charged Assets. The Charged Assets will primarily consist of (i) the Reference Assets described herein, (ii) the Issuer’s rights under the other agreements (other than the Indenture) entered into in connection with the issuance of the Notes, (iii) any permitted investments as defined in Annex D hereto (the “**Permitted Investments**”) purchased by the Issuer, (iv) the Collection Account, (v) certain property incidental thereto, and (vi) the proceeds of the foregoing. See “The Charged Assets” herein. The Issuer’s payment obligations in respect of the Class A Notes will rank senior in priority to the Issuer’s payment obligations in respect of the Class B Notes.

The Notes will be issued in Book-Entry form and will be represented by one or more Global Notes in registered form. The Notes will initially be represented by a Global Note registered in the name of the nominee of a common

depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream**”).

The Notes have not been and will not be registered under the Securities Act. The Notes may not be offered or sold within the United States or to U.S. persons at any time.

The Notes will not be rated upon issuance.

**Neither this Securities Note nor the Registration Document shall constitute a prospectus for purposes of the Securities Act. Neither this Securities Note nor the Registration Document are an offering to the public in the United States, and the offering and sale of the Notes pursuant to this Securities Note and the Registration Document shall be subject to the transfer restrictions set forth herein and therein.**

The Issuer accepts responsibility for all the information contained in this Securities Note and, 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 Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Reference Assets Issuer accepts responsibility solely for the information set forth under the heading “The Reference Assets Issuer” in Annex A of this Securities Note (the “**Third Party Information**”). To the best knowledge and belief of the Reference Assets Issuer, such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer has only made very limited enquiries with regards to the accuracy and completeness of the Third Party Information. The Third Party Information has been provided by the Reference Assets Issuer and has been accurately reproduced and, so far as the Issuer is aware, no facts have been omitted which would render the Third Party Information inaccurate or misleading. Prospective investors in the Notes should not rely upon, and should make their own independent investigations and enquires in respect of, the accuracy and completeness of the Third Party Information.

This Securities Note, as approved by the Central Bank, will be filed with the Irish Companies Registration Office in accordance with Regulation 38 (1)(b) of the Prospectus Regulations. The Issuer is not and will not be regulated by the Central Bank as a result of issuing the Notes. 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.

***MORGAN STANLEY***

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## **RISK FACTORS**

**The risk factors below must be read in conjunction with the risk factors set forth in the Registration Document. To the extent any provision in this Securities Note is inconsistent with the Registration Document, the provisions in this Securities Note shall control.**

### **No Ratings on the Notes**

The Issuer does not intend to apply for the Notes to be rated upon issuance. Although the Issuer does not intend to apply for the Notes to be rated, there can be no assurance as to whether any rating agency will nonetheless issue an unsolicited rating and, if so, what such rating would be or how such rating would effect investors' perception of the Notes' value.

### **Public Information About the Reference Assets Issuer**

Prospective purchasers of the Notes are urged to undertake their own investigation of the Reference Assets Issuer. Neither the Issuer nor any Morgan Stanley entity will provide to any prospective Holder any information about the Reference Assets Issuer other than what is set forth herein. The information concerning the Reference Assets Issuer herein has been provided by the Reference Assets Issuer and has not been independently verified by the Issuer, the Distributor, any other Morgan Stanley entity, the Trustee or anyone else in connection with the issuance of the Notes.

### **Market Value Risk with respect to the Reference Assets**

In addition to the credit risk with respect to the Reference Assets, holders of each Class of Notes will be exposed to market value risk with respect to the Reference Assets. If an Early Redemption Event or an Indenture Event of Default occurs, the Issuer's sole source of funds for redeeming the Notes in cash (and not by physical delivery) will be the redemption proceeds or, as the case may be, liquidation proceeds of the Reference Assets. In the case of a liquidation of the Reference Assets, if the Issuer cannot sell the Reference Assets for a price at least equal to the Principal Balance plus an amount equal to all claims which rank senior in priority to the claims of the Holders of the relevant Class of Notes in accordance with the Priority of Payments, the amount received by the Holders of such Class of Notes will be reduced to reflect the Issuer's shortfall.

### **Holders Should Seek Independent Advice before Purchasing the Notes**

By its purchase of a Note, each Holder represents that it has sought independent legal, regulatory, tax, business, investment, financial and accounting advice to the extent it deems such advice necessary in evaluating and understanding all the conditions and the risks of such Note, and it is willing to assume (financially and otherwise) all such risks.

### **Notes May be Redeemed at Less Than 100% of Principal if Redeemed Early; Physical Delivery is the Settlement Mechanism if the Settlement Conditions are Satisfied**

If either Class of Notes is, for any reason, redeemed prior to the Scheduled Maturity Date in respect of such Class, Holders will receive either Reference Assets or U.S. dollars, as more fully described herein. In each case the Holder may face delays in receipt or payment. The Early Redemption Amount is calculated by reference to amounts received by the Issuer as holder of the Reference Assets. The Liquidation Proceeds Amount is the amount received on disposal of the Reference Assets, and is accordingly liable to be affected by market conditions. The Early Redemption Amount and the Liquidation Proceeds Amount may, depending on the circumstances and as further described herein, be payable via physical delivery of the Reference Assets or in U.S. dollars, depending on whether certain Settlement Conditions are satisfied. In addition, any amounts payable or deliverable will be reduced by amounts ranking prior to the Holders of the relevant Class of Notes in the Priority of Payments.

If a Reference Assets Default (other than a Reference Assets Default caused by the insolvency or bankruptcy of the Reference Assets Issuer) occurs prior to the Maturity Date, or a Tax Redemption Event or Indenture Event of Default (other than a Reference Assets Default) has occurred, each Holder of the relevant Class of Notes will receive, subject to deduction of an amount equal to all claims which rank in priority to the Holders of such Class of Notes in accordance with the Priority of Payments, either (i) subject to the Settlement Conditions being satisfied for Physical Delivery, such Holder's pro rata share of outstanding Reference Assets or (ii) if the Settlement Conditions for Physical Delivery are not satisfied, an amount equal to such Holder's pro rata share of the Liquidation Proceeds Amount. In some circumstances, the Liquidation Proceeds Amount might be zero.

### **Class A Notes Rank Senior in Priority to Class B Notes**

All payments or deliveries in respect of the Class A Notes rank senior in priority to payments or deliveries in respect of the Class B Notes. Since payments or deliveries are due to be made on the same dates for both Classes of Notes for so long as the Class A Notes are outstanding, this means that the holders of Class B Notes will not receive any payment or delivery until payments or deliveries in respect of the Class A Notes have been made in full on such date. If the Calculation Agent determines that a Reference Assets Default has occurred, the redemption and liquidation processes that result from that occurrence also rank payments or deliveries in respect of the Class A Notes in priority to payments or deliveries in respect of the Class B Notes.

### **Notes May be Redeemed Early if an Early Redemption Event or Indenture Event of Default Occurs**

The Notes will be redeemed prior to the Maturity Date in the event that (i) an Early Redemption Event occurs prior to such date or (ii) an Indenture Event of Default occurs prior to such date and a Holder opts to have its Notes redeemed early. On redemption of the Notes in these circumstances, Holders may not be repaid the full amount of their investment in the Notes. See “Notes May be Redeemed at Less Than 100% of Principal if Redeemed Early; Physical Delivery is the Settlement Mechanism if the Settlement Conditions are Satisfied” above.

Action or lack of action taken by the Austrian government, which is the jurisdiction of the Reference Assets Issuer and changes in political, economic or social conditions in Austria could lead to the occurrence of an Early Redemption Event which would affect the rights of the Holders to receive payments in respect of Notes in U.S. dollars and would affect the market conditions and price of the Reference Assets.

### **Reference Assets Issuer Credit Risk**

The ability of the Issuer to make payments on the Notes in a timely manner or at all is conditional on the actual receipt by the Issuer of corresponding payments of interest, principal and swap payments from the Reference Assets Issuer in accordance with the terms of the Reference Assets. A default by the Reference Assets Issuer on its payment obligations under the Reference Assets may result in a Holder of the relevant Class of Notes receiving less interest or principal payments than the respective amounts provided for in such Notes, or no payment at all, and/or receiving any such payments later than the anticipated date for payment. In addition, a reduction in the creditworthiness of the Reference Assets Issuer or its default on other obligations outstanding may adversely impact the value of the Notes.

### **Neither the Trustee nor the Calculation Agent or any Other Agent will Monitor the Reference Assets Issuer Credit Risk or Compliance with the Terms of the Reference Assets**

Neither the Trustee nor the Calculation Agent or any other Agent will monitor compliance by the Reference Assets Issuer with the terms of the Reference Assets. The terms of the Reference Assets provide for reporting by the Reference Assets Issuer to the Issuer (with a copy to the Trustee) of the occurrence of an actual or potential event of default or termination event thereunder, but there can be no assurance that the Reference Assets Issuer will self-report as required. Therefore, neither the Trustee nor the Calculation Agent or any other Agent will be aware of any actual or potential event of default or termination event unless specifically notified of it in writing by the Reference Assets Issuer, the Issuer or a Holder. As a result, the consequences of such an event occurring, including an Early Redemption Event, may be delayed until such time as notification of such event has been received by the Trustee.

### **No Compensation for a Period Over Which a Payment Date or the Maturity Date is Extended Beyond a Scheduled Payment Date or Scheduled Maturity Date**

As specified under “Reference Assets Issuer Credit Risk” above, a failure by the Reference Assets Issuer to satisfy in a timely manner its payment obligations under the Reference Assets will result in a delay of payment to the Holders. Therefore, a Payment Date and/or the Maturity Date may be extended beyond the scheduled Payment Date and/or the Scheduled Maturity Date. In any such case, no further interest will accrue on either Class of Notes as a result of any such extension other than any such additional amounts that are actually received by the Issuer from the Reference Assets Issuer in accordance with the terms of the Reference Assets.

**Risk Related to Failure to Maintain a Valid Security Interest in the Charged Assets**

The Trustee's security interest in the Charged Assets may depend on timely and properly filing recordings, filings or registrations in Ireland or the United States that evidence such security interest. Such recordings, filings or registrations may need to be made on a periodic basis in order to maintain the validity of the Trustee's security interest. The Trustee takes no responsibility for effecting or monitoring these recordings, filings or registrations. A failure by the Issuer to maintain the validity of the Trustee's security interest in the Charged Assets may adversely affect the amount that the Holders receive in the event of liquidation, delivery, cure or redemption of the Reference Assets.

## THE NOTES

Series	2014-01
Specified Currency	U.S. dollars
Initial Principal Balance of Class A Notes	U.S.\$16,114,000
Principal Balance of Class A Notes	An amount determined on any date as follows:  (i) the Initial Principal Balance of the Class A Notes; minus  (ii) the aggregate amount of reductions in connection with Principal Reduction Amounts applied to the Principal Balance of the Class A Notes on or before such date of determination.
Principal Reduction Amount of Class A Notes	In respect of each Principal Reduction Date for the Class A Notes, an amount equal to U.S.\$3,222,800, subject to the Priority of Payments and to the Issuer having actually received sufficient payments from the Reference Assets Issuer in respect of the Reference Assets.
Scheduled Maturity Date of Class A Notes	June 20, 2016.
Initial Principal Balance of Class B Notes	U.S.\$399,579,000
Principal Balance of Class B Notes	An amount determined on any date as follows:  (i) the Initial Principal Balance of the Class B Notes; minus  (ii) the aggregate amount of reductions in connection with Principal Reduction Amounts applied to the Principal Balance of the Class B Notes on or before such date of determination.
Principal Reduction Amount of Class B Notes	In respect of each Principal Reduction Date for the Class B Notes, an amount equal to the U.S. dollar amount listed in Annex B, subject to the Priority of Payments and to the Issuer having actually received sufficient payments from the Reference Assets Issuer in respect of the Reference Assets.
Scheduled Maturity Date of Class B Notes	June 21, 2019.

Maturity Date	Subject to the occurrence of an Early Redemption Event or an Indenture Event of Default, the later of (a) in the case of the Class A Notes, the Scheduled Maturity Date of the Class A Notes and in the case of the Class B Notes, the Scheduled Maturity Date of the Class B Notes and (b) the day falling one Business Day after the date on which the Issuer has actually received all amounts of interest, principal and swap payments payable to it by the Reference Assets Issuer in accordance with the terms of the Reference Assets.
Reference Assets	<p>The following are the Reference Assets (as they are expected to be on the Issue Date following the issue of the Notes and the purchase of the Reference Assets):</p> <p>(i) U.S.\$397,620,000 principal amount outstanding under a Credit Facility Agreement originally dated December 22, 2011 between ODN Tay IV Holding GmbH as substitute borrower and the Issuer as new lender (the “<b>Credit Agreement</b>”); and</p> <p>(ii) U.S.\$397,620,000 aggregate notional amount under three interest rate swaps between ODN Tay IV Holding GmbH and the Issuer (the “<b>Swaps</b>”).</p>
Reference Assets Issuer	<p>ODN Tay IV Holding GmbH, incorporated as a limited company in the Republic of Austria.</p> <p>Further information regarding the Reference Assets Issuer can be found under “The Charged Assets” and “The Reference Assets Issuer” in Annex A below.</p>
Reference Assets Maturity Date	For the Credit Agreement, June 21, 2019, and for the Swaps, June 21, 2019.
Pricing Date	February 25, 2014
Issue Date and Closing Date	<p>Closing Date: February 26, 2014</p> <p>Issue Date: February 26, 2014</p>
Issue Price	<p>Class A Notes: 100%</p> <p>Class B Notes: 100%</p>
Interest Rate	<p>The Notes are pass-through Notes, and therefore the provisions relating to the determination of interest set out in the Registration Document shall not apply. See “Distribution Amount” below for payment of the Distribution Amount.</p> <p>The interest rate on the Class A Notes is 3.221% per annum.</p> <p>The interest rate on the Class B Notes for all interest periods is 3.918% per annum, which is a blended rate corresponding to the expected interest rates for the Reference Assets after payment of interest on the Class A Notes and taking into account the Principal</p>



	<p>Reduction Amounts.</p> <p>All computations of interest shall be made on the basis of a 360-day year and the actual number of days elapsed.</p> <p>For so long as the Class A Notes are outstanding, the Issuer's payment obligations in respect of interest on the Class A Notes rank senior in priority to the Issuer's payment obligations in respect of interest payments on the Class B Notes in accordance with the Priority of Payments.</p> <p>However, as described further in "Conditions to Payment", the Issuer shall not be obliged to make any payment to Holders under either Class of Notes unless and until it has actually received a corresponding payment from the Reference Assets Issuer in respect of the Reference Assets.</p>
Interest Payment Date	Each Distribution Amount Payment Date on which a payment corresponding to a payment of interest or a swap payment on the Reference Assets is made, subject to adjustment in accordance with the Modified Following Business Day Convention.
Distribution Amount	<p>Each Distribution Amount will be paid on the applicable Distribution Amount Payment Date. For purposes hereof, "Distribution Amount" means each payment or distribution of any kind (including of principal, interest, swap payments, fees, penalties, rights or property of any type) actually received by the Issuer from the Reference Assets Issuer in respect of the Reference Assets and to be applied to payments under the Indenture in accordance with the Priority of Payments (and not already so applied). The Distribution Amount shall include any payment or distribution of any kind with respect to any distribution relating to the Reference Assets' interest periods (if any) that commenced immediately prior to the Issue Date. The Distribution Amounts will be paid in U.S. dollars.</p> <p>There shall be no further Distribution Amounts payable or deliverable in relation to any payment or distribution of any kind (including of principal, interest, fees, penalties, rights or property of any type) which is made in respect of the Reference Assets after the Maturity Date.</p>
Distribution Amount Payment Date	The dates set out under "Distribution Amount Payment Dates" in Annex B, provided that the funds are received in the Collection Account prior to 11.00am New York time on the relevant Distribution Amount Payment Date, failing which the Distribution Amount Payment Date will be the next following Business Day. These dates are the same as

	<p>the Reference Assets Distribution Dates.</p> <p>For purposes hereof, each Distribution Amount Payment Date corresponding to a payment of interest or a swap payment on the Reference Assets shall be deemed to be an Interest Payment Date, and each Distribution Amount Payment Date corresponding to a payment of principal or other amount (other than interest or swap payments) on the Reference Assets shall be deemed to be a Principal Payment Date.</p> <p>There shall be no further Distribution Amounts payable or deliverable in relation to each payment or distribution of any kind (including of principal, interest, fees, penalties, rights or property of any type) which is made in respect of the Reference Assets occurring after the Maturity Date.</p>
Reference Assets Distribution Date	<p>Each date upon which the Issuer actually receives each payment of interest, principal or swap payment or any distribution of any kind (including of interest, swap payments, fees, penalties, rights or property of any type) from the Reference Assets Issuer in respect of the Reference Assets and to be applied to payments under the Indenture. The expected Reference Assets Distribution Dates are set out in Annex B.</p>
Permitted Investments	<p>Pending payment to the Holders of amounts received from the Reference Assets Issuer, the Trustee will, at the written instruction of 100% of Holders of the Class B Notes and provided the period between receipt of such written instruction and the immediately succeeding Distribution Amount Payment Date is at least five Business Days, invest such amounts in Permitted Investments maturing on or before such immediately succeeding Distribution Amount Payment Date.</p>
Reference Assets Liquidation Distribution Date	<p>Each date upon which the Issuer actually receives any Liquidation Proceeds Amount, early repayment, prepayment or termination proceeds or other similar amounts in connection with the liquidation, repayment or termination of any of the Charged Assets.</p>
Expected Principal Reduction Amounts	<p>The Issuer expects the principal on the Reference Assets to be repaid in installments on each Reference Assets Distribution Date.</p> <p>The Class A Notes are expected to amortize in 5 equal installments of U.S.\$3,222,800 each during their term payable on each Principal Reduction Date for the Class A Notes.</p> <p>The Class B Notes are expected to amortize during their term in 11 installments of the amount set out</p>

	<p>under “Principal Reduction Amounts” in Annex B.</p> <p>The Issuer’s payment obligations in respect of Principal Reduction Amounts on the Class A Notes rank senior to the Issuer’s payment obligations in respect of Principal Reduction Amounts on the Class B Notes in accordance with the Priority of Payments. If there is a shortfall from the Reference Assets Issuer in respect of the Reference Assets to fund the Principal Reduction Amounts on both Classes of Notes in full on a Distribution Amount Payment Date, the amounts available will be applied to the amounts due and payable on such Distribution Amount Payment Date to the Class A Notes in full and, once such amounts have been paid, the remaining amounts available will be applied to the amounts due and payable on such Distribution Amount Payment Date to the Class B Notes.</p> <p>However, as described further in “Conditions to Payment”, the Issuer shall not be obliged to make any payment to Holders of either Class of Notes unless and until it has actually received a corresponding payment from the Reference Assets Issuer in respect of the Reference Assets.</p>
Early Redemption Events	<p>The occurrence of any of the following events, as determined by the Calculation Agent, will constitute an Early Redemption Event:</p> <p>(i) a Tax Redemption Event; or</p> <p>(ii) a Reference Assets Default; or</p> <p>(iii) a Reference Assets Early Redemption.</p> <p>The Notes will be subject to early redemption by the Issuer following an Early Redemption Event, as described under “Payments on or after the Maturity Date and upon an Early Redemption Event”.</p>
Deferred Interest	N/A
Form of Securities	Regulation S Global
Type of Note	Fixed Rate
Minimum Denomination (Integral Multiples)	U.S.\$1,000,000 and Integral Multiples of U.S.\$1,000 thereafter.
Initial Rating	None
Holdover	N/A
ISIN	XS1035844932 for Class A Notes XS1035849220 for Class B Notes
Common Code	103584493 for Class A Notes

	103584922 for Class B Notes
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## APPLICABLE SUPPLEMENT

This Securities Note must be read in conjunction with the Registration Document. To the extent any provision in this Securities Note is inconsistent with the Registration Document, the provisions in this Securities Note shall control. **The description of the Notes contained in this Securities Note does not purport to be, and is not, complete. In addition to this Securities Note and the Registration Document, prospective purchasers should review the Indenture, the terms of the Reference Assets and the terms of any other Charged Assets in making their decision to purchase any Notes.**

Notes .....	<p>The U.S.\$16,114,000 Class A Pass-through Notes due 2016 (the “<b>Class A Notes</b>”) and the U.S.\$399,579,000 Class B Pass-through Notes due 2019 (the “<b>Class B Notes</b>” and, together with the Class A Notes, the “<b>Notes</b>”), each of Series 2014-01, to be issued by the Issuer pursuant to the Indenture.</p> <p>The Notes shall comprise two “<b>Classes</b>” as defined in the Registration Document: Class A Notes and Class B Notes.</p>
Issuer.....	EM Falcon Limited
Charged Assets .....	<p>All the Issuer’s estate, right, title and interest in, to and under, in each case, whether now owned or existing, or hereafter acquired or arising:</p> <ul style="list-style-type: none"> <li>(a) the Reference Assets;</li> <li>(b) the other transaction documents relating to the Notes (other than the Indenture);</li> <li>(c) the Collection Account and the related accounts established to hold the Permitted Investments, including all assets, investments and other amounts held in such accounts;</li> <li>(d) any Permitted Investments purchased by, or on behalf of, the Issuer;</li> <li>(e) all present and continuing right, power and authority of the Issuer, in the name and on behalf of the Issuer, as agent and attorney-in-fact, or otherwise, to make claim for and demand performance on, under or pursuant to any of the foregoing, to bring actions and proceedings thereunder or for the specific or other enforcement thereof, or with respect thereto, to make all waivers and agreements, to grant or refuse requests, to give or withhold notices, and to exercise all rights, remedies, powers, privileges and options, to grant or withhold consents and approvals and do any and all things and exercise all other discretionary rights, options, privileges or benefits which the Issuer is or may become entitled to do with respect to the foregoing; and</li> <li>(f) all proceeds, interest, income, profits or gains with respect to cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing.</li> </ul>

The Charged Assets will provide the sole source of funds for payments in respect of the Notes.

Reference Assets.....	<p>The following are the Reference Assets:</p> <p>(i) U.S.\$397,620,000 principal amount outstanding under a Credit Facility Agreement originally dated December 22, 2011 originally between ODN Tay IV GmbH as borrower, BNP Paribas S.A. as administrative agent and collateral trustee and the other financial institutions named therein as lenders, as amended, novated and restated by a Deed of Amendment and Restatement, Release and Novation dated on or about the Issue Date and, as a result of such deed, between ODN Tay IV Holding GmbH as substitute borrower and the Issuer as new lender (the “<b>Credit Agreement</b>”); and</p> <p>(ii) U.S.\$397,620,000 aggregate notional amount under three interest rate swaps with original trade dates of August 12, 2013, August 14, 2013 and December 17, 2013 originally between various international banks as Party A and ODN Tay IV GmbH as Party B, as novated by Novation Confirmations dated the Issue Date pursuant to which Morgan Stanley &amp; Co. International plc (“<b>MSIP</b>”) replaced the banks as Party A, as amended and further novated by a Novation Agreement dated on or about the Issue Date so as to be between the Issuer as Party A and ODN Tay IV Holding GmbH as Party B (the “<b>Swaps</b>”).</p>
Reference Assets Issuer .....	<p>ODN Tay IV Holding GmbH, incorporated with limited liability in the Republic of Austria.</p> <p>Further information regarding the Reference Assets Issuer can be found under “The Charged Assets” and “The Reference Assets Issuer” in Annex A.</p>
Trustee .....	The Bank of New York Mellon
Distributor.....	Morgan Stanley & Co. LLC
Calculation Agent .....	Morgan Stanley Capital Services LLC
Collateral Disposal Agent.....	An entity to be specified by the relevant Holders in the Disposal Directions as provided under “Payments on or after the Maturity Date and upon an Early Redemption Event – Liquidation of Charged Assets Due to an Early Redemption Event” below and which shall meet the requirements therein, which entity shall act in accordance with the terms of a power of attorney substantially in the form of Annex E hereto granted to it by the Trustee.
Issue Date and Closing Date .....	<p>Closing Date: February 26, 2014</p> <p>Issue Date: February 26, 2014</p>
Scheduled Maturity Date .....	<p>Class A Notes: June 20, 2016</p> <p>Class B Notes: June 21, 2019.</p>
Maturity Date.....	Subject to the occurrence of an Early Redemption Event or an Indenture Event of Default, the later of (a) in the case of the Class A Notes, the Scheduled Maturity Date of the Class A Notes and in the case of the Class B Notes, the Scheduled Maturity Date of the Class B Notes and (b) the day falling one Business Day after the date on which the Issuer has actually received all amounts of interest, principal and swap payments payable to it by the Reference Assets Issuer in accordance with the terms of the Reference Assets.

Issue Price .....	Class A Notes: 100%
	Class B Note: 100%
Initial Principal Balance of Class A Notes and Authorized Amount of Class A Notes.....	Class A Notes: U.S.\$16,114,000
Principal Balance of Class A Notes .....	An amount determined on any date as follows: (i) the Initial Principal Balance of the Class A Notes; minus (ii) the aggregate amount of reductions in connection with Principal Reduction Amounts applied to the Principal Balance of the Class A Notes on or before such date of determination.
Principal Reduction Amount of Class A Notes .....	In respect of each Principal Reduction Date for the Class A Notes, an amount equal to U.S.\$3,222,800, subject to the Priority of Payments and to the Issuer having actually received sufficient payments from the Reference Assets Issuer in respect of the Reference Assets.
Initial Principal Balance of Class B Notes and Authorized Amount of Class B Notes.....	Class B Notes: U.S.\$399,579,000
Principal Balance of Class B Notes .....	An amount determined on any date as follows: (i) the Initial Principal Balance of the Class B Notes; minus (ii) the aggregate amount of reductions in connection with Principal Reduction Amounts applied to the Principal Balance of the Class B Notes on or before such date of determination.
Principal Reduction Amount of Class B Notes.....	In respect of each Principal Reduction Date for the Class B Notes, an amount equal to the U.S. dollar amount listed in Annex B, subject to the Priority of Payments and to the Issuer having actually received sufficient payments from the Reference Assets Issuer in respect of the Reference Assets.
Principal Payments .....	Each Distribution Amount that corresponds to a payment of principal or other amount (other than interest or a swap payment) under the Reference Assets and that becomes a Principal Reduction Amount shall be deemed to be a Principal Payment of the Class A Notes and/or the Class B Notes, as the case may be, hereunder.
Principal Reduction Date .....	Each Distribution Amount Payment Date on which the Issuer actually receives from the Reference Assets Issuer in respect of the Reference Assets sufficient funds to pay a Principal Reduction Amount in respect of the Class A Notes and, subject to the Priority of Payments, the Class B Notes. The schedule of anticipated Principal Reduction Dates for both Classes of Notes is set out in Annex B hereto.
Business Day .....	Any day, other than a Saturday or Sunday, that is a day on which commercial banks are generally open for business in London, New York, Paris, Rio de Janeiro and Sao Paulo.
Business Day Convention.....	Modified Following Business Day Convention. “ <b>Modified Following Business Day Convention</b> ” means that the relevant date shall be postponed to the first following day that is a Business Day provided that in the event that the day on which any payment is due is not a Business Day but is a day of the month after which no further Business Day occurs in such month, then the due date thereof shall be the immediately preceding Business Day.
Holdover .....	Not Applicable.

Interest:

<i>Interest Payment Dates</i> .....	Each Distribution Amount Payment Date on which a payment corresponding to a payment of interest or a swap payment on the Reference Assets is made, which dates are expected to be those dates set out under the heading “Distribution Amount Payment Dates” in Annex B (each, a “ <b>Scheduled Interest Payment Date</b> ”), in each case subject to adjustment in accordance with the Modified Following Business Day Convention, with no adjustment to the calculation periods (each such date, an “ <b>Interest Payment Date</b> ”).
<i>Interest Rate</i> .....	<p>The interest rate on the Class A Notes is 3.221% per annum.</p> <p>The interest rate on the Class B Notes for all interest periods is 3.918% per annum, which is a blended rate corresponding to the expected interest rates for the Reference Assets after payment of interest on the Class A Notes and taking into account the Principal Reduction Amounts.</p> <p>All computations of interest shall be made on the basis of a 360-day year and the actual number of days elapsed.</p> <p>For so long as the Class A Notes are outstanding, the Issuer’s payment obligations in respect of interest on the Class A Notes rank senior to the Issuer’s payment obligations in respect of interest on the Class B Notes. If there is a shortfall from the Reference Assets Issuer in respect of the Reference Assets to fund the interest payments on both Classes of Notes in full on a Distribution Amount Payment Date, the amounts available will be applied to the amounts due and payable on such Distribution Amount Payment Date to the Class of A Notes in full and, once such amounts have been paid, the remaining amounts available will be applied to the amounts due and payable on such Distribution Amount Payment Date to the Class B Notes. The Calculation Agent will calculate the amounts due and payable on each Class of Notes and will notify the Trustee in writing of the amounts due and payable on each Class of Notes.</p> <p>For the avoidance of doubt and notwithstanding anything to the contrary herein, (i) no interest shall accrue on either Class of the Notes following the Scheduled Maturity Date for such Class and (ii) other than as described under “Interest on Overdue Amounts” below, no additional interest shall accrue for the period an Interest Payment Date is extended beyond the related Scheduled Interest Payment Date.</p>
<i>Interest Payment Amount</i> .....	The Notes are pass-through Notes and therefore, in respect of each Interest Payment Date, the Interest Payment Amount in respect of each Class of Notes will be such Class’s share determined in accordance with the Priority of Payments of an amount equal to the corresponding amount of interest actually received by the Issuer from the Reference Assets Issuer prior to such Interest Payment Date under the terms of the Reference Assets. However, as described further in “Conditions to Payment”, the Issuer shall not be obliged to make any payment to Holders under the Notes unless and until it has actually received a corresponding payment from the Reference Assets Issuer in respect of the Reference Assets. Payments will be made in accordance with the Priority of Payments.
<i>Interest on Overdue Amounts</i> .....	Under the terms of the Reference Assets, if the Reference Assets Issuer fails to pay any amount payable by it under the Reference Assets on its due date, interest shall accrue on such overdue amount from the date such amount was originally due up to the date of actual payment (both



before, on and after any judgment) at a rate which is two per cent. higher than the non-defaulted interest rate thereunder. Any such additional amounts of interest that are actually received by the Issuer from the Reference Assets Issuer shall be paid pro rata to Holders of each Class as additional amounts of interest on the next following Distribution Amount Payment Date.

Interest Payments..... Each Distribution Amount hereunder corresponding to a payment of interest or a swap payment under the Reference Assets shall be deemed to be a payment of interest in respect of the Class A Notes and/or the Class B Notes, as the case may be, hereunder.

Distribution Amount..... Each Distribution Amount will be paid on the applicable Distribution Amount Payment Date. For purposes hereof, "Distribution Amount" means each payment or distribution of any kind (including of principal, interest, swap payments, fees, penalties, rights or property of any type) actually received by the Issuer from the Reference Assets Issuer in respect of the Reference Assets and to be applied to payment under the Indenture (and not already so applied). The Distribution Amount shall include any payment or distribution of any kind with respect to any distribution relating to the Reference Assets' interest period (if any) that commenced immediately prior to the Issue Date. The Distribution Amounts will be paid in U.S. dollars.

There shall be no further Distribution Amounts payable or deliverable in relation to any payment or distribution of any kind (including of principal, interest, fees, penalties, rights or property of any type) which is made in respect of the Reference Assets after the Maturity Date.

Distribution Amount Payment Date..... The dates set out under "Distribution Amount Payment Dates" in Annex B, provided that the funds are received in the Collection Account prior to 11.00am New York time on the relevant Distribution Amount Payment Date, failing which the Distribution Amount Payment Date will be the next following Business Day. These dates are the same as the Reference Assets Distribution Dates.

For purposes hereof, each Distribution Amount Payment Date corresponding to a payment of interest or a swap payment on the Reference Assets shall be deemed to be an Interest Payment Date, and each Distribution Amount Payment Date corresponding to a payment of principal or other amount (other than interest or swap payments) on the Reference Assets shall be deemed to be a Principal Payment Date.

There shall be no further Distribution Amounts payable or deliverable in relation to each payment or distribution of any kind (including of principal, interest, fees, penalties, rights or property of any type) which is made in respect of the Reference Assets occurring after the Maturity Date.

Reference Assets Distribution Date..... Each date upon which the Issuer actually receives each payment of interest or principal or any distribution of any kind (including of interest, swap payments, fees, penalties, rights or property of any type) from the Reference Assets Issuer in respect of the Reference Assets.

The expected Reference Assets Distribution Dates are set out in Annex B.

Distributions will be paid into the Collection Account and pending application to pay the Holders are expected to be invested in Permitted

Investments provided that the Trustee receives the written instruction of 100% of the Holders of the Class B Notes at least five Business days prior to the succeeding Distribution Amount Payment Date. The Trustee will also be permitted to use the distributions to satisfy the Issuer's obligations under the Swaps in exchange for receipt of the counterparty payments from the Reference Assets Issuer thereunder.

Reference Assets Liquidation Distribution Date ..	Each date upon which the Issuer actually receives any Liquidation Proceeds Amount, early repayment, prepayment or termination proceeds or other similar amounts in connection with the liquidation, repayment or termination of any of the Charged Assets.
Conditions to Payment.....	Subject to the occurrence of an Early Redemption Event or an Indenture Event of Default, payments of the Distribution Amounts and the Redemption Amount, Early Redemption Amount or liquidation proceeds on the Notes shall be subject to the actual and timely receipt and retention by the Issuer of the relevant corresponding amounts (net of tax) due to it from the Reference Assets Issuer in respect of the Reference Assets, or the Liquidation Proceeds Amount. The Issuer shall not be obliged to make any payment to Holders under the Notes unless and until it has actually received a corresponding payment from the Reference Assets Issuer in respect of the Reference Assets or the Liquidation Proceeds Amount. Actual receipt by the Issuer after the relevant due date for payment in respect of any payment under the terms of the Reference Assets will result in a delay to the corresponding Distribution Amount Payment Date and may cause the Maturity Date for a Class of Notes to occur after the relevant Scheduled Maturity Date of such Class.
Order of Seniority .....	The Issuer's payment obligations in respect of the Class A Notes rank senior to the Issuer's payment obligations in respect of the Class B Notes.
Priority of Payments .....	<p>Unless specifically provided otherwise herein, payments will be made in accordance with the following Priority of Payments:</p> <p>On each Distribution Amount Payment Date, or other date of distribution, payments by the Trustee will be made in the following amounts and in the following order of priority:</p> <p>(i) first, to the payment of (1) first, Administrative Expenses and (2) second, Administrative Indemnities, up to the amounts provided for in the Base Indenture;</p> <p>(ii) second, to each Class of Holders in the Order of Seniority, an amount equal to:</p> <p>(1) the amount of interest due and payable in respect of such Class of Notes on such Payment Date; and</p> <p>(2) the amount of any overdue interest in respect of such Class of Notes on such Payment Date; and</p> <p>(3) if such date is a Principal Payment Date, the Principal Balance of such Class of Notes due and payable on such Principal Payment Date;</p> <p>(iii) third, to the payment of any Administrative Expenses and Administrative Indemnities not covered in clause (i) above without limitation and in the same order; and</p> <p>(iv) finally, to the Reference Assets Issuer, an amount equal to all amounts due and payable by the Issuer to the Reference Assets Issuer on or prior to such Payment Date pursuant to the termination provisions of</p>

the Swaps.

With respect to Notes within a particular Class, payments will be applied among the Notes within such Class according to their respective Principal Balances.

Payments on or after the Maturity Date and upon an Early Redemption Event:

*On or after the Scheduled Maturity Date .....*

Unless an Early Redemption Event or an Indenture Event of Default occurs on or prior to the Scheduled Maturity Date of the Notes, upon determination by the Issuer that it has actually received payment in full of all amounts due under the Reference Assets, the Notes remaining outstanding will be redeemed in accordance with the Priority of Payments in an amount (the “**Redemption Amount**”) equal to the final payment or distribution of any kind (including of principal, interest, swap payments, fees, penalties, rights or property of any type) actually received by the Issuer from the Reference Assets Issuer in respect of the Reference Assets. Payment of the Redemption Amount will be made in accordance with the Priority of Payments set out herein (and not as set out in the Registration Document). The Redemption Amount will be paid on the Maturity Date.

*Early Redemption .....*

The Notes will be subject to early redemption by the Issuer following an Early Redemption Event (as described below) (an “**Early Redemption**”).

(I) If a Reference Assets Default occurs, the Calculation Agent will, as soon as it becomes aware of such Reference Assets Default, notify the Trustee and the Issuer in writing of such Reference Assets Default, upon receipt of which the Trustee will, within two Business Days, (i) notify the Reference Assets Issuer of the occurrence of such event and (ii) request the Reference Assets Issuer to (a) repay the Reference Assets comprising the Credit Agreement in full as soon as practically possible but in no event later than five (5) calendar days following the date of such request (the “**Cure Period**”) and (b) to pay any termination payment to be paid by the Reference Assets Issuer on the Swaps as if they were to be terminated at the end of the Cure Period, except if the Reference Assets Default was caused by the insolvency or bankruptcy of the Reference Assets Issuer, in which case no Cure Period will apply and the provisions of this paragraph (I) will not apply to such Reference Assets Default.

If (a) the Reference Assets Issuer repays, either partially or fully, the Reference Assets within the Cure Period or (b) a Reference Assets Early Redemption occurs, the corresponding amount available for redemption of the Notes in accordance with the Priority of Payments will be an amount (the “**Early Redemption Amount**”) equal to (i) the prepayment or repayment proceeds of the Credit Agreement plus (if an amount is owed from the Reference Assets Issuer to the Issuer) or minus (if an amount is owed from the Issuer to the Reference Assets Issuer) the early termination payment from the Swaps, minus (ii) an amount equal to all claims which rank in priority to the claims of the relevant Class of Holders in accordance with the Priority of Payments. The Calculation Agent will calculate the amounts due and payable on each Class of Notes and will notify the Trustee in writing of the amounts due and payable on each Class of Notes.

Subject to the Settlement Conditions being satisfied at any time within

90 calendar days (the “**Physical Delivery Period**”) of the occurrence of the relevant Early Redemption Event, a Holder of Class A Notes (in respect of any amount remaining due and payable on them after application of the cash pursuant to the preceding paragraph) and a Holder of Class B Notes (in respect of any amount remaining due and payable on them after application of the cash pursuant to the preceding paragraph and payment in full or delivery in respect of the Class A Notes) is required to take delivery (“**Physical Delivery**”) of its Net Physical Entitlement to the Reference Assets that have not been paid in cash. If the Calculation Agent notifies the Trustee in writing that the Settlement Conditions are satisfied within the Physical Delivery Period, the Trustee will, within five Business Days of receipt of such notification, direct the Issuer to effect a transfer or novation to such Holder of its Net Physical Entitlement to the Reference Assets into the name that such Holder directs. For these purposes, a Holder’s “**Net Physical Entitlement**” at any date means Reference Assets in a principal amount that is equal to the lesser of (A) such principal amount of Reference Assets whose Market Value is equal to any amount remaining due and payable to such Holder after application of the cash pursuant to the preceding paragraph, or (B) greater of (i) zero and (ii) such Holder’s pro rata share of the amount equal to (x) the principal amount of the Reference Assets that have not been paid in cash prior to such date minus (y) an amount equal to all claims which rank in priority to the claims of such Holder in accordance with the Priority of Payments. For these purposes, “**Market Value**” of the Reference Assets will be determined on the basis of the highest Bid Quote received by the Calculation Agent from Reference Dealers to purchase the aggregate amount of outstanding Reference Assets not settled in cash, in accordance with the procedures used by the Collateral Disposal Agent to determine the Liquidation Proceeds Amount more particularly described below.

If the Settlement Conditions are not satisfied within the Physical Delivery Period, then the Calculation Agent will notify the Trustee thereof, upon which the Trustee will, within five Business Days, direct the Collateral Disposal Agent to carry out the procedures specified under (II) below.

(II) If (i) following the end of the Cure Period, the Reference Assets are not repaid in full or terminated and settled in full by the Reference Assets Issuer, (ii) a Reference Assets Default caused by the insolvency or bankruptcy of the Reference Assets Issuer has occurred, (iii) a Reference Assets Early Redemption has occurred but not all Reference Assets are repaid in full or terminated and settled by the Reference Assets Issuer, (iv) a Tax Redemption Event has occurred or (v) an Indenture Event of Default (other than a Reference Assets Default) has occurred, then, subject to the Settlement Conditions being satisfied within the Physical Delivery Period, a Holder is required to take delivery, in accordance with the Priority of Payments, of its Net Physical Entitlement to the Reference Assets that have not been paid in cash. If the Calculation Agent notifies the Trustee in writing that the Settlement Conditions are satisfied within the Physical Delivery Period, the Trustee will, within five Business Days of such notification, direct the Issuer to effect a transfer or novation to such Holder of its Net Physical Entitlement to the Reference Assets into the name that such Holder directs.

If the Settlement Conditions are not satisfied within the Physical Delivery Period, then the Calculation Agent will notify the Trustee thereof, upon which the Trustee will, within five Business Days, direct the Collateral Disposal Agent to:

(A) request firm bid quotations to purchase the aggregate amount of outstanding Reference Assets (a “**Bid Quote**”) from, to the extent reasonably practicable, three leading banks, dealers, brokers or any other active market participants that deal in obligations of the type as such Reference Assets (as selected by the Collateral Disposal Agent in its reasonable discretion) (each such dealer or entity, which may or may not include an affiliate of such dealer, a “**Reference Dealer**”), in respect of the purchase of some or all of the Reference Assets from the Issuer; or

(B) arrange for the sale of the outstanding Reference Assets to the Reference Dealer which provided the highest quotation(s) and transfer to the Collection Account an amount equal to the Liquidation Proceeds Amount received by the Collateral Disposal Agent.

The “**Liquidation Proceeds Amount**” will be an amount in U.S. dollars equal to the greater of (i) zero and (ii) (x) the liquidation proceeds of the Reference Assets determined in accordance with the provisions described below under “Liquidation of Charged Assets Due to an Early Redemption Event”, minus (y) an amount equal to all claims which rank in priority to the claims of the Holders of each Class in accordance with the Priority of Payments.

*Liquidation of Charged Assets Due to an Early Redemption Event .....*

In the event the Reference Assets are not redeemed by the Reference Assets Issuer or Physical Delivery is not effected in accordance with the foregoing procedures set out under “Early Redemption”, upon receiving notification from the Calculation Agent or the Trustee of an Early Redemption Event or an Indenture Event of Default, the Holders will be required to timely deliver Disposal Directions to the Trustee. The Trustee’s appointment of the Collateral Disposal Agent shall be subject to (i) timely receipt of the Disposal Directions, (ii) the Trustee’s prior receipt of adequate assurance (as determined by the Trustee) that costs and expenses incurred by the Trustee in connection with its appointment of the Collateral Disposal Agent shall be paid by the Holders giving the Disposal Directions and (iii) the satisfaction by the Collateral Disposal Agent of all required legal and compliance requirements of the Trustee, including without limitation any “know your customer” regulations under any applicable law (“**KYC Requirements**”). Upon receipt of such Disposal Directions, adequate assurance and satisfaction of the Trustee’s KYC Requirements, the Trustee shall, within two Business Days and pursuant to a power of attorney substantially in the form of Annex E hereto (but subject to adjustment to its terms to comply with then-current documentation requirements of the Trustee in connection with the granting of any power of attorney), appoint the Collateral Disposal Agent to request firm Bid Quotes to purchase the aggregate amount of outstanding Reference Assets from, to the extent reasonably practicable, three Reference Dealers that deal in obligations of the type as such Reference Assets (as selected by the Collateral Disposal Agent in its reasonable discretion) or any other entity selected by the Holder in the Disposal Directions (each such Reference Dealer or entity, which may or may not include an affiliate of such Reference Dealer, a “**Liquidation Reference Dealer**”), in respect of the purchase of some or all of the Reference Assets from the Issuer. Upon receipt by the

Collateral Disposal Agent of such quotations (to the extent provided), the Collateral Disposal Agent shall, in accordance with the terms of the power of attorney granted to it by the Trustee, arrange for the sale of the Reference Assets to the Liquidation Reference Dealer which provided the highest quotation(s). If no Collateral Disposal Agent is specified by the Holders in the Disposal Directions and an unsolicited firm bid quotation to purchase the outstanding Reference Assets (an **“Unsolicited Bid”**) is received by the Trustee, the Trustee shall arrange for the sale of the outstanding Reference Assets to the entity that provided such Unsolicited Bid unless it has received prior objection to such sale from at least 75% of the Holders of the aggregate principal amount of the outstanding Class A Notes (unless the Class A Notes have been redeemed in full, in which case from at least 75% of the Holders of the aggregate principal amount of the outstanding Class B Notes). If the Reference Assets have not been sold within nine (9) months from the date of the occurrence of an Early Redemption Event or Indenture Event of Default, then the Liquidation Proceeds Amount shall be deemed to be zero, the Notes shall be cancelled by the Issuer and the Reference Assets shall be cancelled, discharged or terminated by the Reference Assets Issuer.

The liquidation proceeds or acceleration proceeds (as the case may be) of the Reference Assets that are received by the Collateral Disposal Agent shall be transferred by the Collateral Disposal Agent to the Collection Account immediately upon receipt of such proceeds.

**“Disposal Directions”** means a written direction of at least 75% of the Holders of the aggregate principal amount of the outstanding Class A Notes (unless the Class A Notes have been redeemed in full, in which case a written direction of at least 75% of the Holders of the aggregate principal amount of the outstanding Class B Notes) delivered to the Trustee by the relevant Holders, which direction shall (a) specify the relevant Holders’ selection of a Collateral Disposal Agent which shall be (i) a financial institution established in the United States or Brazil and duly authorized to conduct its business by the relevant bank regulatory authority and (ii) have a combined capital and surplus of at least U.S.\$250 million (or local currency equivalent), (b) specify the entity, if any, selected by the relevant Holders (with the consent of the Collateral Disposal Agent) to provide firm bid quotations to purchase the outstanding Reference Assets and (c) set out the CDA Terms.

None of the Calculation Agent, the Trustee, the Issuer or any Agent shall have any responsibility or liability in respect of the entity selected by the relevant Holders as Collateral Disposal Agent, the failure of the relevant Holders to duly or timely select such Collateral Disposal Agent or the failure of the relevant Holders to provide the Trustee with adequate assurance that the Trustee’s costs and expenses incurred in connection with appointing the Collateral Disposal Agent shall be paid by such relevant Holders.

By their acceptance of the Notes, each Holder thereby agrees and acknowledges that:

(i) neither the Issuer nor the Trustee shall have any responsibility whatsoever to monitor or supervise the Collateral Disposal Agent;

(ii) neither the Issuer nor the Trustee shall be required to enter into any document which requires it to compensate, reimburse or indemnify the

Collateral Disposal Agent in any manner whatsoever;

(iii) the Holders giving the Disposal Directors are responsible for the selection, compensation, indemnification of the Collateral Disposal Agent and that they are responsible for negotiating these terms with the Collateral Disposal Agent and memorializing them in a contract with the Collateral Disposal Agent (the “**CDA Terms**”), which contract shall be delivered to the Trustee as part of the Disposal Directions;

(iv) such Holder waives any and all claims arising out of or relating in any way to the actions of the Trustee, the Issuer and the Collateral Disposal Agent in connection with their actions related to or arising out of the sale, liquidation or other actions to realize proceeds from the Reference Assets, including without limitation the adequacy of the bids or the Liquidation Proceeds Amount;

(v) any and all of claims of such Holder under the Notes or the Indenture will be satisfied in full by its receipt of its pro rata portion of the liquidation proceeds, if any, from any sale, liquidation or termination of the Reference Assets, minus an amount equal to all claims which rank in priority to the claims of the relevant Class of Holders in accordance with the Priority of Payments; and

(vi) all fees, costs and expenses of the Trustee’s agents and counsel and the Issuer’s agents and counsel in connection with any sale, liquidation, termination or other actions to realize proceeds of the Reference Assets (including liaising with the Collateral Disposal Agent) will be paid in accordance with the Priority of Payments.

*Early Redemption Event*.....

The occurrence of any of the following events, as determined by the Calculation Agent, will constitute an Early Redemption Event:

(i) a Tax Redemption Event; or

(ii) a Reference Assets Default; or

(iii) a Reference Assets Early Redemption.

“**Tax Redemption Event**” shall have the meaning given to such term in the Registration Document.

A “**Reference Assets Default**” means one of the following events: (i) the acceleration of the outstanding Reference Assets under the terms of the Reference Assets; (ii) the failure of the Reference Assets Issuer to pay an installment of principal of, or any amount of interest due on (to the extent that interest is not permitted to be deferred under the terms of the Reference Assets), the related Reference Assets after the due date thereof and after the expiration of any applicable grace period; (iii) the occurrence of any event of default under such Reference Assets caused by the insolvency or bankruptcy of the Reference Assets Issuer; or (iv) any early termination of the Reference Assets either automatically in accordance with their terms or where the Reference Assets Issuer is the defaulting party or the affected party. A Reference Assets Default shall be deemed to have occurred for all purposes notwithstanding the rescission or annulment of such declaration of acceleration under such Reference Assets or the subsequent payment (after such applicable grace period) of such overdue principal or interest or the subsequent performance of the Reference Assets Issuer’s obligations thereunder.

A “**Reference Assets Early Redemption**” occurs when the Reference Assets are prepaid or terminated early pursuant to an early prepayment

or termination prior to their scheduled maturity date, unless such Reference Assets amortize in accordance with their terms following the occurrence of an early amortization event in respect of the Reference Assets pursuant to the terms thereof and the holder of such Reference Assets receives payment in full in respect of the principal amount of outstanding Reference Assets being prepaid or terminated.

*Settlement Conditions* .....

If an Early Redemption Event has occurred, the following conditions (the “**Settlement Conditions**”) must be satisfied for Physical Delivery to a Holder to occur:

(i) such Holder must have paid to (a) the Trustee its pro rata share of any amounts due ranking in priority to payments to such Holder under the Priority of Payments and (b) the Calculation Agent the costs incurred by the Calculation Agent (including legal expenses) in connection with its determination that the Settlement Conditions have or have not been satisfied;

(ii) such Holder provides the Trustee with the details of the entity to which it would like the Reference Assets to be transferred by assignment and assumption or novation;

(iii) (a) such Holder directs any financial institution or custodian through which the Holder has a beneficial interest in any Notes that are held by Euroclear, Clearstream, or a common depositary for Euroclear or Clearstream, as applicable, to send a message (which may be by SWIFT or any other electronic messaging service) to Euroclear, Clearstream, or such common depositary, disclosing (A) the ISIN number of such Notes, (B) the account number through which it holds such Notes, (C) the name and contact details of the direct or indirect Account Holder(s) (each a “**Financial Intermediary**”) through which it holds such Notes, (D) the nominal amount of such Notes and the currency in which such Notes are denominated and (E) the name, email address and other contact details of such Holder, (b) such Holder provides the Trustee with any information that may be requested or required by the Trustee to effect settlement by Physical Delivery and (c) such Holder provides a written undertaking to the Trustee and the Issuer that it will, within five Business Days after Physical Delivery has taken place, send to the Financial Intermediary (with a copy to the Trustee and the Issuer) a duly signed notice in the form set out in Annex C, addressed to Euroclear and/or Clearstream, as applicable (the “**Clearing System Notice**”);

(iv) such Holder represents that it is legal under the laws of the jurisdiction of incorporation of the entity which is to take Physical Delivery for such entity to receive such Physical Delivery; and

(v) the Calculation Agent, on behalf of the Issuer, determines, in its sole discretion (which may be exercised in reliance on one or more opinions of counsel, provided that it shall not be liable for any action it takes or omits to take in good faith in reliance on any such opinion of counsel), that the Issuer can make such Physical Delivery legally in the manner in which delivery of instruments similar to the Reference Assets are made, and without limiting the Issuer’s ability to effect Physical Delivery to other Holders.

The Calculation Agent will determine whether the Settlement Conditions have been satisfied or not within the Physical Delivery Period. If the Calculation Agent fails to make such determination then



the Reference Assets will be liquidated as provided for under the section entitled “Liquidation of Charged Assets Due to an Early Redemption Event”. Otherwise, payment by Physical Delivery shall be made as provided for under the sections entitled “Payments on or after the Maturity Date and upon an Early Redemption Event – On or after the Maturity Date” and “Payments on or after the Maturity Date and upon an Early Redemption Event – Early Redemption”; *provided that* if Physical Delivery is not effected within thirty Business Days of the Calculation Agent’s determination that the Settlement Conditions have been satisfied, then the Reference Assets will be liquidated as provided for under the section entitled “Liquidation of Charged Assets Due to an Early Redemption Event”.

If the Calculation Agent, on behalf of the Issuer, fails to make the determination provided for in clause (v) above within the Physical Delivery Period, the Settlement Conditions shall be deemed not to be satisfied.

Upon satisfaction of the Settlement Conditions and subject to the procedures set out under “Early Redemption” above, the Issuer shall effect Physical Delivery to the relevant Holder.

Each Holder may be required to make the representation and provide the evidence detailed in clause (iii) above in respect of any date even if it has previously made such representation or provided such evidence on a prior date. Each Holder must deliver the Clearing System Notice to the Financial Intermediary, with a copy to the Trustee and the Issuer, instructing Euroclear and/or Clearstream to (a) in respect of any payment of an Early Redemption Amount or Liquidation Proceeds Amount, cancel and reduce the outstanding principal amount of its Notes, in an amount proportional to the principal amount of Reference Assets in respect of which the Physical Delivery to it has taken place or (b) in respect of any Interest Payment, make a record on the Notes that a payment of interest (in respect of the applicable interest period) has been made, in each case within five Business Days after Physical Delivery has taken place.

The Trustee, the Issuer, the Calculation Agent and the Collateral Disposal Agent make no representations as to the current or future legality of delivering the Reference Assets.

Reference Assets Purchase Price Avoidance .....	After the purchase of the Reference Assets by the Issuer, if and to the extent amounts (the “ <b>Returned Amount</b> ”) due to the group of international banks originally lenders thereunder are returned to and actually received by the Issuer as a result of any part of the purchase price being voided or rescinded, the Trustee shall, on behalf of and pursuant to written notice from the Issuer, (i) cause the Returned Amount to be set aside and not applied in accordance with the Priority of Payments and (ii) arrange for the payment of the Returned Amount from the Collection Account to the account of the relevant original lender, provided that such payment shall be made only to the extent that the relevant Reference Assets corresponding to the Returned Amount have not been returned to the relevant lender.
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Additional Amounts.....	If the Issuer receives any amounts from the Reference Assets Issuer under the terms of the Reference Assets other than amounts in respect of interest or principal or swap payments (an “ <b>Additional Amount</b> ”) then, to the extent that any such Additional Amount exceeds amounts to be retained by the Issuer to reimburse it for any costs or expenses
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	incurred by it (and howsoever described) in connection with it being the lender under or counterparty to the Reference Assets, any such Additional Amount shall be applied in accordance with the Priority of Payments. Any amount due to Holders of the Notes shall be paid two Business Days following the date on which the relevant Additional Amount was actually received by the Issuer.
Specified Currency .....	All payments of interest and principal under the Notes are payable in U.S. dollars.
Authorized Denominations and Minimum Subscription .....	U.S.\$1,000,000 and integral multiples of U.S.\$1,000 in excess thereof.
Ratings .....	The Notes will not be rated upon issuance.
Listing .....	This Securities Note has been approved by the Central Bank as competent authority under the Prospectus Directive. The Central Bank only approves this Securities Note as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Regulated Market.
MS Note Redemption .....	Not Applicable.
Governing Law .....	The Notes will be governed by the law of the State of New York.
Transfer Restrictions .....	<p>The Notes have not been and will not be registered under the Securities Act and the Issuer will not be registered under the Investment Company Act. The Notes will be offered only to non-U.S. persons in offshore transactions in reliance and in accordance with Regulation S under the Securities Act, in Authorized Denominations for any single beneficial owner. Each purchaser of the Notes (whether by initial purchase or by transfer) will be deemed to have made the representations and agreements set forth in the Notice to Investors and the Transfer Restrictions sections in the Registration Document.</p> <p>Each Holder and beneficial owner of a Note will be deemed to acknowledge and agree that (a) the Distributor may obtain or be in possession of non-public information regarding the Reference Assets Issuer which may not be made available to any Holder and (b) the Distributor makes no representations with respect to the Reference Assets Issuer or the accuracy or completeness of any information regarding the foregoing.</p>
Limited Recourse .....	The Notes are limited recourse obligations of the Issuer. The payment of principal, interest and other amounts in respect of the Notes will be made solely from amounts actually received in respect of the Charged Assets in accordance with the Priority of Payments and not from the assets relating to any other Series or from the general assets of the Issuer. Holders of the Notes will not have any recourse to the general assets of the Issuer or any assets forming part of the Charged Assets of any other Series of Notes. Moreover, no recourse shall be had for the payment of any amount owing in respect of the Notes or the Indenture against any officer, director, employee, stockholder or incorporator of the Issuer. The Charged Assets in respect of the Notes shall not be available or used to meet liabilities to, and shall be absolutely protected from, any creditors of the Issuer who are not Secured Parties in respect of the Notes, and who accordingly shall not be entitled to recourse to such Charged Assets. The fees and claims of, amongst others, the Trustee and any agent or receiver shall have priority over the claims of

the Holders of the Notes in respect of the Charged Assets. The obligations of the Issuer to pay any amounts due and payable in respect of the Notes shall be limited to the proceeds available at such time to make such payments in accordance with the Priority of Payments. If the net proceeds of realization of the security constituted by the Indenture upon enforcement thereof (as converted to U.S. dollars in accordance with the terms hereof) are less than the aggregate amount payable in such circumstances by the Issuer in respect of the Notes and to the other Secured Parties (such negative amount being referred to herein as a “**shortfall**”), all of the obligations of the Issuer in respect of the Notes and its obligations to the other Secured Parties in such circumstances will be limited to such net proceeds which shall be applied in accordance with the Priority of Payments. In such circumstances the Issuer will not be obligated to pay, and the other assets (if any) of the Issuer will not be available for payment of, such shortfall which shall be suffered by the Secured Parties in accordance with the Priority of Payments (applied in reverse order), the rights of the Secured Parties to receive any further amounts in respect of such obligations shall be extinguished and shall not thereafter revive and none of the Holders or the other Secured Parties may take any further action to recover such amounts. The application of any proceeds by the Trustee in accordance with the Priority of Payments shall be without any liability as to the consequence of such action and without having regard to the effect thereof on, or being required to account for such action to, any Secured Party; provided that the Trustee will not be required to take any action that would involve the Trustee in any liability or expense unless previously indemnified and/or secured to its satisfaction in its sole discretion.

Collection Account .....	Notwithstanding anything to the contrary in the Registration Document, the Collection Account shall be an account located in the United States established with the Trustee, operated by the Trustee through its London Branch.
Indemnification of Trustee.....	Notwithstanding anything to the contrary in the Registration Document, the Applicable Indenture will contain provisions for the indemnification of the Trustee for any loss, liability or expense incurred without negligence, willful misconduct or bad faith on its part arising out of or in connection with the acceptance or administration of the trust, subject to the provisions of the Standard Terms of Indenture pertaining to limited recourse and non-petition. In addition, the Trustee has been indemnified by Odebrecht Óleo e Gás S.A., the parent company of the Reference Assets Issuer, in relation to certain losses arising out of, in relation to or in connection with a failure by the Reference Assets Issuer to pay amounts falling due under the terms of the Reference Assets.
Trustee’s receipt of notice of default with respect to any Reference Assets .....	Notwithstanding anything to the contrary in the Registration Document, if an event of default occurs and is continuing with respect to any Reference Assets, the Trustee will notify each Holder of the Notes of such occurrence only after receipt of written notice of such default.
Voting and Noteholder Meetings.....	Notwithstanding anything to the contrary in the Registration Document, without the consent of 100% of the Holders of both Classes of Notes, the Issuer may not (a) change the Scheduled Maturity Date for either Class or any Payment Date for either Class, or reduce the Principal Balance of any Note or the amount of interest payable thereon or change the coin or currency in which any Note or interest thereon is payable; (b) change the Priority of Payments for the application of

Collections; (c) impair the right to institute suit for the enforcement of any such payment on or after the date any such payment becomes due and payable; (d) reduce the percentage of Principal Balance, whether of a Class or Classes, the consent of the Holders of which is required for the execution of any amendment or supplement to the Applicable Indenture, or the consent of the Holders of which is required for any waiver of compliance with provisions of the Applicable Indenture or for any waiver of Indenture Events of Default under the Applicable Indenture and their consequences provided for in the Applicable Indenture; (e) change any obligation to redeem Notes or change any redemption price or dates; (f) permit the creation of any lien ranking prior to or on a parity with the lien of the Trustee for the benefit of, *inter alios*, the Holders under the Applicable Indenture with respect to any part of the Charged Assets, or except as otherwise permitted thereunder, terminate the lien under the Applicable Indenture on any property at any time subject thereto or deprive a Holder of the security afforded by such liens; or (g) modify certain provisions of the Applicable Indenture relating to amendments, control or limitation on suits by Holders. In addition, without the written consent of at least 75% of the Holders of both classes of Notes, the Issuer cannot, or cannot direct the Trustee to, accelerate the Credit Agreement upon the occurrence of an event of default thereunder (other than an event of default the occurrence of which leads to automatic acceleration).

Further Issues..... Not Applicable.

## **DOCUMENTS INCORPORATED BY REFERENCE**

This Securities Note must be read and construed in conjunction with the Registration Document, available at [http://www.ise.ie/debt\\_documents/Regdoc\\_ee84d052-22b6-4348-9ff0-ec8f0acfd12.PDF](http://www.ise.ie/debt_documents/Regdoc_ee84d052-22b6-4348-9ff0-ec8f0acfd12.PDF) which is incorporated by reference into, and forms part of, this Securities Note, save that any statement contained in any of the documents incorporated by reference in, and forming part of, this Securities Note shall be deemed to be modified or superseded for the purpose of this Securities Note 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 Securities Note.

## **USE OF PROCEEDS**

The proceeds from the issuance and sale of the Notes are to be applied by the Issuer to acquire the Reference Assets.

## THE REFERENCE ASSETS

Annex A of this Securities Note provides information with respect to the Reference Assets Issuer as provided by the Reference Assets Issuer. An investor in the Notes should review such information and obtain and evaluate such other information concerning the Reference Assets Issuer as it would if it were investing directly in the Reference Assets.

The information on the Reference Assets set out below is provided as to the form in which the Reference Assets are expected to be on the Issue Date following the issue of the Notes and the purchase of the Reference Assets.

Reference Assets Issuer ..... ODN Tay IV Holding GmbH.  
See Annex A “The Reference Assets Issuer”.

Reference Assets: The Credit Agreement and the Swaps, as summarized below.

### *Credit Agreement Summary*

#### **Parties**

Borrower ..... ODN Tay IV Holding GmbH  
Credit Agreement ..... Credit Agreement dated as of December 22, 2011, as amended, restated and novated by a Deed of Amendment and Restatement, Release and Novation dated on or around February 26, 2014 (the “**Credit Agreement**”)  
Administrative Agent ..... The provisions relating to the Administrative Agent shall apply directly to the sole Lender or be disappplied.  
Lender ..... EM Falcon Limited

#### **Type and Amount of Credit Facility**

Closing Date ..... December 22, 2011  
  
Original Amount ..... U.S.\$470,000,000  
The Loan is fully drawn and there are no outstanding commitments.  
Outstanding Amount ..... U.S.\$397,620,000  
  
Purpose ..... The proceeds of the Loan were primarily applied to finance the construction of a drilling rig (ODN TAY IV).  
  
Maturity Date ..... June 21, 2019  
  
Principal Repayments Schedule ..... The Loan is repayable in 12 installments, the first installment of which has already been paid. The remaining installments are set out below. Each installment is due on each of June 20 and December 20 of each year, with the second installment due on June 20, 2014.

**Remaining  
Principal Payments (U.S.\$)**

<b>Installment</b>	<b>Payment</b>
2	23,970,000
3	24,910,000
4	25,380,000
5	25,850,000
6	30,080,000
7	31,490,000
8	31,960,000
9	33,370,000
10	33,370,000
11	33,840,000
12	103,400,000
(Maturity Date)	
<b>Total</b>	<b>397,620,000</b>

Collateral ..... None

**Certain Payment Provisions**

Interest Rate ..... Interest in respect of the outstanding principal amount of the Loan from the date of Borrowing thereof until the maturity of such Loan (whether by acceleration or otherwise) at a rate per annum which shall, during each Interest Period applicable thereto, be equal to the sum of (i) the LIBOR Rate (as determined by the Administrative Agent) and (ii) the Applicable Margin.

**“LIBOR Rate”** shall mean with respect to each Interest Period in respect of a Loan:

(a) the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to BBA LIBOR, as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Administrative Agent from time to time) at approximately 11:00 a.m. (London time), two (2) Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) for a term equivalent to such Interest Period; or

(b) if for any reason such rate is not available at such time, the rate per annum determined by calculating the arithmetic mean (rounded upwards, if necessary, to the nearest 1/100 of 1%) of the offered rates, advised to the Administrative Agent at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period, for deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of such Loan, by any three Reference Banks active in Dollars in the London interbank market selected by the Administrative Agent, acting reasonably,

provided that: (i) in the case of paragraph (a) above, if an Interest Period does not correspond to a term for which rates are published, the BBA LIBOR for such Interest Period shall be the arithmetic mean of the BBA LIBOR for the



next shortest period and the BBA LIBOR for the next longest period, it being understood that if the Interest Period is less than one week, the reference LIBOR Rate shall be the rate applicable to one-week deposits; and (ii) if the “LIBOR Rate” as otherwise determined pursuant to the foregoing provisions of this definition would be an amount less than zero, the “LIBOR Rate” shall be zero; and

provided further that: the “LIBOR Rate” applicable to the Interest Period commencing on (and including) February 26, 2014 and ending on (but not including) June 20, 2014 shall be equal to 0.349% per annum.

“**Applicable Margin**” means 265 basis points (2.65%) per annum.

Interest Periods ..... The initial Interest Period for the Loan shall commence on (and include) the date of borrowing of such Loan and end on (but not include) the next succeeding Interest Payment Date. Each Interest Period occurring thereafter in respect of the Loan shall commence on (and include) the last day of the immediately preceding Interest Period and end on (but not include) the next succeeding Interest Payment Date, provided that the Interest Period ending on (but not including) June 20, 2014 will be a short interest period commencing on (and including) February 26, 2014.

For the avoidance of doubt, no interest shall accrue on the Loan for the benefit of the Lender during the period from (and including) December 31, 2013 to (but not including) February 26, 2014.

Interest Payment Dates ..... June 20 and December 20 in each year.

Default Rate ..... Overdue principal and, to the extent permitted by law, overdue interest in respect of each Loan and any other overdue amount payable by the Borrower under the Credit Agreement shall bear interest at a rate which is equal to the sum of (i) the LIBOR Rate in effect from time to time with respect to the Loan, (ii) the Applicable Margin, and (iii) two hundred basis points (2%) per annum.

Rate Basis ..... All computations of interest under the Credit Agreement shall be made on the basis of a 360-day year and the actual number of days elapsed.

Optional Prepayments ..... The Borrower has the right to prepay the Loan, without premium or penalty, in whole or in part at any time and from time to time at its discretion, on the following terms and conditions: (i) the Borrower shall give the Lender (with a copy to the Trustee) at least five (5) Business Days’ prior written irrevocable notice of its intent to prepay the Loan and the aggregate principal amount of the prepayment; (ii) prepayment of the Loan may only be made on the last day of an Interest Period applicable thereto, unless the Borrower pays all amounts owing under the Credit Agreement as a result of prepaying the Loan on a day other than the last day of the Interest Period applicable thereto, (iii) such prepayment shall be in an aggregate principal amount of at least U.S.\$5,000,000 (or an integral multiple of U.S.\$1,000,000 in excess thereof); and (iv) such prepayment shall be applied to reduce the remaining scheduled principal payments in inverse order of their due dates.

## Principal Covenants and Events of Default

Covenants ..... The Borrower undertakes various covenants, including:

1. delivery of annual financial statements;
2. give written notice of occurrence of a default or event of default under the Credit Agreement
3. provide copies of certain material notices, demands or other communications given or received by the Borrower;

4. maintenance of existence and conduct of business;
5. compliance with laws;
6. payment of taxes;
7. maintain accounting and financial management systems;
8. obtain, maintain and comply with all necessary governmental approvals;
9. maintain certain hedging agreements;
10. certain restrictions on transfers and issue of equity interests of the Borrower;
11. requirement to take any action necessary to ensure that at all times the Loan ranks at least pari passu in priority with all other unsecured obligations of the Borrower;
12. requirement to provide certain assistance to the Lenders in complying with “know your customer” procedures in cases where evidence or documentation necessary to carry out such procedures is not already available to the Lenders;
13. certain restrictions with respect to the payment of dividends and other distributions in case of default of the Borrower;
14. limitations on the incurrence of additional indebtedness by the Borrower;
15. limitations on the Borrower’s ability to sell, dispose of or grant any liens over any of its assets; and
16. limited recourse and non-petition against the Issuer as Lender.

Events of Default ..... Events of Default comprise:

1. failure by the Borrower to pay principal or interest when due unless payment is made within three (3) Business Days of its due date;
2. default by the Borrower under any of the Borrower’s other financial indebtedness, or any event shall occur and continue in respect of the Borrower the effect of which is to cause or permit the lenders or counterparties to cause the Borrower’s obligations to become due or prepaid in full prior to their stated maturity or payment to be liquidated as a result of the early termination thereof;
3. default of Odebrecht Oil and Gas in excess of U.S.\$30,000,000 or the equivalent thereof in other currencies under any of Odebrecht Oil and Gas’ financial indebtedness, or any event shall occur and continue in respect of Odebrecht Oil and Gas the effect of which is to cause or permit the lenders or counterparties to cause Odebrecht Oil and Gas’ obligations to become due or prepaid in full prior to their stated maturity or payment to be liquidated as a result of the early termination thereof;
4. any representation, warranty or certificate made by or on behalf of the Borrower in the Credit Agreement and the Swaps shall prove to have been false or misleading in any material respect when made or deemed made, unless the circumstances giving rise to such misrepresentation are capable of remedy and are remedied within 21 days of notice from the Lenders or after the Borrower becomes aware of such

misrepresentation;

5. failure by the Borrower to comply with or perform any other agreement or covenant contained in the Credit Agreement or the Swaps and such failure shall continue unremedied for 30 days after the Borrower becomes aware or should have become aware of such failure, subject to a proviso permitting extension of the cure period in certain circumstances;
6. the Borrower or Odebrecht Oil and Gas shall admit in writing its inability to, or be generally unable to, pay its debts as such debts become due;
7. insolvency-related events occur with respect to the Borrower or Odebrecht Oil and Gas;
8. a final judgment for the payment of money in excess of U.S.\$10,000,000 against the Borrower in the aggregate, shall be rendered by one or more courts, administrative tribunals, or other bodies having jurisdiction against the Borrower, and is not discharged within sixty (60) days;
9. the Borrower shall fail to obtain, renew, maintain or comply with any necessary governmental approval or any necessary governmental approval shall be revoked, terminated, withdrawn, suspended, modified or withheld or shall cease to be in full force and effect or any proceeding is commenced to revoke, terminate, withdraw, suspend, modify or withhold any necessary governmental approval and such proceeding is not terminated within thirty (30) days; unless, in any such case, such failure, revocation, termination, withdrawal, suspension, modification, withholding or failure to be in full force and effect could not reasonably be expected to have a Material Adverse Effect (as defined in the Credit Agreement); or
10. Odebrecht Oil and Gas ceases to own, directly or indirectly, at least 68.5% of the share capital of the Borrower without the prior written consent of the Lenders.

If an Event of Default (other than an Event of Default specified in 7 above) occurs and is continuing, the Trustee shall direct the Issuer as Lender to accelerate all of the obligations of the Borrower under the Credit Agreement upon the written instruction of at least 75% of the Holders of each Class of Notes to the Trustee. If an Event of Default specified in 7 above, occurs, all obligations of the Borrower under the Credit Agreement shall be automatically accelerated.

#### **Certain Documentation Matters**

Limited Recourse ..... Obligations of the Issuer as Lender to the Borrower under the Credit Agreement are limited recourse obligations. Once the Issuer has purchased the Loan under the Credit Agreement, it will have no resources to make any payments to the Borrower as a Lender since its available resources are pledged in favor of the Trustee for the benefit of the Holders. The Borrower has agreed in the Credit Agreement that the obligation of the Lenders to make Loan thereunder has been discharged in full, that no new Loans may be requested by the Borrower, that the obligation of the Issuer as Lender under the Credit Agreement excludes any kind of monetary obligation to the Borrower, and that the Borrower has no recourse to the Issuer as Lender (or any of its officers, directors, employees, stockholders or incorporators) for the payment of any kind of monetary obligation and any such monetary obligation (if it arises) will be extinguished

and the Borrower may not take any action to recover against the Issuer as Lender in respect of any such monetary obligation. The Charged Assets in respect of the Notes shall not be available or used to meet liabilities to, and shall be absolutely protected from, any creditors of the Issuer who are not Secured Parties in respect of the Notes, and who accordingly shall not be entitled to recourse to such Charged Assets. The Borrower is not a Secured Party in respect of the Notes. Therefore, the application of any proceeds by the Trustee in accordance with the Priority of Payments shall be without having regard to the effect thereof on, or being required to account for such action to, the Borrower; provided that the Trustee will not be required to take any action that would involve the Trustee in any liability or expense unless previously indemnified and/or secured to its satisfaction in its sole discretion.

Modification and Amendment ..... The Series Indenture provides that the Trustee will not approve or consent or otherwise agree to any amendment or supplement to or other modification of the Credit Agreement (save for certain exceptions, including corrective or clarifying amendments), without the consent of the Holders of at least 75% of the Principal Balance of each Class of the Notes entitled to vote.

Transfers and Security ..... In certain circumstances, a Lender may, with prior written notice to the Borrower, assign any of its rights or transfer any of its rights and obligations to one or more commercial banks or other financial institutions or to a trust, fund, corporation, partnership or other entity which is regularly engaged in, or has as one of its purposes, making, purchasing or investing in loans, securities or other financial assets. In certain other circumstances, a Lender may only do so with prior written consent of the Borrower.

A Lender may, without obtaining consent from the Borrower, at any time charge, assign or otherwise create security in or over (whether by way of collateral or otherwise) all or any of its rights under the Credit Agreement to secure obligations of that Lender.

Governing Law ..... English law

Forum..... England

### *Swaps Summary*

Swaps..... The “**Swaps**” are three fixed-to-floating interest rate swaps under the Master Agreement and schedule (as set forth below) and the relevant Swap Confirmations, the materials terms of which are set forth below.

Master Agreement ..... On February 26, 2014, the Issuer and the Swap Counterparty entered into a master agreement consisting of a 2002 ISDA Master Agreement (Multicurrency-Cross Border) published by the International Swaps and Derivatives Association, Inc. ([www.isda.org](http://www.isda.org)) and a schedule thereto (the “**Master Agreement**”) incorporating the 2006 ISDA Definitions.

Aggregate Notional Amount..... U.S.\$397,620,000

Fixed Rate..... The weighted average rate is 2.454851%

Floating Rate..... 6 month LIBOR

Day Count Fraction..... Actual/360 for both fixed rate and floating rate.

Party A..... For all the Swaps, originally a group of international banks. Pursuant to certain transfer and novation arrangements, the current Party A is the Issuer.

Party B ..... The Reference Assets Issuer (the “**Swap Counterparty**”).

Floating Rate Payer Payment Dates..... Semi-annually, on June 20 and December 20, other than the final Floating Rate Payer Payment Date which shall occur on the Termination Date, subject to

	adjustment in accordance with the Modified Following Business Day Convention.
Fixed Rate Payer Payment Dates .....	Semi-annually, on June 20 and December 20, other than the final Fixed Rate Payer Payment Date which shall occur on the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.
Scheduled Termination Date .....	June 21, 2019, subject to (i) adjustment in accordance with the Modified Following Business Day Convention and (ii) earlier termination in accordance with their terms.
General.....	Under the Swaps, the Issuer and the Swap Counterparty will each agree to exchange certain payments on each payment date under the applicable Swap. All payments to be made by the Issuer will be made by the Trustee in accordance with the provisions of the Applicable Indenture. The amounts to be exchanged by the parties on a payment date will be one floating amount, calculated with reference to the notional principal amount of the applicable Swap and an interest rate base, and one fixed amount, also calculated with reference to the notional principal amount of the applicable Swap. Under no circumstances will the Issuer or the Swap Counterparty be required to gross up any payment on account of any applicable tax. The Issuer is not considered to have any Affiliates for the purpose of the Swaps. The Swap Counterparty's Affiliates are limited to those entities controlled, directly or indirectly, by it.
Swap Confirmations .....	<p>The terms of the Swaps are set out in Swap Confirmations between the Issuer and the Swap Counterparty (the “<b>Swap Confirmations</b>”).</p> <p>Under the Swap Confirmations, on each Fixed Rate Payer Payment Date, the Swap Counterparty will be obligated to pay to the Issuer a fixed interest rate on a notional amount equal to the aggregate outstanding principal balance of the Loan under the Credit Agreement. On each Floating Rate Payer Payment Date, the Issuer will be obligated to pay to the Swap Counterparty a floating interest rate based on LIBOR on the same notional amount. The fixed rate payments to the Issuer will form part of the basis (along with the performance of the Credit Agreement) for determining the amount of payments on the Notes.</p> <p>The amount that the Issuer is obligated to pay to the Swap Counterparty will be netted against the amount that the Swap Counterparty is obligated to pay to the Issuer in respect of payments under each Swap. Only the net amount payable in respect of each Swap will be due from the Issuer or the Swap Counterparty, as applicable, and for receipt by the Issuer payable to the Trustee for application in the Priority of Payments.</p>
Currency .....	U.S. dollars
Modification and Amendment .....	The Series Indenture provides that the Trustee will not approve or consent or otherwise agree to any amendment or supplement to or other modification of the Swaps (save for certain exceptions, including corrective or clarifying amendments), without the consent of the Holders of at least 75% of the Principal Balance of each Class of the Notes entitled to vote.
Transfers and Security .....	The Swap Counterparty may not transfer its obligations under the Swaps without the consent of the Issuer and the Trustee. The Issuer may create security over its rights under the Swaps, and may transfer the Swaps to any person after an Event of Default or Termination Event in which Party B is the Defaulting Party or the Affected Party, as applicable, and otherwise to, and in the same proportion as the transfer of loans, an assignee or transferee of the loans under the Credit Agreement.

Limited Recourse .....	Obligations of the Issuer as Party A under the Swaps are limited recourse obligations. Once the Issuer has purchased the Swaps, it will have no resources to make any payments as Party A to the Swap Counterparty, including swap payments due by it on any payment date under the Swaps, since its available resources are pledged in favor of the Trustee for the benefit of the Holders. The Swap Counterparty has agreed in the Swaps that it will not have any recourse to any assets of the Issuer or any assets forming part of the Charged Assets of the Notes or any other Series of Notes, including for swap payments due by it on any payment date under the Swaps, although the Swap Counterparty will be able to net payments due to it from the Issuer against payments due from the Swap Counterparty on the same day. Moreover, the Swap Counterparty has agreed in the Swaps that it will not have recourse for the payment of any amount owing by the Issuer to the Swap Counterparty under the Swaps against any officer, director, employee, stockholder or incorporator of the Issuer. The rights of the Swap Counterparty to receive any unpaid amounts in respect of such obligations shall be extinguished and shall not thereafter revive and the Swap Counterparty may not take any action to recover such amounts. The Charged Assets in respect of the Notes shall not be available or used to meet liabilities to, and shall be absolutely protected from, any creditors of the Issuer who are not Secured Parties in respect of the Notes, and who accordingly shall not be entitled to recourse to such Charged Assets. The Swap Counterparty as Party B is a Secured Party only in respect of any termination payment upon early termination of the Swaps. The application of any proceeds by the Trustee in accordance with the Priority of Payments shall be without any liability as to the consequence of such action on the Swap Counterparty and without having regard to the effect thereof on, or being required to account for such action to, the Swap Counterparty; provided that the Trustee will not be required to take any action that would involve the Trustee in any liability or expense unless previously indemnified and/or secured to its satisfaction in its sole discretion.
Calculation Agent .....	Morgan Stanley Capital Services LLC, subject to the provisions set out in the Swaps.
Governing Law .....	English law
Jurisdiction.....	England
EMIR obligations.....	The ISDA 2013 EMIR Portfolio Reconciliation, Dispute Resolution and Disclosure Protocol (the “ <b>EMIR Protocol</b> ”) enables parties to amend the terms of their Protocol Covered Agreements (as defined in the EMIR Protocol) to reflect the portfolio reconciliation and dispute resolution requirements imposed by Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (“ <b>EMIR</b> ”) as well as to include a disclosure waiver to help ensure parties can meet the various reporting and record keeping requirements under EMIR without breaching confidentiality restrictions. In order for the Issuer and the Swap Counterparty to comply with the implementation of EMIR, they may adhere to the EMIR Protocol, or may alternatively enter into alternative arrangements or agreements that would have an analogous effect, and amend, restate, replace, supplement or otherwise modify such arrangements or agreements from time to time.

## Reference Assets Default

Events of Default .....	<p>“<b>Events of Default</b>” under each Swap are limited to any of the following:</p> <ol style="list-style-type: none"> <li>1. the failure of the Issuer to pay any amount when due under such Swap after giving effect to the applicable grace period, if any;</li> <li>2. the failure of the Swap Counterparty to pay any amount when due</li> </ol>
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under such Swap after giving effect to the applicable grace period, if any;

3. the failure of the Issuer to comply with or perform any agreement to be complied with or performed under such Swap after giving effect to the applicable grace period, if any;
4. the failure of the Swap Counterparty to comply with or perform any agreement to be complied with or performed under such Swap after giving effect to the applicable grace period, if any;
5. representation made by the Issuer or a Swap Counterparty proving to have been incorrect or misleading in any material respect;
6. the occurrence of certain events of insolvency or bankruptcy of the Issuer, the Swap Counterparty; and
7. certain other standard events of default under the Master Agreement, including “Merger without Assumption” (with respect to the Swap Counterparty), as described in Sections 5(a)(iii) and 5(viii) of the Master Agreement.

The following events of default are not Events of Default under the Swaps with respect to the Issuer: “Default Under Specified Transaction”, and “Cross Default” as described in Sections 5(a)(ii), 5(a)(iv), 5(a)(v), and 5(a)(vi), respectively, of the Master Agreement.

Termination Events.....

“**Termination Events**” under each Swap consist of the following:

1. the adoption of any change in any applicable law, or the change in the interpretation of any law by any court or governmental authority, which causes it to become unlawful for the Issuer or the Swap Counterparty or both, as applicable (the “**Affected Party**” or “**Affected Parties**”), to perform any obligation to make or receive a payment pursuant to the Swaps;
2. actions taken by a taxing authority or brought by a court of competent jurisdiction or a change in tax law, with the result that one of the parties to such Swaps (an “**Affected Party**”) will probably be required to (A) pay an additional amount to the other party as a result of the imposition of certain withholding taxes or (B) receive a payment from which an amount is deducted or withheld on account of the imposition of such withholding tax, in each case under the Swaps (a “**Tax Event**”);
3. a “**Force Majeure Event**” as such term is more particularly described in Section 5(b)(ii) of the Master Agreement occurs;
4. a “**Tax Event Upon Merger**” as such term is more particularly described in Section 5(b)(iv) of the Master Agreement occurs with respect to the Swap Counterparty;
5. a “**Credit Event Upon Merger**” as described in 5(b)(v) of the Master Agreement occurs with respect to the Swap Counterparty; and
6. the Additional Termination Events specified below occur.

Additional Termination Events.....

“**Additional Termination Events**” under each Swap consist of the following:

1. if an Indenture Event of Default in respect of the Notes occurs and the Trustee gives the relevant notice to the Issuer (the “**Affected Party**”) and the Collateral (as defined in such Indenture) is sold or liquidated;
2. if an Early Redemption Event in respect of the Notes occurs and the

Notes are to be redeemed and the Collateral (as defined in such Indenture) is sold or liquidated provided that if the Notes are to be redeemed in part only, the termination event shall be in respect of the pro rata portion of the aggregate notional principal amount corresponding to the pro rata portion of the Notes being redeemed;

3. if a Class of the Notes is redeemed in whole prior to the Scheduled Maturity Date of such Class (otherwise than as a result of an Indenture Event of Default) or the outstanding principal balance of both Classes of Notes becomes zero (the Issuer is the “**Affected Party**”);
4. Redemption of Reference Assets and/or Permitted Investments such that cash flows will be insufficient to meet the Issuer’s (the “**Affected Party**”) obligations under such Swap; or
5. if either party is required to receive a payment from the other party (the “**Affected Party**,” but if the Affected Party is Party A then either party may designate an Early Termination Date) from which an amount is required to be deducted or withheld because of Tax and no transfer to an Affiliate is effected that avoids such result.



## GENERAL INFORMATION

1. The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this Securities Note a significant effect on the financial position of the Issuer, nor so far as the Issuer is aware are any such proceedings pending or threatened.
2. There has been no material adverse change in the financial position of the Issuer since June 30, 2012.
3. Save as disclosed herein, there has been no significant change and no significant new matter has arisen since the publication of the Registration Document.
4. Copies of the following documents in physical form will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer and the Principal Paying Agent for so long as the Notes are outstanding:
  - (i) this Securities Note;
  - (ii) the Credit Agreement and the Swaps, together comprising the Reference Assets;
  - (iii) the Articles of Association of the Reference Assets Issuer;
  - (iv) the most recently published audited financial statements of the Reference Assets Issuer as of and in respect of the periods ending on December 31, 2013 and December 31, 2012;
  - (v) the Applicable Indenture;
  - (vi) the Registration Document;
  - (vii) the Memorandum and Articles of Association of the Issuer; and
  - (viii) the most recently published audited financial statements of the Issuer as of and in respect of the periods ending on June 30, 2012 and June 30, 2011.
5. On issue, the Notes will be represented by a Regulation S Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream. The Regulation S Global Note will be exchangeable in whole but not in part for Definitive Notes in the limited circumstances specified in the Regulation S Global Note.
6. The Notes have been accepted for clearance through Euroclear and Clearstream. The Common Code and the ISIN for the Regulation S Global Notes are 103584493 and XS1035844932, respectively for Class A Notes and 103584922 and XS1035849220, respectively for Class B Notes.
7. The Issuer has obtained all necessary consents, approvals and authorisations in Ireland (if any) in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolutions of the Board of Directors of the Issuer passed on or about February 25, 2014.
8. The Issuer does not intend to provide post issuance transaction information regarding the Notes and/or the performance of any Charged Assets, other than information which it is required to provide to the Holders of the Notes in accordance with the Conditions of the Notes.
9. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or trading on the Regulated Market for the purposes of the Prospectus Directive.
10. The total expenses incurred in connection with the issue of this Securities Note and the admission to the Official List and trading on the Regulated Market of the Notes are approximately EUR3,250.

## ANNEX A

### THE REFERENCE ASSETS ISSUER

#### The Reference Assets Issuer

ODN Tay IV Holding GmbH (“**ODN Tay Holding**”) is an Austrian limited liability company (*Gesellschaft mit beschränkter Haftung*) established in Austria on March 18, 2011 (registered number FN 360977 z) whose registered office is at Neulinggasse 29/18, 1030 Wien, phone number + 43 17 1023 0812, and operates under the laws of Austria.

#### *The Auditors of ODN Tay Holding*

PricewaterhouseCoopers, Auditores Independentes

CRC 2SP000160/O-5 “F” RJ

Av. Tancredo Neves 620, 30º e 34º andar, Ed. Empresarial Mundo Plaza, Caminho das Árvores

Salvador, BA, Brazil, 41820-020, Phone: + 55 71 3319-1900

Felipe Edmond Ayoub (Contador CRC 1SP187402/O-4 “S” RJ)

PwC are independent accountants in accordance with Brazilian applicable laws and regulations, including those established by the “Conselho Federal de Contabilidade” (Brazilian Federal Accountancy Council), the IBRACON and the “Comissão de Valores Mobiliário” (Brazilian Securities Commission) (the “**CVM**”).

#### *Management*

Function	Address	Name
Managing director	Neulinggasse 29/18, 1030 Wien	Dr. Paul Doralt
Managing director	Neulinggasse 29/18, 1030 Wien	Karina Sarkis Novis

There are no potential conflicts of interest between any duties of any of the directors of ODN Tay Holding to ODN Tay Holding, and their private interests and/or other duties.

#### *Description of Principal Activities*

ODN Tay Holding is a 68.5% owned subsidiary of Odebrecht Óleo e Gás S.A. (“**Odebrecht Oil and Gas**”), and its main activities is to control, manage and own, directly or indirectly, participation in other subsidiaries. The remaining 31.5% of ODN Tay Holding is owned by Delba GmbH, sharing the same activities.

Odebrecht Oil and Gas is a *sociedade anônima* incorporated in Brazil on June 23, 2006 (registered number 08.091.102/0002-52) whose registered office is at Av. Pasteur, 154, 10º Floor, CEP 22.290-040 Rio de Janeiro – RJ, Brazil, telephone number: + 55 21 3850-3000, and operates under the laws of Brazil. Odebrecht Oil and Gas is a leading Brazilian oilfield services company focused on providing integrated solutions to its clients in the exploration, development and production of offshore oil and gas fields.

Odebrecht Oil and Gas is part of the Odebrecht Group, which has been active as a general service provider for the oil and gas industry for nearly 60 years.

Delba GmbH is an Austrian limited liability company established in Austria (registered number FN 343190 t) whose registered office is at Teinfaltstraße 8 - 1010 Wien, and operates under the laws of Austria. Delba GmbH is a 50.01% owned subsidiary of Comercial Perfuradora Delba Baiana Ltda. (“**CPDB**”) which is a *sociedade empresária limitada* incorporated in Brazil (registered number 15.136.468/0001-85) whose registered office is at Ladeira de Nossa Senhora, 163, 2º e 5º andar, Glória, CEP 22211-100. CPDB’s main activity is to provide drilling services, onshore or offshore, to provide support services and commercial assistance to national and international companies in the oil and gas sector. The remaining 49.99% ownership of Delba GmbH is of InterOil Representação Ltda. (“**Interoil**”) which is a *sociedade empresária limitada* incorporated in Brazil (registered number 30.258.370/0001-94) whose registered office is at Av. Marechal Floriano, 19 sala 2201/2101, Centro, CEP 20080-003. InterOil’s main activities are representation or ownership of other companies in the oil and gas sector.

#### *The Odebrecht Group*

Founded in 1944, the Odebrecht Group is one of Latin America’s largest privately-owned corporate groups, active across various industries, including engineering and construction, petrochemicals, oil and gas, sugar and ethanol, environmental engineering and real estate. In the 1950s and 1960s, the Odebrecht Group constructed numerous refineries, terminals and

pipelines. In the late 1970s, the Odebrecht Group operated over 12 rigs, of which five were owned by the Odebrecht Group, and constructed offshore production platforms and was the first Brazilian private enterprise to drill offshore in Brazil. In the 1990s, the Odebrecht Group expanded its drilling operations to offshore deepwater, among others, in the Campos Basin and established a presence in oil production in the North Sea, owning and operating an FPSO jointly with Maersk. The Odebrecht Group is focused on the integrated oilfield services industry through Odebrecht Oil & Gas, which became a separate company in 2006 and is pursuing promising opportunities primarily in Brazil and Angola.

The Odebrecht Group has developed a strong relationship with Petrobras over the past 55 years. Petrobras has been one of the most important clients of Construtora Norberto Odebrecht S.A., or CNO, the engineering and construction company of the Odebrecht Group. In the late 1970s, Odebrecht S.A. was the first Brazilian private enterprise to drill an oil field offshore the Brazilian coast, and thereafter, Petrobras became the primary client of its drilling business. In addition, Petrobras holds a 36.2% equity interest in Braskem S.A., or Braskem, the petrochemical company of the Odebrecht Group, and has been the primary supplier of the main raw materials used by Braskem since its formation. Odebrecht Oil & Gas is committed to maintaining the Odebrecht Group's strong relationship with Petrobras by continuing to provide high quality integrated oilfield services.

#### *ODN Tay IV Holding GmbH.*

ODN Tay Holding is an entity 68.5% owned by Odebrecht Oil and Gas and does not have any dependence on any other entity in the group. ODN Tay Holding is not party to any other financings. Its 100% owned subsidiary ODN Tay IV GmbH is subject to various covenants and restrictions on change of control that also apply to ODN Tay Holding.

#### *Litigation*

ODN Tay Holding is not or has not been engaged in or, so far as ODN Tay Holding is aware, has pending or threatened, any governmental, legal or arbitration proceedings which may have, or have had, a significant effect on the its financial position or profitability during the 12 months preceding the date of this Securities Note.

#### *Financial Statements*

The Reference Assets Issuer's accounts are prepared on a consolidated basis with its 100% owned subsidiary, ODN Tay IV GmbH, in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"). These consolidated audited financial statements are set out below.

There has been no material adverse change in the prospects of the Reference Assets Issuer and no significant change in the financial or trading position of the Reference Assets Issuer since December 31, 2013. The Reference Assets Issuer's financial statements for the financial years ended December 31, 2013 and December 31, 2012 are set out on the following pages.

# **ODN Tay IV Holding GmbH and subsidiary**

**Consolidated financial statements  
at December 31, 2012  
and independent auditor's report**



## **Independent Auditor's Report**

To the Board of Directors and Shareholders  
ODN Tay IV Holding GmbH

We have audited the accompanying consolidated financial statements of ODN Tay IV Holding GmbH and its subsidiary, which comprise the consolidated balance sheet as at December 31, 2012 and the consolidated statements of operations, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



ODN Tay IV Holding GmbH

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of ODN Tay IV Holding GmbH and its subsidiary as at December 31, 2012, and their financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Salvador, February 10, 2014

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5 "F" RJ

Felipe Edmond Ayoub  
Contador CRC 1SP187402/O-4 "S" RJ

# ODN Tay IV Holding GmbH and subsidiary

## Consolidated balance sheet In thousands of U.S. dollars

Assets	December 31, 2012	December 31, 2011	Liabilities and equity	December 31, 2012	December 31, 2011
<b>Current assets</b>			<b>Current liabilities</b>		
Cash and cash equivalents (Note 5)	14	364	Financings (Note 8)	71,413	31,355
Short-term investments (Note 6)	272		Accounts payable	107	185
Other assets	2				
	288	364		71,520	31,540
<b>Non-current assets</b>			<b>Non-current liabilities</b>		
Equipment (Note 7)	687,413	569,914	Financings (Note 8)	392,836	423,879
			<b>Equity (Note 9)</b>		
			Capital	50	50
			Additional paid-in capital	223,328	114,809
			Accumulated losses	(33)	
				223,345	114,859
Total assets	687,701	570,278	Total liabilities and equity	687,701	570,278

The accompanying notes are an integral part of these consolidated financial statements.

## **ODN Tay IV Holding GmbH and subsidiary**

### **Consolidated statement of operations** **For the year ended December 31, 2012** **In thousands of U.S. dollars**

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	<u><b>2012</b></u>
General and administrative expenses	<u>(33)</u>
<b>Operational losses</b>	<u><b>(33)</b></u>
<b>Loss of the year</b>	<u><b>(33)</b></u>

The accompanying notes are an integral part of these consolidated financial statements.



## ODN Tay IV Holding GmbH and subsidiary

### Consolidated statement of changes in equity

In thousands of U.S. dollars

	<u>Capital</u>	<u>Additional paid-in capital</u>	<u>Accumulated losses</u>	<u>Total</u>
<b>At March 18, 2011 (date of incorporation)</b>				
Capital increase (Note 9)	<u>50</u>	<u>114,809</u>		<u>114,859</u>
<b>At December 31, 2011</b>	<u>50</u>	<u>114,809</u>		<u>114,859</u>
Capital increase (Note 9)		<u>108,519</u>		<u>108,519</u>
Loss of the year			<u>(33)</u>	<u>(33)</u>
<b>At December 31, 2012</b>	<u>50</u>	<u>223,328</u>	<u>(33)</u>	<u>223,345</u>

The accompanying notes are an integral part of these consolidated financial statements.

## ODN Tay IV Holding GmbH and subsidiary

### Consolidated statement of cash flows In thousands of U.S. dollars

	For the year ended December 31, 2012	For the period of nine months ended December 31, 2011
<b>Cash flows from operating activities</b>		
Loss of the year	(33)	
<b>Changes in assets and liabilities</b>		
Other assets	(2)	
Accounts payable	(78)	151
<b>Net cash provided by (used in) operating activities</b>	(113)	151
<b>Cash flows from investing activities</b>		
Short-term investments	(272)	
Additions to equipment	(92,820)	(565,311)
<b>Net cash used in investing activities</b>	(93,092)	(565,311)
<b>Cash flows from financing activities</b>		
From shareholders		
Capital increase	108,519	114,859
Financing		
Financing obtained	470,000	455,100
Repayments of principal	(462,466)	
Payment of interest	(23,198)	(4,435)
<b>Net cash provided by financing activities</b>	92,855	565,524
Increase (decrease) in cash and cash equivalents	(350)	364
<b>Cash and cash equivalents at the beginning of the year</b>	364	
<b>Cash and cash equivalents at the end of the year</b>	14	364

The accompanying notes are an integral part of these consolidated financial statements.

## **ODN Tay IV Holding GmbH and subsidiary**

### **Consolidated statement of cash flows** **In thousands of U.S. dollars**

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#### **1 Operating context**

ODN Tay IV Holding GmbH ("ODN Tay IV Holding" or the "Company") is an Austrian company with its head office in Vienna, Austria and was constituted on March 18, 2011. The Company is part of the Odebrecht Oil and Gas Organization, the ultimate holding company of which is Odebrecht Óleo e Gás S.A., incorporated in Rio de Janeiro, Brazil

Its subsidiary is ODN Tay IV GmbH ("ODN Tay IV") which was acquired on March 31, 2011 and is established in Vienna (Austria).

As of December 31, 2012, the Company had a negative working capital of US\$ 71,232 (US\$ 31,176 - 2011) due to the payment of principal and interest on the loans, considering a semi-annual schedule. However, based on the cash flow projections of the charter contracts and financial resources provided by parent Company, management believes the Company will pay the loan with these resources and correct the negative working capital situation.

The issuance of these condensed financial statements was authorized by the Directors on February 06, 2014.

#### **2 Summary of significant accounting policies**

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

##### **2.1 Basis of preparation**

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities, which are measured at their fair value.

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires the Company's management to exercise its judgment in the process of applying the accounting policies.

These consolidated financial statements have been prepared and are being presented in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board.

The Company's functional currency is the U.S. dollar, which is also the currency in which the accounting records are maintained.

##### **2.2 Consolidation**

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to determine the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of possible voting rights that are currently exercisable or convertible are considered when assessing whether the Company and its subsidiaries ("Group") controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

## **ODN Tay IV Holding GmbH and subsidiary**

### **Consolidated statement of cash flows**

**In thousands of U.S. dollars**

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Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries are changed, where necessary, to ensure consistency with the policies adopted by the Group.

#### **2.3 Cash and cash equivalents**

Cash and cash equivalents comprise cash, bank deposits and other highly liquid short-term investments falling due within 90 days and which can be immediately converted into a known cash amount, with insignificant risk of change in value.

#### **2.4 Short-term investments**

Short term investments comprise escrow accounts which represent resources related to Project Finance, not being readily convertible in cash, depending on use restrictions only after debt settlement, with insignificant risk of change in value.

#### **2.5 Equipment**

Equipment is stated at historical cost less accumulated depreciation and includes expenditure that is directly attributable to the acquisition of the items and finance costs related to the acquisition of qualifying assets during the period necessary for building and preparing assets for the intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. The carrying amount of replaced items or parts is derecognized. All other repairs and maintenance costs are charged to the statement of operations during the period in which they are incurred.

The drillship has an estimated useful life of 30 years and will be depreciated as from the date operations start, which is expected for the first half of 2013. At the end of the adaptation phase, the significant components with different useful lives will be identified and depreciated in accordance with the corresponding useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

#### **2.6 Impairment of non-financial assets**

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Each drillship represents the cash-generating unit of the Company. Non-financial assets other than goodwill (if applicable) that were adjusted due to impairment are subsequently reviewed for possible reversal of the impairment at the balance sheet date.

## **ODN Tay IV Holding GmbH and subsidiary**

### **Consolidated statement of cash flows** **In thousands of U.S. dollars**

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#### **2.7 Financings**

Financings are recognized initially at fair value, net of transaction costs incurred. Financings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the settlement value is recognized in the statement of operations over the period of the financing using the effective interest method.

Incremental costs incurred on the establishment of borrowing facilities are recognized as transaction costs, to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs, when the amount is reclassified to financial liability, reducing the net amount to draw down and changing the effective interest rate. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it is related.

Financings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### **2.8 Accounts payable**

Accounts payable are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due in one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. In practice, they are usually recognized at the amount of the related invoice.

The Company and Petrobras are currently in discussions about the applicability of charges for late delivery of the drillship.

#### **2.9 Lease contracts – The Company as lessee**

As described in Note 1, the Company is a party to a charter contract. Lease contracts in which a significant portion of the risk remains with the lessor are classified as operating leases. Revenues arising from the charter contract will be accounted for on the accrual basis and will reflect a defined daily rate, for a period of seven years, renewable for up to additional seven years by mutual agreement of the parties.

#### **2.10 New standards, amendments and interpretations to existing standards that are not yet effective**

The following new standards, amendments and interpretations to existing standards were issued by IASB but are not effective for 2012.

. IAS 1, "Presentation of financial statements". The main change is a requirement for entities to group items presented in "other comprehensive income" on the basis of whether they will be reclassified to profit or loss or remain in equity. The amendment to the standard is applicable as from January 1, 2013. The Company expects that the adoption of this amendment will only give rise to impacts on disclosure.

## **ODN Tay IV Holding GmbH and subsidiary**

### **Consolidated statement of cash flows** **In thousands of U.S. dollars**

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. IFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial instruments. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of income, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The standard is applicable as from January 1, 2015.

. IFRS 12, "Disclosures of interests in other entities". IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard is applicable as from January 1, 2013. The impact of this standard will be basically an addition to disclosure.

. IFRS 13, "Fair value measurement" was issued in May 2011. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The standard is applicable as from January 1, 2013. The impact of this standard will be basically an addition to disclosure.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

### **3 Financial risk management**

#### **(a) Identification and valuation of financial instruments**

The Company maintains financial instruments, comprised by cash and cash equivalents, short term investments, accounts receivable, suppliers and financings for the construction of the drillship.

#### **(b) Financial risk management policy**

ODN Tay IV Holding adopts a financial policy that sets forth the guidelines for the management of risks. In accordance with this policy, the nature and general position of financial risks are monitored and managed on a regular basis to evaluate results and financial impact on cash flows. The credit limits and hedge quality of counterparties are also periodically reviewed.

Under the policy, market risks are hedged when the Company believes it is necessary to support corporate strategy.

According to the risk management policy, derivative instruments for speculative trading purposes are not allowed.

## ODN Tay IV Holding GmbH and subsidiary

### Consolidated statement of cash flows In thousands of U.S. dollars

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#### (c) Credit risk

Credit risk arises from cash and cash equivalents, as well as credit exposures to customers. For banks and other financial institutions, only independently rated parties above investment grade (BBB -) are accepted. ODN Tay IV has signed a long term contract with Petrobras for chartering a drillship, which is under construction. The contract term is seven years, renewable for an equivalent period and is expected to start operations in the first half of 2013. Petrobras has investment grade rating assigned by the main rating agencies and its investment grade was rated BBB by Fitch.

#### (d) Liquidity risk

This is the risk of the Company not having sufficient liquid funds to meet its financial commitments, due to mismatch of terms or volume in expected receipts and payments.

To manage liquidity, cash disbursements and receipts are determined and monitored on a daily basis by the treasury department, including negative working capital situation on December 31, 2013 from which the Company will have the financial resources provided by parent Company, if necessary.

The table below presents the Company's financial liabilities analyzed by maturity, corresponding to the period remaining on the balance sheet date until the contractual maturity. The values reported in the table are undiscounted cash flows contracted.

	At December 31, 2012			
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Over 5 years
Principal of financing	72,380	48,880	178,130	170,610
Interest on financing	14,270	12,353	26,881	6,571
Accounts payable	107			

  

	At December 31, 2011			
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Over 5 years
Principal of financing	31,221	39,486	157,942	230,486
Interest on financing	9,689	7,894	18,107	6,652
Accounts payable	185			

#### (e) Market risk - interest rate risk

This risk arises from the possibility that the Company incurs losses due to fluctuations in interest rates that lead to an increase in financial expenses related to financing obtained. The financing contracted by the Company is subject to fixed interest rates.

## ODN Tay IV Holding GmbH and subsidiary

### Consolidated statement of cash flows In thousands of U.S. dollars

#### 4 Financial instruments by category

(i) The financial assets are classified as follows:

<b>Assets</b>	<b>December 31, 2012</b>	<b>December 31, 2011</b>
<b>Loans and receivable</b>		
Cash and cash equivalents (Note 5)	14	364
Other receivable (*)	2	
	<u>16</u>	<u>364</u>
<b>Financial assets measured at fair value through profit or loss</b>		
Short-term investments (Note 6)	272	
	<u>288</u>	<u>364</u>

(\*) prepayments are excluded from "Other receivables"

(ii) The financial liabilities are classified as follows:

<b>Liabilities</b>	<b>December 31, 2012</b>	<b>December 31, 2011</b>
<b>Other financial liabilities</b>		
Financings (Note 8)	464,249	455,234
Trade accounts payable	107	185
	<u>464,356</u>	<u>455,419</u>

#### 5 Cash and cash equivalents

	<b>December 31, 2012</b>	<b>December 31, 2011</b>
Bank deposits	14	364
	<u>14</u>	<u>364</u>

At December 31, 2012 and 2011, bank deposits are represented by funds available in current account basically with Deutsche Bank, denominated in US dollars and rated A+ by Fitch Ratings agency.

#### 6 Short-term investments

At December 31, 2012, short-term investments are represented by escrow accounts basically with Deutsche Bank, denominated in US dollars and rated A+ by Fitch Ratings agency.



## ODN Tay IV Holding GmbH and subsidiary

### Consolidated statement of cash flows In thousands of U.S. dollars

#### 7 Equipment

Equipment, amounting to US\$ 687,413 (US\$ 569,914 - 2011), relates to expenditures incurred in the acquisition of Stena Tay, including financial charges on the project finance structured loan (Note 8) capitalized during the phase of adaptation for deep waters. The balance will be transferred to the equipment account when the drillship starts its operation.

	<b>Drillship in construction</b>
<b>At March 18, 2011</b>	
Acquisitions	565,311
Finance costs	4,603
<b>Net balance</b>	569,914
<b>At December 31, 2011</b>	
Cost	569,914
<b>Net balance</b>	569,914
<b>At January 1, 2012</b>	569,914
Acquisitions	92,820
Finance costs	24,679
<b>Net balance</b>	687,413
<b>At December 31, 2012</b>	
Cost	687,413
<b>Net balance</b>	687,413

#### 8 Financings

	<b>December 31, 2012</b>	<b>December 31, 2011</b>
Syndicate of banks	464,249	455,234
Current	464,249 (71,413)	455,234 (31,355)
Non-current	392,836	423,879

On June 6, 2011, ODN Tay IV contracted bridge loans amounting to US\$ 27,000 maturing on January 31, 2012, for the purpose of financing the initial costs of the acquisition of the sub-submersible rig Stena Tay. Up to December 31, 2011, ODN Tay IV contracted new tranches of this bridge loan amounting to US\$ 459,000.

## ODN Tay IV Holding GmbH and subsidiary

### Consolidated statement of cash flows In thousands of U.S. dollars

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On December 22, 2011, ODN Tay IV signed the final Project Finance contract in the amount of US\$ 470,000. The resources of the Project Finance, released on January 13, 2012, were used to settle the bridge loans.

The principal amount will be settled in accordance with the repayment schedule, which takes into consideration six-month intervals as from June, 2013. The final installment is scheduled for June 2019. The interest incurred will be settled every six months in June and December and the final settlement is scheduled for June 2019.

This Project Finance has guarantees that are limited to the rights arising from the specific projects of ODN Tay IV and recourse against OOG or other Odebrecht Organization companies is not applicable.

Long-term amounts by maturity year are as follows:	<b>December 31, 2012</b>	<b>December 31, 2011</b>
2013		39,139
2014	47,951	47,330
2015	50,353	49,606
2016	60,754	59,618
2017	64,601	63,258
2018 onwards	169,177	164,928
	<u>392,836</u>	<u>423,879</u>

At December 31, 2012, the Company is in compliance with all related financing covenants.

## 9 Equity

Additional paid-in capital during 2012 amounted to US\$ 108,519 (US\$ 114,809 – December 31, 2011) and corresponds to an indirect capital contribution from OOG, related to own resources for the construction of the drillship.

On December 31, 2012, capital amounts to US\$ 50 (US\$ 50 - 2011) and consists of one quota share.

## 10 Subsequent events

On March 2, 2013, ODN Tay IV started its operations under an agreement signed with Petrobras for a period of seven years, renewable for an additional period of up to seven years by mutual agreement of the parties.

Additional paid-in capital during 2013 amounted to US\$ 35,655 and corresponds to an indirect capital contribution from OOG, related to own resources for the construction of the drillship.

On November 29, 2013, ODN Tay IV and Petrobras signed an agreement to settle all charges for late delivery of the assets related to the charter contract, compensated by technical improvements in the asset as requested by Petrobras. These technical improvements are subject to an amendment to the charter contract signed between the companies.

\* \* \*

# **ODN Tay IV Holding GmbH and its subsidiary**

**Financial Statements  
at December 31, 2013  
and independent auditor's report**



## **Independent Auditor's Report**

To the Board of Directors and Shareholders  
ODN Tay IV Holding GmbH

We have audited the accompanying consolidated financial statements of ODN Tay IV Holding GmbH and its subsidiary, which comprise the consolidated balance sheet as at December 31, 2013 and the consolidated statements of operations, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



ODN Tay IV Holding GmbH

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of ODN Tay IV Holding GmbH and its consolidated subsidiary as at December 31, 2013, and their consolidated financial performance and consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Salvador, February 10, 2014

A handwritten signature in blue ink, appearing to read "Felipe Edmond Ayoub", written over the printed name and title.

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5 "F" RJ

A handwritten signature in blue ink, appearing to read "Felipe Edmond Ayoub", written over the printed name and title.

Felipe Edmond Ayoub  
Contador CRC 1SP187402/O-4 "S" RJ

## ODN Tay IV Holding GmbH and subsidiary

### Consolidated balance sheet In thousands of U.S. dollars

Assets	December 31, 2013	December 31, 2012	Liabilities and equity	December 31, 2013	December 31, 2012
<b>Current assets</b>			<b>Current liabilities</b>		
Cash and cash equivalents(Note 6)	2,856	14	Financings (Note 9)	47,951	71,413
Short-term investments		272	Related parties (Note 10)	119,132	
Accounts receivable	13,858		Accounts payable	<u>325</u>	<u>107</u>
Claim receivable (Note 7)	19,168			167,408	71,520
Other assets	<u>156</u>	<u>2</u>			
	36,038	288	<b>Non-current liabilities</b>		
<b>Non-current assets</b>			Financings (Note 9)	344,885	392,836
Equipment (Note 8)	787,472	687,413	Related parties (Note 10)	<u>20,169</u>	
				365,054	392,836
			<b>Equity (Note 13)</b>		
			Capital	50	50
			Additional paid-in capital	258,983	223,328
			Retained earnings (Accumulated losses)	<u>32,015</u>	<u>(33)</u>
				<u>291,048</u>	<u>223,345</u>
Total assets	<u>823,510</u>	<u>687,701</u>	Total liabilities and equity	<u>823,510</u>	<u>687,701</u>

The accompanying notes are an integral part of these consolidated financial statements.

## ODN Tay IV Holding GmbH and subsidiary

### Consolidated statement of operations

For the years ended December 31

In thousands of U.S. dollars

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	<u>2013</u>	<u>2012</u>
<b>Continuing operations</b>		
Revenue	124,234	
Costs of services rendered (Note 11)	<u>(52,610)</u>	<u></u>
<b>Operating profit</b>	71,624	
General and administrative expenses	<u>(20,214)</u>	<u>(33)</u>
<b>Operating profit (loss)</b>	51,410	(33)
Finance costs (Note 12)	(19,362)	
	<u></u>	<u></u>
<b>Profit (loss) for the year</b>	<u>32,048</u>	<u>(33)</u>

The accompanying notes are an integral part of these consolidated financial statements.

## ODN Tay IV Holding GmbH and subsidiary

### Consolidated statements of changes in equity

In thousands of U.S. dollars

	<b>Capital</b>	<b>Additional paid-in capital</b>	<b>Retained earnings (Accumulated losses)</b>	<b>Total</b>
<b>At December 31, 2011</b>	50	114,809		114,859
Capital increase (Note 13)		108,519		108,519
Loss for the year			(33)	(33)
<b>At December 31, 2012</b>	50	223,328	(33)	223,345
Capital increase (Note 13)		35,655		35,655
Profit for the year			32,048	32,048
<b>At December 31, 2013</b>	<u>50</u>	<u>258,983</u>	<u>32,015</u>	<u>291,048</u>

The accompanying notes are an integral part of these consolidated financial statements.



## ODN Tay IV Holding GmbH and subsidiary

### Statement of cash flows For the year ended December 31 In thousands of U.S. dollars

	<b>2013</b>	<b>2012</b>
<b>Cash flows from operating activities</b>		
Profit (loss) of the year	32,048	(33)
<b>Adjustments</b>		
Related parties	25,182	
Depreciation	18,106	
Contractual claim	(19,168)	
Finance costs	19,362	
	75,530	
<b>Changes in assets and liabilities</b>		
Accounts receivable	(13,858)	
Other assets	(154)	(2)
Accounts payable	218	(78)
<b>Net cash provided by (used in) operating activities</b>	61,736	(113)
<b>Cash flows from investing activities</b>		
Short-term investments	272	(272)
Additions to equipment	(454)	(92,820)
<b>Net cash used in investing activities</b>	(182)	(93,092)
<b>Cash flows from financing activities</b>		
From shareholders		
Capital increase	35,655	108,519
Financing		
Financing obtained		470,000
Repayments of principal	(72,380)	(462,466)
Payment of interest	(21,987)	(23,198)
<b>Net cash provided by (used in) financing activities</b>	(58,712)	92,855
Increase (decrease) in cash and cash equivalents	2,842	(350)
<b>Cash and cash equivalents at the beginning of the year</b>	14	364
<b>Cash and cash equivalents at the end of the year</b>	2,856	14

Non cash transactions:

Additions to equipment in the amount of US\$ 114,119 with counter-parties in related parties.

The accompanying notes are an integral part of these consolidated financial statements.

## **ODN Tay IV Holding GmbH and subsidiary**

### **Notes to the consolidated financial statements at December 31, 2013**

**In thousands of U.S. dollars, unless otherwise indicated**

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#### **1 Operating context**

ODN Tay IV Holding GmbH ("ODN Tay IV Holding" or "Company") is an Austrian company with its head office in Vienna, Austria and was constituted on March 18, 2011. The Company is part of the Odebrecht Oil and Gas Organization, whose ultimate holding company is Odebrecht Óleo e Gás S.A. ("OOG"), incorporated in Rio de Janeiro, Brazil

Its subsidiary is ODN Tay IV GmbH ("ODN Tay IV") which was acquired on March 31, 2011 and is established in Vienna (Austria).

As of December 31, 2013, the Company had a negative working capital of US\$ 131,370 (US\$ 71,232 - 2012) due to the payment of principal and interest on the loans, considering a semi-annual schedule. However, based on the cash flow projections of the charter contracts and financial resources provided by parent Company, management believes the Company will pay the loan with these resources and correct the negative working capital situation.

The issuance of these financial statements was authorized by the Directors on February 06, 2014.

#### **2 Summary of significant accounting policies**

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

##### **2.1 Basis of preparation**

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities, which are measured at their fair value.

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires the Company's management to exercise its judgment in the process of applying the accounting policies. Those areas that require a higher degree of judgment or which are more complex, as well as other areas requiring significant estimates and assumptions for the consolidated financial statements, are disclosed in Note 3.

These consolidated financial statements have been prepared and are being presented in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board.

During the years ended December 31, 2013 the Company did not have any comprehensive income other than that included in the statement of income. Therefore, the statements of comprehensive income for the years then ended are not being presented.

The Company's functional currency is the U.S. dollar, which is also the currency in which the accounting records are maintained.

## **ODN Tay IV Holding GmbH and subsidiary**

### **Notes to the consolidated financial statements at December 31, 2013**

**In thousands of U.S. dollars, unless otherwise indicated**

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#### **2.2 Consolidation**

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to determine the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of possible voting rights that are currently exercisable or convertible are considered when assessing whether the Company and its subsidiaries ("Group") controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries are changed, where necessary, to ensure consistency with the policies adopted by the Group.

#### **2.3 Cash and cash equivalents**

Cash and cash equivalents comprise cash, bank deposits and other highly liquid short-term investments falling due within 90 days and which can be immediately converted into a known cash amount, with insignificant risk of change in value.

#### **2.4 Short-term investments**

Short term investments comprise escrow accounts which represent resources related to Project Finance, not being readily convertible in cash, depending on use restrictions only after debt settlement, with insignificant risk of change in value.

#### **2.5 Accounts receivable**

Accounts receivables are amounts due from customers for services rendered in the regular course of the Company's business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

They receivables are recognized at the amount billed, adjusted by the provision for impairment, when necessary.

#### **2.6 Equipment**

Equipment is stated at historical cost less accumulated depreciation and includes expenditure that is directly attributable to the acquisition of the items and finance costs related to the acquisition of qualifying assets during the period necessary for building and preparing assets for the intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. The carrying amount of replaced items or parts is derecognized. All other repairs and maintenance costs are charged to the statement of operations during the period in which they are incurred.

The Drillship has an estimated useful life of 30 years and has been depreciated since March 2, 2013, when ODN Tay IV started its operations.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

## **ODN Tay IV Holding GmbH and subsidiary**

### **Notes to the consolidated financial statements at December 31, 2013**

**In thousands of U.S. dollars, unless otherwise indicated**

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#### **2.7 Impairment of non-financial assets**

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Each drillship represents the cash-generating unit of the Company. Non-financial assets other than goodwill (if applicable) that were adjusted due to impairment are subsequently reviewed for possible reversal of the impairment at the balance sheet date.

#### **2.8 Financings**

Financings are recognized initially at fair value, net of transaction costs incurred. Financings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the settlement value is recognized in the statement of operations over the period of the financing using the effective interest method.

Incremental costs incurred on the establishment of borrowing facilities are recognized as transaction costs, to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs when the amount is reclassified to financial liability, reducing the net amount draw down and changing the effective interest rate. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it is related.

Financings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### **2.9 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is shown net of taxes, rebates and discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will result from the transaction and when specific criteria have been met for each of the Company's activities.

The revenue is calculated by multiplying the day rate for the drillship by the availability expressed as a percentage of the number of days of availability in the applicable period.

#### **2.10 Accounts payable**

Accounts payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due in one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. In practice, they are usually recognized at the amount of the related invoice.

## **ODN Tay IV Holding GmbH and subsidiary**

### **Notes to the consolidated financial statements at December 31, 2013**

**In thousands of U.S. dollars, unless otherwise indicated**

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#### **2.11 Lease contracts – The Company as lessee**

As described in Note 1, the Company is a party to a charter contract. Lease contracts in which a significant portion of the risk remains with the lessor are classified as operating leases. Revenues arising from the charter contract will be accounted for on the accrual basis and will reflect a defined daily rate, for a period of seven years, renewable for up to additional seven years by mutual agreement of the parties.

#### **2.12 New standards, amendments and interpretations to existing standards that are not yet effective**

The following new standards, amendments and interpretations to existing standards were issued by IASB but are not effective for 2013.

. IFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial instruments. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of income, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The standard is applicable as from January 1, 2015.

. IFRIC 21, "Levies". The interpretation clarified when an entity should recognize an obligation to pay levies according to legislation. An obligation should only be recognized when an event that results in an obligation occurs. This interpretation is applicable as from January 1, 2014.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

### **3 Estimates and critical accounting judgments**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events considered reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

#### **Depreciation**

Depreciation of the assets is calculated using the straight-line method to reduce the cost to residual values over their estimated useful lives.

## **ODN Tay IV Holding GmbH and subsidiary**

### **Notes to the consolidated financial statements at December 31, 2013**

**In thousands of U.S. dollars, unless otherwise indicated**

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#### **4 Financial risk management**

##### **(a) Identification and valuation of financial instruments**

The Company maintain financial instruments, comprised by cash and cash equivalents, short term investments, accounts receivable, suppliers and financings for the construction of the drillship.

##### **(b) Financial risk management policy**

ODN Tay IV has a financial policy that sets forth the guidelines for the management of risks. In accordance with this policy, the nature and general position of financial risks are monitored and managed on a regular basis to evaluate results and financial impact on cash flows. The credit limits and hedge quality of counterparties are also periodically reviewed.

Under the policy, market risks are hedged when the Company believes it is necessary to support corporate strategy.

According to the risk management policy, derivative instruments for speculative trading purposes are not allowed.

##### **(c) Credit risk**

Credit risk arises from cash and cash equivalents, as well as credit exposures to customers. For banks and other financial institutions, only independently rated parties above investment grade (BBB -) are accepted. ODN Tay IV has signed a long term contract with Petrobras for chartering a drillship. The contract term is seven years, renewable for an equivalent period and the operations started on March 2, 2013. Petrobras has investment grade rating assigned by the main rating agencies and its investment grade was rated BBB by Fitch agency.

##### **(d) Liquidity risk**

This is the risk of the Company not having sufficient liquid funds to meet its financial commitments, due to mismatch of terms or volume in expected receipts and payments.

To manage liquidity, cash disbursements and receipts are determined and monitored on a daily basis by the treasury department, including negative working capital situation on December 31, 2013 from which the Company will have the financial resources provided by parent Company, if necessary.

The table below presents the Company's financial liabilities analyzed by maturity, corresponding to the period remaining on the balance sheet date until the contractual maturity. The values reported in the table are undiscounted cash flows contracted.

## ODN Tay IV Holding GmbH and subsidiary

### Notes to the consolidated financial statements at December 31, 2013

In thousands of U.S. dollars, unless otherwise indicated

	<b>At December 31, 2013</b>			
	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 3 and 5 years</b>	<b>Over 5 years</b>
Principal of financing	48,880	51,230	194,110	103,400
Interest on financing	12,404	12,184	34,011	3,470
Accounts payable	325			
	<b>At December 31, 2012</b>			
	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 3 and 5 years</b>	<b>Over 5 years</b>
Principal of financing	72,380	48,880	178,130	170,610
Interest on financing	14,270	12,353	26,881	6,571
Accounts payable	107			

#### (e) Market risk - interest rate risk

This risk arises from the possibility that the Company incurs losses due to fluctuations in interest rates that lead to an increase in financial expenses related to financing obtained. The financing contracted by the Company is subject to fixed interest rates.

## 5 Financial instruments by category

### (i) The financial assets are classified as follows:

<b>Assets</b>	<b>December 31, 2013</b>	<b>December 31, 2012</b>
<b>Loans and receivable</b>		
Cash and cash equivalents (Note 6)	2,856	14
Trade accounts receivable	13,858	
Other receivable (*)	26	2
	<b>16,740</b>	<b>16</b>
<b>Financial assets measured at fair value through profit or loss</b>		
Short-term investments		272
	<b>16,740</b>	<b>288</b>

(\*) prepayments are excluded from "Other receivables"

## ODN Tay IV Holding GmbH and subsidiary

### Notes to the consolidated financial statements at December 31, 2013

In thousands of U.S. dollars, unless otherwise indicated

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- (ii) The financial liabilities are classified as follows:

<b>Liabilities</b>		<b>December 31, 2013</b>	<b>December 31, 2012</b>
<b>Other financial liabilities</b>			
Financings (Note 9)		392,836	464,249
Trade accounts payable		325	107
		<u>393,161</u>	<u>464,356</u>
<b>6 Cash and cash equivalents</b>			
		<b>December 31, 2013</b>	<b>December 31, 2012</b>
Bank deposits		2,856	14
		<u>2,856</u>	<u>14</u>

At December 31, 2013 and 2012, bank deposits are represented by funds available in current account basically with Deutsche Bank, denominated in US dollars and rated A by Fitch Ratings agency.

#### 7 Claim receivable

Refers to a claim receivable from Stena Tay KFT due the non-compliance of the contract related on the sale of the asset in the amount of US\$ 19.168. ODN Tay IV will receive US\$ 10,900 in cash and US\$ 8,268 in equipments.

#### 8 Equipment

Equipment, amounting to US\$ 787,472 (US\$ 687,413 - 2012), relates to expenditures incurred in the acquisition of Stena Tay, including financial charges on the project finance structured loan (Note 9) capitalized during the phase of adaptation for deep waters. The balance was transferred to the equipment account when the drillship started its operation.



## ODN Tay IV Holding GmbH and subsidiary

### Notes to the consolidated financial statements at December 31, 2013

In thousands of U.S. dollars, unless otherwise indicated

	<b>Drillship in construction</b>	<b>Drillship</b>	<b>Total</b>
At January 1, 2012	569,914		569,914
Acquisitions	92,820		92,820
Finance costs	24,679		24,679
Net balance	<u>687,413</u>		<u>687,413</u>
At December 31, 2012			
Cost	687,413		687,413
Net balance	<u>687,413</u>		<u>687,413</u>
At January 1, 2013	687,413		687,413
Transfer	(713,779)	713,779	
Acquisitions	22,775	91,799	114,574
Depreciation		(18,106)	(18,106)
Finance costs	3,591		3,591
Net balance	<u></u>	<u>787,472</u>	<u>787,472</u>
At December 31, 2013			
Cost		805,578	805,578
Accumulated depreciation		(18,106)	(18,106)
Net balance	<u></u>	<u>787,472</u>	<u>787,472</u>

## 9 Financings

	<b>December 31, 2013</b>	<b>December 31, 2012</b>
Syndicate of banks	392,836	464,249
Current	<u>(47,951)</u>	<u>(71,413)</u>
Non-current	<u>344,885</u>	<u>392,836</u>

On June 6, 2011, ODN Tay IV contracted bridge loans amounting to US\$ 27,000 maturing on January 31, 2012, for the purpose of financing the initial costs of the acquisition of the sub-submersible rig Stena Tay. Up to December 31, 2011, ODN Tay IV contracted new tranches of this bridge loan amounting to US\$ 459,000.

On December 22, 2011, ODN Tay IV signed the final Project Finance contract in the amount of US\$ 470,000. The resources of the Project Finance, released in January 13, 2012, were used to settle the bridge loans.

The principal amount will be settled in accordance with the repayment schedule, which takes into consideration six-month intervals as from June, 2013. The final installment is scheduled for June 2019. The interest incurred will be settled every six months in June and December and the final settlement is scheduled for June 2019.

This Project Finance has guarantees that are limited to the rights arising from the specific projects of ODN Tay IV and recourses against OOG or other Odebrecht Organization companies is not applicable.

## ODN Tay IV Holding GmbH and subsidiary

### Notes to the consolidated financial statements at December 31, 2013

In thousands of U.S. dollars, unless otherwise indicated

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Long-term amounts by maturity year are as follows:

	<b>December 31, 2013</b>	<b>December 31, 2012</b>
2014		47,951
2015	50,353	50,353
2016	60,754	60,754
2017	64,601	64,601
2018	66,578	66,578
2019 onwards	102,599	102,599
	<u>344,885</u>	<u>392,836</u>

At December 31, 2013, the Company is in compliance with all related financing covenants.

#### **10 Related parties**

During 2013, the Company was invoiced by OOSL in the amount US\$ 34,300 referring to the vessel maintenance contract (SOISA) (See Note 11).

The transactions with related parties are described below:

- The account payable to ODN I GmbH ("ODN I") of US\$ 43,787 refer to the agreement signed between ODN I, ODN Tay IV and Petrobras. This agreement provides that the penalties for the late delivery of the Tay IV will be converted into investments (technical improvements) in the ODN I. These investments represent the settlement of the penalties, i.e. the Company reversed a penalty in an upgrade of the asset. In this context, ODN I recorded an intercompany loan with the semi-submersible rig drillship ODN Tay IV as compensation for the obligation to perform technical improvements.
- The account payable to Odebrecht Oil Services Ltda ("OOSL") of US\$ 70,332 refers to the Construction Management Agreement (CMA) and this amount was capitalized during 2013.
- The account payable to Odebrecht Óleo and Gás SA ("OOG") of US\$ 20,169 refers to the operational costs incurred by OOG and this amount was recorded as general and administrative expenses during 2013.
- The accounts payable to OOG of US\$ 5,013 refers to Asset Maintenance Agreement (AMA).

## ODN Tay IV Holding GmbH and subsidiary

### Notes to the consolidated financial statements at December 31, 2013

In thousands of U.S. dollars, unless otherwise indicated

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#### 11 Cost of services rendered

	<b>December 31, 2013</b>
Assistance (i)	34,300
Depreciation	18,106
Others	<u>204</u>
	<u>52,610</u>

(i) with respect to administrative, managerial and technical matters.

#### 12 Finance costs

	<b>December 31, 2013</b>
Interest on project finance	<u>19,362</u>
	<u>19,362</u>

#### 13 Equity

Additional paid-in capital during 2013 amounting to US\$ 35,655 (US\$ 108,519 - 2012) corresponds to an indirect capital contribution from OOG, related to own resources for the construction of the drillship.

On December 31, 2013, capital amounts to US\$ 50 (US\$ 50 - 2012) and consists of one quota share.

\* \* \*

## ANNEX B

### REFERENCE ASSETS DISTRIBUTION DATES, DISTRIBUTION AMOUNT PAYMENT DATES AND CLASS B NOTES PRINCIPAL REDUCTION AMOUNTS

<b>Credit Agreement/ Swaps Distribution Dates</b>	<b>Distribution Amount Payment Dates and Principal Reduction Dates</b>	<b>Class B Notes Principal Reduction Amounts (in U.S.\$)</b>
June 20, 2014	June 20, 2014	23,378,671
December 22, 2014	December 22, 2014	23,701,347
June 22, 2015	June 22, 2015	24,017,763
December 21, 2015	December 21, 2015	24,360,979
June 20, 2016	June 20, 2016	28,458,863
December 20, 2016	December 20, 2016	32,939,471
June 20, 2017	June 20, 2017	33,241,319
December 20, 2017	December 20, 2017	34,491,063
June 20, 2018	June 20, 2018	34,306,921
December 20, 2018	December 20, 2018	34,599,407
June 21, 2019	June 21, 2019	103,970,375

## ANNEX C

### FORM OF CLEARING SYSTEM NOTICE

[Euroclear Bank S.A./N.V. (“Euroclear”)]

Attention: ..... [●]

Telephone: ..... [●]

Fax: ..... [●]

[Clearstream Banking, *société anonyme* (“Clearstream”)]

Attention: ..... [●]

Telephone: ..... [●]

Fax: ..... [●]

Re: Physical Settlement in respect of the [U.S.\$16,114,000 Class A Pass-through Notes due 2016 (the “**Class A Notes**”)]/[U.S.\$399,579,000 Class B Pass-through Notes due 2019]<sup>1</sup> (the “**Class B Notes**”) of Series 2014-01 issued by EM Falcon Limited (the “**Issuer**”)

Reference is made to the Indenture dated as of February 26, 2014 (as supplemented, the “**Indenture**”) among the Issuer and The Bank of New York Mellon, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

This letter relates to U.S.\$[●] aggregate principal amount of Notes held in the form of a Regulation S Global Note with [Euroclear or Clearstream, as applicable] (ISIN No. XS1035844932 for Class A Notes, ISIN No. XS1035849220 for Class B Notes; Common Code No. 103584493 for Class A Notes, Common Code No. 103584922 for Class B Notes) over which [name of Holder] (the “**Holder**”) has a beneficial ownership interest (the “**Designated Notes**”). The Holder’s beneficial interest is held in Account Number [Number] of [Bank] with [Euroclear or Clearstream, as applicable].

As a result of the Holder having received Physical Delivery of its pro rata portion of the Reference Assets (the “**Physical Settlement**”), the Holder irrevocably instructs the cancellation and removal of the Designated Notes from the records of [Euroclear or Clearstream, as applicable]. The Holder certifies that (i) it has received the Physical Settlement in full settlement of the Issuer’s obligations under the Designated Notes and the Indenture and (ii) it has no further payment or other claims on the Issuer or the Trustee under the terms of the Designated Notes or the Indenture.

You are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

[Name of Holder]

By:

Name:

Title:

Dated: \_\_\_\_\_, \_\_\_\_\_

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<sup>1</sup> Delete whichever is not applicable.

## ANNEX D

### PERMITTED INVESTMENTS

**“Permitted Investments”** means any of the following investments selected by the Calculation Agent in its sole and absolute discretion; provided that, the acquisition (including the manner of acquisition), ownership, enforcement or disposition of which and the nature of which will not cause the Issuer to be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes or otherwise be subject to U.S. federal, state or local income tax on a net income basis;; provided that, the acquisition (including the manner of acquisition), ownership, enforcement or disposition of which and the nature of which will not cause the Issuer to be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes or otherwise be subject to U.S. federal, state or local income tax on a net income basis; (provided further that, in the case of clauses (i) and (ii) below, at the time of purchase of the relevant asset, payments in respect thereof are not subject to any deduction or withholding on account of tax by virtue of such asset being held by or on behalf of the Issuer):

- (i) any U.S. dollar-denominated senior debt securities of the United States of America issued by the U.S. Treasury Department and backed by the full faith and credit of the United States of America with a maturity that falls no later than the next following Interest Payment Date in respect of the Notes; and/or
- (ii) any U.S. dollar denominated investment that is an offshore money market fund or liquidity fund or similar investment vehicle that principally invests in short term fixed income obligations, including, without limitation, any investment vehicle for which the Calculation Agent or the Trustee, or an affiliate of any of them, provides services, provided that (a) such fund has a Moody's money market fund rating of at least "Aaa/MR1+" and an S&P rating of "AAA", (b) such fund distributes interest or dividends on such investment on a regular basis and at least quarterly, (c) the Issuer will not invest in any one such money market fund or liquidity fund an amount exceeding, in the aggregate, 10 per cent. of the share capital of such fund and (d) the maturity date of such fund falls no later than the next following Interest Payment Date in respect of the Notes; and/or
- (iii) U.S. dollars; and/or
- (iv) any repurchase or similar arrangements, if applicable.

## ANNEX E

### FORM OF POWER OF ATTORNEY

By this power of attorney, THE BANK OF NEW YORK MELLON, a New York banking corporation, not in its individual capacity but solely as trustee under the Standard Terms of Indenture dated May 17, 2013 (the “**Standard Terms**”) and the Series Indenture (the “**Series Indenture**”) and, together with the Standard Terms, the “**Indenture**”) dated February 26, 2014 by and among EM Falcon Limited, an Irish limited company, as issuer (the “**Issuer**”) and The Bank of New York Mellon, as trustee, acting through its office located at One Canada Square, London E14 5AL, United Kingdom (the “**Trustee**”), represented herein by its officers, according to its by-laws (the “**Grantor**”), hereby irrevocably constitutes and appoints as its attorney-in-fact, [CDA Name], [CDA address] and any officer or agent thereof (the “**Grantee**”), in its capacity as collateral disposal agent (the “**Collateral Disposal Agent**”) in respect of the Reference Assets referred to in the Indenture, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Trustee, acting on behalf of and in the name of the Grantor, for action by any technologically available means (including, without limitation, any form of electronic data transmission), and to execute in any appropriate manner, any and all documents and instruments which may be necessary or reasonably desirable to accomplish the following purposes, in accordance with the Indenture:

1. request firm bid quotations to purchase the aggregate amount of outstanding Reference Assets (a “**Bid Quote**”) from, to the extent reasonably practicable, three leading banks, dealers, brokers or any other active market participants that deal in obligations of the type as such Reference Assets (as selected by the Grantee in its reasonable discretion) (each such dealer or entity, which may or may not include an affiliate of such dealer, a “**Reference Dealer**”), in respect of the purchase of some or all of the Reference Assets;
2. arrange for the sale of the outstanding Reference Assets to the Reference Dealer which provided the highest quotation(s); and
3. transfer to the Collection Account an amount equal to the Liquidation Proceeds Amount referred to in the Indenture received by the Grantee immediately upon receipt thereof by the Grantee.

The Grantee agrees to perform each of the above acts. The Grantor agrees to release the Reference Assets from the security interests under the Indenture in order to permit the Grantee to settle the sale of the Reference Assets.

The authority granted to the Grantee by this power of attorney is not transferable to any other party or entity.

This instrument shall be governed by and construed in accordance with the laws of the State of New York (without regard to its conflicts of law principles).

All actions heretofore taken by the Grantee, which the Grantee could properly have taken pursuant to this power of attorney, be, and hereby are, ratified and affirmed.

Notwithstanding anything to the contrary contained herein, neither the Grantor nor the Issuer shall have any duty whatsoever to monitor or supervise the activities of the Grantee. Neither the Issuer nor the Grantor shall have any duty whatsoever to compensate or indemnify the Grantee. The Grantee agrees and acknowledges that the Holders are responsible for negotiating the terms for the services rendered by Grantee and memorializing such terms in a contract with the Holders, including any compensation and/or indemnity being provided by the Holders to the Grantee in respect of its appointment as Collateral Disposal Agent, a copy of which contract must be delivered to the Grantor by Holders pursuant to the terms of the Indenture.

For purposes of this instrument, the following definitions shall apply: (i) “**Notes**” means the U.S.\$16,114,000 Class A Pass-through Notes due 2016 and the U.S.\$399,579,000 Class B Pass-through Notes due 2019 of Series 2014-01, issued by EM Falcon on February 26, 2014 pursuant to the Indenture; and (ii) “**Holders**” means the holders of the Notes. This power of attorney is effective for 30 days from the date hereof or the earlier of (a) revocation by the Grantor, (b) the date on which the Grantee shall no longer be retained on behalf of the Grantor or an affiliate of the Grantor, and (c) the date on which the Liquidation Proceeds Amount is paid to the Collection Account.

By signing below the Grantee hereby accepts its appointment under this power of attorney and agrees to perform all acts and duties required of it by the terms of this power of attorney.

IN WITNESS WHEREOF, The Bank of New York Mellon, as Trustee, pursuant to the Indenture, and these present to be signed and acknowledged in its name and behalf by *[insert name]* its duly elected and authorized Managing Director and *[insert name]* its duly elected and authorized Vice President this [●]th day of *[date]*.

THE BANK OF NEW YORK MELLON  
as Grantor

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

Witness: \_\_\_\_\_  
Printed Name:

[CDA]  
as Grantee

By: \_\_\_\_\_  
Name:  
Title:



## ANNEX F

### DEFINED TERMS

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Dublin 2  
Ireland

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**The Bank Of New York Mellon**  
One Canada Square  
London E14 5AL  
United Kingdom

**PRINCIPAL PAYING AGENT, AGENT BANK AND  
TRANSFER AGENT**

**The Bank Of New York Mellon**  
One Canada Square  
London E14 5AL  
United Kingdom

**REGISTRAR**

**The Bank Of New York Mellon (Luxembourg) S.A.**  
Vertigo Building – Polaris  
2-4 rue Eugène Ruppert  
L-2453 Luxembourg

**IRISH LISTING AGENT**

**Arthur Cox Listing Services Limited**  
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Earlsfort Terrace  
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