

SERIES MEMORANDUM

Magnolia Finance V plc
(incorporated as a public limited liability company in Ireland)

US\$5,000,000,000
Programme for the issue of
Limited Recourse Obligations

Series 2012-1

USD 65,000,000 Credit-Linked Notes due 2020
issued on 14 December 2012

to be consolidated with and form a single series with

Series 2012-1 USD
150,000,000 Credit-Linked Notes due 2020
issued on 4 May 2012

Credit Suisse International
as Arranger and Dealer

Dated 14 December 2012

*This Series Memorandum has been approved by the Central Bank of Ireland (the **Central Bank**), as the competent authority under the Prospectus Directive 2003/71/EC. The Central Bank only approves this Series Memorandum as meeting the requirements imposed under Irish and EU law pursuant to Directive 2003/71/EC (the **Prospectus Directive**). Such approval relates only to the Tranche 2 Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets 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. This Series Memorandum comprises a prospectus for the purposes of Article 5 of the Prospectus Directive. The Tranche 1 Notes are listed on the Irish Stock Exchange. Application has been made to the Irish Stock Exchange for the Tranche 2 Notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that such application will be successful.*

Prospective investors should note that neither the Counterparty nor any other entity has committed to retain a material net economic interest in accordance with Article 122a of Directive 2006/48/EC (as amended) or any other similar requirements which may apply at any time in respect of any EU regulated investor with respect to securitisations. As a result, in general, an EEA regulated credit institution (and any other entity required to comply with Article 122a or any similar requirements and/or any corresponding national implementing measures) seeking to invest in the Tranche 2 Notes (on issue or after) will be unable to satisfy the requirements of Article 122a in respect of such investment. Failure to comply with one or more of the requirements set out in Article 122a may result in the imposition of a penal capital charge on any Tranche 2 Notes acquired by a relevant investor. Prospective investors are referred to the "Risk factors" section of this Series Memorandum for further information on Article 122a and certain related considerations.

The provisions of the programme memorandum dated 8 June 2012 (the **Programme Memorandum**) relating to Magnolia Finance V plc (the **Issuer** or **Magnolia**) shall be deemed to be incorporated into and form part of this Series Memorandum in their entirety save that any other statement contained in the Programme Memorandum shall be deemed to be modified or superseded for the purpose of this Series Memorandum 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 a part of this Series Memorandum.

This Series Memorandum must be read in conjunction with the Programme Memorandum and full information on the Issuer and the offer of the Tranche 2 Notes is only available on the basis of the combination of the provisions set out within this document and the Programme Memorandum. The Series 2012-1 USD 65,000,000 Credit-Linked Notes due 2020 issued on 14 December 2012 and described herein (the **Tranche 2 Notes**) are to be consolidated to form a single Series with the Series 2012-1 USD 150,000,000 Credit Linked Notes due 2020 issued on 4 May 2012 (the **Tranche 1 Notes** and together with the **Tranche 2 Notes**, the **Notes**) with effect from the Tranche 2 Issue Date and to be fungible on the Fungible Date. Terms used but not otherwise defined herein shall have the meanings given to them in the Programme Memorandum provided that, for the avoidance of doubt, references in this Series Memorandum to the "Conditions" shall be to the Master Terms and Conditions set out in the Programme Memorandum, as amended herein.

The Issuer (a) has taken all reasonable care to ensure that the information contained in this Series Memorandum is true and accurate in all material respects and that in the context of the issue of the Tranche 2 Notes, there are no other material facts which would make misleading any statement herein or in the Programme Memorandum; and (b) accepts responsibility for the information contained in this Series Memorandum and to the best of the knowledge and belief of the Issuer the information contained in this Series Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information included herein relating to Credit Suisse AG and set out under the section of this Series Memorandum entitled "*Information relating to Credit Suisse AG*" and the information set out under the section of this Series Memorandum entitled "*Descriptive Features of the Initial Reference Portfolio and Non-Binding Summary of Selection Process*" consists of information provided by Credit Suisse AG (being the Counterparty on the Tranche 2 Issue Date). Together with the Issuer, Credit Suisse AG accepts responsibility for the information contained in the sections entitled "*Information relating to Credit Suisse AG*" and "*Descriptive Features of the Initial Reference Portfolio and Non-Binding Summary of Selection Process*". To the best of the knowledge and belief of Credit Suisse AG (having taken all reasonable care to ensure that such is the case), the information contained in the sections entitled "*Information relating to Credit Suisse AG*" and "*Descriptive Features of the Initial Reference Portfolio and Non-Binding Summary of Selection Process*" is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information included herein relating to Credit Suisse Securities (Europe) Limited and set out under the section of this Series Memorandum entitled "*Information relating to the Repo Counterparty*" consists of information provided by Credit Suisse Securities (Europe) Limited (being the Repo Counterparty on the Tranche 2 Issue Date). Together with the Issuer, Credit Suisse Securities (Europe) Limited accepts responsibility for the information contained in the section entitled "*Information relating to the Repo Counterparty*". To the best knowledge of Credit Suisse Securities (Europe) Limited (having taken all reasonable care to ensure that such is the case), the information contained in the section entitled "*Information relating to the Repo Counterparty*" is in accordance with the facts and does not omit anything likely to affect the import of such information.

The delivery of this Series Memorandum at any time does not imply that any information contained herein is correct at any time subsequent to the date thereof.

The Tranche 2 Notes are issued on the terms set out in this Series Memorandum read together with the Programme Memorandum.

This Series Memorandum does not constitute an offer of the Tranche 2 Notes and may not be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Tranche 2 Notes or the distribution of this Series Memorandum in any jurisdiction where such action is required.

Certain of the credit ratings referred to into this Series Memorandum have been issued, for the purposes of Regulation (EC) No 1060/2009 as amended by Regulation (EU) No 513/2011 (the **CRA Regulation**), by Standard & Poor's Credit Market Services France S.A.S. and Moody's Investors Service, Inc. Standard & Poor's Credit Market Services France S.A.S. is established in the European Union and registered under the CRA Regulation, as set out in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority (**ESMA**). Moody's Investors Service, Inc. is not established in the European Union and has not applied for registration under the CRA Regulation. Certain of the credit ratings referred to into this Series Memorandum have been assigned by the Counterparty's internal Portfolio Management Group. The Counterparty is not registered under the CRA Regulation.

Each purchaser of the Tranche 2 Notes is deemed to represent and agree as follows:

"(A) it is a sophisticated investor, (B) it understands and has such knowledge and experience in financial and business matters, the nature of, and risks associated with the Charged Assets, the terms of the CDS and the terms of the Repurchase Agreement such that it is capable of evaluating the merits, risks and suitability (including for tax, legal, regulatory, accounting and other financial purposes) of its prospective investment in the Tranche 2 Notes and/or has consulted with its own

*legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it has deemed necessary, (C) it has made its own investment decisions based upon its own judgement and upon any advice from such advisers as it has deemed necessary and has determined that an investment in the Tranche 2 Notes is suitable and appropriate for it, (D) it has no need for liquidity with respect to the Tranche 2 Notes and no need to dispose of its interest in any Tranche 2 Notes or portion thereof to satisfy any existing or contemplated indebtedness, obligations or other undertaking, and the aggregate amount paid by it to purchase the Tranche 2 Notes (or any interest therein) is not disproportionate to its net worth, (E) it is able to bear any loss in connection with any investment in the Tranche 2 Notes (including loss of the entirety of its original principal investment) and is otherwise capable and willing to assume such risks, (F) in making such investment it is not relying on the advice or recommendations of or any view expressed by the Issuer, the Arranger or Credit Suisse AG or any of their respective affiliates (or any representative or agent of either of the foregoing), (G) it understands that the Tranche 2 Notes comprise obligations of the Issuer only and not of any other party (including, without limitation, Credit Suisse AG) and (H) it is a resident of The Netherlands, a member state of the European Economic Area that has implemented the Prospectus Directive, and is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive ("**Qualified Investor**"),"*

and, accordingly, Tranche 2 Notes must not be purchased by any person who is unable to make all of the foregoing representations and agreements.

THE TRANCHE 2 NOTES (OR ANY INTEREST IN THE TRANCHE 2 NOTES) MAY NOT, DIRECTLY OR INDIRECTLY, BE OFFERED, SOLD, OR OTHERWISE TRANSFERRED TO OR TO THE ORDER OF ANY PERSON OTHER THAN A SOPHISTICATED INVESTOR. EACH HOLDER OF A TRANCHE 2 NOTE (OR ANY INTEREST IN A TRANCHE 2 NOTE) WILL BE DEEMED TO HAVE AGREED THAT IT SHALL BE A CONDITION TO ANY SALE OR OTHER TRANSFER TO IT THAT IT IS A SOPHISTICATED INVESTOR.

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RISK FACTORS

The purchase of the Tranche 2 Notes involves substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Tranche 2 Notes. Investors should note that the Tranche 2 Notes are significantly different from ordinary, vanilla debt securities. Before making an investment decision, prospective purchasers of the Tranche 2 Notes should ensure that they understand the nature of the Tranche 2 Notes and the extent of their exposure to risk and consider carefully, in the light of their own financial circumstances and investment objectives (and those of any accounts for which they are acting), all the information set forth in this Series Memorandum, the Master Terms and Conditions set out in the Programme Memorandum, the terms of the CDS, the terms relating to the Repurchase Agreement, the Repurchase Service Agreement, the Charged Agreement and the information relating to the nature of any Collateral Assets that may subsequently constitute Charged Assets and, in particular, but without limitation, the considerations set out below. The considerations set out below in respect of the Tranche 2 Notes are not, and are not intended to be, a comprehensive list of all considerations relevant to a decision to purchase or hold the Tranche 2 Notes.

GENERAL

It is intended that the Issuer will acquire exposure to financial assets with certain risk characteristics as described below and subject to the investment policies, restrictions and guidelines described in the Appendix to the Conditions. There can be no assurance that the Issuer's investments will be successful, that the Noteholders will receive the full amounts payable or scheduled to be payable by the Issuer under the Tranche 2 Notes or that they will receive the expected return on their investment in the Tranche 2 Notes. Prospective investors should therefore review this entire Series Memorandum together with the Programme Memorandum carefully and should consider, among other things, the risk factors set out in this section before deciding whether to invest in the Tranche 2 Notes.

Prospective investors should determine whether an investment in the Tranche 2 Notes is appropriate in their particular circumstances based on their own independent review and should consult with their legal, financial, regulatory and tax advisers to determine the consequences of an investment in the Tranche 2 Notes and to arrive at their own evaluation of the investment (including to confirm such investment is fully consistent with its financial needs and objectives and investment restrictions and is a suitable investment for it).

In particular, each potential investor should:

- (a) be capable of bearing the economic risk of an investment in the Tranche 2 Notes for the period up until the maturity date of the Tranche 2 Notes and understand that the terms of the Tranche 2 Notes are such that they may suffer a loss of some of all of their original principal investment;
- (b) recognise that in case the Tranche 2 Notes need to be sold prior to maturity, the investor may have to do so at a substantial discount from the initial price, and as a result may suffer substantial losses;
- (c) have read and understand the terms of the CDS and the Repurchase Agreement at the time of investment and understand the risks associated with an indirect exposure to such agreements and understand that its exposure is synthetic and is to a blind pool of Reference Obligations under the CDS;

- (d) have sufficient knowledge and experience to make a meaningful evaluation of the Tranche 2 Notes, the merits and risks of investing in the Tranche 2 Notes and the information contained or incorporated by reference in this Series Memorandum;
- (e) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Tranche 2 Notes and the impact the Tranche 2 Notes will have on its overall investment portfolio;
- (f) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Tranche 2 Notes, including Tranche 2 Notes where the currency for principal or interest payments is different from such potential investor's currency;
- (g) understand thoroughly the terms of the Tranche 2 Notes and be familiar with the behaviours of any relevant indices and financial markets;
- (h) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (i) undertake such due diligence it deems necessary in the circumstances in relation to the Counterparty and its business practices, the Reference Portfolio and the manner in which substitutions can be made to the Reference Portfolio and Recoveries may be determined.

Investors may not rely on the Issuer, the Arranger, the Counterparty, the Repo Counterparty, the Trustee, or any Agent or any of their respective owners, beneficiaries, agents, officers, directors, employees, affiliates, successors or assigns (together the "**Related Affiliates**") in connection with their determination as to the legality or appropriateness of their acquisition of the Tranche 2 Notes or as to the other matters referred to in Risk Factors section of this Series Memorandum. Neither the Issuer nor any of the Counterparty, the Repo Counterparty, the Arranger, the Trustee or any Agent or any of their Related Affiliates is acting as an investment adviser, or assumes any fiduciary obligation, to any investor in the Tranche 2 Notes. The Counterparty, the Repo Counterparty, the Arranger, the Trustee, the Agents and the Issuer do not assume any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of any Reference Entity, any Reference Obligation or any other party.

The Tranche 2 Notes are not a conventional investment and carry various unique investment risks, which prospective investors should understand clearly before investing in the Tranche 2 Notes. **In particular, an investment in the Tranche 2 Notes involves the risk of a partial or total loss of investment.** An investment in the Tranche 2 Notes does not provide the same exposure as a direct investment in the CDS, any underlying Reference Obligation, the Repurchase Agreement or the Charged Assets.

Noteholders will have no direct rights against any party other than the Issuer and in certain circumstances will only have indirect rights (via the Trustee) against the Issuer.

RISKS RELATING TO THE CDS

Principal and interest under Notes linked to CDS performance and may be reduced to zero

The amounts payable under the Notes will depend on, among other things, the performance of a credit default swap transaction (being the CDS) under which the Issuer has sold first loss credit protection on a portfolio of reference obligations (being the Reference Obligations under the CDS) to Credit Suisse AG, acting through its Cayman Islands Branch in its capacity as Counterparty. Upon settlement under the CDS in respect of Credit Events by payment by the Issuer of Cash Settlement

Amounts, the principal amount payable under the Notes may be significantly reduced (and may even be reduced to zero). Furthermore, the amount of interest payable under the Notes will also be significantly reduced because the interest rate under the Notes is determined by reference to such reduced principal amount.

The terms of the CDS are set out in Annex 1 of this Series Memorandum. It is vital that investors read and understand the terms of the CDS. The terms of the CDS are complex and highly bespoke and an investment in the Notes is only suitable for investors who are not only familiar with similar instruments but who also have read and understood the terms of the CDS and who understand their relationship to the performance of the Notes.

The CDS is linked to an undisclosed portfolio of Reference Obligations selected by the Counterparty

The Reference Obligations referenced by the CDS (being at any time the Reference Portfolio) are selected at the discretion of the Counterparty, who will be acting solely in its own commercial interests. Whilst the Counterparty has prepared an indicative high-level summary of the process for selecting the Initial Reference Portfolio and the process by which it expects to select the Reference Obligations which will be the subject of an Adjustment, such summary is not binding on the Counterparty and may be changed. Selections will be made in the Counterparty's sole and absolute discretion and acting in its sole commercial interest, subject to the obligations set out under the CDS, including with respect to the Conditions to Addition.

Subject to complying with the specific terms set out in the CDS, the Counterparty will make Additions or Reductions in any manner it wishes and the Counterparty is not required to, and will not, take into account the interests of or otherwise seek consent from Noteholders or any other person in making Additions or Reductions. Accordingly, any Additions or Reductions may have an adverse effect on the credit risk and value of the Notes.

Without limitation to the general discretion referred to above, prospective investors should note that while selecting the Reference Obligations for inclusion in the Reference Portfolio (including with respect to Additions or Reductions), the Counterparty may prioritise obligations which would be harder otherwise to trade or hedge in the credit default swap market on standard terms or by other means and/or which have the highest relative regulatory risk weighting.

Certain features of the Reference Portfolio as of the Tranche 2 Issue Date are set out in the section of this Series Memorandum headed "*Descriptive features of the Initial Reference Portfolio and non-binding summary of selection process*". The identity and terms of the Reference Entities and Reference Obligations are not and will not be disclosed to investors in the Notes at any time, nor will the prospect or likelihood of the occurrence of a Credit Event or any information that the Counterparty is legally constrained from disclosing under contractual restrictions and/or applicable banking secrecy laws. These undisclosed Reference Obligations (or the notional amount attributed to any such Reference Obligation) may also change from time to time as a result of additions or reductions made by the Counterparty in its sole discretion, subject to certain limitations (see paragraph 8 of the CDS). In addition, none of the Issuer, the Trustee or the Noteholders will have the right to inspect any records of the Counterparty or any of its affiliates.

Accordingly, investors may not be able to assess the specific risks associated with any particular Reference Obligation nor be able at any time to identify the exact composition of the Reference Portfolio, the probability of a Credit Event occurring, any correlation between Reference Obligations (such that a Credit Event on one Reference Obligation is likely to result in a Credit Event on other Reference Obligations), the probable recoveries or any other matter which ordinarily would be assessed when a party assumes credit exposure to one or more Reference Obligations. Investors may not at any time rely on the Issuer, Credit Suisse AG or any of its affiliates on their behalf to monitor whether or not a Credit Event, potential Credit Event or an event adversely affecting the Reference

Obligations or the Notes has occurred. Furthermore, upon settlement of a Credit Event, the terms relating to precisely how the amounts relating to such settlement are determined will not be disclosed to Noteholders.

Although the Reference Entities are involved in a range of different industry sectors, there may be either a higher concentration of Reference Entities in a particular industry or correlation between the creditworthiness of Reference Entities in different but related industry sectors. Deterioration in the economic conditions in any such industry sector or sectors may adversely affect the ability of the Reference Entities to pay the Reference Obligations and, therefore, could increase the risk of Credit Events occurring in relation to the related Reference Obligations. A greater concentration of Reference Entities in particular industry sectors may, therefore, result in a greater risk of loss than if such concentration had not been present.

Any deterioration in the economic conditions in the countries in which any Reference Entities are Domiciled that causes an adverse effect on the ability of the Reference Entities to repay their obligations could increase the risk of losses on the Reference Obligations. A concentration of Reference Entities in such countries may therefore result in a greater risk of loss than if such concentration had not been present. See "*Descriptive features of the Initial Reference Portfolio and non-binding summary of selection process*" for a description of the countries included in the Reference Portfolio as at the Tranche 2 Issue Date.

However, the Reference Obligations are required to fulfil certain criteria as of the date that notice is given by the Counterparty that they are to be included in the pool of Reference Obligations referenced by the CDS. Those criteria are set out in the CDS (see, in particular, under Conditions to Addition, the Portfolio Guidelines and the requirements with respect to Eligible Reference Obligations in paragraph 9 of the CDS). Other than as set out in the terms of the CDS, no assurance can be given that the Reference Portfolio will be fully compliant with these criteria at any time and no representation is given by the Issuer, the Counterparty, the Trustee or any other person as to the creditworthiness, expected default rate or expected loss in respect of any Reference Entity, Reference Obligation or the Reference Portfolio.

Investors must read and understand these criteria carefully in order to understand the potential universe of Reference Obligations which may be referenced by the CDS, which is broad and will be selected by the Counterparty acting in its own commercial interests (which may conflict with those of the Issuer and the Noteholders). Many of such criteria involve subjective determinations by the Counterparty (see further under "*Information observed on Credit Suisse AG's systems is information which has been prepared for Credit Suisse AG's internal use; information may be based on other Relevant Lender information*" below).

For example, but without limitation, in respect of any Portfolio Guideline or other Condition to Addition which reference rating requirements, such ratings are based solely on Credit Suisse AG's internal ratings applicable to the Reference Obligations. Investors in the Notes should note that these ratings may be materially different from those produced by rating agencies and that they have been subjectively determined by Credit Suisse AG for internal purposes.

The Issuer, Credit Suisse AG and/or its affiliates or any other party may, whether by virtue of the types of relationships described herein or otherwise, at any time, be in possession of information in relation to a Reference Obligation, Reference Entity, Reference Entity Group or Primary Borrower that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to the Noteholders, and the Notes do not create any obligation on the part of the Issuer, Credit Suisse AG or any other person to disclose to any Noteholder any such relationship or information (whether or not confidential). Unless otherwise expressly agreed in writing, neither Credit Suisse AG nor any of its affiliates is required to provide any information to the Noteholders at any time regarding the Reference Obligations, the Reference Entities, the Reference Entity Groups,

the Primary Borrowers or the prospect or likelihood of the occurrence of a Credit Event or the likely or actual value of any Final Price or Realised Final Price.

No investigations, searches or other enquiries have been or will be made by or on behalf of the Issuer or the Trustee to verify the details of the Reference Portfolio, any Reference Entity, any Reference Entity Group, any Primary Borrower or any Reference Obligation or any historical information relating to the Reference Portfolio. No representations or warranties have been given by the Issuer in respect of any Reference Entity, Reference Entity Group or Primary Borrower or any Reference Obligation.

Risks Associated with Emerging Market Reference Entities

Some Reference Entities comprising the Reference Portfolio are Domiciled in emerging market countries. There may be a high degree of uncertainty and volatility associated with obligors from emerging market countries and the performance of and payment under the Notes may be directly impacted by certain political, economic and legal events and conditions.

Reference Entities or Primary Borrowers Domiciled in emerging markets countries may be affected by special risks related to regional economic conditions and sovereign risks which are not normally associated with obligors located in developed countries, including: (1) risks associated with political, economic and social uncertainty, including the risks of nationalisation or expropriation of assets, diplomatic developments, war and revolution; (2) fluctuations of currency exchange rates (i.e., the cost of converting foreign currency into U.S. dollars); (3) lower levels of disclosure and regulation in foreign securities markets than in similar markets in developed countries; (4) confiscatory taxation, taxation of income earned in foreign nations or other taxes or restrictions imposed with respect to investment in foreign nations; (5) economic and political risks, including potential foreign exchange controls, interest rate controls and other protectionist measures (including documentation reporting); and (6) uncertainties as to the status, interpretation, application and enforcement of laws, including insolvency and bankruptcy laws. In addition, there is often less publicly available information about obligors from emerging market countries which may, among other things, have an effect on the assessment of the credit risks associated with a particular Reference Entity, Reference Entity Group or Primary Borrower. Reference Entities, Reference Entity Groups or Primary Borrowers in emerging market countries may not generally be subject to uniform accounting, auditing and financial reporting standards and auditing practices and requirements may not be comparable to those applicable to obligors located in developed countries. The economies of individual emerging market countries may differ favourably or unfavourably from the economies of developed countries in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resources, self-sufficiency and balance of payments position. Governments of many emerging markets countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, the government owns or controls many companies, including some of the largest in the country.

Accordingly, government actions could have a significant effect on economic conditions in an emerging market country and on market conditions generally. It may also be difficult to obtain and enforce a judgment relating to emerging markets debt in the jurisdiction in which the majority of the assets of a Reference Entity or Primary Borrower is located. As a result, it may be difficult and time consuming to take control of or liquidate any collateral securing the Reference Obligations.

Limited liquidity of Reference Obligations

In order for a Reference Obligation to be included in the Reference Portfolio as an Eligible Reference Obligation, such obligation must relate to the payment or repayment of borrowed money (which includes deposits and reimbursement obligations arising from drawings pursuant to letters of credit, any debt security and any loan, revolving loan facility, loan note, and any guarantee in respect thereof). In order to induce banks and institutional investors to invest in loans, an obligor under such

an obligation often provides the investors therein with extensive information about its business, which is not generally available to the public. Because of the provision of confidential information (none of which information will be provided to the Noteholders), the unique and customised nature of loan agreements and the private syndication of loans, loans are not as easily purchased or sold as publicly traded securities and historically, trading volumes in the loan markets have been small relative to, for example, the high yield bond market. Whilst the range of investors for such loans has broadened, secondary market trading volumes have increased and new loans are frequently adopting more standardised documentation to facilitate loan trading and improve market liquidity, there can be no assurance that future levels of supply and demand in loan trading will provide liquidity in the market. This means that it may be difficult to attribute a value to a Reference Obligation and this may in turn have an adverse effect on the value of the Notes.

Information observed on Credit Suisse AG's systems is information which has been prepared for Credit Suisse AG's internal use; information may be based on other Relevant Lender information

The determination of certain key matters in relation to the Notes and the CDS (such as whether the Conditions to Addition have been satisfied, the notional amount attributable to such Reference Obligation for the purposes of settlement of the relevant Credit Event and the LGD and, if applicable, the Recoveries that will apply in connection with the determination under the CDS of Cash Settlement Amounts following the occurrence of a Credit Event (as to which, see "*Risks relating to determination of Cash Settlement Amounts*" below)) is dependent on certain information observed on Credit Suisse AG's internal systems. Such information is prepared for internal purposes and Credit Suisse AG and/or its affiliates makes no representation (either express or implied), and does not assume liability, to third parties with respect to, or for, such information. Each prospective investor in the Notes should ensure that it has had such access to such financial and other information concerning the Counterparty and its affiliates and the manner in which the Portfolio Management Group and other internal groups at the Counterparty and its affiliates run their affairs as it deems necessary and appropriate in order to make an informed investment decision. Furthermore, investors must recognise that Credit Suisse AG's systems and procedures may change from time to time, without notification to any third party including the Noteholders, and, in making any such changes, neither Credit Suisse AG nor any of its affiliates is required to take into account the Notes and Noteholders' interests.

In respect of any Reference Obligation, certain key matters (including, without limitation, the Recoveries determined under the CDS and the notional amount attributable to such Reference Obligation for the purposes of settlement of the relevant Credit Event) may alternatively be determined by reference to information provided by a third party holder of the relevant underlying Reference Obligation in circumstances where, for the purposes of the CDS, the Relevant Lender is an entity other than the Counterparty under the CDS with respect to such Reference Obligation. Such information will be determined on the basis of such matters as the Relevant Lender deems appropriate without regard to either the existence of the Notes or the considerations of the investors.

Certain of these determinations are subjective to the Buyer or, as applicable, the Relevant Lender. For example, in respect of the Conditions to Addition and without limitation, the Primary Borrower identified in respect of a Reference Obligation (where there is more than one obligor with respect to a Reference Obligation), the rating, industry classification and Domicile applicable in respect of any Reference Obligation and whether a Primary Borrower has been assigned "Negative Outlook" or classified as "Red Flag" or "Work-out" all comprise subjective determinations of the Buyer under the CDS.

No representation or warranty whatsoever is given by the Counterparty, any Relevant Lender or any other person as to whether or not such information, data or related determination is accurate or complete or has reasonably been determined.

Accordingly, investors are wholly subject to the quality of such data and information and the procedures, processes and policies of the relevant provider relating to how such data and information is determined and collated. Investors will have no way of verifying such data and other information and are not entitled to carry out any due diligence on such procedures, processes and policies (which, in any event may change from time to time) and will not have any remedy for any errors or omissions in the preparation of such data or information or in the relevant procedures, processes and policies. A Verification Agent is expected to be appointed by the Counterparty to verify, to a limited extent, certain matters (see "*Verification by the Verification Agent*" below).

The exposure of the Notes to the portfolio of Reference Obligations through the CDS represents leveraged exposure

Under the CDS, the Issuer (and, accordingly, the Noteholders) is exposed to the first loss tranche of portfolio credit default swap exposure on the Reference Obligations comprised in the Reference Portfolio. This position represents a leveraged exposure to credit default swap risk since (a) the size of the aggregate notional amount attributed to the portfolio of Reference Obligations is, as of the Tranche 2 Issue Date, USD 2,687,500,000 which is considerably larger than the notional first loss risk to which the Issuer is exposed under the CDS, being USD 215,000,000 as of the Tranche 2 Issue Date (i.e., the Principal Amount of the Notes as of the Tranche 2 Issue Date) and (b) losses to the Issuer will arise under the CDS in respect of the portfolio of Reference Obligations immediately upon the first such Credit Event being settled. This position entails a high degree of risk (such that the Issuer will suffer higher losses due to the settlement of Credit Events than those it would suffer in respect of an unleveraged credit default swap that referenced the Reference Portfolio).

The more Reference Obligations which become subject to Credit Events, the greater the losses that will be suffered by the Issuer through the payment of Cash Settlement Amounts (as defined in the confirmation in respect of the CDS) to the Counterparty under the CDS.

Uncertainty of Maturity Date since it is linked to the Termination Date under the CDS

The Maturity Date of the Notes is not fixed and is linked to the Termination Date under the CDS. However, for the avoidance of doubt, the termination of the Original CDS, as documented by the CDS, shall not lead to the Maturity Date of the Notes occurring.

The Termination Date under the CDS may fall significantly after 3 August 2020 because, for example, Credit Events have not settled under the CDS or because the Counterparty has exercised a discretion to delay such date in order to determine whether or not a potential Credit Event will become an actual Credit Event in respect of a Reference Obligation. In these circumstances, the interest rate payable under the Notes will only be at the overnight rate applicable to the Cash Account (which is expected to be significantly lower than the rate of interest payable under the Notes prior to 3 August 2020).

Conversely, the Maturity Date of the Notes may arise much earlier than 3 August 2020 if the Counterparty exercises its optional early termination right under the CDS such that the Termination Date under the CDS is accelerated. The circumstances in which the Counterparty may exercise its optional early termination right are set out in more detail in the form of CDS which appears in Annex 1 to this Series Memorandum. No mark-to-market value will be payable by or to the Issuer in respect of any such acceleration of the Termination Date through exercise of such optional early termination right. In these circumstances, the Noteholders will not have the benefit of any further positive performance in respect of the Notes and each Note will be redeemed at the Outstanding Note Amount as reduced by any applicable Interest Shortfalls at such time (after taking into account any adjustments to the Outstanding Note Amount at such time).

Risks relating to determination of Credit Events

Although the Verification Agent is required to verify certain aspects relating to the satisfaction of the Conditions to Settlement by the Buyer (as more fully described in the form of CDS set out in Annex 1 to this Series Memorandum) following the occurrence of each Event Determination Date, the Counterparty has sole discretion to determine, in accordance with the terms of the CDS, whether and when a Credit Event has occurred with respect to a Reference Entity or an Obligation and Noteholders will be bound by such determination. The Counterparty will behave in respect of any Reference Entity and Obligations without regard to the interests of the Noteholders. The Counterparty is not obliged to satisfy the Conditions to Settlement in respect of any Reference Entity and Obligation and, subject to any express limitations contained in the CDS, may do so at any time it chooses in its sole and absolute discretion. See further under "*Conflicts of interest relating to Credit Suisse AG, Credit Suisse International and Credit Suisse Securities (Europe) Limited.*"

Risks relating to determination of Cash Settlement Amounts

The amount by which the Protection Tranche Amount in respect of the CDS (and therefore the outstanding principal amount of the Notes) may be reduced from time to time following the occurrence of Credit Events will depend on the size of Cash Settlement Amounts calculated from time to time under the CDS. Such Cash Settlement Amounts are payable quarterly by or to the Issuer to reflect a two stage settlement process in respect of Credit Events:

- (a) first, upon the occurrence of an Event Determination Date with respect to the relevant Credit Event, a Loss Amount will be immediately determined in respect of the relevant Defaulted Reference Obligation (based on the applicable LGD, as described below) which will effectively be payable by the Issuer in that it will be taken into account in the next applicable Cash Settlement Amount payable under the CDS; and
- (b) secondly, a Cash Settlement Adjustment Amount will subsequently be determined to reflect differences between the Final Price (based on the relevant "LGD") used to determine such Loss Amount and the Realised Final Price subsequently determined in respect of the relevant Defaulted Reference Obligation. Such Cash Settlement Adjustment Amount will effectively reduce or increase the outstanding principal amount of the Notes (and therefore the interest payable in respect of the Notes) as it will reduce or increase the Protection Tranche Amount in accordance with the provisions of the CDS. Such Realised Final Price will be determined by reference to the Recoveries obtained in respect of the relevant Defaulted Reference Obligation by the Relevant Lender (and an estimate of future recoveries by the Relevant Lender if such amount is required to be determined before all Recoveries have been realised).

This methodology for settlement is significantly different from the settlement methodology used under credit default swaps more commonly transacted in the market. Although the confirmation in respect of the CDS incorporates by reference the 2003 ISDA Credit Derivatives Definitions as published by the International Swaps and Derivatives Association, Inc., the CDS is a bespoke transaction which uses only certain provisions of such definitions. For example, under the terms of a standard credit derivative transaction, Determinations Committees are empowered to make certain binding determinations, but the Counterparty is not required to, and will not, take into account any such determinations when making any determination required to be made by it under the CDS. Also, while, under the terms of a standard credit derivative transaction, the price at which a transaction will settle following the occurrence of a Credit Event is capable of being determined by means of a public auction, the CDS will settle on the basis of Recoveries and will not be dependent on, and may not bear any relationship to, any auction price determined with respect to standard credit derivatives transactions. Thus, prospective investors should be aware that the bespoke nature of the CDS may result in Cash Settlement Amounts payable by the Issuer under the CDS being greater than those which would have arisen had the CDS been entered into on market standard terms.

Investors should further note the following:

(a) Determination of the initial Loss Amount:

The Loss Amount will be determined on the basis of a Final Price which is a fixed percentage based on the "loss given default" or "LGD" assigned to the relevant Defaulted Reference Obligation. The LGD is determined by the Counterparty in its sole and absolute discretion and may change from time to time in respect of a Reference Obligation referenced by the CDS in the Counterparty's sole and absolute discretion. Such Loss Amount will result in a payment by the Issuer in respect of the relevant Credit Event (which in turn will result in a reduction in the Protection Tranche Amount of the CDS and therefore the outstanding principal amount of the Notes). Such Final Price may be significantly different to the Realised Final Price subsequently determined in respect of the relevant Defaulted Reference Obligation. The Counterparty will determine the applicable LGD in its sole and absolute discretion and in accordance with its usual business practices without taking into account the effect on the Notes and therefore the Counterparty does not assume any liability to third parties, including the Noteholders for the manner in which such LGD is determined.

(b) Determination of the Realised Final Price:

The Realised Final Price is determined by reference to the Recoveries obtained in respect of the relevant Defaulted Reference Obligation by the Relevant Lender. It may take a significant amount of time before such Recoveries are realised which means that it may take a significant amount of time (subject to the cut-off described below) before the related Cash Settlement Adjustment Amount is determined. For example, if Recoveries are being made in the context of insolvency proceedings, a number of factors will determine how long insolvency or civil proceedings might last before an actual recovered amount arising from such proceedings can be established. Such factors will include the nature of the law of the jurisdiction(s) relevant to such proceedings and the location and complexity of the entity which is subject to such proceedings, but, in general, such proceedings can be of a lengthy duration.

Noteholders are subject to the decisions made by the recovery management team of the Relevant Lender in respect of the relevant Defaulted Reference Obligation and the processes and policies relating to how such Recoveries are obtained or the Defaulted Reference Obligation otherwise is treated by the Relevant Lender. In determining Recoveries, the Relevant Lender may employ a number of different strategies, including but not limited to the enforcement of security interests held in respect of the Reference Obligation and/or selling the Reference Obligation. Furthermore, any such estimate of future Recoveries may significantly differ from the actual Recoveries that the Relevant Lender subsequently makes. Such Recoveries or estimates may differ significantly from observed historic default rates and recoveries.

In determining the manner in which any Recoveries are made or in estimating future Recoveries, the Relevant Lender is not obliged to take into account the effect on the Notes and therefore does not assume any liability to third parties, including the Noteholders in respect of the same. See *"Information observed on Credit Suisse AG's systems is information which has been prepared for Credit Suisse AG's internal use; information may be based on other Relevant Lender information"* above.

The time period by which all such Recoveries are to be determined under the CDS is subject to a cut-off of no more than 3 years following the related Event Determination Date. After 3 years (or earlier if the Termination Date of the CDS occurs), an estimate of the value of the relevant Defaulted Reference Obligation or the value of future recoveries in respect of the relevant Defaulted Reference Obligation will be made by the Relevant Lender, as determined in a manner consistent with (but which may be different from) its ordinary valuation, business and/or accounting policies and standards at the relevant time. This estimate as of the relevant "Recovery Determination Date" will be applied (instead of waiting for actual Recoveries) in respect of any residual claim by the Relevant Lender in

respect of the relevant Defaulted Reference Obligation for the purposes of delivering the Realised Final Price. Any such estimate may be significantly different from the recoveries that would have been received by the Relevant Lender after the Verification Cut-Off Date.

Furthermore, such estimates may vary from any published final recovery rate in respect of the Reference Obligation and due to the variety of assumptions, parameters or other market factors which may be considered by Relevant Lenders, an estimate made by any particular Relevant Lender at a given time may differ significantly from that of another Relevant Lender.

If the Realised Final Price determined with respect to a Defaulted Reference Obligation is lower than the related Final Price, then the interest payable under the Notes will be reduced by the Outstanding Adjustment Amount (defined in paragraph 5 of the CDS Confirmation) as contemplated by the definition of the "Interest Amount" in paragraph 14(ii) of the Conditions. The Scheduled Redemption Amount payable under the Notes may also be reduced by any applicable Interest Shortfall, as contemplated by the definition of the "Scheduled Redemption Amount" in paragraph 16 of the Conditions.

Verification by the Verification Agent

Whilst no information as to the underlying Reference Obligations, related Credit Events and the values and other inputs used for the settlement of such Credit Events will be provided to Noteholders, a Verification Agent will be appointed by the Counterparty to verify certain matters, including with respect to the fulfilment of the relevant Conditions to Addition and the amount of the Recoveries.

The Verification Agent acts for the Counterparty under the CDS rather than the Issuer. The Verification Agent is not verifying any information for the benefit of the Issuer and its verification reports and notices will not be provided to the Issuer. Consequently the Verification Agent owes no contractual duty or other duty of care to the Noteholders.

Such verification by the Verification Agent is based solely on the information provided to the Verification Agent by the Counterparty. Such information will not be independently audited. The Verification Agent is, broadly speaking, solely appointed to compare certain information required to be provided to it from time to time by the Counterparty with the related terms of the CDS and confirming whether, on the basis of the information received by it, those terms have been complied with. Consequently, there is a risk that a matter may be incorrectly verified by reason of the information provided to the Verification Agent being deficient. Reference is also made to the section above entitled "*Information observed on Credit Suisse AG's systems is information which has been prepared for Credit Suisse AG's internal use; information may be based on other Relevant Lender information*".

Any such information so obtained will be deemed to be accurate in the absence of fraud. Investors must recognise that such information has been prepared by Credit Suisse AG for internal purposes and, accordingly, Credit Suisse AG does not assume any liability to third parties with respect to such information other than in the case of fraud.

In addition, prospective investors should also note that Noteholders may agree with the Counterparty that notices given by the Verification Agent to the Counterparty under the CDS will also be made available to them subject to agreeing the specific terms relating to the basis on which such information is being made available (including any requirement that the relevant Noteholder holds the Verification Agent harmless).

No legal or beneficial interest in obligations of any Reference Entities

Under the terms of the CDS, the Issuer will have a contractual relationship only with the Counterparty and not with any Reference Entity or Primary Borrower. Neither the CDS nor an investment in the

Notes constitutes a purchase or other acquisition or assignment of any interest in any obligation of any Reference Entity, any Primary Borrower or the Reference Obligation itself. Neither the investor nor the Issuer will have recourse against any Reference Entities, any Primary Borrowers and the Reference Obligations through the CDS and the CDS may not replicate the risk that would be assumed and/or the returns of a direct investment in the obligations of the Reference Entities or the Reference Obligations themselves. None of the holders of the Notes, the Issuer, the Trustee or any other entity will have any rights to acquire from the Counterparty or its affiliates any interest in any Reference Obligation or Reference Entity, notwithstanding any reduction in the Outstanding Note Amount. The Issuer will have no right directly to enforce compliance by the obligor and/or guarantor of a Reference Obligation with the terms of a Reference Obligation or any rights of set-off against the obligor and/or guarantor of a Reference Obligation or any voting rights with respect to any Reference Obligation. Neither the Issuer nor the Trustee has undertaken any legal due diligence in respect of the Reference Portfolio, the Reference Entities, the Primary Borrowers or the terms of any Reference Obligation.

RISK FACTORS RELATING TO THE REPURCHASE AGREEMENT

The proceeds of the issuance of the Tranche 1 Notes have been, and the proceeds of the issuance of the Tranche 2 Notes will be, applied by the Issuer to enter into a series of Repurchase Transactions with the Repo Counterparty pursuant to the Repurchase Agreement. On the Tranche 2 Issue Date the Issuer will: (1) terminate the then subsisting Repurchase Transaction entered into on 5 November 2012; and (2) enter into a replacement Repurchase Transaction, pursuant to which the Issuer shall pay to the Repo Counterparty an amount equal to or greater than the then Principal Amount of the Notes and the Repo Counterparty will deliver to the Issuer a portfolio of securities which satisfy certain eligibility criteria. Such replacement Repurchase Transaction and each subsequent Repurchase Transaction shall terminate on the Interest Period End Date following the date on which that Repurchase Transaction is entered into, and on that Interest Period End Date, the Issuer will transfer to the Repo Counterparty securities equivalent to the securities transferred by the Repo Counterparty in respect of that Repurchase Transaction, and the Repo Counterparty will pay to the Issuer the Repurchase Price. The Issuer and the Repo Counterparty will then enter into a new Repurchase Transaction under which the Issuer will pay an amount equal to the Principal Amount of the Notes at that time, after taking into account any increase or decrease to the Principal Amount which arises as a result of any Cash Settlement Amounts being payable under the CDS. Pursuant to the terms of the Repurchase Agreement, cash amounts payable and securities deliverable by one party will be netted against any corresponding obligation of the other party on the same day.

For the avoidance of doubt, the termination on the Tranche 2 Issue Date of the then subsisting Repurchase Transaction, as described above, shall not lead to the Maturity Date of the Notes occurring.

The interest rate payable under the Notes is directly linked to the Pricing Rate received from the Repo Counterparty under each Repurchase Transaction, which is equal to 0.15 per cent. per annum in respect of the replacement Repurchase Transaction to be entered into on the Tranche 2 Issue Date (as described above) and thereafter determined by the Repo Counterparty, subject to a minimum rate equal to the yield prevailing for a 3-month US T-bill on the third Business Day preceding such date, calculated by reference to the offer side of the US T-bill security as determined by the Repo Counterparty acting in a commercially reasonable manner, subject to certain adjustments which may be made to reflect increased costs incurred by the Repo Counterparty as described in the Repurchase Agreement.

All payments and transfers of securities in respect of any Repurchase Transaction will be effected pursuant to the "AutoSelect" system operated by Euroclear Bank. For this purpose, pursuant to the Custody Agreement, the Issuer has appointed the Custodian as its "Representative", and the Custodian, the Repo Counterparty and Euroclear Bank have entered into the Repurchase Service Agreement. Pursuant to the Repurchase Service Agreement, any payments or transfers required to be

made by the Repo Counterparty to the Issuer will be made to the Custodian, and any payments or transfers required to be made by the Issuer will be made by the Custodian on its behalf.

Upon the redemption of the Notes, the Repurchase Transaction will be terminated and any proceeds received by the Custodian pursuant to the Repurchase Service Agreement shall be deposited by the Custodian into the Cash Account and used to make any outstanding payments under the CDS and to redeem the Notes. Consequently, the Notes are exposed to the credit risk of the Repo Counterparty. If an Event of Default occurs with respect to the Repo Counterparty, the Repurchase Agreement may be terminated, and the value of the securities transferred to the Issuer under the Repo Transaction will be netted against the Repurchase Price. The Issuer will then need to liquidate those securities, and the proceeds of such liquidation will be used to pay any net amount due to the Repo Counterparty under the Repurchase Agreement and, to the extent applicable, to redeem the Notes in accordance with the order of priority set out in Note Conditions. The payment of any such net amount to the Repo Counterparty by the Issuer following termination of the Repurchase Agreement may lead to a reduction in the net amount available to pay other obligations under the Series Documents. Accordingly, if the proceeds of such liquidation are insufficient to meet these obligations, the Noteholders may suffer a loss.

The Issuer is, therefore, also exposed to credit risk in respect of the issuers of the securities transferred to it under a Repurchase Transaction. These securities must meet certain eligibility criteria which are set out in the Repurchase Service Agreement. These criteria provide that the following types of securities will be eligible:

- Debt securities issued by the US Government, denominated in USD and having a remaining maturity of not more than 15 years, provided that the amount of any single issue of such securities shall not exceed 5% of the total issue size of such securities;
- Debt securities which benefit from a guarantee by the US Government, denominated in USD and having a remaining maturity of not more than 15 years, provided that (i) the amount of any single issue of such securities shall not exceed 5% of the total issue size of such securities and (ii) the issuer and/or guarantor of such securities has and/or such securities have a long-term rating of at least AA- by S&P or at least Aa3 by Moody's (provided that the lower of the two long-term ratings shall prevail for these purposes);
- Debt securities issued by supranational organisations (such as the European Investment Bank, the International Bank for Reconstruction and Development and the European Bank for Reconstruction and Development) denominated in USD and having a remaining maturity of not more than 15 years, provided that (i) the amount of any single issue of such securities shall not exceed 5% of the total issue size of such securities and (ii) the issuer and/or guarantor of such securities has and/or such securities have a long-term rating of at least AA- by S&P or at least Aa3 by Moody's (provided that the lower of the two long-term ratings shall prevail for these purposes).

These risks are, however, mitigated as follows. First, as the value of the securities transferred in respect of a Repurchase Transaction fluctuates, the Repo Counterparty is required to transfer additional securities to the Issuer to ensure that the market value of the securities held by the Issuer is not less than the Repurchase Price payable by the Repo Counterparty. The Counterparty may also require the Repo Counterparty to transfer additional securities to the Issuer such that the market value of the securities held by the Issuer is up to 110 per cent of the Repurchase Price, as described more fully in the CDS and the Repurchase Agreement. Secondly, if the Repo Counterparty does not have the Required Rating(s), the Repo Counterparty is required to use commercially reasonable endeavours to facilitate a guarantee of its obligations under the Repurchase Agreement from an entity which has such Required Ratings or transfer its rights and obligations under the Repurchase Agreement to a replacement repo counterparty which has, or is guaranteed by an entity which has, such Required Ratings.

RISKS RELATING TO THE NOTES GENERALLY

Limited Recourse

The Notes will constitute secured, limited recourse obligations of the Issuer, and are payable solely from the proceeds of the Mortgaged Property (which includes the Charged Assets, the Charged Agreement and the Repurchase Agreement). The recourse of Noteholders for payment of principal and interest on the Notes is limited to the proceeds of realisation of the Charged Assets and other Mortgaged Property. No other assets of the Issuer will be available to satisfy claims of Noteholders.

If the Notes fall due for redemption prior to their scheduled maturity, after meeting the expenses and remuneration and any other amounts due to the Trustee, the proceeds of enforcement of security will be applied first in meeting the claims of the Repo Counterparty under the Repurchase Agreement, then the Counterparty under the Charged Agreement (save in respect of Subordinated Swap Amounts) and then, only to the extent that the Counterparty's and the Repo Counterparty's claims have been met, in meeting the claims of the Noteholders under the Notes.

If the net proceeds of enforcement of security are not sufficient to make all payments due in respect of the Notes, no other assets of the Issuer will be available to meet such shortfall.

The holders of Notes will have no right to proceed directly against the obligors in respect of, or to take title to, or possession of, the Mortgaged Property. The Notes do not represent obligations of, nor are they insured or guaranteed by, the Trustee, the Counterparty, the Repo Counterparty, the Arranger, the Determination Agent, the Custodian, the Principal Paying Agent, the Account Bank, the Corporate Services Provider or any of their respective affiliates. None of the Noteholders, the Trustee, the Counterparty, the Repo Counterparty, the Arranger, the Custodian, the Principal Paying Agent, the Determination Agent, the Account Bank, the Corporate Services Provider or any of their respective owners, beneficiaries, agents, officers, directors, employees, affiliates, successors or assigns will, in the absence of an express agreement to the contrary or as otherwise provided by law, be obliged to make payments in respect of the Notes. If distributions on such Mortgaged Property are insufficient to make payments on the Notes, no other assets will be available for payment of the deficiency and, following realisation of the Mortgaged Property, no debt shall be owed in respect of any such deficiency.

None of the Noteholders, the Trustee, the Counterparty, the Repo Counterparty, the Arranger, the Principal Paying Agent, the Determination Agent, the Custodian, the Account Bank or the Corporate Services Provider shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, examinership, arrangement, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the issuance of the Notes, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer in relation thereto.

Credit Risk on the Counterparty, the Repo Counterparty, Account Bank, Custodian and Paying Agents

The Notes are exposed to the credit risk of the Issuer, the Counterparty, the Repo Counterparty, the Custodian, the Principal Paying Agent and the Account Bank.

Payments under the Notes will be dependent upon receipt of amounts from the Counterparty and the Repo Counterparty, upon the Account Bank crediting or debiting (as the case may be) amounts received or payable (as the case may be) by the Issuer; upon the Principal Paying Agent making the relevant payments when received; upon the Custodian meeting its delivery and/or payment obligations under the Custody Agreement; and upon all parties to the Series Documents and the Repurchase Agreement performing their respective obligations thereunder.

If any such party does not make any payment when and where due by it under any of the Series Documents and the Repurchase Agreement, payments of interest or principal due to the Noteholders may not be paid by the Issuer or payment may be delayed and the Noteholders will have no recourse to any entity other than the Issuer (other than through the Trustee acting on their behalf in accordance with the Trust Deed or as otherwise provided therein). Accordingly, Noteholders are exposed, inter alia, to the creditworthiness of all of these entities and investment in the Notes may involve a loss of principal by virtue of the terms of the Notes even where there is no default by the Issuer and even if there is no Credit Event with respect to a Reference Obligation.

Limited liquidity of the Notes

Prospective investors should be willing and able, in the light of their circumstances and financial resources, to hold the Notes to maturity. Neither Credit Suisse AG nor any of affiliates will make a market in the Notes or offer to buy or be required (or likely) to buy them back. Other dealers may make a secondary market for the Notes but, if such a secondary market develops, there can be no assurance that it will continue or that it will be sufficiently liquid to allow Noteholders to resell the Notes. Therefore, if Noteholders need to sell the Notes prior to maturity, they may have to do so at a substantial discount from the initial price at which they purchased the Notes, and as a result may suffer substantial losses.

The value of the Notes may be volatile

The value of the Notes may be highly volatile and several factors, many of which are beyond the control of Credit Suisse AG or any of its affiliates or the Issuer, will influence the value of the Notes, including, without limitation, the performance of the CDS, general economic conditions, the current European sovereign debt crisis, the conditions of financial markets including the general credit markets, the corporate loan markets, the leveraged loan markets, the collateralised loan markets and the asset-backed securities markets, European and international political events, developments or trends in any relevant industry, the value of the Charged Assets and the creditworthiness of the obligors of the Charged Assets, prevailing interest rates, prevailing foreign exchange rates, the performance of the CDS, the time remaining to the maturity of the Notes, the creditworthiness of the Counterparty, the Repo Counterparty, the Account Bank, the Custodian and the Principal Paying Agent and any regulatory changes (see further "Uncertain regulatory environment" below). In particular, if credit spreads of the Reference Obligations in the Reference Portfolio widen or increase, and/or Credit Events occur, the value of the Notes is expected to fall significantly. Furthermore, the value of the Notes is dependent on where equity tranches of CLOs, balance sheet securitisation transactions, and synthetic CDOs are trading in the market at the relevant time. As a consequence of these factors and the fact that the Notes are leveraged (so that, as further described above, any changes to these factors will have a magnified effect on the value of the Notes), the value of the Notes may be significantly more volatile than an outright exposure to the Reference Obligations and may drop significantly below par.

Conflicts of Interest relating to Credit Suisse AG, Credit Suisse International and Credit Suisse Securities (Europe) Limited

Credit Suisse AG, Credit Suisse International and Credit Suisse Securities (Europe) Limited and their affiliates have various roles that may give rise to potential conflicts of interest in relation to the Notes.

Credit Suisse AG acts as the Counterparty and the Determination Agent. Credit Suisse International acts as the Arranger of the issue of the Notes and Credit Suisse Securities (Europe) Limited acts as the Repo Counterparty. Credit Suisse AG, Credit Suisse International and Credit Suisse Securities (Europe) Limited and their respective affiliates shall only have the duties and responsibilities expressly agreed to by them in their relevant capacities and shall not be deemed to have other duties or responsibilities or be deemed to have a standard of care other than as expressly provided in respect of each capacity in which they act.

Under the terms of the CDS, the Issuer will sell credit protection to Credit Suisse AG, acting through its Cayman Islands Branch in its capacity as Counterparty. The interests of Credit Suisse AG, Cayman Islands Branch, in such capacity, are therefore in conflict with the interests of the Issuer (and, consequently, the Noteholders). Credit Suisse AG, Cayman Islands Branch will exercise its rights in its capacity as Counterparty under the CDS in its own interests and will not take into account the interests of, or hold any duty of care, duty of *uberrima fides* or any equivalent or similar duty towards the Issuer, the Noteholders or any other person.

The rights and obligations of the Counterparty in respect of the CDS are not, at any time, dependent upon the Counterparty owning or having any legal, equitable or other interest in, or indirect exposure to, any of the Reference Obligations or Reference Entities comprising the portfolio from time to time, nor shall the Counterparty have any obligation to purchase or hold a Reference Obligation in order for it to trigger or settle Credit Events. Furthermore, Credit Suisse AG and its affiliates are not required to suffer a loss in order to be able to settle Credit Events under the CDS. Credit Suisse AG and its affiliates may, at present or in the future, engage in business with any Reference Entity, its affiliates or other companies in its group. Credit Suisse AG and its affiliates may deal in securities or obligations of any Reference Entity and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with such Reference Entity, any affiliate of such Reference Entity or any other person or entity having obligations relating to any Reference Entity, and may act with respect to such business in the same manner as each of them would if the Notes did not exist, regardless of whether any such action might have an adverse effect on such Reference Entity, the position of the Noteholders or otherwise (including, without limitation, any action which might cause, constitute or give rise to a Credit Event in respect of one or more Reference Obligations). Credit Suisse AG and its affiliates may become owners or pledgees of the securities or obligations of any Reference Entity or Primary Borrower.

Credit Suisse AG and its affiliates may take any action to amend, supplement, waive or modify, or consent to the amendment, supplement, waiver or modification of any of the terms and conditions of the securities or obligations of any Reference Entity in a manner that would result in the occurrence of a Credit Event in respect of one or more Reference Obligations, an Event of Default or an early redemption of the Notes. Credit Suisse AG and its affiliates may take any of these actions without considering the interests of the Noteholders.

Credit Suisse AG and/or any of its affiliates may have published or may in the future publish research reports on any Reference Entity or any of its affiliates. This research may be modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes. Any of these activities may affect the value of the Notes.

Any of these activities could adversely affect the price of any Reference Obligations and, therefore, the value of the Notes.

No Guarantee by Credit Suisse AG or any of its affiliates

Neither Credit Suisse AG nor any of its affiliates guarantees any payments by the Issuer under the Notes, the CDS or the Repurchase Agreement. The investors will have no recourse to Credit Suisse AG or any of its affiliates if the Issuer fails to meet its payment obligations under the Notes.

Early Redemption of Notes

If the Notes are redeemed prior to their scheduled maturity, investors may suffer additional losses in respect of the performance of the Notes.

The Notes may fall due for early redemption following the occurrence of:

1. certain tax events as described under Condition 7(c)(A);

2. the termination of any Charged Agreement; or
3. the performance of the Issuer's obligations under the Notes becoming illegal as described under Condition 7(b)(3).

Also the Notes may be accelerated by the Trustee at the direction of the requisite majority of Noteholders following the occurrence of an Event of Default under the Notes. Certain circumstances which could give rise to a termination of the Charged Agreement are set out in the section of this Series Memorandum headed "*Description and form of Charged Agreement*".

If the Notes fall due for redemption in full prior to their scheduled maturity for any reason, the security for the Notes will become enforceable. Due to the early redemption of the Notes, the forced unwind of the Charged Agreement and the Repurchase Agreement and realisation of Collateral Assets, and prevailing market conditions at the time of such unwind, Noteholders may receive less on an early redemption than they would if such early redemption had not occurred and they had held their Notes until the Maturity Date. Furthermore, a forced unwind of the Charged Agreement or the Repurchase Agreement may result in a payment from the Issuer to the Counterparty (see further the section of this Series Memorandum headed "*Description and Form of Charged Agreement*") and/or Repo Counterparty which may reduce the redemption amount of the Notes. If the net proceeds of enforcement of security are not sufficient to make all payments due in respect of the Notes after satisfaction of all prior-ranking claims, the other assets of the Issuer (including, without limitation, assets securing any other series of notes issued by the Issuer) will not be available for payment of any shortfall and, as such, a loss of principal under the Notes may result.

In these circumstances, the order of priority described in "*Limited Recourse*" above shall apply in relation to the enforcement of the security for the Notes and the application of the proceeds of enforcement.

For the avoidance of doubt, the termination on the Tranche 2 Issue Date of neither (i) the Original CDS, as documented by the CDS, nor (ii) the then subsisting Repurchase Transaction shall lead to the Maturity Date of the Notes occurring.

Article 122a of the Capital Requirements Directive; decreased liquidity in respect of the Notes

Investors should be aware of Article 122a of Directive 2006/48/EC (as amended) and any analogous legislation (whether proposed or enacted). In general, Article 122a restricts an EEA regulated credit institution (including its consolidated entities) from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the relevant credit institution that it will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures as contemplated by Article 122a. Article 122a also requires a relevant investor to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, its note position and the underlying exposures and that procedures are established for such activities to be conducted on an on-going basis. Failure to comply with one or more of the requirements set out in Article 122a will result in the imposition of increased capital charges in respect of the Notes acquired by the relevant investor. It should be noted that EEA states may implement Article 122a (and related provisions) differently.

Neither the Counterparty nor any other entity has committed to retain a material net economic interest in the securitisation in accordance with Article 122a. As a result, an EEA regulated credit institution (and any other entity required to comply with Article 122a and/or any corresponding national implementing measures) seeking to invest in the Notes (on issue or at any time thereafter) will be unable to satisfy the requirements of Article 122a in respect of such investment. It should be noted that similar requirements to those set out in Article 122a are expected to be implemented for other EU regulated investors (such as investment firms, insurance and reinsurance undertakings, UCITS funds

and certain hedge fund managers) in the future. Article 122a and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market. In general, each prospective investor should consider its regulatory position and obtain any necessary advice in relation to any potential investment in the Notes prior to making any such investment.

Legality of Purchase

None of the Issuer, the Trustee, Credit Suisse AG, Credit Suisse International, Credit Suisse Securities (Europe) Limited or their respective affiliates or any other person has or assumes responsibility for the lawfulness of the acquisition of the Notes by the Noteholders, under any laws of any jurisdiction or country, or for compliance by the Noteholders with any law, regulation or regulatory policy applicable to the Noteholders. A prospective purchaser of Notes may not rely on the Issuer, Credit Suisse AG, Credit Suisse International, Credit Suisse Securities (Europe) Limited or their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

Uncertain regulatory environment

The regulatory environment for investments such as the Notes and contracts such as the CDS is currently uncertain in a number of jurisdictions. No representation can be made, or assurance given, that any new or existing laws, regulations or other initiatives or any changes in the interpretation or promulgation thereof will not impose additional burdens or otherwise have an adverse effect on the Issuer, the parties to the Series Documents or the holders of the Notes in connection with their holdings. Therefore, any prospective investor in the Notes should carefully follow, and be capable of understanding, potential and actual changes in such laws, regulations or initiatives that could affect the Notes and their holdings in the Notes, and also be able to suffer any additional administrative burdens or any adverse financial consequences (including, without limitation, any further limitations in liquidity which may result therefrom).

Taxation

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges, that may be applicable to any payment to it in respect of the Notes. In addition, any tax payable by or assessed against the Issuer or for which the Issuer is or becomes accountable to any taxing authority in or of Ireland or any other jurisdiction, that is payable or assessed solely in respect of the Notes or transactions entered into in respect of the Notes, in each case as a consequence of acts or omissions relating to the Notes of any party to any of the documentation entered into in connection with the issue of the Notes will reduce the amount payable to the Noteholders under the Notes. In these circumstances the Notes may also be subject to an early redemption.

Withholding on the Notes

In the event that withholding or deduction of any taxes from payments of principal or interest in respect of the Notes is required by law in any jurisdiction, neither the Issuer nor any other person is under any obligation to make additional payments to the holders of any Notes in respect of such withholding or deduction.

Not a Bank Deposit

Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Central Bank of Ireland. The Issuer is not regulated by the Central Bank of Ireland by virtue of the issue of the Notes.

Not a regulated entity

The Issuer is not required to be licensed, registered or authorised under any current securities, commodities, insurance or banking laws of its jurisdiction of incorporation and will operate without supervision by any authority in any jurisdiction. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws to the Issuer. The taking of a contrary view by any such regulatory authority could have an adverse impact on the Issuer or the holders of Notes. Prospective investors should note that because the Issuer and the securities will not be licensed, registered, authorised or otherwise approved by any regulatory or supervisory body or authority, many of the requirements attendant to such licensing, registration, authorisation or approval (which may be viewed as providing additional investor protection) will not apply.

Preferred Creditors under Irish Law and Floating Charges

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

The holder of a fixed security over the book debts of an Irish tax resident company (which would include the Issuer) may be required by the Irish Revenue Commissioners, by notice in writing from the Irish Revenue Commissioners, to pay to them sums equivalent to those which the holder received in payment of debts due to it by the company.

Where the holder of the security has given notice to the Irish Revenue Commissioners of the creation of the security within 21 days of its creation, the holder's liability is limited to the amount of certain outstanding Irish tax liabilities of the company (including liabilities in respect of value added tax) arising after the issuance of the Irish Revenue Commissioners' notice to the holder of fixed security.

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

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

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

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

Depending upon the level of control actually exercised by the chargor, there is therefore a possibility that the fixed security over the Charged Assets would be regarded by the Irish courts as a floating charge.

Floating charges have certain weaknesses, including the following:

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

Examinership

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

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

During the period of protection, the examiner will formulate proposals for a compromise or scheme of arrangement to assist the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the Irish High Court when at least one class of creditors has voted in favour of the proposals and the Irish High Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement.

In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. In the case of the Issuer, if the Trustee represented the majority in number and value of claims within the secured creditor class (which would be likely given the restrictions agreed to by the Issuer in the Conditions), the Trustee would be in a position to reject any proposal not in favour of the Noteholders. The Trustee would also be entitled to argue at the Irish High Court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and inequitable in relation to the Noteholders, especially if such proposals included a writing

down to the value of amounts due by the Issuer to the Noteholders. The primary risks to the holders of Notes if an examiner were appointed to the Issuer are as follows:

- (a) the potential for a compromise or scheme of arrangement being approved involving the writing down or rescheduling of the debt due by the Issuer to the Noteholders as secured by the Constituting Instrument;
- (b) the potential for the examiner to seek to set aside any negative pledge in the Notes prohibiting the creation of security or the incurring of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and
- (c) in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the Irish High Court) will take priority over the monies and liabilities which from time to time are or may become due, owing or payable by the Issuer to each of the Counterparty, the Noteholders and any other party specified in the Constituting Instrument, whether pursuant to the Notes or the Conditions.

Dependence on agents and counterparties

The performance of the Notes is amongst other things dependent upon the performance by various agents of their duties, discretions and functions pursuant to and in accordance with the Master Agency Terms and the Custody Agreement. The ability of such agents to perform these functions may impact the amounts available for distribution to the Noteholders.

The appointment of the agents may be terminated under certain circumstances. Noteholders should review the Master Agency Terms and the Master Custody Terms (as modified by the Constituting Instrument) for detailed information regarding the terms of such appointment.

The ability of the Issuer to meet its obligations under the Notes will depend on the receipt by it of payments under the Charged Agreement. To the extent that the Counterparty fails to make payments due to the Issuer under any Charged Agreement and/or the Repo Counterparty fails to make payments due under the Repurchase Agreement, the Issuer may be unable to meet its obligations in respect of the Notes. Consequently, the Issuer is exposed to the ability of the Counterparty to perform its obligations under the Charged Agreement and the ability of the Repo Counterparty to perform its obligations under the Repurchase Agreement.

The receipt by the Issuer of payments under the Charged Agreement may also be dependent on the timely payment by the Issuer of its obligations under the Charged Agreement. The ability of the Issuer to make timely payment of its obligations under the Charged Agreement depends on receipt by it of the scheduled payments under the Mortgaged Property. Consequently, the Issuer is also exposed to the ability of the Repo Counterparty to perform its payment obligations.

The ability of the Issuer to meet its obligations under the Notes and/or to remain solvent may be impaired if, in the event of the insolvency of the Arranger, the Issuer's fees and expenses remain unpaid by the Arranger and neither the Trustee nor the holders of the Notes elect to pay such fees and expenses. The enforcement of the Issuer's rights under the Charged Agreement may be prevented or rendered more difficult or subject to delay as a result of mandatory provisions of any applicable insolvency regime. In the event of the insolvency of the Arranger, the Counterparty, the Repo Counterparty or any Agent, the management and/or any insolvency official appointed in relation to such entity may seek to interfere with the disposition of any of the Issuer's assets, or the determination of the value of the Issuer's assets may be delayed or, at a given time, become temporarily or permanently impractical or impossible.

Listing

The Tranche 1 Notes have been admitted to trading in the Irish Stock Exchange's regulated market and are listed on the Irish Stock Exchange. Application has been made to the Irish Stock Exchange for the Tranche 2 Notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that such application will be successful. No application has been or will be made to list the Notes on any stock exchange other than the Irish Stock Exchange, however such an application may be made at any time following the Tranche 2 Issue Date at the sole discretion of the Issuer. No assurances can be given that such application to list the Notes on any other stock exchange will be successful or that the Notes will continue to be listed on the Irish Stock Exchange.

EU Savings Directive

Under EC Council Directive 2003/48/EC (the **EU Savings Directive**) on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

UK Banking Act 2009

The Banking Act 2009 (the **Banking Act**), which came into effect on 21 February 2009, includes (amongst other things) provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of a UK bank or building society (such as HSBC Bank plc, which acts as Custodian, Account Bank and Principal Paying Agent). In particular, in respect of UK banks, such tools include share and property transfer powers (including powers for partial property transfers), certain ancillary powers (including powers to modify certain contractual arrangements in certain circumstances) and two new special insolvency procedures which may be commenced by UK authorities (i.e. bank insolvency and bank administration). It is possible that the extended tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made.

In general, the Banking Act requires the UK authorities to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial systems of the United Kingdom. The Banking Act includes provisions related to compensation in respect of transfer instruments and orders made under it. In general, there is considerable uncertainty about the scope of the powers afforded to UK authorities under the Banking Act and how the UK authorities may choose to exercise them.

If an instrument or order were to be made under the Banking Act in respect of HSBC Bank plc, such instrument or order may (amongst other things) affect the ability of such entity to satisfy its obligations under the Series Documents and/or result in modifications to such documents. In particular, modifications may be made pursuant to powers permitting certain trust arrangements to be removed or modified and/or via powers which permit provision to be included in an instrument or order such that the relevant instrument or order (and certain related events) is required to be disregarded in determining whether certain widely defined "default events" have occurred (which events would include certain trigger events included in the Series Documents in respect of the relevant entity, including termination events). As a result, the making of an instrument or order in respect of HSBC Bank plc may affect the ability of the Issuer to meet its obligations in respect of the Notes. While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that Noteholders would recover compensation promptly and equal to any loss actually incurred.

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of the entity referred to above and there has been no indication that it will make any such instrument or order, but there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such instrument or order if made.

Rating

The Tranche 1 Notes have not been not rated by any rating agency on or since the Tranche 1 Issue Date and the Notes will not be rated by any rating agency on or after the Tranche 2 Issue Date.

IMPORTANT

IF NOTEHOLDERS ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SECTION, OR THE DOCUMENT AS A WHOLE, SUCH NOTEHOLDERS SHOULD CONSULT THEIR FINANCIAL CONSULTANT, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

INVESTOR SUITABILITY

INVESTMENT IN THE TRANCHE 2 NOTES INVOLVES POTENTIALLY SUBSTANTIAL RISKS. EACH PROSPECTIVE INVESTOR IN THE TRANCHE 2 NOTES SHOULD BE FAMILIAR WITH INSTRUMENTS HAVING CHARACTERISTICS SIMILAR TO THE TRANCHE 2 NOTES AND SHOULD FULLY UNDERSTAND THE TERMS OF THE TRANCHE 2 NOTES AND THE NATURE AND EXTENT OF HIS EXPOSURE TO RISK OF LOSS.

Before making an investment decision, prospective investors in the Tranche 2 Notes should conduct such independent investigation and analysis regarding the Issuer, the Tranche 2 Notes, the Counterparty, the Repo Counterparty, the Charged Agreement (including the terms of the CDS), the Repurchase Agreement and the Charged Assets securing the Tranche 2 Notes and all other relevant persons and such market, economic and any other factors as they deem appropriate to evaluate the merits and risks of an investment in the Tranche 2 Notes. As part of such independent investigation and analysis, prospective investors in the Tranche 2 Notes should consider carefully all the information set out in this Series Memorandum and the considerations set out below.

Investment in the Tranche 2 Notes is only suitable for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the information contained in this Series Memorandum and the merits and risks of an investment in the Tranche 2 Notes in the context of the investor's own financial, tax and regulatory circumstances and investment objectives.

In particular, investment in the Tranche 2 Notes is only suitable for investors who:

- (a) are capable of bearing the economic risk of an investment in the Tranche 2 Notes for the period up until the maturity date of the Tranche 2 Notes and understand that the terms of the Tranche 2 Notes are such that they may suffer a loss of some or all of their original principal investment;
- (b) recognise that in case the Tranche 2 Notes need to be sold prior to maturity, an investor may have to do so at a substantial discount from the initial price, and as a result may suffer substantial losses;
- (c) have read and understand the terms of the CDS and the Repurchase Agreement at the time of investment and understand the risks associated with an indirect exposure to such agreements and understand that their exposure is synthetic and is to a blind pool of Reference Obligations under the CDS;
- (d) have access to, and knowledge of, appropriate analytical tools to evaluate the merits and risks of an investment in the Tranche 2 Notes and the impact the Tranche 2 Notes will have on their overall investment portfolio in the context of their financial situation;
- (e) have sufficient knowledge and experience to make a meaningful evaluation of the Tranche 2 Notes, the merits and risks of investing in the Tranche 2 Notes and the information contained or incorporated by reference in this Series Memorandum;
- (f) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Tranche 2 Notes, including Tranche 2 Notes where the currency for principal or interest payments is different from the investor's currency;
- (g) understand thoroughly the terms of the Tranche 2 Notes and are familiar with the behaviours of any relevant indices and financial markets;

- (h) are able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect their investment and their ability to bear the applicable risks; and
- (i) have undertaken such due diligence they deem necessary in the circumstances in relation to the Counterparty and its business practices, the Reference Portfolio and the manner in which substitutions can be made to the Reference Portfolio and Recoveries may be determined.

The "Risk Factors" section of this Series Memorandum contains a summary of certain risk factors involved in an investment in the Tranche 2 Notes and potential investors' particular attention is drawn to that section. The risk factors described in the Series Memorandum are not, and are not intended to be, a comprehensive list of all considerations relevant to a decision to purchase or hold the Tranche 2 Notes.

Credit Suisse International, as Arranger of the issue of the Tranche 2 Notes, may, in its discretion, refuse to arrange for the issue or sale of Tranche 2 Notes to any prospective investor even though that investor considers that it satisfies the foregoing suitability standards.

Further, each prospective investor should ensure that it fully understands the nature of the transaction into which it is entering and the nature and extent of its exposure to the risk of loss of all or a substantial part of its original investment.

Documents Incorporated by Reference

This Series Memorandum incorporates by reference the contents of the following documents published by the Issuer:

- (a) the financial statements and the Directors' Report for the period ending 31 March 2011, available at, <http://www.ise.ie/app/announcementDetails.aspx?ID=11421469>.
- (b) the financial statements and the Directors' Report for the period ending 31 March 2012, available at <http://www.ise.ie/app/announcementDetails.aspx?ID=11421480>.

The Issuer intends to publish financial statements for the period ending 31 March 2013. The Issuer will not prepare interim financial statements.

- (c) the Programme Memorandum, available at http://www.ise.ie/debt_documents/Base%20Prospectus_9fcea14a-97bb-417d-85ed-e2702192f620.PDF.

TERMS AND CONDITIONS

Magnolia Finance V plc

Programme for the issue of Limited Recourse Obligations

Issue of Series 2012-1 comprising
USD 150,000,000 Credit-Linked Notes due 2020 issued on 4 May 2012 (the **Tranche 1 Notes**)

and a further issue of USD 65,000,000 Credit-Linked Notes due 2020 issued on 14 December 2012
(the **Tranche 2 Notes**)

(to be consolidated to form a single Series with effect from the Tranche 2 Issue Date and to be fungible on the Fungible Date, and together, the Tranche 1 Notes and the Tranche 2 Notes, the **Notes**)

The following (including the appendix hereto) shall complete, modify and amend the Master Terms and Conditions set out in the Programme Memorandum dated 8 June 2012 and as specified in the Amended and Restated Constituting Instrument (the **Amended and Restated Constituting Instrument**) dated the Tranche 2 Issue Date for the purposes of *inter alia*, constituting the Tranche 2 Notes and amending and restating the Constituting Instrument dated the Tranche 1 Issue Date (the **Original Constituting Instrument**) in relation to the Tranche 1 Notes, which shall apply to the Notes as so completed, modified and amended. References in the Conditions to the "Constituting Instrument" shall, unless the context otherwise requires, be construed as references to the Original Constituting Instrument as amended and restated by the Amended and Restated Constituting Instrument. Unless the context otherwise requires, capitalised terms used and not otherwise defined in the Master Terms and Conditions referred to above as completed, modified and amended by the following, shall have the meaning respectively ascribed to them in the Charged Agreement (as defined below).

1. Issuer: Magnolia Finance V plc.
2. (i) Series Number: 2012-1
(ii) Tranches: 2
(iii) Currency: USD
3. (i) Principal Amount: (i) As of the Tranche 1 Issue Date, USD 150,000,000.
(ii) As of the Tranche 2 Issue Date: USD 215,000,000.
(iii) On any other date, the Principal Amount of the Notes will equal the Protection Tranche Amount (as defined in the CDS) on such date.
(ii) Class: Not applicable.
4. Outstanding Note Amount: On any day, the Principal Amount on such day *divided by* the Number of Notes outstanding on such day.

5. Issue Price: Tranche 1 Notes: 100 per cent.
Tranche 2 Notes: 100 per cent.
6. Authorised Denominations: USD 1,000,000.
7. Issue Date: Tranche 1 Issue Date: 4 May 2012.
Tranche 2 Issue Date: 14 December 2012.
8. Maturity Date: The second Business Day following the occurrence of the Termination Date under the CDS.
9. Charged Assets: The Charged Assets comprise:
- (a) any sums standing to the credit of the Cash Account, the Custody Cash Account and the Purchaser's Account (as defined in the repurchase service agreement dated on or about 4 May 2012, as amended and restated from time to time, between the Repo Counterparty, the Custodian and Euroclear Bank SA/NV (the "**Repurchase Service Agreement**")) from time to time and all rights, title and interest in and to such accounts; and
 - (b) at any time, any assets (the **Collateral Assets**) comprising Eligible Collateral Assets transferred by the Repo Counterparty to the Issuer pursuant to the Repurchase Agreement (or to the Custodian as Representative of the Issuer pursuant to the Repurchase Service Agreement) excluding any such Eligible Collateral Assets in respect of which a transfer of securities or cash has been made prior to such time by the Issuer to the Repo Counterparty in accordance with the terms of the Repurchase Agreement and the Repurchase Service Agreement.
- The Cash Account the Repurchase Agreement and the Repurchase Service Agreement are described in Part II of the Appendix hereto.
10. Charged Agreement: The Charged Agreement comprises the International Swaps and Derivatives Association, Inc. 2002 form of Master Agreement (the **ISDA Master Agreement**) and a schedule thereto entered into by the Issuer and Credit Suisse AG

through their execution of the Original Constituting Instrument, (and as amended by such parties through their execution of the Amended and Restated Constituting Instrument), as supplemented by a confirmation of a credit default swap transaction substantially in the form set out in Annex 1 hereto with an effective date of the Tranche 2 Issue Date (the **CDS**) (which replaces the original credit derivative transaction entered into by the Issuer and Credit Suisse AG pursuant to a confirmation dated 4 May 2012 (the "**Original CDS**") which will be deemed terminated upon the entry by such parties into the CDS on the Tranche 2 Issue Date). For the avoidance of doubt, such deemed termination of the Original CDS shall not lead to the Maturity Date of the Notes occurring pursuant to Condition 7 (*Redemption, Purchase and Exchange*).

For the purposes of the CDS, Credit Suisse AG will be acting through its Cayman Islands Branch.

Investors should note that the Issuer has also assigned its rights, title and interest in the Custody Agreement (in respect of any Collateral Assets), the Repurchase Agreement and the Agency Agreement (including in respect of the Cash Account) to the Trustee (for the benefit of secured creditors) under the Constituting Instrument.

11. Security:

For the purposes of Condition 4(d), Counterparty Priority applies provided that Condition 4(d)(1) shall be deleted in its entirety and replaced with the following:

"(1) if "Counterparty Priority" is specified in the Constituting Instrument:

(i) firstly, in meeting the claims of the Repo Counterparty under the Repurchase Agreement;

(ii) secondly, in meeting the claims (if any) of the Counterparty under the Charged Agreement other than for Subordinated Swap Amounts and;

(ii) thirdly, in meeting *pro rata* and *pari passu* the claims (if any) of the Noteholders;

(iii) fourthly, in meeting all claims (if any) of the Counterparty under the Charged Agreement in respect of Subordinated Swap Amounts; and

(iv) fifthly, in meeting any other outstanding liabilities of the Issuer and, thereafter, in payment of the balance (if any) to the Issuer."

12. Fixed Rate Note Provisions: Not applicable.
13. Zero Coupon Note Provisions: Not applicable.
14. Floating Rate Note Provisions: Applicable provided that, notwithstanding anything to the contrary in Condition 6, the provisions relating to payment of Interest Amounts on related Interest Payment Dates will be as provided below.
- (i) Interest Commencement Date: The Tranche 1 Issue Date.
- (ii) Interest Amount: In respect of each Note, the Interest Amount will be due and payable on each Interest Payment Date provided that, notwithstanding anything to the contrary herein, no Interest Amount will be due and payable on any Interest Payment Date falling on or after such date that notice is given that the Notes are to become due and repayable at the Early Redemption Amount.
- The amount of interest payable in respect of each Note (if any) (the **Interest Amount**) on each Interest Payment Date shall be an amount which is subject to a minimum of zero (such flooring at zero, the **Zero Floor Provision**) and is to be determined by the Determination Agent, equal to:
- (a) in respect of each Interest Determination Date falling on or prior to the CDS End Date, an amount (the **Scheduled Interest Amount**) equal to the sum of:
- (1) the product of:
- (i) the Fixed Rate under the CDS;
- (ii) the Calculation Amount in respect of the Interest Period immediately preceding the relevant Interest Payment Date; and
- (iii) the Day Count Fraction applicable to the Interest Period immediately preceding the relevant Interest Payment Date; and
- (2) an amount equal to
- (i) amounts received by the Issuer in respect of (A) that part of the Repurchase Price which corresponds to the Price

Differential with respect to the Repurchase Transaction with a Repurchase Date on the Interest Determination Date falling immediately prior to such Interest Payment Date (with the exception of the Repurchase Transaction with a Repurchase Date falling on 3 February 2013, subject to the Following Business Day Convention, for which the Price Differential for the purposes of this sub-paragraph (a)(2)(i) shall be equal to (x) the relevant Repurchase Price, *minus* (y) USD 215,000,000) and/or (B) any accrued and paid interest on amounts standing to the credit of the Cash Account; *divided by*

(ii) the Number of Notes;

or, in respect of each Interest Determination Date falling on a date following the CDS End Date, zero,

in each case, *minus*

(b) in respect of each Interest Determination Date (including any Interest Determination Date occurring after the CDS End Date), an amount equal to the quotient of:

(i) the CE Component Amount (as defined in the Charged Agreement) in respect of the relevant Interest Payment Date, (which may be positive or negative or equal to zero) as numerator; and

(ii) the Number of Notes, as denominator.

Any interest accrued under the Notes will be paid on each Interest Payment Date from the Cash Account.

The Issuer is expected to be able to fund the payment of interest under the Notes from the Fixed Amounts that it is entitled to receive under the CDS, the CE Adjustment Amount (if any) it is entitled to receive under the CDS and the Price Differential (as defined in the Repurchase Agreement) which arises under the Repurchase Agreement.

On each Interest Determination Date, the Determination Agent shall notify the Issuer, the Account Bank, and the Principal Paying Agent of the Interest Amount determined in respect of such Interest Determination Date.

- (iii) Interest Rate: In respect of each Interest Determination Date falling on or prior to the CDS End Date, a rate equal to the sum of: (a) the Fixed Rate (as defined in the CDS) in respect of the Fixed Rate Payer Calculation Period which corresponds to the relevant Interest Period and (b) a rate equal to (x) the amount specified in sub-paragraph (a)(2)(i) of the definition of Interest Amount, multiplied by (y) 360, divided by the actual number of days in the relevant Interest Period, divided by (z) the Protection Tranche Amount (as defined in the CDS) on the first day of that Interest Period.
- (iv) Calculation Amount: An amount, in respect of each Note and each Interest Period, equal to:
- (a) the Average Protection Tranche Amount (as defined in the CDS) determined in respect of the Fixed Rate Payer Calculation Period which corresponds to such Interest Period; *divided by*
 - (b) the Number of Notes.
- (v) Day Count Fraction: Actual/360
- (vi) Interest Payment Dates: Two Business Days following each Interest Period End Date.
- (vii) Interest Period End Dates: Prior to (and including) the CDS End Date, 3rd February, 3rd May, 3rd August and 3rd November of each year commencing on and including 3rd August 2012 and, following the CDS End Date, the last Business Day in each calendar month until the Termination Date of the CDS (subject to adjustment in accordance with the Business Day Convention). The definition of "Interest Period" in Condition 6 of the Master Terms and Conditions shall be amended by deleting "Interest Payment Date" each time it appears in such definition and replacing it with "Interest Period End Date".

Notwithstanding anything to the contrary in the Conditions, where the Interest Amount is calculated by reference to an Interest Period, the Interest Amount applicable to an Interest Payment Date will be the Interest Amount calculated by reference to the Interest Period ending on (but

- excluding) the Interest Period End Date that is immediately preceding that Interest Payment Date.
15. Other Interest Provisions: Not applicable.
16. Scheduled Redemption Amount: The scheduled redemption amount (the **Scheduled Redemption Amount**) payable on the Maturity Date shall be an amount, determined by the Determination Agent in respect of an amount of Notes equal to the Authorised Denomination is equal to:
- (a) the Outstanding Note Amount as of the Termination Date under the CDS (after any adjustments to the Outstanding Note Amount on such date); *minus*
 - (b) the Interest Shortfall (if any) in respect of the Interest Payment Date falling on the Maturity Date or, if no Interest Payment Date falls on the Maturity Date, the Interest Payment Date immediately preceding the Maturity Date.
17. Additional Payment Amount: If the Maturity Date falls after the second Business Day following the Scheduled Termination Date of the CDS, on the Maturity Date the Issuer will pay an amount in respect of each Note equal to the quotient of:
- (a) all overnight interest credited to the balance of the Cash Account from and including the Scheduled Termination Date of the CDS to and including the Business Day preceding the Maturity Date, as numerator; and
 - (b) the Number of Notes, as denominator.
18. Notes issued in bearer or registered form: Bearer Notes.
19. Whether Notes will be C Notes or D Notes: D Notes.
20. Provisions for exchange of Temporary Global Note: Applicable.
21. Provisions for exchange of Permanent Global Note: Exchangeable for definitive Bearer Notes in the limited circumstances set out in the Master Terms and Conditions.
22. Listing: Yes. The Tranche 1 Notes have been admitted to trading in the Irish Stock Exchange's regulated

market and are listed on the Irish Stock Exchange. Application has been made to the Irish Stock Exchange for the Tranche 2 Notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that such application will be successful.

23. Business Days: Each Business Day as defined in the Charged Agreement.
24. Business Day Convention: Following.
25. Settlement Procedures: The Notes have been accepted for settlement in Euroclear and Clearstream, Luxembourg.
26. Common Code: Tranche 1 Notes: 077591664.
Tranche 2 Notes: 086404290 as a temporary Common Code from the Tranche 2 Issue Date to but excluding the Fungible Date, whereupon the Common Code applicable to both the Tranche 1 Notes and the Tranche 2 Notes will be 077591664.
27. ISIN: Tranche 1 Notes: XS0775916645
Tranche 2 Notes: XS0864042907 as a temporary ISIN from the Tranche 2 Issue Date to but excluding the Fungible Date, whereupon the ISIN applicable to both the Tranche 1 Notes and the Tranche 2 Notes will be XS0775916645.
28. Rating: None.

RESPONSIBILITY

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

Save as disclosed in this Series Memorandum or in any other Series Memorandum relating to issues of securities under the Programme and any supplemental information memorandum, there has been no significant change and no significant new matter in relation to the Issuer has arisen since publication of the Programme Memorandum dated 8 June 2012.

Acceptance on behalf of the Issuer of the terms of this Series Memorandum

For and on behalf of

Magnolia Finance V plc

By:

APPENDIX TO THE TERMS AND CONDITIONS

PART I - AMENDMENTS TO THE CONDITIONS

1. Early Redemption Amount Provisions

1.1 Notwithstanding anything to the contrary in the Conditions, the **Early Redemption Amount** in respect of each Note shall be an amount, determined by the Determination Agent, equal to: (a) the Outstanding Note Amount as of the later of the Tranche 2 Issue Date and the last Interest Period End Date falling on or prior to the date that notice is given that the Notes are to become due and repayable at the Early Redemption Amount (the **Last IPED**); *minus* (b) the Interest Shortfall (if any) in respect of such Last IPED; *minus* (c) the CDS Early Termination Amount (which may be positive or negative) other than the Subordinated Swap Amounts; *minus* (d) any net termination amount payable by the Issuer under the Repurchase Agreement to the Repo Counterparty following the occurrence of a Repurchase Date pursuant to Paragraphs 10(b), 10(g)(iii) or 10(h)(iii) of the Repurchase Agreement.

1.2 Notwithstanding anything to the contrary in the Conditions, the **Early Redemption Date** shall be the date falling 3 Business Days after the Early Unwind Date.

The **Early Unwind Date** shall be the later to occur of: (a) the date that the Early Termination Amount has been determined in respect of the Charged Agreement and is payable thereunder; and (b) the date on which the Issuer (or, as applicable, the Trustee) has realised for cash all of the Collateral Assets (if any) following enforcement of security in respect of the Notes. For the avoidance of doubt, the termination on the Tranche 2 Issue Date of neither (i) the Original CDS, as documented by the CDS, nor (ii) the then subsisting Repurchase Transaction shall lead to the Maturity Date of the Notes occurring.

1.3 In respect of a redemption of the Notes at the Early Redemption Amount, the Charged Agreement, the Repurchase Agreement and the Charged Assets will be realised in accordance with the following:

(a) CDS and the Charged Agreement

The CDS shall be terminated (if it has not already been terminated) in accordance with the terms of the Charged Agreement such that an Early Termination Amount is determined in accordance with the terms of the Charged Agreement on or as soon as reasonably practicable following the designation of an Early Termination Date.

Any Early Termination Amount payable by the Issuer will be paid from the Cash Account and any Early Termination Amount payable to the Issuer will be paid into the Cash Account.

A description of the Charged Agreement is set out in the section of this Series Memorandum entitled "*Description and Form of Charged Agreement*".

(b) Repurchase Agreement

The Repurchase Agreement shall be terminated in accordance with its terms such that a termination amount will be payable pursuant to Paragraph 10(c) of the Repurchase Agreement.

Any termination amount payable by the Repo Counterparty to the Issuer will, subject to the terms of the Custody Agreement, be paid to the Cash Account. Any termination amount payable by the Issuer to the Repo Counterparty will be paid from the Cash Account.

A description of the Repurchase Agreement is set out in the section of this Series Memorandum entitled "*Description and Form of Repurchase Agreement*".

(c) *Collateral Assets*

Subject to the terms of the Repurchase Agreement and the Custody Agreement, cash amounts realised by the Trustee in respect of the Collateral Assets upon any enforcement of security shall be paid into the Cash Account.

2. Condition 7(c)(A)(2)

Condition 7(c)(A)(2) of the Master Terms and Conditions shall be deleted and replaced with the following:

"(2) an Early Termination Date (as defined in the Charged Agreement) is designated other than an Early Termination Date designated solely in connection with Condition 7(g) or in connection with a redemption of Notes pursuant to Condition 7(b) or Condition 9 or save where the Conditions provide otherwise, "

3. No redemption upon redemption of Charged Assets

Notwithstanding anything to the contrary in Condition 7(b)(1) or in any other of the Conditions, the Notes shall not become due and payable at the Early Redemption Amount solely as a result of any Collateral Assets or amounts outstanding thereunder at any time becoming due and repayable (whether at maturity, as a result of an early redemption or otherwise) or being subject to a payment default or termination.

4. Condition 13(a)

Condition 13(a) shall be amended by:

- (a) the deletion of the words ", unless the Trustee agrees otherwise with the Issuer," in the final paragraph thereof; and
- (b) the deletion of the words "as soon as reasonably practicable thereafter" and the insertion of the words "no later than one Business Day before such modification, authorisation or waiver becomes effective" after the words "(for so long as the Notes are listed thereon and the Irish Stock Exchange so requires)" in the final paragraph thereof.

PART II - THE CDS, THE REPURCHASE AGREEMENT AND THE CHARGED ASSETS

The following description of the Charged Agreement (including the CDS), the Repurchase Agreement and the Cash Account is qualified in its entirety by reference to the detailed provisions of the relevant agreements referred to below entered into by the Issuer, the Counterparty, the Repo Counterparty and the Account Bank on the Tranche 1 Issue Date and/or the Tranche 2 Issue Date (as applicable). The following is a summary and does not purport to be complete. Prospective purchasers of the Notes must research such agreement for detailed information regarding its terms.

The amounts payable by the Issuer under the Notes will depend upon the amounts payable by or to the Issuer under the CDS, the Repurchase Agreement and in respect of the Charged Assets. The CDS and the Repurchase Agreement will be governed by and construed in accordance with the laws of England.

1. The CDS and the Charged Agreement

On the Tranche 1 Issue Date, the Issuer and the Counterparty entered into a credit default swap transaction which supplemented and formed a part of the Charged Agreement (the "**Original CDS**"). The Issuer and the Counterparty terminated the Original CDS on the Tranche 2 Issue Date. For the avoidance of doubt, the termination on the Tranche 2 Issue Date of the Original CDS, as documented by the CDS, shall not lead to the Maturity Date of the Notes occurring.

The CDS was entered into by the Issuer and the Counterparty on the Tranche 2 Issue Date under the Charged Agreement, on the terms of a confirmation substantially in the form set out in Annex 1 to this Series Memorandum.

Pursuant to Clause 7.2 of the Trust Deed, the Issuer has granted security over its rights under the Charged Agreement and accordingly such security forms part of the Mortgaged Property.

2. The Repurchase Agreement and Repurchase Service Agreement

The Repurchase Agreement was entered into by the Issuer and the Repo Counterparty on the Tranche 1 Issue Date and was amended and restated on the Tranche 2 Issue Date on the terms set forth in Annex 2 to this Series Memorandum. On the Tranche 2 Issue Date, the Issuer and Repo Counterparty (i) terminated the then subsisting Repurchase Transaction entered into on 5 November 2012 and (ii) entered into a replacement Repurchase Transaction accounting for the issuance of the Tranche 2 Notes in the form set out in Annex III to the Repurchase Agreement (as set out in Annex 2 to this Series Memorandum). On each subsequent Interest Period End Date, the Issuer and the Repo Counterparty will enter into a Repurchase Transaction pursuant to the Repurchase Agreement in the form set out in Annex III to the Repurchase Agreement (as set out in Annex 2 to this Series Memorandum). Pursuant to Clause 7.2 of the Trust Deed, the Issuer has granted security over its rights under the Repurchase Agreement and accordingly such security forms part of the Mortgaged Property.

For the avoidance of doubt, the termination on the Tranche 2 Issue Date of the then subsisting Repurchase Transaction shall not lead to the Maturity Date of the Notes occurring.

The following description of the provisions relating to the Repurchase Service Agreement is qualified in its entirety by reference to the detailed provisions of such agreement entered into, among others, by the Custodian and the Repo Counterparty on or prior to the Tranche 1 Issue Date.

The following is a summary and does not purport to be complete. Prospective purchasers of the Notes must refer to such agreement for detailed information regarding its terms.

In relation to the Repurchase Agreement, the Repo Counterparty, the Custodian and Euroclear Bank have entered into the Repurchase Service Agreement pursuant to which amounts payable by the Issuer and the

Repo Counterparty and the transfer of any securities by the Issuer and the Repo Counterparty pursuant to the Repurchase Agreement will take place and be settled pursuant to the "AutoSelect" process operated by Euroclear Bank. Pursuant to the Custody Agreement, the Issuer has appointed the Custodian as its "Representative" (as defined in the Repurchase Service Agreement) to make and receive such payments and transfers in respect of the Repurchase Service Agreement, and any payment or transfer by the Repo Counterparty to the Custodian in accordance with the Repurchase Service Agreement will satisfy and discharge the Repo Counterparty's obligation to make the corresponding payment or transfer to the Issuer under the Repurchase Agreement.

3. Collateral Assets

Any Collateral Assets transferred by the Repo Counterparty to the Issuer or the Custodian pursuant to the terms of the Repurchase Agreement and the Repurchase Service Agreement shall, unless the Repurchase Service Agreement has been terminated, be held by the Custodian in the Purchaser's Account (as defined in the Repurchase Service Agreement) and will be subject to the security created at any time in favour of the Trustee on behalf of the secured creditors under the Trust Deed. Such Collateral Assets shall be used by the Custodian to satisfy the Issuer's obligations under the Repurchase Agreement.

The securities that comprise the Collateral Assets must meet certain eligibility criteria which are set out in the Repurchase Service Agreement. These criteria provide that the following types of securities will be eligible:

- Debt securities issued by the US Government, denominated in USD and having a remaining maturity of not more than 15 years, provided that the amount of any single issue of such securities shall not exceed 5% of the total issue size of such securities;
- Debt securities which benefit from a guarantee by the US Government, denominated in USD and having a remaining maturity of not more than 15 years, provided that (i) the amount of any single issue of such securities shall not exceed 5% of the total issue size of such securities and (ii) the issuer and/or guarantor of such securities has and/or such securities have a long-term rating of at least AA- by S&P or at least Aa3 by Moody's (provided that the lower of the two long-term ratings shall prevail for these purposes);
- Debt securities issued by supranational organisations (such as the European Investment Bank, the International Bank for Reconstruction and Development and the European Bank for Reconstruction and Development) denominated in USD and having a remaining maturity of not more than 15 years, provided that (i) the amount of any single issue of such securities shall not exceed 5% of the total issue size of such securities and (ii) the issuer and/or guarantor of such securities has and/or such securities have a long-term rating of at least AA- by S&P or at least Aa3 by Moody's (provided that the lower of the two long-term ratings shall prevail for these purposes).

Following the termination of the Repurchase Agreement, any Collateral Assets will be held by the Custodian on behalf of the Issuer, subject to the security created at any time in favour of the Trustee on behalf of secured creditors under the Trust Deed.

If the Custodian ceases to have a long term unsecured debt rating of at least A- from S&P and A3 from Moody's, the Issuer shall use reasonable endeavours to procure that a replacement Custodian is appointed.

4. Cash Account

The following description of the provisions relating to the Cash Account set out in the Agency Agreement is qualified in its entirety by reference to the detailed provisions of such agreement entered into, among others, by the Issuer and the Account Bank on the Tranche 1 Issue Date by their execution of the Original Constituting Instrument, as amended and restated on the Tranche 2 Issue Date by their execution of the Amended and Restated Constituting Instrument.

The following is a summary and does not purport to be complete. Prospective purchasers of the Notes must refer to such agreement for detailed information regarding its terms.

The **Cash Account** is an account established on the Tranche 1 Issue Date by the Issuer with HSBC Bank plc (as replaced or substituted from time to time, the **Account Bank**) solely for the purposes of:

- (a) crediting amounts received by the Issuer in respect of the Charged Agreement, the Repurchase Agreement (to the extent such amounts are not applied by the Issuer to enter into a subsequent Repurchase Transaction), any cash amounts received in respect of Collateral Assets and interest at the Cash Account Rate if the Cash Account has a positive balance; and
- (b) debiting amounts paid or payable by the Issuer in respect of the Charged Agreement, the Repurchase Agreement (to the extent such amounts are not satisfied from any amounts held by the Custodian in the Purchaser's Account (as defined in the Repurchase Service Agreement) and interest (if any) and principal amounts payable to Noteholders under the Notes.

If the balance of the Cash Account is positive, it will receive interest at the applicable Cash Account Rate.

For the avoidance of doubt, the Cash Account may not have a negative balance and no other amounts, including any liabilities of the Issuer (save for those expressly authorised to be debited from the Cash Account) may be debited from the Cash Account.

Any positive balance on the Cash Account is subject to the security created at any time in favour of the Trustee on behalf of the secured creditors under the Trust Deed.

If the Account Bank ceases to have a long term unsecured debt rating of at least A- from S&P and A3 from Moody's, the Issuer shall use reasonable endeavours to procure that a replacement Account Bank is appointed.

PART III – DEFINITIONS

Unless otherwise defined or expressly provided in this Series Memorandum, terms and expressions used herein will have the meanings given to them in the CDS (as may be amended from time to time in accordance with its terms).

"Cash Account Rate" means such rate of interest that the Account Bank would generally pay for short-term deposits as of each date that the balance of the Cash Account becomes positive. The Cash Account Rate shall be determined by the Account Bank by reference to its regular business procedures;

"CDS Early Termination Amount" means the "Early Termination Amount" as defined in the Charged Agreement provided that, where the Early Termination Amount is payable by the Counterparty to the Issuer the CDS Early Termination Amount shall be expressed as a negative amount.

"CDS End Date" means the earliest to occur of (i) the Scheduled Termination Date, (ii) the Optional Early Termination Date or (iii) any Early Termination Date.

"Counterparty" means Credit Suisse AG acting through its Cayman Islands Branch;

"Custodian" means HSBC Bank plc, as may be replaced or substituted from time to time under the terms of the Custody Agreement;

"Custody Cash Account" has the meaning given to it in the Custody Agreement;

"Determination Agent" means Credit Suisse AG, New York Branch;

"Early Termination Date" means an "Early Termination Date" as defined in, and designated in accordance with, the Charged Agreement;

"Eligible Collateral Assets" means any Eligible Securities as defined in the Repurchase Service Agreement;

"Fungible Date" means the later of: (a) 40 calendar days after the Tranche 2 Issue Date and (b) the date that the Tranche 2 Notes are admitted to trading in the Irish Stock Exchange's regulated market and are listed on the Irish Stock Exchange;

"Interest Determination Date" means each Interest Period End Date. In respect of each Interest Payment Date, the relevant Interest Determination Date shall be the Interest Determination Date occurring immediately prior to that Interest Payment Date;

"Interest Shortfall" means, in respect of any Interest Payment Date on which the Interest Amount would have been a negative amount but for the operation of the Zero Floor Provision, the absolute value of such negative amount.

"Moody's" means Moody's Investors Service Ltd. (and any successors or relevant affiliates thereto);

"Noteholders" means the one or more persons who are for the time being bearers of the Notes save that, for so long as the Notes are represented by a Global Note deposited with a depositary for Euroclear and/or Clearstream, Luxembourg each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of the Notes shall be deemed to be the holder of such nominal amount of such Notes (and the bearer of the relevant Global Note shall be deemed not to be the bearer) for all purposes of the Trust Deed and other than with respect to the payment of principal, premium (if any) or interest (if any) on such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in such depositary and for which purpose such depositary shall be deemed to be the holder of such nominal amount of the Notes in accordance with and subject to its terms and the

provisions of the Trust Deed and the expressions "Noteholder", "holder of Notes" and related expressions shall be construed accordingly;

"Pricing Rate" has the meaning given to it in the Repurchase Agreement;

"Purchaser's Account" means the securities clearance account in the Euroclear System in the name of the Custodian and the Cash Account in the Euroclear system in the name of the Custodian associated therewith, the number of which is 40511 which will be used only for securities and cash, respectively, with respect to Repurchase Transactions under the Repurchase Agreement and which in each case shall be designated a "client account";

"Repo Counterparty" means Credit Suisse Securities (Europe) Limited, in its capacity as a party to the Repurchase Agreement;

"Repurchase Agreement" means the global master repurchase agreement entered into on the Tranche 1 Issue Date between the Issuer and the Repo Counterparty in the form set out in Annex 2 (together with any agreement for the time being in force amending or supplementing such repurchase agreement);

"Repurchase Service Agreement" means the Repurchase Service Agreement dated on or about 4 May 2012 between the Repo Counterparty, the Custodian and Euroclear Bank;

"Repurchase Transaction" means a Transaction (as defined in the Repurchase Agreement) which forms part of and is governed by the terms of the Repurchase Agreement;

"S&P" means Standard & Poor's Rating Services, a Division of the McGraw-Hill Companies, Inc. (and any successors or relevant affiliates thereto);

"Subordinated Swap Amounts" means (a) any Early Termination Amount (together with any interest thereon) payable by the Issuer to the Counterparty under the Charged Agreement following the designation of an "Early Termination Date" in respect of an "Event of Default" with respect to the Counterparty pursuant to Section 5(a)(i) (*Failure to Pay or Deliver*) of the Charged Agreement (as those terms are defined in the Charged Agreement); and (b) any amounts payable by the Issuer to the Counterparty in respect of the Charged Agreement following termination of the transactions under the Charged Agreement by or on behalf of the Counterparty (including, without limitation, by operation of law) other than in accordance with the terms thereof following the occurrence of an "Event of Default" in respect of the Counterparty under Section 5(a)(vii) of the Charged Agreement;

"Transfer" means, in respect of the Repurchase Agreement, the transfer by the Repo Counterparty of its rights and obligations under the Repurchase Agreement to a replacement repo counterparty in accordance with Paragraph 2(f)(i)(B) of the Repurchase Agreement;

"USD" means United States dollars; and

"Verification Agency Agreement" has the meaning given to such term in the CDS.

ANNEX 1 - FORM OF CDS

Credit Suisse AG, acting through its Cayman Islands Branch

**CIBC Bank & Trust Co (Cayman) Ltd.,
54 Edward Street, George Town,
Grand Cayman, Cayman Islands,
British West Indies**

**Credit Default Swap
Series 2012-1 USD 215,000,000 Credit-Linked Notes due 2020**

14 December 2012

Magnolia Finance V plc
5 Harbourmaster Place
IFSC
Dublin 1
Ireland

Dear Sirs,

The purpose of this letter (this **Confirmation**) is to confirm the terms and conditions of the Credit Derivative Transaction between Credit Suisse AG, acting through its Cayman Islands Branch (the "**Buyer**" or "**Party A**") and Magnolia Finance V plc (the "**Issuer**", the "**Seller**" or "**Party B**") on the Effective Date specified below in respect of the Series 2012-1 USD 150,000,000 Credit-Linked Notes due 2020 issued by Party B pursuant to the US\$5,000,000,000 Programme for the issue of Limited Recourse Obligations (the "**Tranche 1 Notes**") and the Series 2012-1 USD 65,000,000 Credit Linked Notes due 2020 issued by Party B pursuant to the US\$5,000,000,000 Programme for the issue of Limited Recourse Obligations (the **Tranche 2 Notes**), which are to be consolidated to form a single Series with the Tranche 1 Notes (the **Tranche 1 Notes** together with the Tranche 2 Notes, the **Notes**). This Confirmation constitutes a "**Confirmation**" as referred to in the ISDA Master Agreement specified below.

Party A and Party B hereby agree that the credit derivative transaction between them in respect of the Tranche 1 Notes and evidenced by a confirmation dated 4 May 2012 (the "**Original CDS**") ceases to have any effect from the date hereof and no obligations in respect of it shall persist. For the avoidance of doubt, such termination shall not lead to the Maturity Date of the Notes occurring pursuant to Condition 7 (*Redemption, Purchase and Exchange*).

The definitions and provisions contained in the 2003 ISDA Credit Derivatives Definitions as amended and supplemented by the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions (together, the "**2003 Definitions**"), each as published by the International Swaps and Derivatives Association, Inc. (**ISDA**), are incorporated into and modified by this Confirmation. In the event of any inconsistency between the 2003 Definitions and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement and Schedule thereto entered into by Party A and Party B by virtue of their execution of the Constituting Instrument dated 4 May 2012 in relation to the Tranche 1 Notes, as amended and restated by Party A and Party B by virtue of their execution of the Amended and Restated Constituting Instrument dated the date hereof, as otherwise amended and supplemented from time to time (the "**Agreement**"). All provisions contained in the Agreement govern this Confirmation except as expressly modified below. Words and expressions used but

not otherwise defined in the Agreement (including any term used in the 2003 Definitions which is ascribed a different meaning in the Conditions) shall have the meanings ascribed to them in the terms and conditions of the Notes on the date hereof irrespective of any amendments that may subsequently be made to such terms and conditions unless otherwise agreed in writing by the parties hereto (the "**Conditions**"). In the event of any inconsistency between words and meanings defined in the Conditions and words and meanings defined in this Confirmation, this Confirmation will govern.

This Confirmation relates to a basket of Reference Obligations comprised in the Reference Portfolio (as defined below). Accordingly, there may be multiple Credit Events, Event Determination Dates, Loss Amounts, Cash Settlement Adjustment Amounts and Cash Settlement Amounts determined in respect of the Transaction and the Credit Derivatives Definitions will be interpreted accordingly.

1. GENERAL TERMS

- Trade Date: 14 December 2012
- Effective Date: The Tranche 2 Issue Date.
- Initial Reference Portfolio Cut-Off Date: 12 December 2012
- Scheduled Termination Date: 3 August 2020.
- Termination Date: The Scheduled Termination Date, provided that:
- (i) if Buyer exercises its optional early termination right in respect of an Optional Early Termination Date which falls prior to the Scheduled Termination Date, the Termination Date shall be such Optional Early Termination Date;
 - (ii) subject to (i) above, if the first Cash Settlement Date:
 - (a) on or prior to which the Protection Tranche Amount has been reduced to zero; and
 - (b) on or prior to which the Calculation Agent first could have determined that no further Cash Settlement Amounts are capable of arising thereafter under the terms of this Transaction,occurs before the Scheduled Termination Date, such date will be the Termination Date; and
 - (iii) subject to paragraphs (i) and (ii) above, if on any day from but excluding the Cash Settlement Calculation Date immediately preceding the Scheduled Termination Date to and including the Scheduled Termination Date:
 - (a) there are one or more Unsettled Defaulted Reference Obligations; and/or
 - (b) there are one or more Potential Credit Events,

then the Termination Date shall be the first Cash Settlement Date on or prior to which the Calculation Agent first could have determined that no further Cash Settlement Amounts are capable of arising thereafter under the terms of this Transaction.

For the avoidance of doubt, this provision supersedes any provision in the 2003 Definitions purporting to designate any other day as the Termination Date.

Unsettled Defaulted Reference Obligation: Any Defaulted Reference Obligation for which the related Verification Cut-Off Date has not yet occurred.

Defaulted Reference Obligation: A Reference Obligation in respect of which an Event Determination Date has occurred. For the avoidance of doubt, if a Credit Event occurs in respect of a Reference Entity or any Obligation thereof, then the Conditions to Settlement may be satisfied separately with respect to each Reference Obligation of such Reference Entity (each of which shall be a Defaulted Reference Obligation), and a Loss Amount and a Cash Settlement Adjustment Amount shall be determined in respect of each such Defaulted Reference Obligation in accordance with the provisions of this Confirmation. A Defaulted Reference Obligation will continue to be a Reference Obligation for all purposes hereunder and if a Defaulted Reference Obligation is removed from the Reference Portfolio pursuant to a Reduction, calculations already made in respect of such Defaulted Reference Obligation will continue to be taken into account (including, without limitation, for the purposes of calculating Aggregate Cash Settlement Amounts and Aggregate Loss Amounts).

Potential Credit Event: In respect of any Reference Obligation, as of any day, either (i) a Potential Failure to Pay has occurred on or prior to such date in respect of that Reference Obligation or (ii) a Credit Event has or may have occurred on or prior to such date in respect of that Reference Obligation (in each case in the Buyer's opinion in its sole and absolute discretion acting in good faith and in a commercially reasonable manner) and, in each case, an Event Determination Date has not occurred as of such date with respect to that Reference Obligation.

Floating Rate Payer: Seller.

Fixed Rate Payer: Buyer.

Calculation Agent: Credit Suisse AG, New York Branch.

Verification Agent: At any time, the agent (if any) appointed by the Buyer to act as Verification Agent for the purposes of this Transaction at such time. As of the Tranche 2 Issue Date, the Verification Agent was KPMG Audit plc. Following the Effective Date, it may be any of Deloitte Touche Tohmatsu Limited, Ernst & Young Global Limited, PricewaterhouseCoopers International

Limited, KPMG LLP or Grant Thornton UK LLP (or any of their respective Affiliates or successors). The terms of appointment of the Verification Agent will be as agreed with the Buyer provided that the Verification Agent must be required to verify substantially the same matters as those set out in the verification schedule (the "**Verification Schedule**") set out in Annex 3 (such agreement with any Verification Agent, the "**Verification Agency Agreement**").

Seller agrees that any matters determined by the Verification Agent in accordance with the Verification Agency Agreement shall be final and binding, including with respect to satisfaction of the Verification Condition hereunder. Furthermore, Buyer and Seller agree that neither party shall be liable for the performance of the Verification Agent pursuant to the Verification Agency Agreement. Any information provided by Buyer to the Verification Agent in order that the Verification Agent may determine the matters to be determined by it in accordance with the Verification Agency Agreement shall, in the absence of fraud, gross negligence or manifest error, be deemed to be accurate for such purpose.

Calculation Agent City:

New York.

Business Day:

New York and TARGET Settlement Days

Business Day Convention:

Following (which, subject to Section 1.4 of the 2003 Definitions but notwithstanding Section 1.6, will apply to any date referred to in this Confirmation that falls on a day that is not a Business Day save as otherwise provided herein).

Reference Entity:

In respect of any Reference Obligation specified in the Reference Register from time to time, any person (excluding a lender, finance party or other provider of any credit) who is a borrower (or otherwise entitled to the benefit of any credit), obligor, guarantor or other surety under or in respect of such Reference Obligation at the relevant time.

Section 2.2 of the 2003 Definitions shall not apply.

Any reference to a Reference Entity in the 2003 Definitions will be deemed to be to all or any Reference Entities in respect of the relevant Reference Obligation.

Primary Borrower:

The primary borrower, obligor, guarantor or other surety of a Reference Obligation as selected by the Buyer in accordance with its usual business procedures (or if the Reference Obligation is not held by the Buyer at such time, as the Buyer would so select if the Reference Obligation were held by the Buyer), and specified (or which would be specified) in the Buyer's portfolio management systems and set out in the Reference Register. The Primary Borrower specified in the Reference Register may from time to time be changed by the Buyer in accordance with such usual business procedures.

Each Primary Borrower shall be specified in the Reference Register by an identifier attributed to such Primary Borrower by the Buyer.

For the avoidance of doubt, an entity may appear more than once in the Reference Register as Primary Borrower and, where this is the case, the Conditions to Settlement and the Settlement Terms shall apply separately with respect to the corresponding Reference Obligations.

Reference Obligations:

At any time, each obligation specified by the Buyer as a Reference Obligation in the Reference Register and forming part of the Reference Portfolio at such time (taking into account any Additions and Reductions effected on or prior to such date), the terms of which may be amended from time to time.

Sections 2.30 and 2.31 of the 2003 Definitions shall not apply.

Each Reference Obligation shall be specified in the Reference Register by an identifier attributed to such Reference Obligation by the Buyer. Nothing in this Transaction shall create or be construed as creating any obligation on the part of the Buyer or any of its Affiliates to disclose any information (whether or not confidential and including, without limitation, the terms of any Reference Obligation or the actual identity of any Reference Entity) to the Seller or any other party in relation to any Reference Obligation, Reference Entity, Reference Entity Group or Primary Borrower that is or may be material in the context of this Transaction other than the information contained in the Reference Register. Without limitation to the generality of the foregoing and without prejudice to the provisions of the Verification Agency Agreement relating to disclosure (where permitted by confidentiality and other related restrictions) solely to the Verification Agent (but not the Seller) by Buyer of such information for the purposes of verification, the names of any Reference Entities and/or the identity of any Reference Obligations need not be specified in any Credit Event Notice, Notice of Publicly Available Information, Default Notice or other notices or communications (provided the relevant identifier is specified) in order for Buyer effectively to deliver such notices and other communications.

For the avoidance of doubt, if an event occurs in respect of a Reference Obligation which would allow the Buyer to effect a Reduction in respect of that Reference Obligation, such Reference Obligation shall remain part of the Reference Portfolio until such time as a Reduction is effected in respect of such Reference Obligation.

Reference Register:

A register maintained by the Buyer including the information

set out in Annex 1 hereto in respect of the Reference Obligations forming part of the Reference Portfolio. The Reference Register as of the Initial Reference Portfolio Cut-Off Date is set out in Annex 4 hereto.

The Buyer shall update the Reference Register to reflect any changes to the Reference Portfolio since the last Reference Register Reporting Date, including, but not limited to, the identification of any Reductions, Additions, the Unextended Maturity Date in respect of any Reference Obligation (if applicable), changes in any Reference Obligation Notional Amount and the applicable Reference Portfolio Notional Amount as of the relevant date of determination and such updates (other than updates effected by an Adjustment Notice which are effective on the relevant Adjustment Date) shall be effective immediately. The Buyer may correct any errors or omissions it identifies in respect of the Reference Register as of any date and references throughout this Transaction to the Reference Register as of such date shall be to the Reference Register as so corrected (even if such correction is made after such date).

Initial Reference Portfolio: The Reference Portfolio as at the Initial Reference Portfolio Cut-Off Date.

Reference Portfolio: On any day, the portfolio of Reference Obligations included in the Reference Register on such day.

Initial Reference Portfolio Notional Amount: USD 2,687,500,000

Reference Portfolio Notional Amount: As at the Effective Date, the Initial Reference Portfolio Notional Amount, and at any subsequent time, the aggregate of the Reference Obligation Notional Amounts for all Reference Obligations in the Reference Portfolio at such time.

For the avoidance of doubt the Reference Portfolio Notional Amount shall not at any time exceed the Initial Reference Portfolio Notional Amount.

Reference Obligation Notional Amount: In respect of a Reference Obligation at any time, the amount in USD specified in the Reference Register in respect of such Reference Obligation on the relevant date (taking into account any Additions or Reductions effected in respect of such Reference Obligation on or prior to such date).

For the avoidance of doubt:

- (i) notwithstanding any other provision of this Confirmation, the Reference Obligation Notional Amount in respect of a Reference Obligation shall not be subject to adjustment to reflect any change in the prevailing spot rate for the conversion of the currency of denomination of such Reference Obligation into USD except where such adjustment occurs as part of

any Addition pursuant to paragraph 8.2 of this Confirmation; and

- (ii) if an event occurs in respect of a Reference Obligation which would allow the Buyer to effect a Reduction in respect of that Reference Obligation, the Reference Obligation Notional Amount shall remain the amount designated as such in the Reference Register in respect of such Reference Obligation until such time as a Reduction is effected in respect of such Reference Obligation.

Protection Tranche Amount:

On the Effective Date, USD 215,000,000 (the **Initial Protection Tranche Amount**).

On any date falling on or after the Effective Date, the Protection Tranche Amount shall be an amount, subject to a minimum of zero, equal to the lower of:

- (i) the Initial Protection Tranche Amount *less* the Aggregate Cash Settlement Amount as of such date (after any adjustments to the Aggregate Cash Settlement Amount on such date); and
- (ii) the Reference Portfolio Notional Amount as of such date.

Relevant Lender:

In respect of a Reference Obligation, such entity as selected in the sole and absolute discretion of the Buyer. The Relevant Lender may include, without limitation: (a) the Buyer or any of its Affiliates or (b) any entity from which the Buyer can obtain (and, where appropriate, the Verification Agent can verify subject to any duty of confidentiality or regulatory restriction) the relevant information required for the purposes of settling Credit Events in respect of such Reference Obligation pursuant to this Transaction.

2. **OPTIONAL EARLY TERMINATION**

Optional Early Termination Date:

Any Fixed Rate Payer Payment Date falling:

- (i) on or after the Last Adjustment Notice Date; and/or
- (ii) on or after the occurrence of: (A) changes in any international or Swiss regulations, rules or instructions (the "**Bank Regulations**") applicable to the Buyer and/or its Affiliates; or (B) any change in the manner in which such Bank Regulations are interpreted or applied by the Buyer and/or its Affiliates or any relevant international or Swiss body (including any relevant international or Swiss central banks or other authority responsible for bank regulations), which either: (1) has the effect of adversely affecting the regulatory capital treatment of this transaction applied

by or otherwise applicable to the Buyer and/or its Affiliates to an extent which is material to the Buyer and/or its Affiliates, as determined by the Buyer in its sole and absolute discretion; or (2) results in Buyer, and/or any of its Affiliates, incurring, in respect of this transaction, any materially increased cost, expense, fee or other burden, including, without limitation, any capital charge (including any increase in capital charges, decrease in capital charge benefits or other adverse effect on the relevant party's capital charges) or obligation to post margin or other collateral, submit this transaction to a central clearing counterparty for clearing or submit this transaction to an exchange or other trade execution facility (such event, a "**Regulatory Event**"); and/or

- (iii) on or after the date on which the Reference Portfolio Notional Amount as of the relevant date of determination has been reduced to or below ten per cent. of the Initial Reference Portfolio Notional Amount as of the relevant date of determination.

Optional Early Termination:

Upon giving not less than 13 Business Days' written notice (an "**Optional Early Termination Notice**") to Seller (in respect of which the requirements of Section 1.10 of the 2003 Definitions shall apply) (the date such notice is effective in accordance with Section 1.10 of the 2003 Definitions being the "**OET Notification Date**") which, if given pursuant to a Regulatory Event, also includes written confirmation signed by a two Managing Directors (or other substantially equivalent title) of the Buyer and/or its Affiliates confirming that such determination has been made, Buyer may elect to terminate this Transaction on an Optional Early Termination Date specified in such notice.

The Buyer shall deliver a copy of any Optional Early Termination Notice to the Trustee and the Custodian on the OET Notification Date.

Notwithstanding anything to the contrary herein, no Event Determination Date will be capable of arising in respect of any Reference Obligation after the OET Notification Date.

Upon the exercise of such election and the occurrence of the Optional Early Termination Date and notwithstanding anything to the contrary herein:

- (a) no Cash Settlement Amount shall be due on any Cash Settlement Date that would otherwise have fallen due after the Optional Early Termination Date;
- (b) no Fixed Amount shall be due on any Fixed Rate Payer Payment Date that would otherwise have fallen due after the Optional Early Termination Date; and

- (c) no amount shall be due pursuant to paragraph 4 (*Additional Payments Required to be made by the Fixed Rate Payer or the Floating Rate Payer*) that would otherwise have fallen due after the Optional Early Termination Date.

For the avoidance of doubt, any amount falling due from Buyer to Seller or from Seller to Buyer (as applicable) on the Fixed Rate Payer Payment Date which is also the Optional Early Termination Date shall remain due and payable.

3. FIXED PAYMENTS

Fixed Rate Payer Payment Dates:

Notwithstanding the provisions of Section 2.10 of the 2003 Definitions, each 3rd February, 3rd May, 3rd August and 3rd November of each year commencing on 3rd February 2013 and ending on and including the date (such date, the "**Final Date**") which is the earlier to occur of the Scheduled Termination Date and the Termination Date (in each case, subject to adjustment in accordance with the Following Business Day Convention).

Section 2.10 of the 2003 Definitions is amended by deleting the words "provided that, if an Event Determination Date occurs, the earlier of the Termination Date and the first Settlement Date with respect to the Credit Event to which such Event Determination Date relates, shall be the final Fixed Rate Payer Payment Date".

Section 5.4 of the 2003 Definitions is amended by replacing the words "the earlier to occur of the Scheduled Termination Date and the Event Determination Date" with "the Final Date".

Fixed Rate Payer Calculation Period

Each period from, and including, one Fixed Rate Payer Period End Date to, but excluding, the next following Fixed Rate Payer Period End Date, except that (a) the initial Fixed Rate Payer Calculation Period will be deemed to have commenced on and include 5 November 2012, and (b) the final Fixed Rate Payer Calculation Period will end on, and include, the Final Date.

Fixed Rate Payer Calculation Amount

In respect of each Fixed Rate Payer Payment Date, the Average Protection Tranche Amount determined in respect of the related Fixed Rate Payer Calculation Period.

Average Protection Tranche Amount:

In respect of each Fixed Rate Payer Calculation Period, the sum of the Protection Tranche Amount determined in respect of each calendar day in such period divided by the number of calendar days in such period, assuming solely for these purposes that (i) Cash Settlement Calculation Dates occurred on each Event Determination Date which occurs during such period; and (ii) Cash Settlement Dates occurred on the same day as the Cash Settlement Calculation Dates.

For the purposes of determining the Average Protection Tranche Amount in respect of the initial Fixed Rate Payer Calculation Period, the Protection Tranche Amount for each calendar day during such initial Fixed Rate Payer Calculation Period falling prior to the Effective Date shall be deemed to be USD 150,000,000.

Fixed Rate: 13.85 per cent. per annum., provided that the Fixed Rate in respect of the initial Fixed Rate Payer Calculation Period ending on the Fixed Rate Payer Period End Date falling on or around 3rd February 2013 shall be equal to 13.9445 per cent. per annum.

Fixed Rate Day Count Fraction: Act/360.

4. ADDITIONAL PAYMENTS REQUIRED TO BE MADE BY THE FIXED RATE PAYER OR THE FLOATING RATE PAYER:

Payment of CE Adjustment Amount: If the CE Adjustment Amount determined on each CE Adjustment Payment Date:

- (a) is positive, the Floating Rate Payer will pay such amount to the Fixed Rate Payer on such date; or (as applicable)
- (b) is negative, the Fixed Rate Payer will pay to the Floating Rate Payer on such date the absolute value of such amount.

If an Interest Shortfall is taken into account for the purposes of determining the Scheduled Redemption Amount payable under the Notes on the Maturity Date, then on the Maturity Date applicable to the Notes the Floating Rate Payer will also pay to the Fixed Rate Payer an amount equal to the product of such Interest Shortfall and the number of Notes outstanding on the Maturity Date.

CE Adjustment Payment Date: Each Fixed Rate Payer Payment Date and, following the occurrence of the Final Date, each Cash Settlement Date.

CE Calculation Period: Each period from, and including, one CE Adjustment Payment Date to, but excluding, the next following CE Adjustment Payment Date.

CE Adjustment Amount: In respect of each CE Adjustment Payment Date, an amount (which may be positive, negative or equal to zero) equal to the lesser of:

- (i) the CE Component Amount in respect of that CE Adjustment Payment Date; and
- (ii) either (x) if that CE Adjustment Payment Date is also a Fixed Rate Payer Payment Date, the sum of the Fixed Amount in respect of that CE Adjustment

Payment Date and the Collateral Income Amount in respect of that CE Adjustment Payment Date, or (y) otherwise, the CE Component Amount in respect of that CE Adjustment Payment Date.

CE Component Amount:

In respect of each CE Adjustment Payment Date, an amount (which may be positive, negative or equal to zero) equal to the sum of:

- (i) the sum of all positive and negative Aggregate Compound Adjustment Amounts in respect of all Defaulted Reference Obligations in respect of which a Cash Settlement Adjustment Amount has arisen during the CE Calculation Period ending on that CE Adjustment Payment Date; and
- (ii) the Outstanding Adjustment Amount (if any) in respect of that CE Adjustment Payment Date.

Collateral Income Amount:

In respect of each CE Adjustment Payment Date, an amount equal to the sum of:

- (i) the Price Differential in respect of any Repurchase Transaction which terminates on that CE Adjustment Payment Date, provided that the Price Differential for the purposes of this sub-paragraph (i), in respect of the Repurchase Transaction with a Repurchase Date on or around 3 February 2013, shall be equal to (x) the relevant Repurchase Price, *minus* (y) USD 215,000,000; and
- (ii) any interest received by the Issuer in respect of the Cash Account during the Interest Period which ends on that CE Adjustment Payment Date.

For this purpose, the terms "Interest Period", "Cash Account", "Repurchase Agreement" and "Repurchase Transaction" shall have the meanings given to them in the Conditions of the Notes, and the term "Price Differential" shall have the term given to it in the Repurchase Agreement.

Aggregate Compound Adjustment Amount:

In respect of each Defaulted Reference Obligation in respect of which a Cash Settlement Adjustment Amount has arisen, an amount (which may be positive, negative or equal to zero) equal to the sum of all of the Final Compounded Adjustment Amounts determined in respect of each Adjustment Amount in respect of that Defaulted Reference Obligation applicable to each of the Adjustment Periods which arise during the Adjustment Calculation Period for that Defaulted Reference Obligation.

Final Compounded Adjustment Amount:

In respect of each Adjustment Amount, the Compounded Adjustment Amount determined in respect of the final Compounding Period which is applicable to that Adjustment Amount, provided that in respect of the Adjustment Amount

corresponding to the final Adjustment Period for a Defaulted Reference Obligation, the Compounded Adjustment Amount shall be the Adjustment Amount.

Adjustment Amount:

In respect of an Adjustment Period for a Defaulted Reference Obligation in respect of which a Cash Settlement Adjustment Amount has been determined, an amount (which may be positive, negative or equal to zero) equal to the product of:

- (i) the Cash Settlement Adjustment Amount for relevant the Defaulted Reference Obligation;
- (ii) either:
 - (A) in the case of the first Adjustment Period for that Defaulted Reference Obligation, the Fixed Rate; or
 - (B) in the case of each subsequent Adjustment Period, the Interest Rate applicable to the Notes in respect of the Interest Period corresponding to such Adjustment Period; and
- (iii) the number of days in that Adjustment Period divided by 360.

Adjustment Period:

In respect of an Adjustment Calculation Period, each period from, and including, one CE Adjustment Payment Date to, but excluding, the next following CE Adjustment Payment Date during that Adjustment Calculation Period, *provided that*:

- (i) the initial Adjustment Period for a Defaulted Reference Obligation will commence on, and include, the Event Determination Date in respect of that Defaulted Reference Obligation; and
- (ii) the final Adjustment Period for a Defaulted Reference Obligation will end on, but exclude, the last day of the relevant Adjustment Calculation Period.

Adjustment Calculation Period:

In respect of a Defaulted Reference Obligation, the period from, and including, the CE Adjustment Payment Date falling on or immediately prior to the Event Determination Date in respect of that Defaulted Reference Obligation to, but excluding, the CE Adjustment Payment Date on or immediately following the date on which the Cash Settlement Adjustment Amount in respect of that Defaulted Reference Obligation has arisen in accordance with the definition of Aggregate Loss Amount.

Compounded Adjustment Amount:

In respect of an Adjustment Amount and a Compounding Period, an amount equal to the sum of:

- (i) the Compounded Adjustment Amount determined in respect of the Compounding Period immediately

preceding such Compounding Period (the “**Prior Compounded Adjustment Amount**”), *provided that*, in the case of the first Compounding Period, the Prior Compounded Adjustment Amount shall be equal to the Adjustment Amount; and

- (ii) the Added Amount in respect of such Compounding Period,

Compounding Period

In respect a Compounding Calculation Period and an Adjustment Amount, each period from, and including, one CE Adjustment Payment Date to, but excluding, the next following CE Adjustment Payment Date during that Compounding Calculation Period, *provided that*:

- (i) the initial Compounding Period for that Adjustment Amount will commence on, and including, the last day of the Adjustment Period in respect of such Adjustment Amount; and
- (ii) the final Compounding Period for that Adjustment Amount will end on, but exclude, the last day of the relevant Compounding Calculation Period.

Compounding Calculation Period:

In respect of a Defaulted Reference Obligation and an Adjustment Amount, the period from, and including, the CE Adjustment Payment Date on or immediately following the last day of the Adjustment Period in respect of such Adjustment Amount to but excluding the CE Adjustment Payment Date on or immediately following the date on which the related Cash Settlement Adjustment Amount has arisen.

Added Amount:

In respect of any Compounding Period and any Adjustment Amount, an amount equal to the product of:

- (i) the Compounded Adjustment Amount for the immediately preceding Compounding Period (the “**Prior Compounded Adjustment Amount**”), *provided that*, in the case of the first Compounding Period, the Prior Compounded Adjustment Amount shall be equal to the relevant Adjustment Amount;
- (ii) the Compounding Rate determined in respect of such Compounding Period; and
- (iii) the number of days in such Compounding Period divided by 360.

Compounding Rate:

USD-LIBOR-BBA, with a Designated Maturity which matches the applicable Compounding Period (on the basis that Linear Interpolation is applicable) and in respect of which the Reset Date occurs on the first day of such Compounding Period. For this purpose, "USD-LIBOR-BBA", "Designated

Maturity", "Linear Interpolation" and "Reset Date" shall have the meanings given to them in the 2006 ISDA Definitions.

Outstanding Adjustment Amount:

In respect of each CE Adjustment Payment Date other than the first CE Adjustment Payment Date, an amount (if any) equal to the sum of:

- (i) the Interest Shortfall (if any) which was determined in respect of the Interest Payment Date which precedes that CE Adjustment Payment Date; and
- (ii) product of:
 - (A) the Interest Shortfall (if any) which was determined in respect of the Interest Payment Date which precedes that CE Adjustment Payment Date;
 - (B) the Compounding Rate in respect of that CE Calculation Period; and
 - (C) the number of days in that CE Calculation Period divided by 360.

For this purpose, the terms "Interest Shortfall" and "Interest Payment Date" shall have the meanings given to them in the Conditions of the Notes.

5. FLOATING PAYMENTS

Event Determination Date:

Section 1.8 of the 2003 Definitions shall be deleted and replaced with the following:

"Event Determination Date" means, in respect of any Reference Obligation, the first date on which both the Credit Event Notice and either the Notice of Publicly Available Information or the Default Notice (as applicable) delivered in respect of such Reference Obligation are effective."

Conditions to Settlement:

Notwithstanding Section 3.2(a) of the 2003 Definitions, the following Conditions to Settlement shall apply:

- (1) Credit Event Notice.
Notifying Party: Buyer.
- (2) Notice of Publicly Available Information: Applicable (subject to the amendments to Section 3.5 of the 2003 Definitions below).

Specified Number: One.

Public Source(s): Each source set out in Section 3.7 of the Credit Derivatives Definitions, provided that Debtwire.com, Standard & Poor's Leveraged Commentary & Data (LCD) and

Reuters Loan Pricing Corporation (Reuters LPC) shall also be Public Sources.

Publicly Available Information: Section 3.5(a)(ii) of the Credit Derivatives Definitions shall include information received from or made available by a facility agent, agent bank or other agent (or any other representative or appointee) in relation to a Reference Obligation.

Default Notice: The Buyer may serve a Default Notice in lieu of serving a Notice of Publicly Available Information if:

- (a) the Buyer determines, in its sole and absolute discretion acting in good faith, that, having used reasonable endeavours to locate Publicly Available Information relating to the relevant Credit Event, it has been unable to locate such Publicly Available Information; and/or
- (b) Buyer is subject to, or the Relevant Lender has informed Buyer that the Relevant Lender is subject to, confidentiality and/or regulatory restrictions (whether to the Relevant Lender, any Reference Entity or otherwise) that Buyer believes (acting in good faith and in a commercially reasonable manner) would or may prevent it from disclosing such information in respect thereof

(either (a) or (b) above or both, a "**PAI Restriction**").

For such purposes, "**Default Notice**" means a notice delivered by Buyer to Seller pursuant to which two Managing Directors (or other substantially equivalent title) of the Buyer confirm that (i) the Credit Event described in the Credit Event Notice has occurred, and (ii) the Buyer has determined, in its sole and absolute discretion acting in good faith, that a PAI Restriction exists in respect of such Credit Event.

The Conditions to Settlement can be satisfied only once in relation to each Reference Obligation, but more than once in relation to a Reference Entity, the Reference Portfolio and this Transaction.

Any notices delivered by the Buyer to the Seller for the purposes of the satisfaction of the Conditions to Settlement shall be copied to the Verification Agent and the Principal Paying Agent provided that a failure to do so shall not affect the effectiveness of the delivery of any such notice.

If, in respect of any Credit Event Notice or Notice of Publicly Available Information, the identity of the relevant Reference Entity or the terms of the relevant Reference Obligation cannot be disclosed to the Verification Agent under the Verification Agency Agreement due to confidentiality and/or regulatory restrictions (as determined by the Buyer in its sole and

absolute discretion) (a "**VA Restriction**"), the Buyer will deliver to Seller a copy of the relevant provisions in the applicable documentation relating to the relevant Defaulted Reference Obligation and/or Reference Entity which prevents the Buyer from disclosing such information (to the extent that such disclosure would not breach the terms of the relevant documentation), together with written confirmation signed by two Managing Directors (or other substantially equivalent title) of Buyer and/or its Affiliates confirming (i) that the Credit Event described in the Credit Event Notice has occurred; and (ii) the Buyer has determined, in its sole and absolute discretion, that a VA Restriction exists in respect of such Credit Event Notice or Notice of Publicly Available Information.

Section 3.9 of the 2003 Definitions shall not apply to this Transaction.

Credit Events:

The following Credit Events shall apply to this Transaction (and the first sentence of Section 4.1 shall be amended accordingly):

- (i) Bankruptcy;
- (ii) Failure to Pay:

Grace Period Extension: Applicable.

Payment Requirement: the lower of USD 100,000 and the Reference Obligation Notional Amount (or its equivalent in the relevant Obligation Currency converted by the Calculation Agent by reference to the prevailing spot exchange rate on or about the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable); and

- (iii) Restructuring:

Multiple Holder Obligation: Not Applicable.

Default Requirement: The lower of USD 1,000,000 and the Reference Obligation Notional Amount (or its equivalent in the relevant Obligation Currency converted by the Calculation Agent by reference to the prevailing spot exchange rate on or about the occurrence of the relevant Credit Event).

Section 4.7(a) of the 2003 Definitions will be amended by insertion of the following as new sub-paragraphs (vi), (vii) and (viii):

"(vi) in respect only of Reference Obligations, the receipt (irrespective of whether such event is mandatory or voluntary) of any securities, obligations or assets of any nature whatsoever by holders of

Obligations in exchange for, or otherwise in satisfaction of, in whole or in part, of the obligations of the relevant Reference Entity under such Obligations;

(vii) in respect only of Reference Obligations, a change in the ranking or priority of the Reference Obligation causing the Ranking Subordination of such Reference Obligation to any other obligation which is secured on some or all of the same assets as the Reference Obligation; or

(viii) in respect only of Reference Obligations, a release or discharge by the lender or the lenders under the relevant credit agreement of all security interests which secure such Reference Obligation (other than where (1) the security is immediately replaced by other security, (2) the proceeds of such release or discharge are used either to repay secured debt which has a priority or ranking which is senior to the Reference Obligation or to repay the Reference Obligation and any other secured debt which has a priority or ranking equal to the Reference Obligation on a *pari passu* basis, or (3) if the proceeds are otherwise disposed of in a manner expressly provided for under the terms of the relevant credit agreement as at the relevant Adjustment Date on which the relevant Reference Obligation first was subject to an Addition and without regard to any waiver of such terms)."

"Ranking Subordination" means, in relation to an obligation (the **"Ranking Subordinated Obligation"**) and another obligation of any of the Reference Entities to which such obligation is being compared (the **"Ranking Senior Obligation"**), at any time after the applicable Adjustment Date on which the relevant Reference Obligation first was subject to an Addition the Ranking Senior Obligation is secured by security interests and entitled to the receipt of the application of any proceeds realised following enforcement of such security interest, in each case having a priority or ranking senior to that of the security interests securing the Ranking Subordinated Obligation (or, if the Ranking Subordinated Obligation is secured by security interests having more than one level of priority or ranking, having a priority or ranking senior to that of the security interests securing the Ranking Subordinated Obligation having the highest priority or ranking) on any assets.

References throughout Section 4.7 of the 2003 Definitions to "Section 4.7(a)(i) to (v)" shall be deleted and replaced with the words "Section 4.7(a)(i) to (viii)".

Subparagraph 4.7 (a)(v) shall be amended by the deletion of the full-stop at the end thereof and the replacement thereof by "; or"

Obligations: Borrowed Money.

Obligation Characteristics: None.

6. SETTLEMENT TERMS

General Settlement Terms

Settlement Method: Cash Settlement, as modified herein.

Article VII of the 2003 Definitions shall not apply to this Transaction and the following alternative provisions shall apply in place thereof.

Section 3.1 of the 2003 Definitions shall be deleted and replaced with the following:

"Upon the occurrence of a Credit Event in respect of a Reference Obligation, and satisfaction of all the Conditions to Settlement, the parties shall perform their respective obligations in accordance with the Settlement Method."

Notwithstanding anything to the contrary in the 2003 Definitions, the Calculation Agent will determine the Cash Settlement Amount (if any), the Loss Amount (if any) and the Cash Settlement Adjustment Amount (if any) in accordance with the terms of this Confirmation.

On the Cash Settlement Calculation Date falling immediately prior to each Cash Settlement Date, the Calculation Agent shall notify the parties (including the Verification Agent and the Principal Paying Agent) in writing of:

- (i) any Loss Amounts and/or any Cash Settlement Adjustment Amounts determined in the period from but excluding the previous Cash Settlement Calculation Date (or, in the case of the first Cash Settlement Calculation Date, from and including the Effective Date) to and including such Cash Settlement Calculation Date; and
- (ii) the Cash Settlement Amount determined in respect of such Cash Settlement Calculation Date,

(such notice, a **Notice of Cash Settlement**).

Settlement Currency: USD.

Cash Settlement Dates: Three Business Days following each Cash Settlement Calculation Date.

Cash Settlement Calculation Date: The third Business Day immediately preceding each Fixed Rate Payer Payment Date falling on or prior to the Final Date and, thereafter, the last Business Day in each calendar month until the Termination Date.

Aggregate Cash Settlement Amount: In respect of any date, the aggregate of all of the Cash Settlement Amounts determined in respect of all of the Cash Settlement Dates falling on or prior to such date.

Cash Settlement Amount: With respect to a Cash Settlement Calculation Date, an amount (which may be positive, negative or equal to zero) equal to:

- (i) the Aggregate Loss Amount as of such Cash Settlement Calculation Date (after making any adjustments to the Aggregate Loss Amount in respect of Loss Amounts and/or Cash Settlement Adjustment Amounts which have arisen on such day); *minus*
- (ii) the Aggregate Loss Amount determined in respect of the immediately preceding Cash Settlement Calculation Date (after making any adjustments to the Aggregate Loss Amount in respect of Loss Amounts and/or Cash Settlement Adjustment Amounts which have arisen on such Cash Settlement Calculation Date),

provided that, for the purposes of determining the first Cash Settlement Amount due in respect of this Transaction, subparagraph (ii) shall be zero.

Notwithstanding anything contained in the 2003 Definitions to the contrary, if such amount is a positive number, it shall be paid by Seller to Buyer on the Cash Settlement Date immediately following the relevant Cash Settlement Calculation Date and if such amount is a negative number, the absolute value of such amount shall be paid by Buyer to Seller on the Cash Settlement Date immediately following the relevant Cash Settlement Calculation Date.

Aggregate Loss Amount: In respect of any date of determination, the lower of:

- (i) the Initial Protection Tranche Amount; and
- (ii) an amount equal to the sum of all Loss Amounts *plus* the sum of all Cash Settlement Adjustment Amounts (which may be positive or negative), in each case which have arisen on or prior to the relevant date of determination, in respect of all Defaulted Reference Obligations.

For the purposes of determining the Aggregate Loss Amount,

- (a) a Loss Amount shall be deemed to have arisen on the relevant Event Determination Date; and
- (b) a Cash Settlement Adjustment Amount shall be deemed to have arisen on the Adjustment Calculation Date which falls on or immediately following the relevant Verification Cut-Off Date in respect of the relevant Defaulted Reference Obligation.

Adjustment Calculation Date:

The third Business Day immediately preceding each Fixed Rate Payer Payment Date falling on or prior to the Scheduled Termination Date and, thereafter, the last Business Day in each calendar month.

Loss Amount:

In respect of a Defaulted Reference Obligation (the "**Relevant DRO**") and a Relevant Lender, an amount in USD equal to:

- (i) an amount in USD (the "**Reference Obligation Calculation Amount**") as selected by Buyer and notified to the Calculation Agent which must not be greater than an amount equal to the lower of:
 - (a) the applicable Reference Obligation Notional Amount as of the Event Determination Date in respect of the Relevant DRO; and
 - (b) the aggregate of the Relevant Lender's Credit Exposure to the Relevant DRO immediately prior to the occurrence of the relevant Credit Event,

provided that, when making such selection, the sum of the Reference Obligation Calculation Amounts for all Related DROs must be less than or equal to 70 per cent of the Unhedged PB Exposure in respect of the Relevant DRO;

multiplied by

- (ii) 100 per cent. minus the Final Price applicable to the Relevant DRO.

For the purpose of determining the Loss Amount, any component thereof (including, without limitation, Credit Exposure, any Reference Obligation Calculation Amount, the Applicable Hedge Notional or the Unhedged PB Exposure) which is denominated in a currency other than in USD will be converted into USD at a spot rate prevailing on or about the PB Default Date in respect of such Relevant DRO.

Related DROs:

In respect of any Relevant DRO, all Defaulted Reference Obligations (including, for the avoidance of doubt such Relevant DRO) in respect of which the applicable Event

Determination Date occurred on or prior to the Event Determination Date for such Relevant DRO and which have:

- (i) the same Primary Borrower as the Relevant DRO; and
- (ii) the same Relevant Lender as the Relevant DRO.

PBCE Time:

In respect of a Relevant DRO, the moment, as determined by Buyer acting in good faith, immediately preceding the occurrence of the Credit Event which was the subject of the Credit Event Notice with respect to the Event Determination Date which is the PB Default Date in respect of such Relevant DRO.

PB Default Date:

In respect of a Relevant DRO the earliest Event Determination Date to occur under this Transaction with respect to any applicable Related DRO.

Unhedged PB Exposure:

In respect of a Relevant DRO, the aggregate Credit Exposure of the applicable Relevant Lender as of the PBCE Time for such Relevant DRO under all PB Obligations in respect of which either:

- (i) Buyer has delivered a Credit Event Notice and a Notice of Publicly Available Information or Default Notice (as applicable) hereunder on or prior to the relevant Event Determination Date with respect to such Relevant DRO; or
- (ii) Buyer could, as determined by Buyer in good faith, at any time have delivered a Credit Event Notice and a Notice of Publicly Available Information or Default Notice (as applicable) hereunder (assuming for this purpose, in respect of any PB Obligation which is not a Reference Obligation, that such PB Obligation had continuously been comprised in the Reference Portfolio from and including the Effective Date to and including the relevant Event Determination Date with respect to such Relevant DRO),

each such Commitment as reduced by the Applicable Hedge Notional (if any) assigned to each such relevant PB Obligation by the Relevant Lender.

Applicable Hedge Notional:

In respect of a Relevant DRO, an amount, subject to a minimum of zero, equal to the notional amount (or portion thereof) of the Eligible Hedges as of the PBCE Time assigned to the relevant PB Obligation by the Relevant Lender, provided that an Eligible Hedge will only be taken into account for these purposes if Buyer in good faith determines that:

- (i) such Eligible Hedge has or could have settled or could in the future settle by reference to such PB Obligation (which requirement will, without limitation, be

deemed to be satisfied if the PB Obligation has constituted, could have constituted or could in the future constitute a "Deliverable Obligation" (or equivalent) in accordance with the terms of such Eligible Hedge); and

- (ii) the Relevant Lender has or could have taken steps to effect settlement of the credit protection under such Eligible Hedge (which requirement will, without limitation, be deemed to be satisfied if the Relevant Lender could have delivered a Credit Event Notice (or equivalent) under such Eligible Hedge) on or prior to the relevant Event Determination Date with respect to such Relevant DRO.

Eligible Hedges are assigned by the Relevant Lender in its sole and absolute discretion acting in good faith.

Eligible Hedges:

All credit protection under credit default swaps or equivalent (excluding index-linked credit default swaps or swaptions and the protection under this Transaction) purchased by the Relevant Lender (or where Buyer or any of its Affiliates is the Relevant Lender, purchased by Buyer's Portfolio Management Group) which: (a) expressly references the Primary Borrower of the Relevant DRO and (b) is still outstanding (such that the relevant Credit Event can be settled) immediately prior to the occurrence of the relevant Credit Event. Where the Buyer or any of its Affiliates is the Relevant Lender, such hedges are expected to be recorded in the systems of the Buyer's Portfolio Management Group as of the PBCE Time.

PB Obligations:

In respect of a Relevant DRO, all obligations which:

- (i) have the same Relevant Lender (or, where such obligation is not a Reference Obligation, which would have had the same Relevant Lender if such obligation were a Reference Obligation) as the Relevant DRO;
- (ii) relate to the payment or repayment of borrowed money (which include deposits and reimbursement obligations arising from drawings pursuant to letters of credit, any debt security and any loan, revolving loan facility, loan note, and any guarantee in respect of the same); and
- (iii) in respect of which the applicable primary borrower, obligor, guarantor or other surety which the Relevant Lender has identified in accordance with its usual business procedures and specified in its portfolio management systems (if applicable) is identical to the Primary Borrower for the Relevant DRO.

For the avoidance of doubt, such PB Obligations include the Relevant DRO and any other Reference Obligation which has the same Primary Borrower as the Relevant DRO if also held

by the Relevant Lender.

Credit Exposure:

With respect to a Reference Obligation, and at any time, an amount equal to the aggregate Commitment held by the Relevant Lender at such time.

Commitment:

An obligation or commitment (whether a drawn commitment or an undrawn commitment) to lend or otherwise make available funds, after taking into account any permanent reduction or cancellation, or any other amount of such commitment which is otherwise permanently unavailable for utilisation, as determined by the Calculation Agent (including an obligation or commitment to indemnify a lender in relation to any facilities made available by it or to indemnify the issuer of a letter of credit or other instrument) whereby "drawn commitment" means the principal amount already advanced at the relevant time under a commitment (including amounts paid under any indemnity to a lender or issuer of a letter of credit or other instrument or other utilisation of commitment) and "undrawn commitment" means a commitment less the drawn commitment. In respect of any obligation which is not a loan facility, the related Commitment includes, in respect of a person, that such person holds (either directly or beneficially) the relevant obligation (whether represented or evidenced by a bond, note, certificated debt security or other debt security or otherwise). At any time, the Commitment will exclude any accrued but unpaid interest.

Final Price:

In respect of each Defaulted Reference Obligation, 100 per cent. *minus*

- (i) if the Credit Event which was the subject of the relevant Credit Event Notice occurred after the Unextended Maturity Date (if applicable and which, for the avoidance of doubt shall not be applicable if such Defaulted Reference Obligation was added to the Reference Portfolio pursuant to a Maturity Extension Replenishment), zero; and
- (ii) if otherwise, the percentage amount specified as the "LGD" for such Reference Obligation in the Reference Register as of the Event Determination Date. Such percentage is determined, and may change from time to time, in the sole and absolute discretion of Buyer.

Unextended Maturity Date

In respect of a Reference Obligation which has been the subject of a Maturity Extension (but which, for the avoidance of doubt, was not subject to a Maturity Extension Replenishment), the scheduled final legal maturity date of such Reference Obligation as of the Adjustment Date in relation to which such Reference Obligation was added to the Reference Portfolio.

Cash Settlement Adjustment Amount:

In respect of each Defaulted Reference Obligation, an amount (which may be positive, negative or equal to zero) determined

on the applicable Verification Cut-Off Date with respect to the relevant Recovery Determination Date (and, if applicable, after any Final Loss Verification Adjustment has been made) equal to:

- (i) the product of: (a) 100 per cent. minus the Realised Final Price; and (b) the Final Reference Obligation Calculation Amount (the **Realised Loss Amount**); *minus*
- (ii) the Loss Amount determined in respect of such Defaulted Reference Obligation as of the relevant Event Determination Date.

Final Reference Obligation Calculation Amount:

In respect of a Relevant DRO, an amount in USD determined on the applicable Recovery Determination Date for such Relevant DRO, as selected by Buyer and notified to the Calculation Agent which must not be greater than an amount equal to the lower of:

- (i) the applicable Reference Obligation Notional Amount as of the Event Determination Date in respect of the Relevant DRO; and
- (ii) the aggregate of the Relevant Lender's Credit Exposure to the Relevant DRO immediately prior to the occurrence of the relevant Credit Event,

provided that, when making such selection, the sum of the Final Reference Obligation Calculation Amounts for all Final Related DROs must be less than or equal to 70 per cent of the Unhedged PB Exposure as of the PBCE Time of the Relevant Lender in respect of the Relevant DRO, such Unhedged PB Exposure being determined on the basis that:

- (1) references in the definitions of Unhedged PB Exposure and Applicable Hedge Notional to "the relevant Event Determination Date with respect to such Relevant DRO" shall be deemed to be to "the applicable Recovery Determination Date with respect to such Relevant DRO"; and
- (2) for the purpose of calculating the Unhedged PB Exposure, the Relevant Lender's Credit Exposure shall be determined without taking into account any undrawn commitments of the Relevant Lender unless such undrawn commitments actually became drawn commitments at any time on or prior to the applicable Recovery Determination Date.

For the purpose of determining the Final Reference Obligation Calculation Amount, any component thereof (including, without limitation, the Credit Exposure, the Applicable Hedge Notional and the Unhedged PB Exposure) which is denominated in a currency other than in USD will be

converted into USD at a spot rate prevailing on or about the PB Default Date in respect of such Relevant DRO.

The Final Reference Obligation Calculation Amount may be re-selected by Buyer during the period from and including the relevant Recovery Determination Date to and including the relevant Verification Cut-Off Date so as to be compliant with this definition if the Verification Agent determines that the Final Reference Obligation Calculation Amount was not selected in compliance with this definition.

Final Related DROs:

In respect of any Relevant DRO, all Defaulted Reference Obligations (including, for the avoidance of doubt such Relevant DRO) in respect of which the applicable Recovery Determination Date occurred on or prior to the Recovery Determination Date for such Relevant DRO and which have:

- (i) the same Primary Borrower as the Relevant DRO; and
- (ii) the same Relevant Lender as the Relevant DRO.

Verification Cut-Off Date:

In respect of a Defaulted Reference Obligation, the earliest to occur of (i) the 30th Business Day following the relevant Recovery Determination Date; (ii) the Ineligible Reference Obligation Notification Date (if any) with respect to such Defaulted Reference Obligation; and (iii) the date on which the Verification Condition is satisfied in respect of such Defaulted Reference Obligation.

Realised Final Price:

The Final Recovery Estimate expressed as a percentage of the Adjusted Exposure, *provided that* if:

- (i) the Verification Condition has not been satisfied on or prior to the applicable Verification Cut-Off Date or, if the optional early termination right is exercised by Buyer pursuant to paragraph 2, on or prior to the earlier to occur of the applicable Verification Cut-Off Date and the date on which the Loss Amount is determined, in each case in respect of the relevant Defaulted Reference Obligation;
- (ii) the relevant Defaulted Reference Obligation was:
 - (a) added pursuant to a False Addition; or
 - (b) was the subject of a Reduction during the period from but excluding the relevant Event Determination Date to and including the relevant Recovery Determination Date which resulted in the whole of such Defaulted Reference Obligation being removed from the Reference Portfolio; and/or
- (iii) the Credit Event which was the subject of the Credit Event Notice with respect to the Event Determination

Date for the relevant Defaulted Reference Obligation occurred after the Unextended Maturity Date (if applicable and which, for the avoidance of doubt shall not be applicable if such Defaulted Reference Obligation was added to the Reference Portfolio pursuant to a Maturity Extension Replenishment),

then the Realised Final Price in respect of such Defaulted Reference Obligation (or part thereof, if (ii)(a) above applies and such False Addition does not relate to the entire Reference Obligation Notional Amount, as determined by the Calculation Agent) shall be deemed to be equal to 100 per cent. For the avoidance of doubt, where (ii)(a) applies, a Realised Final Price shall still be determined to apply to that part of the Reference Obligation Notional Amount which did not comprise the False Addition.

For the purposes of determining the Realised Final Price and Final Recovery Estimate, all component parts of the Final Recovery Estimate, the Adjusted Exposure, the relevant Credit Exposure and all other amounts, in each case which are denominated other than in USD, will be converted into USD at a spot rate prevailing on or about the date that the relevant Event Determination Date occurred.

The "**Verification Condition**" is satisfied in respect of a Defaulted Reference Obligation at any time if, as determined by Buyer in good faith, the Buyer has been delivered one or more written notices (including by email) by one or more Verification Agents on or prior to such time which collectively confirm that:

- (a) the Verification Agent has carried out the verification procedures in paragraph 1 of the Verification Schedule and/or, as applicable with respect to the relevant Defaulted Reference Obligation, paragraph 2 of the Verification Schedule and, having completed such exercise, it is unaware of any matter in respect of such Defaulted Reference Obligation to mean that it has determined that the relevant Defaulted Reference Obligation was subject to a False Addition;
- (b) the Verification Agent has carried out the verification procedures in paragraph 3 of the Verification Schedule with respect to such Defaulted Reference Obligation; and
- (c) the Verification Agent has verified and confirmed the matters set out in paragraph 4 of the Verification Schedule (but solely to the extent they relate to the relevant Defaulted Reference Obligation) and there are no differences between the Final Price or, as applicable, the Final Recovery Estimate and the Verification Agent's determination of the Final Price or, as applicable, the Final Recovery Estimate (or, if

there are differences, that the Buyer and the Verification Agent have agreed on which determination is the correct determination for the purposes of the Final Price or, as applicable, Realised Final Price), in each case with respect to the relevant Defaulted Reference Obligation.

For the purposes of paragraph (a) above, if the Verification Agent, having carried out the relevant verification procedures, concludes that its determinations are different from those of the Calculation Agent and/or the Buyer but nonetheless the Verification Agent is unaware of any matter in respect of the relevant Defaulted Reference Obligation which would lead it to conclude that the relevant Defaulted Reference Obligation was subject to a False Addition, then, for the avoidance of doubt, paragraph (a) above will still be satisfied.

Adjusted Exposure:

In respect of a Relevant DRO, the Credit Exposure of the Relevant Lender to the Relevant DRO immediately prior to the occurrence of the relevant Credit Event provided that, solely for the purposes of determining such Credit Exposure, undrawn commitments which are comprised in such Credit Exposure will not be taken into account unless such undrawn commitments subsequently actually become drawn commitments at any time between the occurrence of the relevant Credit Event and the applicable Recovery Determination Date.

Final Recovery Estimate:

An amount equal to the sum of:

- (i) the aggregate value of Recoveries received by the Relevant Lender in respect of the Relevant Lender's Adjusted Exposure to such Defaulted Reference Obligation on or prior to the Recovery Determination Date (the "**Received Recoveries**"); and
- (ii) without duplication of amounts in (i), if: (a) such amount is being determined prior to the Recovery Finalisation Date with respect to the relevant Defaulted Reference Obligation; or (b) the relevant Credit Event for such Defaulted Reference Obligation is a Restructuring Credit Event, an estimate by the Relevant Lender's Recovery Management Department of either, as selected by the Relevant Lender, the remaining value of the relevant Defaulted Reference Obligation (in accordance with its terms on such date and, for the avoidance of doubt, after reducing the original Relevant Lender's Adjusted Exposure by the Received Recoveries) or the value of estimated future recoveries in respect of the relevant Defaulted Reference Obligation (in accordance with its terms on such date), in each case, in a manner consistent with the Relevant Lender's ordinary valuation, business and/or accounting policies and standards at the relevant time.

For the avoidance of doubt, such amount may be different from the amount which would be determined in accordance with such general business, accounting and valuation policies including, without limitation, because of differences in the rates of currency conversion being applied.

The "value" of any Recoveries may be determined by reference to an estimate of the value of any Assets which comprise Recoveries in accordance with the Relevant Lender's ordinary valuation, business and/or accounting policies and standards at the relevant time for the relevant Asset and as determined on or about the date of their receipt by the Relevant Lender.

Following determination of the Final Recovery Estimate, the Buyer will provide a written confirmation executed by two Managing Directors (or other substantially equivalent title) of the Buyer and/or its Affiliates which confirms that such Final Recovery Estimate has been determined in accordance with the provisions set out herein.

Such determination may be subject to adjustment (a "**Final Loss Verification Adjustment**") following the relevant Recovery Determination Date to reflect the fact that, as contemplated by paragraph (c) of the definition of "Verification Condition", there were differences between the amount determined on the Recovery Determination Date and the determination following verification.

Recovery Determination Date:

In respect of a Defaulted Reference Obligation, the earlier to occur of:

- (a) three years following the Event Determination Date with respect to such Defaulted Reference Obligation;
- (b) the date (the "**Recovery Finalisation Date**") on which the Buyer notifies the Seller in writing (and copied to the Verification Agent and the Principal Paying Agent) that the Relevant Lender's Recovery Management Department has determined in its sole discretion but acting in good faith and by reference to the relevant Collections and Recoveries Processes that it is unlikely that any further Recoveries will be received by the Relevant Lender in respect of such Defaulted Reference Obligation and/or in respect of a Restructuring Credit Event, a date on or about the date on which the Restructuring Credit Event occurred,

provided that:

- (i) if an OET Notification Date occurs and, in respect of a Defaulted Reference Obligation, the Recovery Finalisation Date has not occurred on or prior to the OET Notification Date, then the Recovery

Determination Date with respect to the relevant Defaulted Reference Obligation will be the OET Notification Date.

- (ii) subject to (a) above, if in respect of a Defaulted Reference Obligation, the Event Determination Date has occurred on or prior to the penultimate Business Day of June 2020 but the Recovery Finalisation Date has not occurred on or prior to the last Business Day of June 2020, then the Recovery Determination Date with respect to the relevant Defaulted Reference Obligation will be the penultimate Business Day of June 2020; and
- (iii) subject to (a) above, if in respect of a Defaulted Reference Obligation the Event Determination Date occurs on or after the last Business Day of June 2020 then the Recovery Determination Date with respect to the relevant Defaulted Reference Obligation will be the Event Determination Date with respect to the relevant Defaulted Reference Obligation.

Recoveries:

In respect of a Defaulted Reference Obligation and a Relevant Lender, any:

- (a) amounts paid or distributed in respect of such Defaulted Reference Obligation (or, if applicable, otherwise recovered by enforcement of security);
- (b) the proceeds of any sale of all or part of the relevant Defaulted Reference Obligation by the Relevant Lender in accordance with the Collections and Recoveries Processes; and
- (c) amounts or Assets otherwise received or applied by the Relevant Lender, in each case, in or towards satisfaction or discharge of principal (including, for the avoidance of doubt by way of set-off to the extent enforceable and exercised),

in each case, to the extent collected or realised by the Relevant Lender pursuant to the Collections and Recoveries Processes.

Such Recoveries in respect of a Defaulted Reference Obligation shall, *inter alia*:

- (i) be determined net of Enforcement Costs;
- (ii) exclude (A) any amounts received by or on behalf of the Relevant Lender in respect of any Eligible Hedges and/or any other hedges entered into which directly or indirectly reference the relevant Defaulted Reference Obligation and/or any related Reference Entity and (B) any other amounts received and applied since the date of the occurrence of the relevant Credit Event in or

towards satisfaction or discharge of amounts other than principal in respect of such Defaulted Reference Obligation in accordance with the Collections and Recoveries Processes;

- (iii) only be included for the purposes of determinations hereunder if they arise in the period from and including the date of the occurrence of the relevant Credit Event to and including the Recovery Determination Date; and
- (iv) if denominated other than in USD, be converted into USD at a spot rate prevailing on or about the date that the relevant Event Determination Date occurred in respect of such Defaulted Reference Obligation.

Assets means any assets including, without limitation, securities, cash, shares, rights and/or other assets whether tangible or otherwise, in each case, whether of the relevant Reference Entity or of a third party.

Enforcement Costs means all reasonable third party costs, fees and expenses incurred by the Relevant Lender in connection with the enforcement of the claims under the relevant Defaulted Reference Obligation.

Collections and Recoveries Processes:

In respect of any specific Defaulted Reference Obligation, such processes, steps, actions (or inaction) taken by the Recovery Management Department of the Relevant Lender from time to time, as determined by the Recovery Management Department in good faith but otherwise in its sole and absolute discretion in the prevailing circumstances at the relevant time in respect of the Relevant Lender's holding of such Defaulted Reference Obligation. Such processes may, without limitation, include the administration, enforcement, exchange, waiver and/or forfeiture of entitlements in respect of the related Defaulted Reference Obligation or related Assets, the enforcement of any security, and/or the sale in whole or in part of the relevant holding in such Defaulted Reference Obligation and/or related Assets.

Recovery Management Department:

The Relevant Lender's internal department(s) with responsibility for management of the Relevant Lender's distressed corporate loan portfolios or an equivalent to such department at the relevant time (or, if no such equivalent function can be identified for such Relevant Lender, then references herein to the "Recovery Management Department" throughout will, solely in respect of such Relevant Lender, be deemed instead to be to such Relevant Lender generally).

Portfolio Management Group

The Relevant Lender's portfolio management group or an equivalent to such group at the relevant time (or, if no such equivalent function can be identified for such Relevant Lender, then references herein to the "Portfolio Management Group" throughout will, solely in respect of such Relevant Lender, be

deemed instead to be to such Relevant Lender generally).

7. REPORTING

7.1 Reference Register Reports

The Buyer shall deliver to the Seller a report containing the additional and updated information required to be set out in the Reference Register (as specified in Annex I) (the "**Reference Register Report**") on (a) the tenth Business Day of each calendar month (each such day a "**Monthly Reporting Date**") and (b) each Adjustment Notice Date (each such date in (a) and (b), a "**Reference Register Reporting Date**") containing information and data corresponding to:

- (i) in the case of (a), the last Business Day of the calendar month immediately preceding such Reference Register Reporting Date (each such day a "**Monthly Reporting Reference Date**"); and
- (ii) in the case of (b), the Business Day immediately preceding the corresponding Adjustment Date,

provided that, in the case of the first Reference Register Reporting Date, the information and data shall correspond to the Initial Reference Portfolio Cut-Off Date.

7.2 Monthly Reports

The Buyer shall deliver to the Seller on each Monthly Reporting Date a report containing information and data corresponding to the last Business Day of the calendar month immediately preceding such Monthly Reporting Date (the "**Monthly Report**") substantially in the form set out in Annex 2 as updated since the Monthly Reporting Reference Date corresponding to the immediately preceding Monthly Reporting Date, or in the case of the first Monthly Reporting Date, the Initial Reference Portfolio Cut-Off Date.

7.3 Adjustment Notices

The Buyer shall deliver to the Seller on each Adjustment Notice Date on which an Adjustment Notice is given:

- (i) such Adjustment Notice (in accordance with the provisions of paragraph 8 below);
- (ii) a Reference Register Report as updated to reflect the latest available information in the Buyer's portfolio management systems with respect to the Reference Portfolio as of the Business Day immediately preceding the corresponding Adjustment Date and immediately preceding the relevant Reduction or Addition; and
- (iii) a Reference Register Report reflecting the relevant Reduction or Addition and containing all the additional and updated information required to be set out in the Reference Register since the immediately preceding Reference Register Reporting Date, or in the case of the first Reference Register Reporting Date, the Initial Reference Portfolio Cut-Off Date.

8. CHANGES IN THE REFERENCE PORTFOLIO

8.1 Reductions

In respect of any Adjustment Date, Buyer will have the right (but not the obligation) at its sole discretion (and acting in its own interests) by delivery on any Adjustment Notice Date of an Adjustment Notice (in accordance with paragraph 8.3 below) to reduce the Reference Obligation

Notional Amount of one or more Reference Obligations in whole or in part (a "**Reduction**", and the amount of such Reduction in respect of each Reference Obligation, the "**Reduction Amount**") in any one of the following circumstances:

- (a) on any date prior to an Event Determination Date in respect of such Reference Obligation, if:
 - (i) such Reference Obligation has been prepaid, repaid, cancelled, discharged, or otherwise amortised in whole or in part, or is subject to a Maturity Extension or, if held by Buyer or its Affiliates at the relevant time, is hedged in whole or in part, including through any Eligible Hedges; and/or
 - (ii) the Buyer and its Affiliates have an aggregate exposure at default (being an amount equal to the aggregate Commitment to the Reference Obligation where the undrawn Commitment is weighted by a percentage determined by the Buyer in accordance with its normal business procedures and which, for the avoidance of doubt, will be net of any hedges) to such Reference Obligation of less than the Reference Obligation Notional Amount; and/or
 - (iii) such Reduction is in respect of an undrawn commitment with respect to a Reference Obligation; and/or
- (b) on any date on or following the Verification Cut-Off Date in respect of such Reference Obligation; and/or
- (c) if such Reference Obligation was added to the Reference Portfolio pursuant to a False Addition; and/or
- (d) if the Buyer has determined in good faith that it cannot, or expects in good faith that it may not be able to, satisfy the Verification Condition in relation to such Reference Obligation if such Reference Obligation is or were to become a Defaulted Reference Obligation.

8.2 Additions

In respect of any Adjustment Date, the Buyer will have the right (but not the obligation) at its sole discretion (and acting in its own interests) by delivery on any Adjustment Notice Date of an Adjustment Notice (in accordance with paragraph 8.3 below) to add one or more Reference Obligations of existing or new Reference Entities to the Reference Portfolio and/or increase the Reference Obligation Notional Amounts of one or more existing Reference Obligations (each such event being referred to herein as an "**Addition**" and, together with Reductions, an "**Adjustment**") provided that the Conditions to Addition are satisfied as of the relevant Adjustment Date.

An Adjustment Notice will be deemed to have been effectively delivered on the Trade Date which effects an Addition in respect of all Reference Obligations in the Initial Reference Portfolio, specifying the Trade Date as the Adjustment Date, and specifying the Reference Obligation Notional Amount for each such Reference Obligation corresponding to that specified in the Reference Register as of the Initial Reference Portfolio Cut-Off Date.

The Reduction of a Reference Obligation which has been the subject of a Maturity Extension and the Addition of the same obligation shall constitute a "**Maturity Extension Replenishment**".

8.3 Adjustment Notice

If Buyer elects to exercise its right to effect a Reduction or Addition, Buyer will (other than in respect of the Initial Reference Portfolio) on the applicable Adjustment Notice Date, deliver a written notice to Seller containing the details of the relevant Reductions (including the amount by

which the Reference Obligation Notional Amount of the relevant Reference Obligations has been reduced), and/or Addition (including the relevant Reference Obligation Notional Amount) and the day on which the relevant Adjustment Date occurred (such notice, the "**Adjustment Notice**").

Any Reduction or Addition will take effect from the applicable Adjustment Date in respect of that Reduction or Addition.

For the avoidance of doubt, an Adjustment may be effected on an Adjustment Date by delivery of an Adjustment Notice which effects both a Reduction in respect of one or more or all of the Reference Obligations comprised in the Reference Portfolio and an Addition in respect of one or more Reference Obligations, including, without limitation, in circumstances where paragraph (a) of the Verification Condition will not be, or is not expected by Buyer to be, or has not been satisfied in respect of the Initial Reference Portfolio. Furthermore, any such Adjustment may involve both the Reduction and Addition of the same Reference Obligation (any such obligation, a "**Matched Obligation**" and such Addition, a "**Matched Addition**"). In respect of any such Matched Addition, going forward from and including the related Adjustment Date, such Matched Addition will be regarded as the only Addition for such Matched Obligation for all purposes hereunder such that, if the relevant Matched Obligation was previously added pursuant to a False Addition it will not continue to be so regarded following such Matched Addition, provided that the Conditions to Addition are satisfied as of the Adjustment Date with respect to such Matched Addition.

"**Maturity Extension**" means, in respect of a Reference Obligation, an extension of its final legal maturity date (such extended final legal maturity date, the "**Extended Maturity Date**") from the scheduled final legal maturity date of such Reference Obligation as of the Adjustment Date relating to when such Reference Obligation was added to the Reference Portfolio.

"**Last Adjustment Notice Date**" means the Fixed Rate Payer Payment Date falling on or around 3 August 2015.

"**Adjustment Date**" means, in respect of any Reduction or Addition, the Business Day designated as such in the applicable Adjustment Notice, provided that the Adjustment Date shall not be more than one Business Day prior to the applicable Adjustment Notice Date and provided further that, in respect of the Adjustment Notice Date falling on the Trade Date, the Adjustment Date shall also be the Trade Date.

"**Adjustment Notice Date**" means the Trade Date and any other day or days selected by the Buyer during the period from but excluding the Effective Date to and including the Last Adjustment Notice Date, provided that when selecting such other days:

- (a) there may only be one Adjustment Notice Date falling in each calendar month in such period; and
- (b) for the purposes of (a), the calendar month in which each of the Trade Date and the Last Adjustment Notice Date falls shall be deemed to be whole calendar months (such that Buyer can elect a day in the calendar month in which each of the Trade Date and the Last Adjustment Notice Date falls (in addition to the Trade Date and the Last Adjustment Notice Date, respectively) as an Adjustment Notice Date),

provided that, if the related Adjustment relates solely to a Reduction in respect of one or more False Additions, Adjustment Notice Dates include any other date selected by Buyer falling after the Last Adjustment Notice Date.

9. CONDITIONS TO ADDITION AND PORTFOLIO GUIDELINES

9.1 The "**Conditions to Addition**" shall be satisfied on any Adjustment Date if:

- (i) either the Portfolio Guidelines are satisfied on the Business Day preceding (1) the relevant Adjustment Date or, (2) where the Adjustment Date is the Trade Date, the Initial Reference Portfolio Cut-off Date, assuming, for these purposes, that the relevant Addition was effected on the Business Day preceding such Adjustment Date, or Initial Reference Portfolio Cut-off Date, as applicable, or if the Portfolio Guidelines have been breached prior to the relevant Addition and such breach is continuing, such Addition does not increase the extent of such breach;
- (ii) a Potential Replenishment Stop Event (as defined below) is not continuing for more than 6 months as of the Business Day preceding the relevant Adjustment Date;
- (iii) the relevant Reference Obligation is an Eligible Reference Obligation as of the Business Day preceding (1) the relevant Adjustment Date or (2) where the Adjustment Date is the Trade Date, the Initial Reference Portfolio Cut-off Date;
- (iv) other than in respect of the Initial Reference Portfolio, the WARF following an Adjustment assuming, for these purposes, that the relevant Addition was effected on the Business Day preceding such Adjustment Date, is not greater than the WARF immediately prior to such Adjustment; and
- (v) the Reference Portfolio Notional Amount following the Addition does not exceed the Initial Reference Portfolio Notional Amount, as applicable, *minus* the aggregate of all Realised Loss Amounts in respect of all Defaulted Reference Obligations which have been the subject of a Reduction on or prior to the relevant Adjustment Date.

9.2 The "**Portfolio Guidelines**" are as follows:

- (a) The aggregate of all Reference Obligation Notional Amounts of all the Reference Obligations of Primary Borrowers forming part of one Reference Entity Group, expressed as a percentage of the applicable Initial Reference Portfolio Notional Amount as of the relevant date of determination, may not exceed the following limits in respect of the rating of the lowest rated Primary Borrower in such Reference Entity Group:

AAA:	1.00%
AA+, AA or AA-:	0.80%
A+, A or A-:	0.80%
BBB+, BBB or BBB-:	0.70%
BB+, BB or BB-:	0.65%
B+/B/B-:	0.30%
CCC+ and below:	0.00%

- (b) In respect of the Initial Reference Portfolio and the Initial Reference Portfolio Cut Off Date only, the sum of the Reference Obligation Notional Amounts of all Reference Obligations whose Primary Borrower is rated within any of the rating bands set out below, expressed as a percentage of the Initial Reference Portfolio Notional Amount as of the relevant date of determination, may not exceed the following limits:

Total of BB+ (inclusive) to 46%

B- (inclusive)

Total of CCC+ and below: 0%

Notwithstanding anything to the contrary herein, the provisions of this paragraph 9.2(b) are only required to be satisfied on the Business Day prior to the Initial Reference Portfolio Cut Off Date with respect to the Initial Reference Portfolio.

- (c) The aggregate of all Reference Obligation Notional Amounts of all Reference Obligations of Primary Borrowers designated by the Buyer's Portfolio Management Group (or if the Reference Obligation is not held by the Buyer and/or its Affiliates at such time, as the Buyer's Portfolio Management Group would so designate if the Reference Obligation were held by the Buyer and/or its Affiliates) as falling within any one of the industry classifications specified below, expressed as a percentage of the applicable Initial Reference Portfolio Notional Amount as of the relevant date of determination, must not exceed the following limits:

Oil, Gas & Midstream	12.0%
Oil, Gas & Midstream (Exploration)	8.0%
Oil, Gas & Midstream (sum of Midstream and Integrated)	5.0%
Oil, Gas & Midstream (Oilfield Services)	5.0%
Healthcare	12.0%
Healthcare (Pharmaceuticals & Biotechnology)	6.0%
Utilities	12.0%
Utilities (sum of Integrated and Unregulated)	6.0%
Consumer Products	12.0%
Cable & Telecommunications	8.0%
Technology	8.0%
Diversified Media & Leisure	8.0%
Chemicals	8.0%
Commodities (ex-oil), Metals & Mining	8.0%
Industrials	8.0%
Retail	8.0%
Services & Miscellaneous	8.0%
Aerospace & Defence	6.0%
Insurance	6.0%
Auto & Auto Parts	6.0%
Banks, Brokers & Finance	6.0%
Gaming & Lodging	6.0%
Homebuilders & Construction	6.0%
Paper & Packaging	6.0%
Transportation & Airlines	6.0%
Project Finance	0.0%
Real Estate & REITs	0.0%
Defence portion of Aerospace & Defence	0.0%

- (d) The aggregate of all Reference Obligation Notional Amounts of all Reference Obligations with Primary Borrowers Domiciled in (i) any country listed below, or (ii) any country (except the countries listed below) whose foreign currency long-term debt rating is listed below and is assigned by S&P or, if S&P has not assigned such a rating, is assigned by Moody's, expressed as a percentage of the applicable Initial Reference Portfolio Notional Amount as of the relevant date of determination, must not exceed the following limits:

United States of America:	100%
United Kingdom:	15.0%
Germany, France, Switzerland or Canada:	10.0% (in respect of each country separately)
Russia:	0.0%
AAA:	8.0%
AA- to AA+	6.0%
A- to A+	4.0%
BBB- to BBB+	2.0% (if such country is an OECD country)
BBB- to BBB+	0.0% (if such country is not an OECD country)
Other:	0.0%

The country in which a Primary Borrower in respect of a Reference Obligation is "**Domiciled**" shall be determined by reference to the Buyer's portfolio management systems (or if the Reference Obligation is not held by the Buyer and/or its Affiliates at such time, as the Buyer' Portfolio Management Group would so determine if the Reference Obligation were held by the Buyer and/or its Affiliates).

- (e) The aggregate Reference Obligation Notional Amounts (such aggregate amounts, the "**Negative Outlook RONA**") for all Primary Borrowers which have been assigned "Negative Outlook" by the Buyer (or if the Reference Obligation is not held by the Buyer and/or its Affiliates at such time, as the Buyer' Portfolio Management Group would so assign if the Reference Obligation were held by the Buyer and/or its Affiliates) must not exceed 10 per cent. of the applicable Initial Reference Portfolio Notional Amount as of the relevant date of determination.
- (f) The maximum Weighted Average Tenor of the Reference Portfolio must not exceed 4 years (assuming, for these purposes, that each Reference Obligation is not repaid prior to its legal final maturity date and is repaid in full on its legal final maturity date), where "**Weighted Average Tenor**" means on any day and in respect of all the Reference Obligations forming part of the Reference Portfolio on such day, the average time to maturity, expressed in years, from such day to the legal final maturity date of each Reference Obligation weighted by reference to the Reference Obligation Notional Amount of each Reference Obligation, provided that the legal final maturity date of any Reference Obligation which has been subject to a Maturity Extension but not the subject of a Reduction shall be the Unextended Maturity Date.

9.3 A Reference Obligation is an "**Eligible Reference Obligation**" if it satisfies the following criteria as of the Business Day preceding (1) an Adjustment Date or (2) in respect of the Adjustment Date falling on the Trade Date, the Initial Reference Portfolio Cut-off Date:

- (a) it is an obligation relating to the payment or repayment of borrowed money which includes deposits and reimbursement obligations arising from drawings pursuant to letters of credit, and any loan, revolving loan facility, loan note, any notes delivered pursuant to loans and any guarantee in respect of the same and which excludes any obligation (other than loan

notes and notes delivered pursuant to loans) in the form of, or represented by, a bond, note, certificated debt security or other debt security;

- (b) its Primary Borrower is not classified by the Buyer as "Red Flag" or "Work-out" (or if the Reference Obligation is not held by the Buyer and/or its Affiliates at such time, as the Buyer's Portfolio Management Group would so classify if the Reference Obligation were held by the Buyer and/or its Affiliates);
- (c) its Primary Borrower is not rated below:
 - (A) BBB- if a Potential Replenishment Stop Event has occurred and is continuing on the relevant Adjustment Date;
 - (B) BB if the WARF following all Additions effected on such Adjustment Date is equal or greater than 1,550, and below 1,700; and
 - (C) B- in all other circumstances.

"Potential Replenishment Stop Event" means, in respect of any Adjustment Date or other date the WARF following all Additions effected on such Adjustment Date is greater than 1,700.

- (d) if its Primary Borrower is rated BBB- or below, such Primary Borrower does not have a "Negative Outlook" assigned to it by the Buyer's Portfolio Management Group (or if the Reference Obligation is not held by the Buyer and/or its Affiliates at such time, as the Buyer's Portfolio Management Group would so assign if the Reference Obligation were held by the Buyer and/or its Affiliates);
- (e) it satisfies the "Not Subordinated" Deliverable Obligation Characteristic determined as if no Reference Obligation had been specified in the related confirmation, the Reference Entity is the Primary Borrower and the Delivery Date is the relevant Adjustment Date or the Initial Reference Portfolio Cut-off Date, as applicable;
- (f) a rating has been assigned to its Primary Borrower or affirmed by the Buyer's Portfolio Management Group (in writing (including by e-mail) to the Verification Agent), not more than ten Business Days prior to such Adjustment Date or where the Adjustment Date is the Trade Date, the Initial Reference Portfolio Cut-off Date, as applicable;
- (g) it is not an obligation under which payments are expressed to be linked to and/or secured directly by:
 - (i) derivatives contracts, and/or
 - (ii) a pool of assets, instruments or receivables (including commodities),

and which is a non-recourse or limited recourse obligation issued by a special purpose vehicle or trust (including, without limitation, collateralised bond obligations, collateralised loan obligations and/or asset backed loans issued in connection with a securitisation but excluding, without limitation, loans made to trusts that have been established by an operating company for funding purposes and which is owned or guaranteed by such operating company);

- (h) it is not an obligation the payment or repayment of which depends directly or indirectly on the cashflow from, and the continuing proper and successful operation or exploitation of, a project asset (such as, without limitation, a power station, oil/gas field, petrochemicals plant,

pipeline, road or bridge and including, without limitation, a government concession for the construction and/or operation of such an asset and a non-diversified collection of such assets) where the obligation is owed by a special purpose entity that has no substantial assets (other than the project asset and assets and rights relating to, or deriving from, it) and the holders of the obligation have no material recourse to any other person for the payment or repayment of that obligation and the holders of the obligation are not substantially exposed to non-credit related risks;

- (i) its Primary Borrower is neither ECI Telecom Limited nor listed on the Exclusion List which is Current as of such Adjustment Date or the Initial Reference Portfolio Cut-off Date, as applicable; and
- (j) its LGD is lower or equal to 60%.

"**Current**" means, in respect of any Exclusion List and an Adjustment Date or the Initial Reference Portfolio Cut-off Date, either:

- (i) the Exclusion List which appears on the relevant websites (or links); or
- (ii) if the Calculation Agent is unable to access any Exclusion List on the relevant websites (or links) (including, without limitation, because PGGM has ceased to publish the Exclusion List on such websites (or links) or because such websites (or links) are unavailable, or otherwise) and is unable to identify a successor or replacement website (or link), the most recent Exclusion List provided to the Calculation Agent by or on behalf of PGGM,

in each case on the Relevant List Date on or immediately prior to such Adjustment Date or if the Adjustment Date is the Trade Date, the Initial Reference Portfolio Cut-off Date (or, if none of (i) or (ii) above are available, on the last Relevant List Date on which a Current Exclusion List was available).

"**Exclusion Lists**" means, together, the "Exclusion Lists" (if any) published by PGGM Vermogensbeheer B.V. (PGGM) from time to time on its website (and each individually, an "Exclusion List") and which can be accessed as of the Initial Reference Portfolio Cut-Off Date through the following website link:

http://www.pggm.nl/About_PGGM/Investments/Responsible_Investment/Exclusions/Exclusions.asp#0

or any successor or replacement to this website (or link) as determined by the Calculation Agent from time to time.

"**Moody's**" means Moody's Investors Service Ltd. or any successor thereto.

"**Rating**" or "**rated**" means in respect of a Primary Borrower, an internal rating assigned by the Buyer (or if the Reference Obligation is not held by the Buyer and/or its Affiliates at such time, as the Buyer' Portfolio Management Group would so assign if the Reference Obligation were held by the Buyer and/or its Affiliates) and reflecting the likelihood of a default by such Primary Borrower on a medium term basis, as determined by the Buyer's Portfolio Management Group in its discretion, using such models, procedures and judgments as it may elect in a commercially reasonable manner and in the ordinary course of business (and "**rating**" will be construed accordingly).

"**Reference Entity Group**" means, in respect of a Reference Obligation, the entity as specified by the Buyer in its portfolio management systems (or if the Reference Obligation is not held by the Buyer and/or its Affiliates at such time, as the Buyer' Portfolio Management Group would so specify if the Reference Obligation were held by the Buyer and/or its Affiliates) under the field "FAMILY_CSID" (or any successor or equivalent field). Each Reference Entity Group shall be specified in the Reference Register by an identifier attributed to such Reference Entity Group by the Buyer.

"**Relevant List Date**" means the third Business Day immediately preceding: (i) the Trade Date; and (ii) each Monthly Reporting Date.

"**S&P**" means Standard & Poor's Rating Services, a Division of the McGraw-Hill Companies, Inc or any successor thereto.

"**WARF**" means, on any date, the average rating factor of the Reference Obligations in the Reference Register on such date, weighted by the Reference Obligation Notional Amounts, where the rating factor in respect of each rating is as follows:

Rating	Rating Factor
AAA	1
AA+	10
AA	20
AA-	40
A+	70
A	120
A-	180
BBB+	260
BBB	360
BBB-	610
BB+	940
BB	1,350
BB-	1,780
B+	2,220
B	2,720
B-	3,490
CCC+	4,770
CCC	6,500
CCC-	8,070
CC/D	10,000

10. VERIFICATION AND INELIGIBLE REFERENCE OBLIGATIONS

10.1 Information access and non-confirmation by the Verification Agent

Subject to any obligations or restrictions of confidentiality applicable to it or its Affiliates, the Buyer agrees to provide access to such information as the Verification Agent may reasonably require for the purposes of its performance of the above verification function.

10.2 Ineligible Reference Obligations

If the Buyer becomes aware that any Addition (including, without limitation, in respect of the Initial Reference Portfolio) of a Reference Obligation (an "**Ineligible Reference Obligation**") to the Reference Portfolio was effected without satisfying the Conditions to Addition as of the applicable Adjustment Date or the Initial Reference Portfolio Cut-off Date where the Trade Date is the Adjustment Date (a "**False Addition**"), such addition will nevertheless be effective, and the relevant Addition will still be comprised in the Reference Portfolio for all purposes hereunder, provided that the Buyer will, as soon as reasonably practicable, notify Seller of such event (the date such notice is effective in accordance with Section 1.10 of the Credit Derivatives Definitions being the "**Ineligible Reference Obligation Notification Date**"). The parties acknowledge and agree that the Buyer may become aware of a False Addition for these purposes pursuant to dealings with the Verification Agent under the Verification Agency Agreement in place at the relevant time subject to any dispute resolution and the other mechanisms therein.

If such Ineligible Reference Obligation is not a Defaulted Reference Obligation as of the applicable Ineligible Reference Obligation Notification Date, then (a) no Event Determination Date may occur with respect to such Ineligible Reference Obligation and (b) on the Adjustment Notice Date next following the relevant Ineligible Reference Obligation Notification Date or, if none, within 30 Business Days of the relevant Ineligible Reference Obligation Notification Date, the Buyer will effect a Reduction in respect of the related Reference Obligation Notional Amount(s) in an amount which corresponds to the related Addition or Additions for which the Conditions to Addition were not satisfied (provided that, for the avoidance of doubt, Additions may subsequently be effected by Buyer in respect of the amount of such Reduction and in respect of the relevant Ineligible Reference Obligation).

10.3 Failure to Satisfy the Conditions to Addition

Notwithstanding anything herein or the Agreement to the contrary, any failure to satisfy the Conditions to Addition will not comprise a breach of the Agreement or otherwise comprise a Potential Event of Default or an Event of Default (including, without limitation, under Section 5(a)(ii) of the Agreement) with respect to the Buyer and in the absence of fraud, will not entitle Seller to claim any compensation, damages or any other equitable relief.

The Buyer makes no representation whatsoever, express or implied, as to whether or not any Reference Obligation complies with the Conditions to Addition on any date.

In respect of any False Addition, the Conditions to Addition shall not fail to be satisfied with respect to any other Reference Obligation with an Adjustment Notice Date falling prior to the relevant Ineligible Reference Obligation Notification Date solely because of such False Addition (such that satisfaction of the Conditions to Addition with respect to any such Reference Obligation shall be determined as if the relevant Addition were not a False Addition).

11. CALCULATION AGENT DETERMINATIONS AND CURRENCY CONVERSION

11.1 Unless otherwise expressly provided all determinations hereunder will be made by the Calculation Agent.

11.2 If the Calculation Agent makes any error or omission when making any calculation and/or determination hereunder, then the Calculation Agent will, upon becoming aware of the same, make such adjustment to the terms of this Transaction as it deems appropriate in order to correct such error and/or omission (which may include, without limitation, deeming an additional Cash Settlement Adjustment Amount to have arisen for all or any purposes hereunder in respect of the next following Cash Settlement Calculation Date).

12. TRANSACTION NOT A CONTRACT OF INSURANCE NOR INDEMNITY FOR LOSSES SUFFERED BY BUYER; NO PROPRIETARY INTEREST

12.1 The parties hereto acknowledge and agree that (a) this contract is not intended to be and does not constitute a contract of insurance, surety, guarantee, assurance or indemnity, (b) it is not a contract of utmost good faith, (c) no principles of contribution and/or subrogation will apply with respect to payments hereunder and (d) save as expressly provided herein or otherwise agreed in writing between the parties, Party A owes no duty of disclosure to Party B.

12.2 Save as otherwise expressly provided herein, Buyer and Seller agree that Buyer is not required to retain any legal or beneficial title, ownership or interests in any Reference Obligations or any economic risk in respect thereof at any time and there is no restriction whatsoever in favour of Seller on Buyer's ability to hold, hedge, sell or otherwise dispose of any legal or beneficial title, ownership or interest in any Reference Obligation. As a result, save as otherwise expressly provided: (a) any obligation of Seller to pay a Cash Settlement Amount exists regardless of whether Buyer suffers a

loss or is exposed to the risk of loss in respect of a Reference Obligation upon the occurrence of a Credit Event or at any other time and (b) the obligations of the parties are not conditional or dependent upon or subject to the Buyer having any title, ownership or interest (whether legal, equitable or economic) in any Reference Obligation. For the avoidance of doubt and unless otherwise expressly provided, any determination of "Recoveries" and/or "Credit Exposure" hereunder shall not take into account the obligations under and/or proceeds or benefits from any, credit default swap, financial guarantee, insurance, reinsurance, hedge or other financial instrument that Buyer and/or its Affiliates or any other party may have entered into in connection with any Reference Obligation.

- 12.3 The Buyer and Seller agree that, the Seller at any time will not have any direct proprietary interest of any nature whatsoever in any Reference Obligations or other assets or obligations of any nature whatsoever which may be held by or on behalf of the Buyer, its Affiliates and any Relevant Lender and which is referred to in this Transaction.

13. NOTICES COPIED TO THE PRINCIPAL PAYING AGENT

- 13.1 All notices and reports (including, for the avoidance of doubt, Reference Register Reports and Monthly Reports) to be delivered hereunder between the parties hereto shall be copied to the Principal Paying Agent, provided that any failure to do so shall not affect the effectiveness of such notice.

- 13.2 The Buyer may agree, upon request from any Noteholder from time to time, that any notice made available for inspection by the Principal Paying Agent shall also be delivered by the Buyer directly to such Noteholder at the same time as (or as soon as reasonably practicable after) such notice is delivered to the Principal Paying Agent.

14. ADDITIONAL REPRESENTATIONS, ACKNOWLEDGEMENTS AND AGREEMENT OF THE PARTIES

- 14.1 Section 9.1(b) of the Credit Derivatives Definitions shall be amended by the addition of new subparagraphs (vi), (vii), (viii), (ix) and (x) as follows:

"(vi) each party acknowledges to the other that it is a sophisticated Buyer or Seller (as the case may be) in relation to the Transaction and has such information as it deems appropriate under the circumstances (however obtained) to make an informed decision regarding the Transaction. Furthermore, each party hereby agrees that it has made its own independent analysis (including, without limitation, in respect of the treatment of the Transaction for regulatory capital purposes, the accounting treatment and the liquidity of this Transaction) and decision to enter into the Transaction, based on such information as it has deemed appropriate under the circumstances, and without reliance on the other party (except for reliance on any express representation made by the other party in the Agreement, this Confirmation or the 2003 Definitions) and has determined to enter into this Transaction notwithstanding any information described in Section 9.1(b)(iv) above, of which the other party may have possession, and notwithstanding that the other party may be contractually prohibited from disclosing or offering to disclose such information to it by virtue of any credit agreement or other agreement with a Reference Entity, any Affiliate of a Reference Entity or any Underlying Obligor or any other person or entity having obligations relating to a Reference Entity or any Underlying Obligor or otherwise;

(vii) neither party shall have any liability to the other party (or its officers, directors, agents, partners, members, controlling entities or employees) and each party waives and releases any claims that it might have against the other party (or its officers, directors, agents, partners, members, controlling entities or employees) whether under applicable securities laws or

otherwise, in relation to the non-disclosure of any information described in Section 9.1(b)(iv) above in connection with this Transaction;

- (viii) neither Buyer nor Seller has, except only as otherwise specified in the Agreement, this Confirmation or the Credit Derivatives Definitions, made, nor has either party relied upon, any representation, warranty or condition (express or implied) about, and neither party shall have any liability or responsibility to the other party for, the effectiveness, validity or enforceability of any Reference Obligation, credit agreement or other agreement with a Reference Entity, any Affiliate of a Reference Entity, any Underlying Obligor or any other person or entity having obligations relating to a Reference Entity or any Underlying Obligor, or any of the terms, covenants or conditions contained in such documentation, or any non-performance by any party to it, or the financial condition of any obligor under it;
- (ix) each party acknowledges it may receive information (including, but not limited to, a Credit Event Notice, Default Notice or Notice of Publicly Available Information) which would be likely to have a significant effect on the price (including value) of financial instruments or related derivative financial instruments and that, if it receives such information, its ability to use or, disclose that information may be restricted;
- (x) Seller agrees that it may not refuse to take receipt of a Credit Event Notice, Notice of Publicly Available Information or Default Notice and agrees to take reasonable steps to take receipt of such information from the Buyer"

14.2 Each party will be deemed to represent to the other party on the date on which it enters into this Transaction that:

- (a) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to enter into this Transaction and as to whether this Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Transaction, it being understood that information and explanations related to the terms and conditions of a Transaction will not be considered investment advice or a recommendation to enter into this Transaction. No communication (written or oral) received from the other party will be deemed to be an assurance or guarantee as to the expected results of this Transaction.
- (b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of this Transaction. It is also capable of assuming, and assumes, the risks of this Transaction.
- (c) **Status of the Parties.** The other party is not acting as a fiduciary for or an adviser to it in respect of this Transaction.

15. DOWNGRADE EVENT IN RESPECT OF THE REPO COUNTERPARTY

15.1 If a Downgrade Event occurs and the Repo Counterparty at such time is a bank other than the Buyer, the Buyer (acting out of any branch) must use commercially reasonable efforts to facilitate either:

- (a) that a guarantee is provided in respect of all of the Repo Counterparty's obligations under the Repurchase Agreement from an entity which has the Required Repo Ratings; or
- (b) a transfer of the Repurchase Agreement as soon as reasonably practicable (which may involve a Transfer to Credit Suisse AG, London Branch or any of its Affiliates, *provided that* such transferee has the Repo Required Ratings,

provided that it will not be a breach of such obligation to use commercially reasonable efforts if the Buyer does not facilitate the provision of such guarantee or facilitate such Transfer. Nothing in the foregoing provision shall require the Buyer (acting out of any branch) to monitor whether or not any such Downgrade Event has occurred or is likely to occur at any time.

15.2 The Seller hereby agrees to use reasonable efforts to cooperate and take any action necessary (including, without limitation, terminating any existing Repurchase Agreement and entering into any replacement Repurchase Agreement) in connection with any Transfer of the Repurchase Agreement as contemplated by any of the foregoing provisions.

15.3 *Additional Definitions:*

Downgrade Event means that neither the Repo Counterparty nor any guarantor of the Repo Counterparty's obligations under the Repurchase Agreement has the Repo Required Ratings.

Repo Required Ratings means, in respect of an entity, that it has either a long-term unsecured and unsubordinated rating of at least BBB- (stable outlook) from S&P or a long-term unsecured and unsubordinated rating of at least Baa3 (stable outlook) from Moody's, provided that in the event that such entity is rated by more than one rating agency, the lowest rating shall be used for the purposes of determining the Required Ratings.

16. TERMINATION OF REPURCHASE AGREEMENT

16.1 If any event occurs which would, with the service of a Default Notice (as defined the Repurchase Agreement) constitute an Event of Default (as defined in the Repurchase Agreement) in respect of which the Repo Counterparty would be the Defaulting Party (as defined in the Repurchase Agreement), the Issuer shall, if requested to do so by the Counterparty, deliver a Default Notice pursuant to the Repurchase Agreement.

17. ADJUSTMENT OF REPURCHASE AGREEMENT MARGIN PERCENTAGE

17.1 The Buyer may, on any Business Day, notify the Seller that the Margin Percentage (as defined in the Repurchase Agreement) should be amended such that the Margin Percentage shall be any percentage selected by the Buyer between 100 per cent. and 110 per cent. (inclusive) (such notice a "**Collateral Adjustment Notice**"). The Collateral Adjustment Notice shall contain a form of the instructions required to be sent to Euroclear by the Buyer's Representative to give effect to such adjustment. If the Buyer delivers a Collateral Adjustment Notice pursuant to this clause 16.1, it shall deliver a copy of such Collateral Adjustment Notice to the Trustee and the Custodian.

17.2 If the Buyer delivers a Margin Percentage Adjustment Notice to the Seller, the Seller shall:

- (a) deliver a corresponding Margin Percentage Adjustment Notice (as defined in the Repurchase Agreement) to the Repo Counterparty and the Buyer's Representative pursuant to the terms of Paragraph 2(d)(vii) of Annex I of the Repurchase Agreement; and
- (b) take such other action as may be required pursuant to the terms of the Repurchase Agreement and the Custody Agreement to give effect to the adjustment to the Margin Percentage.

18. INFORMATION PROVIDED BY THE RELEVANT LENDER

18.1 The Buyer is entitled to rely upon any information it receives from the Relevant Lender as being true, accurate and complete as of the date of receipt. The Buyer shall not be obliged under any circumstances to carry out any review or verification whatsoever of such information and the Buyer shall not be liable in the absence of fraud, whether under contract, in tort or otherwise, for any losses

(whether suffered by the Seller, any Noteholder or any other party) arising out of such information being false, inaccurate or incomplete.

19. ACCOUNT AND CONTACT DETAILS

Account Details of Seller: HSBC Bank USA, New York
SWIFT:MRMDUS33
For the account of HSBC Bank Plc
Acc. no. 000023868
For further credit to Magnolia Finance V plc Series 2012-1
Acc. no. 73060356
Ref: CTLA/Magnolia Finance V plc Series 2012-1

Account Details of Buyer: Bank of New York (New York)
BIC Code: IRVTUS3N
Account Number: 8900460547

Contact Details for Buyer: Credit Suisse AG, Cayman Islands Branch
Eleven Madison Avenue
New York, New York 10010-3629
United States of America
Tel: +1 212 325 5790
Fax: +1 212 743 2582
Attention: Andrew K. Moore, Corporate Bank COO Group
E-mail: andrew.k.moore@credit-suisse.com
list.portfolio-management-structuring-external@credit-suisse.com
With a copy to:
Legal and Compliance Department
One Madison Avenue, 9th Floor
New York, New York 10010
United States of America
Tel: +1 212 538 9752
Fax: +1 212 322 0317

Contact Details for Seller: Magnolia Finance V plc
5 Harbourmaster Place
IFSC

Dublin 1
Ireland

Attention: The Directors
Facsimile No: +353 1 680 6050
Telephone No: +353 1 680 6000

Email: corporate.services@db.com

Contact Details for the Principal Paying Agent: HSBC Bank plc
8 Canada Square
London E14 5HQ

Attention: The Manager, Operations, Bond Paying Agency,
Corporate Trust and Loan Agency
Facsimile No.: 020 7260 8932
Telephone No.: 020 7991 3732

20. OFFICES:

Seller: The Seller is not a Multibranch Party

Buyer: Cayman Islands Branch

21. COUNTERPARTS

21.1 This Confirmation may be executed and delivered in counterparts (including by facsimile transmission and by electronic messaging system or exchange of emails), each of which will be deemed an original.

SIGNATURE PAGE

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Confirmation in the space provided below and returning it to us.

Yours sincerely,

Credit Suisse AG, acting through its Cayman Islands Branch

By: _____

Name:

Title: Authorised Signatory

By: _____

Name:

Title: Authorised Signatory

Magnolia Finance V plc

Confirmed on the date
first above written:

By: _____

Name:

Title:

By: _____

Name:

Title:

ANNEX 1

REFERENCE REGISTER INFORMATION

The Reference Register will comprise the following information in respect of the Reference Portfolio:

- (1) The identifier of each Reference Obligation.
- (2) The identifier of each Primary Borrower.
- (3) The identifier of each Reference Entity Group in respect of each Reference Obligation.
- (4) The Reference Obligation Notional Amount of each Reference Obligation.
- (5) The Rating attributed to each Primary Borrower by the Buyer.
- (6) In respect of each Reference Obligation, whether or not "Negative Outlook" has been attributed to Buyer's Portfolio Management Group to such Reference Obligation.
- (7) The "LGD" in respect of each Reference Obligation.
- (8) The industry classification attributed to each Primary Borrower by the Buyer's Portfolio Management Group.
- (9) In respect of any Primary Borrower with an industry classification of "Oil, Gas & Midstream", "Healthcare", "Utilities" or "Aerospace & Defence", the industry Sub-sector attributed to such Primary Borrower by the Buyer's Portfolio Management Group.
- (10) The Domicile of each Primary Borrower.
- (11) The ratings attributed by each of S&P and Moody's to the foreign currency long-term debt rating of the country in which each Primary Borrower is Domiciled.
- (12) The legal final maturity date of each Reference Obligation.
- (13) In respect of any Reference Obligation which has been subject to a Maturity Extension, the Unextended Maturity Date.
- (14) The base currency in which each Reference Obligation is denominated.
- (15) The PM Priority List Rank which identifies whether a Primary Borrower is classified by the Buyer as "Red Flag" or "Work-Out".
- (16) The Adjustment Date in respect of each Reference Obligation.
- (17) The Reference Obligation Notional Amount which was specified in relation to each Reference Obligation in the immediately preceding Reference Register.

Additional information may be included in the Reference Register which sets out summary statistics relating to the Reference Portfolio (and which may include, without limitation, the applicable Reference Portfolio Notional Amount as of the relevant date of determination and the Weighted Average Tenor of the Reference Portfolio), as determined by Buyer in its sole and absolute discretion.

ANNEX 2

MONTHLY REPORT INFORMATION

The Monthly Report will comprise the following information in respect of the Reference Portfolio:

- (1) The identifier of each Defaulted Reference Obligation.
- (2) The date that the Event Determination Date in respect of each Defaulted Reference Obligation occurred.
- (3) The Reference Obligation Notional Amount for each Defaulted Reference Obligation as at the relevant Event Determination Date.
- (4) The Reference Obligation Calculation Amount for each Defaulted Reference Obligation.
- (5) The "LGD" of each Reference Obligation.
- (6) The Recovery Determination Date (if a Recovery Determination Date has occurred) in respect of each Defaulted Reference Obligation.
- (7) The Final Reference Obligation Calculation Amount (if the Final Reference Obligation Calculation Amount has been determined) in respect of each Defaulted Reference Obligation.
- (8) The Loss Amounts, Realised Loss Amounts, Cash Settlement Adjustment Amounts, and Final Recovery Estimates which have been determined in respect of each Defaulted Reference Obligation.
- (9) The Cash Settlement Amount (if any) in respect of the immediately preceding Cash Settlement Calculation Date.
- (10) The WARF of the Reference Portfolio.
- (11) A high-level summary of the results of the tests applied in respect of the Portfolio Guidelines pursuant to paragraph 9.2 to the Reference Portfolio on or about the last Cash Settlement Calculation Date.

In respect of the information specified in paragraphs (1) to (8) above, the report shall be provided substantially in the form set out on below.

FORM OF MONTHLY REPORT

	Loss Amount					Realised Loss Amount				Cash Settlement Adjustment Amount
Identifier	Event Determination Date	RONA	Reference Obligation Calculation Amount	LGD	Loss amount	Recovery Determination Date	Final RefOb Calculation Amount	Final Recovery Estimates	Realised Loss Amount	
Total										

ANNEX 3

VERIFICATION SCHEDULE

The Verification Agent is appointed solely as agent of the Buyer pursuant to the Verification Agency Agreement. The terms of appointment of the Verification Agent will be as agreed with the Buyer provided that the Verification Agent must be required to verify substantially the same matters as those described below.

Such terms may include, without limitation, provisions relating to the termination, resignation or removal of the Verification Agent (including for breach of such duties by the Verification Agent) and provisions dealing with the resolution of disputes in respect of any data, calculations or otherwise.

This schedule sets out the scope of the services that the Verification Agent will provide. Any capitalised terms used but not defined within this schedule shall have the meanings given to them in the CDS.

The Services

By executing the Verification Agency Agreement, the Buyer appoints the Verification Agent as its agent on the terms set out herein and the Verification Agent accepts such appointment and will perform the following procedures:

- (a) carry out the procedures in respect of the Initial Reference Portfolio Cut-Off Date as set out in paragraph 1 below; and
- (b) on or prior to the tenth Business Day following each Adjustment Notice Date falling after the Trade Date, carry out the procedures in respect of each Addition as set out in paragraph 2 below in relation to the corresponding Adjustment Notice Date; and
- (c) on or prior to the tenth Business Day following each Event Determination Date, carry out the procedures in respect of each Defaulted Reference Obligation as set out in paragraph 3 below; and
- (d) on or prior to the tenth Business Day following (i) each Recovery Determination Date and (ii) each date that the Buyer makes a request to the Verification Agent, carry out the procedures in respect of the related Defaulted Reference Obligation as set out in paragraph 4 below; and
- (e) on or prior to the tenth Business Day following (i) each Monthly Reporting Date and (ii) each date that the Buyer makes a request to the Verification Agent, carry out the procedures in paragraph 5 below.

References to "Data Tape" mean the data file containing the information required to allow the Verification Agent to carry out the procedures outlined below. This file consists of data or data tables from the systems of the Portfolio Management Group ("PMG") of the Buyer or, if such information is not directly available from the systems of the Portfolio Management Group, such information as can be derived from the information in such systems and/or from publicly available sources. The Data Tape for a particular day corresponds to information as of the immediately previous Business Day.

References to the "Reference Register" as of any day is to such Reference Register as of such day as corrected by the Buyer to reflect any errors or omissions therein (even if made after the relevant date). References to "fields" shall include any successors to such fields, whether in the Reference Register, the Data Tape or otherwise.

Notwithstanding anything to the contrary herein (but subject to the last paragraph under paragraph (4) below), if any information cannot be disclosed by the Buyer without breaching any confidentiality and/or regulatory restrictions applicable to it or its Affiliates and/or, in respect of any such information, the Relevant Lender is not the Buyer or its Affiliates (an "**Alternative MD Confirmation Event**") then the provision of such information by the Buyer and the related verification by the Verification Agent will be deemed to have been satisfied by the Buyer providing to the Verification Agent a copy of the relevant provisions in the applicable documentation relating to the relevant Defaulted Reference Obligation and/or Reference Entity which prevents the Buyer from disclosing such information (to the extent that such disclosure would not breach the terms of the relevant documentation), together with written confirmation signed by two Managing Directors (or other substantially equivalent title) of the Buyer and/or its Affiliates which confirms that such Alternative MD Confirmation Event applies in respect of such information.

1. INITIAL PORTFOLIO CUT OFF DATE PROCEDURES

In respect of the Initial Reference Portfolio Cut-Off Date, the Verification Agent will on or prior to the 30th Business Day following the Trade Date in relation to the Data Tape corresponding to the Initial Reference Portfolio Cut-Off Date:

- (a) compare in respect of each Reference Obligation in the Reference Register the content of the fields in the Reference Register of such Reference Obligation with the content of the corresponding fields in the Data Tape where the fields of the Reference Register and Data Tape are mapped in accordance with the following table and report any differences:

Data Tape	Reference Register
POSITIONS_ID	Reference Obligation
BORROWER_CSID	Primary Borrower
FAMILY_CSID	Reference Entity Group
BORROWER_LGD	LGD
BORROWER_PM_RATING	Primary Borrower Rating
BORROWER_DOMICILE	Primary Borrower Domicile
OUTLOOK	Negative Outlook Flag
BORROWER_PM_INDUSTRY	Primary Borrower Industry Classification
BORROWER_PM_SUB_SECTOR	Primary Borrower Industry Sub-Sector
END_DATE	Legal Final Maturity Date
FACILITY_CURRENCY	Base Currency
PM_PTY_LIST_RANK	Red Flag / Work-out
TRANSACTION_RATING	N/A
TRANCHE_NAME	N/A

- (b) compare the foreign currency long-term debt rating assigned in respect of each Primary Borrower Domicile in the Reference Register to the foreign currency long-term debt rating assigned to such country by S&P and published on the date of the Reference Register or if no such rating is available, the foreign currency long-term debt rating assigned by Moody's and published on the date of the Reference Register and report where there are differences;
- (c) calculate the WARF of the Reference Portfolio by reference to the "Primary Borrower Rating" field specified in the Reference Register and confirm that the WARF is less than 1,550;
- (d) verify whether each Reference Obligation in the Reference Register constituted an Eligible Reference Obligation as of the Business Day preceding the Initial Reference Portfolio Cut-Off Date by checking:
 - (i) that the Primary Borrower of such Reference Obligation was not classified by the Buyer as "Red Flag" or "Work-out" in the Reference Register;
 - (ii) that the relevant "Primary Borrower Rating" specified in the Reference Register is not below B-;
 - (iii) that, if its "Primary Borrower Rating" specified in the Reference Register is BBB- or below, such Primary Borrower does not have a "Negative Outlook" assigned to it in the Reference Register;
 - (iv) that the "TRANSACTION_RATING" of such Reference Obligation specified in the Data Tape is not "Equity" or "Subordinated";
 - (v) that the Buyer's Portfolio Management Group has provided a copy of a notice (whether in writing (including by email) to the Verification Agent) assigning a Rating or affirming an existing Rating not more than 10 Business Days before the Initial Reference Portfolio Cut-Off Date in respect of its Primary Borrower;
 - (vi) that the Primary Borrower Industry Classification of such Reference Obligation as specified in the Reference Register is not "Project Finance" or "Real Estate & REITS", nor, where the "Primary Borrower Industry Classification" of such Reference Obligation is "Aerospace & Defence", does the "Primary Borrower Industry Sub-Sector" of such Reference Obligation include the word "Defence";
 - (vii) that such Reference Obligation does not fall within the category set forth in clause 9.3 (g) by confirming that the "TRANCHE_NAME" field in the Data Tape corresponding to such Reference Obligation does not include any one of the terms "receivables finance" or "asset securitisation";
 - (viii) that the Primary Borrower of such Reference Obligation is neither listed on the version of the Exclusion List which is Current as of the Initial Reference Portfolio Cut-Off Date nor ECI Telecom Ltd; and
 - (ix) that the LGD of such Reference Obligation is equal or lower than 60%;
- (e) determine whether the following portfolio guidelines are satisfied as of the Business Day prior to the Initial Reference Portfolio Cut-Off Date by reference solely to the Reference Register and report any discrepancies:
 - (i) the aggregate of all Reference Obligation Notional Amounts of all the Reference Obligations of Primary Borrowers forming part of one Reference Entity Group, expressed as a percentage of the Initial Reference Portfolio Notional Amount as of the relevant date of determination, may not exceed the following limits in respect of the rating of the lowest rated Primary Borrower in such Reference Entity Group:

AAA:	1.00%
AA+, AA or AA-:	0.80%
A+, A or A-:	0.80%
BBB+, BBB or BBB-:	0.70%
BB+, BB or BB-:	0.65%
B+/B/B-:	0.30%
CCC+ and below:	0.00%

- (ii) the sum of the Reference Obligation Notional Amounts of all Reference Obligations whose Primary Borrower rating falls in the rating bands set out below, expressed as a percentage of the Initial Reference Portfolio Notional Amount as of the relevant date of determination, may not exceed the following limits:

Total of BB+ (inclusive) to B- 46%
(inclusive):

Total of CCC+ and below: 0%

- (iii) the aggregate of all Reference Obligation Notional Amounts of all Reference Obligations of Primary Borrowers falling within any one of the industry classifications specified below, expressed as a percentage of the Initial Reference Portfolio Notional Amount as of the relevant date of determination, must not exceed the following limits (where the relevant "industry classification" will be the "Primary Borrower Industry Classification" specified in the Reference Register except where the "Primary Borrower Industry Classification" is "Oil, Gas & Midstream", "Healthcare", "Utilities" or "Aerospace & Defence" in which case the relevant "industry classification" will be the "Primary Borrower Industry Sub-Sector" specified in the Reference Register):

Oil, Gas & Midstream	12.0%
Oil, Gas & Midstream (Exploration)	8.0%
Oil, Gas & Midstream (sum of Midstream and Integrated)	5.0%
Oil, Gas & Midstream (Oilfield Services)	5.0%
Healthcare	12.0%
Healthcare (Pharmaceuticals & Biotechnology)	6.0%
Utilities	12.0%
Utilities (sum of Integrated and Unregulated)	6.0%
Consumer Products	12.0%
Cable & Telecommunications	8.0%
Technology	8.0%
Diversified Media & Leisure	8.0%
Chemicals	8.0%
Commodities (ex-oil), Metals & Mining	8.0%
Industrials	8.0%
Retail	8.0%
Services & Miscellaneous	8.0%

Aerospace & Defence	6.0%
Insurance	6.0%
Auto & Auto Parts	6.0%
Banks, Brokers & Finance	6.0%
Gaming & Lodging	6.0%
Homebuilders & Construction	6.0%
Paper & Packaging	6.0%
Transportation & Airlines	6.0%
Project Finance	0.0%
Real Estate & REITs	0.0%
Defence portion of Aerospace & Defence	0.0%

- (iv) the aggregate of all Reference Obligation Notional Amounts of all Reference Obligations with Primary Borrowers Domiciled in (i) any country listed below, or (ii) any country (except the countries listed below) whose foreign currency long-term debt rating (determined by reference to the "Borrower Domicile S&P Rating" or, if such rating is not available, the "Borrower Domicile Moody's Rating", each as specified in the Reference Register) is listed below and is assigned by S&P or, if S&P has not assigned such a rating, is assigned by Moody's, expressed as a percentage of the Initial Reference Portfolio Notional Amount as of the relevant date of determination, must not exceed the following limits:

United States of America:	100%
United Kingdom:	15.0%
Germany, France, Switzerland or Canada:	10.0% (in respect of each country separately)
Russia:	0.0%
AAA:	8.0%
AA- to AA+:	6.0%
A- to A+:	4.0%
BBB- to BBB+:	2.0% (if such country is an OECD country)
BBB- to BBB+:	0.0% (if such country is not an OECD country)
Other:	0.0%

- (v) The aggregate Reference Obligation Notional Amounts for all Primary Borrowers which have been assigned "Negative Outlook" in the Reference Register must not exceed 10 per cent. of the Initial Reference Portfolio Notional Amount as of the relevant date of determination.
- (vi) The maximum Weighted Average Tenor (calculated by reference to the "Legal Final Maturity Date" field in the Reference Register in respect of each Reference Obligation) of the Reference Portfolio must not exceed 4 years (assuming, for these purposes, that each Reference Obligation is not repaid prior to its legal final maturity date and is repaid in full on its legal final maturity date).

2. ADJUSTMENT NOTICE DATE PROCEDURES

On or prior to the tenth Business Day following each Adjustment Notice Date falling after the Trade Date, the Verification Agent shall:

- (a) compare in respect of each Reference Obligation in the Reference Register specified in the Adjustment Notice the content of the fields in such Reference Register of such Reference Obligation with the content of the corresponding fields in the Data Tape where the fields of the Reference Register and Data Tape are mapped in accordance with the table specified in 1.(a) above (or using such alternative tables and/or mechanism for mapping as provided by Buyer) and report any differences;
- (b) calculate the WARF both immediately preceding the relevant Adjustment and immediately following the relevant Adjustment and verify whether the WARF immediately following the relevant Adjustment, assuming, for these purposes, that the relevant Adjustment was effected on the Business Day preceding such Adjustment Date, is not greater than the WARF immediately prior to such an Adjustment, by reference to the Reference Register;
- (c) except in respect of an Adjustment Notice relating to the removal of a False Addition, confirm that the Adjustment Notice Date relating thereto fell on or prior to the Fixed Rate Payer Payment Date falling on or around 3 August 2015;
- (d) confirm that no other Adjustment Notices were delivered by the Buyer in the same calendar month as the calendar month in which the relevant Adjustment Notice Date was delivered (provided that the calendar month in which each of the Trade Date and the Last Adjustment Notice Date falls shall be deemed to be whole calendar months for such purposes such that Buyer can elect a day in the calendar month in which the Trade Date and the Last Adjustment Notice Date falls, respectively, as an Adjustment Notice Date);
- (e) verify, by reference to the Reference Register, whether each of the Portfolio Guidelines were satisfied on the Business Day preceding the relevant Adjustment Date by verifying the matters set out in paragraph 1(e) above or, if the Portfolio Guidelines were breached immediately prior to the relevant Adjustment and such breach is continuing, such Adjustment did not increase the extent of such breach;
- (f) verify whether a Potential Replenishment Stop Event has occurred and been continuing for more than six months as of the relevant Adjustment Date by verifying whether the WARF immediately following the relevant Adjustment is greater than 1,700;
- a) verify whether each Reference Obligation which is subject to an Addition in such Adjustment Notice was an Eligible Reference Obligation as of the Business Day preceding the relevant Adjustment Date by checking each of the items set forth in paragraph 1(d) above (save that references in paragraph 1(d) to the "Initial Reference Portfolio Cut-Off Date" shall be read and construed as references to the "Business Day immediately preceding the relevant Adjustment Date") and provided that 1(d)(ii) above shall be deleted and replaced with:

"that the relevant "Primary Borrower Rating" specified in the Reference Register is not below:

- (A) BBB- if a Potential Replenishment Stop Event has occurred and is continuing on the relevant Adjustment Date;
- (B) BB if the WARF following all Additions effected on such Adjustment Date is equal or greater than 1,500, and below 1,700; and
- (C) B- in all other circumstances;

- b) the Reference Portfolio Notional Amount following the Addition does not exceed the Initial Reference Portfolio Notional Amount, as applicable, *minus* the aggregate of all Realised Loss Amounts in respect of all Defaulted Reference Obligations which have been the subject of a Reduction on or prior to the relevant Adjustment Date.

3. EVENT DETERMINATION DATE PROCEDURES

On or prior to the tenth Business Day following each Event Determination Date, the Verification Agent will verify whether the Buyer has provided a Credit Event Notice and a Notice of Publicly Available Information and/or Default Notice in respect of the relevant Reference Obligation and that the Reference Register as of the relevant Event Determination Date included the Reference Obligation which is the subject of such Credit Event Notice, Notice of Publicly Available Information and/or Default Notice.

4. RECOVERY DETERMINATION DATE PROCEDURES

In respect of each:

- 1) Recovery Determination Date with respect to a Defaulted Reference Obligation; and
- 2) date that the Buyer makes a request to the Verification Agent with respect to a Defaulted Reference Obligation,

the Verification Agent will within 10 Business Days of the relevant date:

- (a) unless it has already done so with respect to the relevant Defaulted Reference Obligation, deliver to the Buyer a written notice which:
 - (i) confirms that the "LGD" used to calculate the Loss Amount with respect to the relevant Defaulted Reference Obligation conforms to the "LGD" specified in the Reference Register on the Event Determination Date with respect to such Defaulted Reference Obligation by reference to any one of either: (A) the Credit Event Notice with respect to such Defaulted Reference Obligation; (B) the Monthly Report in respect of the Monthly Reporting Date immediately following the Event Determination Date with respect to such Defaulted Reference Obligation; or (C) the Notice of Cash Settlement which sets out the Loss Amount with respect to such Defaulted Reference Obligation;
 - (ii) confirms that the Reference Obligation Calculation Amount has been selected in compliance with the definition set out under "Loss Amount" in the CDS and that the Final Reference Obligation Calculation Amount has been selected in compliance with the definition of "Final Reference Obligation Calculation Amount" set out in the CDS, in each case on the basis of the relevant Data Tape or such other evidence or data as provided by Buyer; and
 - (iii) confirms that the Buyer's calculation of the Final Recovery Estimate is consistent with a notice (by email or otherwise) from or signed by two Managing Directors of the Buyer and/or its Affiliates (or equivalent) which states the Final Recovery Estimate and summarises the components of such Final Recovery Estimate (including the Final Reference Obligation Calculation Amount);

or, in each case,

- (b) in respect of such Defaulted Reference Obligation, report to the Buyer any differences between such information and the Calculation Agent's determinations.

Notwithstanding anything to the contrary herein, to the extent that in respect of the relevant Defaulted Reference Obligation the Relevant Lender is not the Buyer and/or such information cannot be disclosed to

the Verification Agent due to confidentiality and/or regulatory restrictions, then the requirements for (i) the Buyer to provide any relevant information or notices in relation thereto and (ii) the Verification Agent to verify such information, in each case shall be deemed to be satisfied by the Buyer providing the Verification Agent with a copy of the relevant provisions in the applicable documentation relating to the relevant Defaulted Reference Obligation and/or Reference Entity which prevents the Buyer from disclosing such information (to the extent that such disclosure would not breach the terms of the relevant documentation), together with a written certificate from the Buyer or an Affiliate of the Buyer pursuant to which two Managing Directors (or other substantially equivalent title) of the Buyer and/or its Affiliates confirms that (a) a Relevant Lender has provided to the Buyer the Credit Exposure to the Relevant DRO, the Relevant Lender's Unhedged PB Exposure, the value of any Recoveries and the Relevant Lender's estimate of any future Recoveries, as applicable and (b) such Relevant Lender has confirmed that such values are consistent with the values set out in the Relevant Lender's books and records. For the avoidance of doubt, such values may be different from the values set out in the Relevant Lender's books and records including, without limitation, because of differences in the rates of currency conversion being applied.

5. MONTHLY REPORTING DATE PROCEDURES

In respect of (1) each Monthly Reporting Date; and (2) each date that the Buyer makes a request to the Verification Agent, the Verification Agent will, within 10 Business Days of the relevant date, check the relevant Monthly Report and determine whether the Reference Portfolio contains one or more Reference Entities in relation to which an Event Determination Date has occurred on or prior to the immediately preceding Cash Settlement Calculation Date. In respect of each such Reference Entity and Defaulted Reference Obligation, the Verification Agent will, on the basis solely of the information set out in such Monthly Report (such that no duplication of the matters verified under paragraph (4) above is required) verify the calculations made by the Calculation Agent (if any) in respect of the following were correctly made:

- (a) the Aggregate Loss Amount;
- (b) the Cash Settlement Adjustment Amount;
- (c) the Cash Settlement Amount;
- (d) the Aggregate Cash Settlement Amount; and
- (e) the Protection Tranche Amount,

and, in each case, report any differences between its determinations and the Calculation Agent's determinations set forth in the relevant Monthly Report.

6. PROVISION OF INFORMATION AND NOTICES:

Provided that the Buyer and/or its Affiliates is not subject to any legal, regulatory or confidentiality restrictions and the Buyer and/or its Affiliates is able to obtain the relevant information, the Buyer shall provide any information as may reasonably be requested by the Verification Agent to enable it to make the determinations and checks set out above.

In order for the Buyer to be able to satisfy the Verification Condition under the CDS in respect of a Defaulted Reference Obligation the Verification Agent will notify the Buyer in writing (including by email) to confirm that:

- (a) the Verification Agent has carried out the verification procedures in paragraph 1 of this Verification Schedule (in respect of a Defaulted Reference Obligation which was subject to an Addition so as to be comprised in the Initial Reference Portfolio) and/or, as applicable with respect to the relevant Defaulted Reference Obligation, paragraph 2 of this Verification Schedule (other than in respect of

the Initial Reference Portfolio) and, having completed such exercise, it is unaware of any matter in respect of such Defaulted Reference Obligation to mean that it has determined that the relevant Defaulted Reference Obligation was subject to a False Addition;

- (b) the Verification Agent has carried out the verification procedures in paragraph 3 of this Verification Schedule with respect to such Defaulted Reference Obligation; and
- (c) the Verification Agent has verified and confirmed the matters set out in paragraph 4 of this Verification Schedule (but solely to the extent they relate to the relevant Defaulted Reference Obligation) and there are no differences between the Final Price or, as applicable, the Final Recovery Estimate and the Verification Agent's determination of the Final Price or, as applicable, the Final Recovery Estimate (or, if there are differences, that the Buyer and the Verification Agent have agreed on which determination is the correct determination for the purposes of the Realised Final Price), in each case with respect to the relevant Defaulted Reference Obligation.

Such notices will be provided promptly following completion of the relevant verification process in accordance with the timelines specified under paragraphs (1), (2), (3) and (4) above.

All notices and reports will contain the disclaimers and related provisions substantially in the form of those set out in the schedule hereto.

Schedule

This pro-forma is furnished solely for the purpose of indicating the form of letter that the Verification Agent would expect to be able to provide pursuant to the Agreed Upon Procedures, the matters expected to be covered in the letter, and the nature of the procedures that the Verification Agent would expect to carry out with respect to such matters. The text of the letter itself will depend, of course, on the results of the procedures, which the Verification Agent would not expect to complete until shortly before the letter is given.

[Addressed to Credit Suisse AG, Cayman Islands Branch]

[Date]

Dear Sirs

Verification Agent Agreed Upon Procedures (VAAUPs) AUP Letter in connection with test for [specify as appropriate].

We refer to the Verification Agent Agreed Upon Procedures ("VAAUPs") set out in our Engagement Letter dated [] May 2012 between CS and us (the "**Verification Agent Engagement Letter**"). This [AUP Letter] is produced in accordance with the terms of that Engagement Letter, which are deemed to have been incorporated in this letter and govern the matters addressed by this letter and its use.

Words and expressions defined or incorporated by reference in the VAAUP's shall have the same meaning herein unless otherwise defined herein. As Verification Agent, we have performed the following agreed upon procedures referenced in the Verification Agent Engagement Letter and as set forth in Annex 3 of the CDS.

[In respect of [INSERT IDENTIFIER OF DEFAULTED REFERENCE OBLIGATION],]:

Following receipt from CS of the Information dated [] at your request, we have performed the VAAUP's set out below required to be performed by us pursuant to paragraph [INSERT] of Annex 3 of the CDS:

[Specify relevant tests for each AUP Letter: [Initial Reference Portfolio Cut-Off Date / Adjustment Date / Event Determination Date / Recovery Determination Date / Monthly Reporting Date] Procedures

We are entitled to assume that the documentation received by us from you is accurate and we have not sought to verify the accuracy of the information contained in such documentation.

Based on the above procedures we found:

[List out the findings, with detailed exceptions where applicable]

Our work is based solely on the period to the date of the information provided to us (as described herein) in connection with this letter and has not been updated for subsequent information which may have come to light in the period to the date of this letter.

This letter may only be relied upon in respect of the matters to which it refers and as of its date. In relying upon this letter, you agree that we have no responsibility to and we will not perform any work subsequent to the date of this letter nor to consider, monitor, communicate or report the impact of any events or circumstances which may occur or may come to light subsequent to the date of this letter in respect of the matters herein.

As stated in our Verification Agent Engagement Letter, the nature and scope of the work we have undertaken is different from that of an audit performed in accordance with generally accepted Auditing Standards and cannot therefore be relied upon to provide the same level of assurance as an audit. This VAAUP Letter is

prepared for you as addressee of this letter solely for your use in connection with the purposes of informing you of the results of our work as specified above and as set out in the Verification Agent Engagement Letter. Accordingly this AUP Letter is provided to you for that purpose and may not be relied on by you or used for any other purpose. We will not accept any responsibility to any other party to whom this letter is shown or into whose hands it may come.

No part of this VAAUP Letter is to be copied or distributed to any other party except as permitted under the terms of the arrangements and conditions specified in Appendix [X] of the Verification Agent Engagement Letter (the “Third Party Recipient(s) Hold Harmless Authority and Release Arrangements) that you /the Third Party recipient(s) have executed prior to receipt of this report. To the fullest extent permitted by law, we do not accept any liability or responsibility in respect of this letter to any third party.

Yours faithfully,

KPMG Audit Plc

ANNEX 4
FORMAT FOR REFERENCE PORTFOLIO

Reference Obligation	Primary Borrower	Reference Entity Group	Reference Obligation Notional Amount (USD)	Primary Borrower Rating	Negative Outlook Flag	LGD	Primary Borrower Industry Classification	Primary Borrower Industry Sub-Sector (if relevant)	Primary Borrower Domicile	Borrower Domicile S&P Rating	Borrower Domicile Moody's Rating	Legal Final Maturity Date	Base Currency	Red Flag / Work-out	Reference obligation Adjustment Date	Last Ref Register Reference Obligation Amount (USD)

ANNEX 2 - FORM OF REPURCHASE AGREEMENT

2000 VERSION

TBMA/ISMA

GLOBAL MASTER REPURCHASE AGREEMENT

Dated as of 4 May 2012 (as amended and restated on 14 December 2012)

Between:

Credit Suisse Securities (Europe) Limited ("Party A")

and

Magnolia Finance V plc ("Party B")

1. Applicability

- (a) From time to time the parties hereto may enter into transactions in which one party, acting through a Designated Office, ("Seller") agrees to sell to the other, acting through a Designated Office, ("Buyer") securities and financial instruments ("Securities") (subject to paragraph 1(c), other than equities and Net Paying Securities) against the payment of the purchase price by Buyer to Seller, with a simultaneous agreement by Buyer to sell to Seller Securities equivalent to such Securities at a date certain or on demand against the payment of the repurchase price by Seller to Buyer.
- (b) Each such transaction (which may be a repurchase transaction ("Repurchase Transaction") or a buy and sell back transaction ("Buy/Sell Back Transaction")) shall be referred to herein as a "Transaction" and shall be governed by this Agreement, including any supplemental terms or conditions contained in Annex I hereto, unless otherwise agreed in writing.
- (c) If this Agreement may be applied to -
 - (i) Buy/Sell Back Transactions, this shall be specified in Annex I hereto, and the provisions of the Buy/Sell Back Annex shall apply to such Buy/Sell Back Transactions;
 - (ii) Net Paying Securities, this shall be specified in Annex I hereto and the provisions of Annex 1, paragraph 1(b) shall apply to Transactions involving Net Paying Securities.
- (d) If Transactions are to be effected under this Agreement by either party as an agent, this shall be specified in Annex I hereto, and the provisions of the Agency Annex shall apply to such Agency Transactions.

2. Definitions

- (a) "Act of Insolvency" shall occur with respect to any party hereto upon -
 - (i) its making a general assignment for the benefit of, entering into a reorganisation, arrangement, or composition with creditors; or
 - (ii) its admitting in writing that it is unable to pay its debts as they become due; or
 - (iii) its seeking, consenting to or acquiescing in the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property; or
 - (iv) the presentation or filing of a petition in respect of it (other than by the counterparty to this Agreement in respect of any obligation under this Agreement) in any court or before any

- agency alleging or for the bankruptcy, winding-up or insolvency of such party (or any analogous proceeding) or seeking any reorganisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition (except in the case of a petition for winding-up or any analogous proceeding, in respect of which no such 30 day period shall apply) not having been stayed or dismissed within 30 days of its filing; or
- (v) the appointment of a receiver, administrator, liquidator or trustee or analogous officer of such party or over all or any material part of such party's property; or
 - (vi) the convening of any meeting of its creditors for the purposes of considering a voluntary arrangement as referred to in section 3 of the Insolvency Act 1986 (or any analogous proceeding);
- (b) "Agency Transaction", the meaning specified in paragraph 1 of the Agency Annex;
 - (c) "Appropriate Market", the meaning specified in paragraph 10;
 - (d) "Base Currency", the currency indicated in Annex I hereto;
 - (e) "Business Day" -
 - (i) in relation to the settlement of any Transaction which is to be settled through Clearstream or Euroclear, a day on which Clearstream or, as the case may be, Euroclear is open to settle business in the currency in which the Purchase Price and the Repurchase Price are denominated;
 - (ii) in relation to the settlement of any Transaction which is to be settled through a settlement system other than Clearstream or Euroclear, a day on which that settlement system is open to settle such Transaction;
 - (iii) in relation to any delivery of Securities not falling within (i) or (ii) above, a day on which banks are open for business in the place where delivery of the relevant Securities is to be effected; and
 - (iv) in relation to any obligation to make a payment not falling within (i) or (ii) above, a day other than a Saturday or a Sunday on which banks are open for business in the principal financial centre of the country of which the currency in which the payment is denominated is the official currency and, if different, in the place where any account designated by the parties for the making or receipt of the payment is situated (or, in the case of a payment in euro, a day on which TARGET operates);
 - (f) "Cash Margin", a cash sum paid to Buyer or Seller in accordance with paragraph 4;
 - (g) "Clearstream", Clearstream Banking, société anonyme, (previously Cedelbank) or any successor thereto;
 - (h) "Confirmation", the meaning specified in paragraph 3(b);
 - (i) "Contractual Currency", the meaning specified in paragraph 7(a);
 - (j) "Defaulting Party", the meaning specified in paragraph 10;
 - (k) "Default Market Value", the meaning specified in paragraph 10;
 - (l) "Default Notice", a written notice served by the non-Defaulting Party on the Defaulting Party under paragraph 10 stating that an event shall be treated as an Event of Default for the purposes of this Agreement;

- (m) "Default Valuation Notice", the meaning specified in paragraph 10;
- (n) "Default Valuation Time", the meaning specified in paragraph 10;
- (o) "Deliverable Securities", the meaning specified in paragraph 10;
- (p) "Designated Office", with respect to a party, a branch or office of that party which is specified as such in Annex I hereto or such other branch or office as may be agreed to by the parties;
- (q) "Distributions", the meaning specified in sub-paragraph (w) below;
- (r) "Equivalent Margin Securities", Securities equivalent to Securities previously transferred as Margin Securities;
- (s) "Equivalent Securities", with respect to a Transaction, Securities equivalent to Purchased Securities under that Transaction. If and to the extent that such Purchased Securities have been redeemed, the expression shall mean a sum of money equivalent to the proceeds of the redemption;
- (t) Securities are "equivalent to" other Securities for the purposes of this Agreement if they are: (i) of the same issuer; (ii) part of the same issue; and (iii) of an identical type, nominal value, description and (except where otherwise stated) amount as those other Securities, provided that –
 - (A) Securities will be equivalent to other Securities notwithstanding that those Securities have been redenominated into euro or that the nominal value of those Securities has changed in connection with such redenomination; and
 - (B) where Securities have been converted, subdivided or consolidated or have become the subject of a takeover or the holders of Securities have become entitled to receive or acquire other Securities or other property or the Securities have become subject to any similar event, the expression "equivalent to" shall mean Securities equivalent to (as defined in the provisions of this definition preceding the proviso) the original Securities together with or replaced by a sum of money or Securities or other property equivalent to (as so defined) that receivable by holders of such original Securities resulting from such event;
- (u) "Euroclear", Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System or any successor thereto;
- (v) "Event of Default", the meaning specified in paragraph 10;
- (w) "Income", with respect to any Security at any time, all interest, dividends or other distributions thereon, but excluding distributions which are a payment or repayment of principal in respect of the relevant securities ("Distributions");
- (x) "Income Payment Date", with respect to any Securities, the date on which Income is paid in respect of such Securities or, in the case of registered Securities, the date by reference to which particular registered holders are identified as being entitled to payment of Income;
- (y) "LIBOR", in relation to any sum in any currency, the one month London Inter Bank Offered Rate in respect of that currency as quoted on page 3750 on the Bridge Telerate Service (or such other page as may replace page 3750 on that service) as of 11:00 a.m., London time, on the date on which it is to be determined;
- (z) "Margin Ratio", with respect to a Transaction, the Market Value of the Purchased Securities at the time when the Transaction was entered into divided by the Purchase Price (and so that, where a Transaction relates to Securities of different descriptions and the Purchase Price is apportioned by the parties among Purchased Securities of each such description, a separate Margin Ratio shall apply in respect of Securities of each such description), or such other proportion as the parties may agree with respect to that Transaction;

- (aa) "Margin Securities", in relation to a Margin Transfer, Securities reasonably acceptable to the party calling for such Margin Transfer;
- (bb) "Margin Transfer", any, or any combination of, the payment or repayment of Cash Margin and the transfer of Margin Securities or Equivalent Margin Securities;
- (cc) "Market Value", with respect to any Securities as of any time on any date, the price for such Securities at such time on such date obtained from a generally recognised source agreed to by the parties (and where different prices are obtained for different delivery dates, the price so obtainable for the earliest available such delivery date) (provided that the price of Securities that are suspended shall (for the purposes of paragraph 4) be nil unless the parties otherwise agree and (for all other purposes) shall be the price of those Securities as of close of business on the dealing day in the relevant market last preceding the date of suspension) plus the aggregate amount of Income which, as of such date, has accrued but not yet been paid in respect of the Securities to the extent not included in such price as of such date, and for these purposes any sum in a currency other than the Contractual Currency for the Transaction in question shall be converted into such Contractual Currency at the Spot Rate prevailing at the relevant time;
- (dd) "Net Exposure", the meaning specified in paragraph 4(c);
- (ee) the "Net Margin" provided to a party at any time, the excess (if any) at that time of (i) the sum of the amount of Cash Margin paid to that party (including accrued interest on such Cash Margin which has not been paid to the other party) and the Market Value of Margin Securities transferred to that party under paragraph 4(a) (excluding any Cash Margin which has been repaid to the other party and any Margin Securities in respect of which Equivalent Margin Securities have been transferred to the other party) over (ii) the sum of the amount of Cash Margin paid to the other party (including accrued interest on such Cash Margin which has not been paid by the other party) and the Market Value of Margin Securities transferred to the other party under paragraph 4(a) (excluding any Cash Margin which has been repaid by the other party and any Margin Securities in respect of which Equivalent Margin Securities have been transferred by the other party) and for this purpose any amounts not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the relevant time;
- (ff) "Net Paying Securities", Securities which are of a kind such that, were they to be the subject of a Transaction to which paragraph 5 applies, any payment made by Buyer under paragraph 5 would be one in respect of which either Buyer would or might be required to make a withholding or deduction for or on account of taxes or duties or Seller might be required to make or account for a payment for or on account of taxes or duties (in each case other than tax on overall net income) by reference to such payment;
- (gg) "Net Value", the meaning specified in paragraph 10;
- (hh) "New Purchased Securities", the meaning specified in paragraph 8(a);
- (ii) "Price Differential", with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction (on a 360 day basis or 365 day basis in accordance with the applicable ISMA convention, unless otherwise agreed between the parties for the Transaction), for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of calculation or, if earlier, the Repurchase Date;
- (jj) "Pricing Rate", with respect to any Transaction, the per annum percentage rate for calculation of the Price Differential agreed to by Buyer and Seller in relation to that Transaction;

- (kk) "Purchase Date", with respect to any Transaction, the date on which Purchased Securities are to be sold by Seller to Buyer in relation to that Transaction;
- (ll) "Purchase Price", on the Purchase Date, the price at which Purchased Securities are sold or are to be sold by Seller to Buyer;
- (mm) "Purchased Securities", with respect to any Transaction, the Securities sold or to be sold by Seller to Buyer under that Transaction, and any New Purchased Securities transferred by Seller to Buyer under paragraph 8 in respect of that Transaction;
- (nn) "Receivable Securities", the meaning specified in paragraph 10;
- (oo) "Repurchase Date", with respect to any Transaction, the date on which Buyer is to sell Equivalent Securities to Seller in relation to that Transaction;
- (pp) "Repurchase Price", with respect to any Transaction and as of any date, the sum of the Purchase Price and the Price Differential as of such date;
- (qq) "Special Default Notice", the meaning specified in paragraph 14;
- (rr) "Spot Rate", where an amount in one currency is to be converted into a second currency on any date, unless the parties otherwise agree, the spot rate of exchange quoted by Barclays Bank PLC in the London inter-bank market for the sale by it of such second currency against a purchase by it of such first currency;
- (ss) "TARGET", the Trans-European Automated Real-time Gross Settlement Express Transfer System;
- (tt) "Term", with respect to any Transaction, the interval of time commencing with the Purchase Date and ending with the Repurchase Date;
- (uu) "Termination", with respect to any Transaction, refers to the requirement with respect to such Transaction for Buyer to sell Equivalent Securities against payment by Seller of the Repurchase Price in accordance with paragraph 3(f), and reference to a Transaction having a "fixed term" or being "terminable upon demand" shall be construed accordingly;
- (vv) "Transaction Costs", the meaning specified in paragraph 10;
- (ww) "Transaction Exposure", with respect to any Transaction at any time during the period from the Purchase Date to the Repurchase Date (or, if later, the date on which Equivalent Securities are delivered to Seller or the Transaction is terminated under paragraph 10(g) or 10(h)), the difference between (i) the Repurchase Price at such time multiplied by the applicable Margin Ratio (or, where the Transaction relates to Securities of more than one description to which different Margin Ratios apply, the amount produced by multiplying the Repurchase Price attributable to Equivalent Securities of each such description by the applicable Margin Ratio and aggregating the resulting amounts, the Repurchase Price being for this purpose attributed to Equivalent Securities of each such description in the same proportions as those in which the Purchase Price was apportioned among the Purchased Securities) and (ii) the Market Value of Equivalent Securities at such time. If (i) is greater than (ii), Buyer has a Transaction Exposure for that Transaction equal to that excess. If (ii) is greater than (i), Seller has a Transaction Exposure for that Transaction equal to that excess; and
- (xx) except in paragraphs 14(b)(i) and 18, references in this Agreement to "written" communications and communications "in writing" include communications made through any electronic system agreed between the parties which is capable of reproducing such communication in hard copy form.

3. Initiation; Confirmation; Termination

- (a) A Transaction may be entered into orally or in writing at the initiation of either Buyer or Seller.

- (b) Upon agreeing to enter into a Transaction hereunder Buyer or Seller (or both), as shall have been agreed, shall promptly deliver to the other party written confirmation of such Transaction (a "Confirmation").

The Confirmation shall describe the Purchased Securities (including CUSIP or ISIN or other identifying number or numbers, if any), identify Buyer and Seller and set forth –

- (i) the Purchase Date;
- (ii) the Purchase Price;
- (iii) the Repurchase Date, unless the Transaction is to be terminable on demand (in which case the Confirmation shall state that it is terminable on demand);
- (iv) the Pricing Rate applicable to the Transaction;
- (v) in respect of each party the details of the bank account[s] to which payments to be made hereunder are to be credited;
- (vi) where the Buy/Sell Back Annex applies, whether the Transaction is a Repurchase Transaction or a Buy/Sell Back Transaction;
- (vii) where the Agency Annex applies, whether the Transaction is an Agency Transaction and, if so, the identity of the party which is acting as agent and the name, code or identifier of the Principal; and
- (viii) any additional terms or conditions of the Transaction;

and may be in the form of Annex II hereto or may be in any other form to which the parties agree.

The Confirmation relating to a Transaction shall, together with this Agreement, constitute prima facie evidence of the terms agreed between Buyer and Seller for that Transaction, unless objection is made with respect to the Confirmation promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, the Confirmation shall prevail in respect of that Transaction and those terms only.

- (c) On the Purchase Date for a Transaction, Seller shall transfer the Purchased Securities to Buyer or its agent against the payment of the Purchase Price by Buyer.
- (d) Termination of a Transaction will be effected, in the case of on demand Transactions, on the date specified for Termination in such demand, and, in the case of fixed term Transactions, on the date fixed for Termination.
- (e) In the case of on demand Transactions, demand for Termination shall be made by Buyer or Seller, by telephone or otherwise, and shall provide for Termination to occur after not less than the minimum period as is customarily required for the settlement or delivery of money or Equivalent Securities of the relevant kind.
- (f) On the Repurchase Date, Buyer shall transfer to Seller or its agent Equivalent Securities against the payment of the Repurchase Price by Seller (less any amount then payable and unpaid by Buyer to Seller pursuant to paragraph 5).

4. Margin Maintenance

- (a) If at any time either party has a Net Exposure in respect of the other party it may by notice to the other party require the other party to make a Margin Transfer to it of an aggregate amount or value at least equal to that Net Exposure.
- (b) A notice under sub-paragraph (a) above may be given orally or in writing.

- (c) For the purposes of this Agreement a party has a Net Exposure in respect of the other party if the aggregate of all the first party's Transaction Exposures plus any amount payable to the first party under paragraph 5 but unpaid less the amount of any Net Margin provided to the first party exceeds the aggregate of all the other party's Transaction Exposures plus any amount payable to the other party under paragraph 5 but unpaid less the amount of any Net Margin provided to the other party; and the amount of the Net Exposure is the amount of the excess. For this purpose any amounts not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the relevant time.
- (d) To the extent that a party calling for a Margin Transfer has previously paid Cash Margin which has not been repaid or delivered Margin Securities in respect of which Equivalent Margin Securities have not been delivered to it, that party shall be entitled to require that such Margin Transfer be satisfied first by the repayment of such Cash Margin or the delivery of Equivalent Margin Securities but, subject to this, the composition of a Margin Transfer shall be at the option of the party making such Margin Transfer.
- (e) Any Cash Margin transferred shall be in the Base Currency or such other currency as the parties may agree.
- (f) A payment of Cash Margin shall give rise to a debt owing from the party receiving such payment to the party making such payment. Such debt shall bear interest at such rate, payable at such times, as may be specified in Annex I hereto in respect of the relevant currency or otherwise agreed between the parties, and shall be repayable subject to the terms of this Agreement.
- (g) Where Seller or Buyer becomes obliged under sub-paragraph (a) above to make a Margin Transfer, it shall transfer Cash Margin or Margin Securities or Equivalent Margin Securities within the minimum period specified in Annex I hereto or, if no period is there specified, such minimum period as is customarily required for the settlement or delivery of money, Margin Securities or Equivalent Margin Securities of the relevant kind.
- (h) The parties may agree that, with respect to any Transaction, the provisions of subparagraphs (a) to (g) above shall not apply but instead that margin may be provided separately in respect of that Transaction in which case –
 - (i) that Transaction shall not be taken into account when calculating whether either party has a Net Exposure;
 - (ii) margin shall be provided in respect of that Transaction in such manner as the parties may agree; and
 - (iii) margin provided in respect of that Transaction shall not be taken into account for the purposes of sub-paragraphs (a) to (g) above.
- (i) The parties may agree that any Net Exposure which may arise shall be eliminated not by Margin Transfers under the preceding provisions of this paragraph but by the repricing of Transactions under sub-paragraph (j) below, the adjustment of Transactions under sub-paragraph (k) below or a combination of both these methods.
- (j) Where the parties agree that a Transaction is to be repriced under this sub-paragraph such repricing shall be effected as follows -
 - (i) the Repurchase Date under the relevant Transaction (the "Original Transaction") shall be deemed to occur on the date on which the repricing is to be effected (the "Repricing Date");
 - (ii) the parties shall be deemed to have entered into a new Transaction (the "Repriced Transaction") on the terms set out in (iii) to (vi) below;

- (iii) the Purchased Securities under the Repriced Transaction shall be Securities equivalent to the Purchased Securities under the Original Transaction;
 - (iv) the Purchase Date under the Repriced Transaction shall be the Repricing Date;
 - (v) the Purchase Price under the Repriced Transaction shall be such amount as shall, when multiplied by the Margin Ratio applicable to the Original Transaction, be equal to the Market Value of such Securities on the Repricing Date;
 - (vi) the Repurchase Date, the Pricing Rate, the Margin Ratio and, subject as aforesaid, the other terms of the Repriced Transaction shall be identical to those of the Original Transaction;
 - (vii) the obligations of the parties with respect to the delivery of the Purchased Securities and the payment of the Purchase Price under the Repriced Transaction shall be set off against their obligations with respect to the delivery of Equivalent Securities and payment of the Repurchase Price under the Original Transaction and accordingly only a net cash sum shall be paid by one party to the other. Such net cash sum shall be paid within the period specified in sub-paragraph (g) above.
- (k) The adjustment of a Transaction (the "Original Transaction") under this sub-paragraph shall be effected by the parties agreeing that on the date on which the adjustment is to be made (the "Adjustment Date") the Original Transaction shall be terminated and they shall enter into a new Transaction (the "Replacement Transaction") in accordance with the following provisions –
- (i) the Original Transaction shall be terminated on the Adjustment Date on such terms as the parties shall agree on or before the Adjustment Date;
 - (ii) the Purchased Securities under the Replacement Transaction shall be such Securities as the parties shall agree on or before the Adjustment Date (being Securities the aggregate Market Value of which at the Adjustment Date is substantially equal to the Repurchase Price under the Original Transaction at the Adjustment Date multiplied by the Margin Ratio applicable to the Original Transaction);
 - (iii) the Purchase Date under the Replacement Transaction shall be the Adjustment Date;
 - (iv) the other terms of the Replacement Transaction shall be such as the parties shall agree on or before the Adjustment Date; and
 - (v) the obligations of the parties with respect to payment and delivery of Securities on the Adjustment Date under the Original Transaction and the Replacement Transaction shall be settled in accordance with paragraph 6 within the minimum period specified in sub-paragraph (g) above.

5. Income Payments

Unless otherwise agreed -

- (i) where the Term of a particular Transaction extends over an Income Payment Date in respect of any Securities subject to that Transaction, Buyer shall on the date such Income is paid by the issuer transfer to or credit to the account of Seller an amount equal to (and in the same currency as) the amount paid by the issuer;
- (ii) where Margin Securities are transferred from one party ("the first party") to the other party ("the second party") and an Income Payment Date in respect of such Securities occurs before Equivalent Margin Securities are transferred by the second party to the first party, the second party shall on the date such Income is paid by the issuer transfer to or credit to the account of the first party an amount equal to (and in the same currency as) the amount paid by the issuer;

and for the avoidance of doubt references in this paragraph to the amount of any Income paid by the issuer of any Securities shall be to an amount paid without any withholding or deduction for or on account of taxes or duties notwithstanding that a payment of such Income made in certain circumstances may be subject to such a withholding or deduction.

6. Payment and Transfer

- (a) Unless otherwise agreed, all money paid hereunder shall be in immediately available freely convertible funds of the relevant currency. All Securities to be transferred hereunder (i) shall be in suitable form for transfer and shall be accompanied by duly executed instruments of transfer or assignment in blank (where required for transfer) and such other documentation as the transferee may reasonably request, or (ii) shall be transferred through the book entry system of Euroclear or Clearstream, or (iii) shall be transferred through any other agreed securities clearance system or (iv) shall be transferred by any other method mutually acceptable to Seller and Buyer.
- (b) Unless otherwise agreed, all money payable by one party to the other in respect of any Transaction shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, unless otherwise agreed, the paying party shall pay such additional amounts as will result in the net amounts receivable by the other party (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted.
- (c) Unless otherwise agreed in writing between the parties, under each Transaction transfer of Purchased Securities by Seller and payment of Purchase Price by Buyer against the transfer of such Purchased Securities shall be made simultaneously and transfer of Equivalent Securities by Buyer and payment of Repurchase Price payable by Seller against the transfer of such Equivalent Securities shall be made simultaneously.
- (d) Subject to and without prejudice to the provisions of sub-paragraph 6(c), either party may from time to time in accordance with market practice and in recognition of the practical difficulties in arranging simultaneous delivery of Securities and money waive in relation to any Transaction its rights under this Agreement to receive simultaneous transfer and/or payment provided that transfer and/or payment shall, notwithstanding such waiver, be made on the same day and provided also that no such waiver in respect of one Transaction shall affect or bind it in respect of any other Transaction.
- (e) The parties shall execute and deliver all necessary documents and take all necessary steps to procure that all right, title and interest in any Purchased Securities, any Equivalent Securities, any Margin Securities and any Equivalent Margin Securities shall pass to the party to which transfer is being made upon transfer of the same in accordance with this Agreement, free from all liens, claims, charges and encumbrances.
- (f) Notwithstanding the use of expressions such as "*Repurchase Date*", "*Repurchase Price*", "*margin*", "*Net Margin*", "*Margin Ratio*" and "*substitution*", which are used to reflect terminology used in the market for transactions of the kind provided for in this Agreement, all right, title and interest in and to Securities and money transferred or paid under this Agreement shall pass to the transferee upon transfer or payment, the obligation of the party receiving Purchased Securities or Margin Securities being an obligation to transfer Equivalent Securities or Equivalent Margin Securities.
- (g) Time shall be of the essence in this Agreement.
- (h) Subject to paragraph 10, all amounts in the same currency payable by each party to the other under any Transaction or otherwise under this Agreement on the same date shall be combined in a single

calculation of a net sum payable by one party to the other and the obligation to pay that sum shall be the only obligation of either party in respect of those amounts.

- (i) Subject to paragraph 10, all Securities of the same issue, denomination, currency and series, transferable by each party to the other under any Transaction or hereunder on the same date shall be combined in a single calculation of a net quantity of Securities transferable by one party to the other and the obligation to transfer the net quantity of Securities shall be the only obligation of either party in respect of the Securities so transferable and receivable.
- (j) If the parties have specified in Annex I hereto that this paragraph 6(j) shall apply, each obligation of a party under this Agreement (other than an obligation arising under paragraph 10) is subject to the condition precedent that none of those events specified in paragraph 10(a) which are identified in Annex I hereto for the purposes of this paragraph 6(j) (being events which, upon the serving of a Default Notice, would be an Event of Default with respect to the other party) shall have occurred and be continuing with respect to the other party.

7. Contractual Currency

- (a) All the payments made in respect of the Purchase Price or the Repurchase Price of any Transaction shall be made in the currency of the Purchase Price (the "Contractual Currency") save as provided in paragraph 10(c)(ii). Notwithstanding the foregoing, the payee of any money may, at its option, accept tender thereof in any other currency, provided, however, that, to the extent permitted by applicable law, the obligation of the payer to pay such money will be discharged only to the extent of the amount of the Contractual Currency that such payee may, consistent with normal banking procedures, purchase with such other currency (after deduction of any premium and costs of exchange) for delivery within the customary delivery period for spot transactions in respect of the relevant currency.
- (b) If for any reason the amount in the Contractual Currency received by a party, including amounts received after conversion of any recovery under any judgment or order expressed in a currency other than the Contractual Currency, falls short of the amount in the Contractual Currency due and payable, the party required to make the payment will, as a separate and independent obligation, to the extent permitted by applicable law, immediately transfer such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall.
- (c) If for any reason the amount in the Contractual Currency received by a party exceeds the amount of the Contractual Currency due and payable, the party receiving the transfer will refund promptly the amount of such excess.

8. Substitution

- (a) A Transaction may at any time between the Purchase Date and Repurchase Date, if Seller so requests and Buyer so agrees, be varied by the transfer by Buyer to Seller of Securities equivalent to the Purchased Securities, or to such of the Purchased Securities as shall be agreed, in exchange for the transfer by Seller to Buyer of other Securities of such amount and description as shall be agreed ("New Purchased Securities") (being Securities having a Market Value at the date of the variation at least equal to the Market Value of the Equivalent Securities transferred to Seller).
- (b) Any variation under sub-paragraph (a) above shall be effected, subject to paragraph 6(d), by the simultaneous transfer of the Equivalent Securities and New Purchased Securities concerned.
- (c) A Transaction which is varied under sub-paragraph (a) above shall thereafter continue in effect as though the Purchased Securities under that Transaction consisted of or included the New Purchased Securities instead of the Securities in respect of which Equivalent Securities have been transferred to Seller.

- (d) Where either party has transferred Margin Securities to the other party it may at any time before Equivalent Margin Securities are transferred to it under paragraph 4 request the other party to transfer Equivalent Margin Securities to it in exchange for the transfer to the other party of new Margin Securities having a Market Value at the time of transfer at least equal to that of such Equivalent Margin Securities. If the other party agrees to the request, the exchange shall be effected, subject to paragraph 6(d), by the simultaneous transfer of the Equivalent Margin Securities and new Margin Securities concerned. Where either or both of such transfers is or are effected through a settlement system in circumstances which under the rules and procedures of that settlement system give rise to a payment by or for the account of one party to or for the account of the other party, the parties shall cause such payment or payments to be made outside that settlement system, for value the same day as the payments made through that settlement system, as shall ensure that the exchange of Equivalent Margin Securities and new Margin Securities effected under this sub-paragraph does not give rise to any net payment of cash by either party to the other.

9. Representations

Each party represents and warrants to the other that –

- (a) it is duly authorised to execute and deliver this Agreement, to enter into the Transactions contemplated hereunder and to perform its obligations hereunder and thereunder and has taken all necessary action to authorise such execution, delivery and performance;
- (b) it will engage in this Agreement and the Transactions contemplated hereunder (other than Agency Transactions) as principal;
- (c) the person signing this Agreement on its behalf is, and any person representing it in entering into a Transaction will be, duly authorised to do so on its behalf;
- (d) it has obtained all authorisations of any governmental or regulatory body required in connection with this Agreement and the Transactions contemplated hereunder and such authorisations are in full force and effect;
- (e) the execution, delivery and performance of this Agreement and the Transactions contemplated hereunder will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected;
- (f) it has satisfied itself and will continue to satisfy itself as to the tax implications of the Transactions contemplated hereunder;
- (g) in connection with this Agreement and each Transaction -
- (i) unless there is a written agreement with the other party to the contrary, it is not relying on any advice (whether written or oral) of the other party, other than the representations expressly set out in this Agreement;
 - (ii) it has made and will make its own decisions regarding the entering into of any Transaction based upon its own judgment and upon advice from such professional advisers as it has deemed it necessary to consult;
 - (iii) it understands the terms, conditions and risks of each Transaction and is willing to assume (financially and otherwise) those risks; and
- (h) at the time of transfer to the other party of any Securities it will have the full and unqualified right to make such transfer and that upon such transfer of Securities the other party will receive all right, title and interest in and to those Securities free of any lien, claim, charge or encumbrance.

On the date on which any Transaction is entered into pursuant hereto, and on each day on which Securities, Equivalent Securities, Margin Securities or Equivalent Margin Securities are to be transferred under any Transaction, Buyer and Seller shall each be deemed to repeat all the foregoing representations. For the avoidance of doubt and notwithstanding any arrangements which Seller or Buyer may have with any third party, each party will be liable as a principal for its obligations under this Agreement and each Transaction.

10. Events of Default

- (a) If any of the following events (each an "Event of Default") occurs in relation to either party (the "Defaulting Party", the other party being the "non-Defaulting Party") whether acting as Seller or Buyer -
- (i) Buyer fails to pay the Purchase Price upon the applicable Purchase Date or Seller fails to pay the Repurchase Price upon the applicable Repurchase Date, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (ii) if the parties have specified in Annex I hereto that this sub-paragraph shall apply, Seller fails to deliver Purchased Securities on the Purchase Date or Buyer fails to deliver Equivalent Securities on the Repurchase Date, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (iii) Seller or Buyer fails to pay when due any sum payable under sub-paragraph (g) or (h) below, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (iv) Seller or Buyer fails to comply with paragraph 4 and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (v) Seller or Buyer fails to comply with paragraph 5 and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (vi) an Act of Insolvency occurs with respect to Seller or Buyer and (except in the case of an Act of Insolvency which is the presentation of a petition for winding-up or any analogous proceeding or the appointment of a liquidator or analogous officer of the Defaulting Party in which case no such notice shall be required) the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (vii) any representations made by Seller or Buyer are incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (viii) Seller or Buyer admits to the other that it is unable to, or intends not to, perform any of its obligations hereunder and/or in respect of any Transaction and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (ix) Seller or Buyer is suspended or expelled from membership of or participation in any securities exchange or association or other self regulating organisation, or suspended from dealing in securities by any government agency, or any of the assets of either Seller or Buyer or the assets of investors held by, or to the order of, Seller or Buyer are transferred or ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulating legislation and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - (x) Seller or Buyer fails to perform any other of its obligations hereunder and does not remedy such failure within 30 days after notice is given by the non-Defaulting Party requiring it to do so, and the non-Defaulting Party serves a Default Notice on the Defaulting Party;

then sub-paragraphs (b) to (f) below shall apply.

- (b) The Repurchase Date for each Transaction hereunder shall be deemed immediately to occur and, subject to the following provisions, all Cash Margin (including interest accrued) shall be immediately repayable and Equivalent Margin Securities shall be immediately deliverable (and so that, where this sub-paragraph applies, performance of the respective obligations of the parties with respect to the delivery of Securities, the payment of the Repurchase Prices for any Equivalent Securities and the repayment of any Cash Margin shall be effected only in accordance with the provisions of sub-paragraph (c) below).
- (c) (i) The Default Market Values of the Equivalent Securities and any Equivalent Margin Securities to be transferred, the amount of any Cash Margin (including the amount of interest accrued) to be transferred and the Repurchase Prices to be paid by each party shall be established by the non-Defaulting Party for all Transactions as at the Repurchase Date; and
- (ii) on the basis of the sums so established, an account shall be taken (as at the Repurchase Date) of what is due from each party to the other under this Agreement (on the basis that each party's claim against the other in respect of the transfer to it of Equivalent Securities or Equivalent Margin Securities under this Agreement equals the Default Market Value therefor) and the sums due from one party shall be set off against the sums due from the other and only the balance of the account shall be payable (by the party having the claim valued at the lower amount pursuant to the foregoing) and such balance shall be due and payable on the next following Business Day. For the purposes of this calculation, all sums not denominated in the Base Currency shall be converted into the Base Currency on the relevant date at the Spot Rate prevailing at the relevant time.
- (d) For the purposes of this Agreement, the "Default Market Value" of any Equivalent Securities or Equivalent Margin Securities shall be determined in accordance with sub-paragraph (e) below, and for this purpose –
- (i) the "Appropriate Market" means, in relation to Securities of any description, the market which is the most appropriate market for Securities of that description, as determined by the non-Defaulting Party;
- (ii) the "Default Valuation Time" means, in relation to an Event of Default, the close of business in the Appropriate Market on the fifth dealing day after the day on which that Event of Default occurs or, where that Event of Default is the occurrence of an Act of Insolvency in respect of which under paragraph 10(a) no notice is required from the non-Defaulting Party in order for such event to constitute an Event of Default, the close of business on the fifth dealing day after the day on which the non-Defaulting Party first became aware of the occurrence of such Event of Default;
- (iii) "Deliverable Securities" means Equivalent Securities or Equivalent Margin Securities to be delivered by the Defaulting Party;
- (iv) "Net Value" means at any time, in relation to any Deliverable Securities or Receivable Securities, the amount which, in the reasonable opinion of the non-Defaulting Party, represents their fair market value, having regard to such pricing sources and methods (which may include, without limitation, available prices for Securities with similar maturities, terms and credit characteristics as the relevant Equivalent Securities or Equivalent Margin Securities) as the non-Defaulting Party considers appropriate, less, in the case of Receivable Securities, or plus, in the case of Deliverable Securities, all Transaction Costs which would be incurred in connection with the purchase or sale of such Securities;
- (v) "Receivable Securities" means Equivalent Securities or Equivalent Margin Securities to be delivered to the Defaulting Party; and

- (vi) "Transaction Costs" in relation to any transaction contemplated in paragraph 10(d) or (e) means the reasonable costs, commission, fees and expenses (including any mark-up or mark-down) that would be incurred in connection with the purchase of Deliverable Securities or sale of Receivable Securities, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out the transaction;
- (e) (i) If between the occurrence of the relevant Event of Default and the Default Valuation Time the non-Defaulting Party gives to the Defaulting Party a written notice (a "Default Valuation Notice") which -
 - (A) states that, since the occurrence of the relevant Event of Default, the non-Defaulting Party has sold, in the case of Receivable Securities, or purchased, in the case of Deliverable Securities, Securities which form part of the same issue and are of an identical type and description as those Equivalent Securities or Equivalent Margin Securities, and that the non-Defaulting Party elects to treat as the Default Market Value –
 - (aa) in the case of Receivable Securities, the net proceeds of such sale after deducting all reasonable costs, fees and expenses incurred in connection therewith (provided that, where the Securities sold are not identical in amount to the Equivalent Securities or Equivalent Margin Securities, the non-Defaulting Party may either (x) elect to treat such net proceeds of sale divided by the amount of Securities sold and multiplied by the amount of the Equivalent Securities or Equivalent Margin Securities as the Default Market Value or (y) elect to treat such net proceeds of sale of the Equivalent Securities or Equivalent Margin Securities actually sold as the Default Market Value of that proportion of the Equivalent Securities or Equivalent Margin Securities, and, in the case of (y), the Default Market Value of the balance of the Equivalent Securities or Equivalent Margin Securities shall be determined separately in accordance with the provisions of this paragraph 10(e) and accordingly may be the subject of a separate notice (or notices) under this paragraph 10(e)(i)); or
 - (bb) in the case of Deliverable Securities, the aggregate cost of such purchase, including all reasonable costs, fees and expenses incurred in connection therewith (provided that, where the Securities purchased are not identical in amount to the Equivalent Securities or Equivalent Margin Securities, the non-Defaulting Party may either (x) elect to treat such aggregate cost divided by the amount of Securities sold and multiplied by the amount of the Equivalent Securities or Equivalent Margin Securities as the Default Market Value or (y) elect to treat the aggregate cost of purchasing the Equivalent Securities or Equivalent Margin Securities actually purchased as the Default Market Value of that proportion of the Equivalent Securities or Equivalent Margin Securities, and, in the case of (y), the Default Market Value of the balance of the Equivalent Securities or Equivalent Margin Securities shall be determined separately in accordance with the provisions of this paragraph 10(e) and accordingly may be the subject of a separate notice (or notices) under this paragraph 10(e)(i));
 - (B) states that the non-Defaulting Party has received, in the case of Deliverable Securities, offer quotations or, in the case of Receivable Securities, bid quotations in respect of Securities of the relevant description from two or more market makers or regular dealers in the Appropriate Market in a commercially reasonable size (as determined by the non-Defaulting Party) and specifies –

- (aa) the price or prices quoted by each of them for, in the case of Deliverable Securities, the sale by the relevant market maker or dealer of such Securities or, in the case of Receivable Securities, the purchase by the relevant market maker or dealer of such Securities;
- (bb) the Transaction Costs which would be incurred in connection with such a transaction; and
- (cc) that the non-Defaulting Party elects to treat the price so quoted (or, where more than one price is so quoted, the arithmetic mean of the prices so quoted), after deducting, in the case of Receivable Securities, or adding, in the case of Deliverable Securities, such Transaction Costs, as the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities; or

(C) states -

- (aa) that either (x) acting in good faith, the non-Defaulting Party has endeavoured but been unable to sell or purchase Securities in accordance with sub-paragraph (i)(A) above or to obtain quotations in accordance with sub-paragraph (i)(B) above (or both) or (y) the non-Defaulting Party has determined that it would not be commercially reasonable to obtain such quotations, or that it would not be commercially reasonable to use any quotations which it has obtained under sub-paragraph (i)(B) above; and
- (bb) that the non-Defaulting Party has determined the Net Value of the relevant Equivalent Securities or Equivalent Margin Securities (which shall be specified) and that the non-Defaulting Party elects to treat such Net Value as the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities,

then the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities shall be an amount equal to the Default Market Value specified in accordance with (A), (B)(cc) or, as the case may be, (C)(bb) above.

- (ii) If by the Default Valuation Time the non-Defaulting Party has not given a Default Valuation Notice, the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities shall be an amount equal to their Net Value at the Default Valuation Time; provided that, if at the Default Valuation Time the non-Defaulting Party reasonably determines that, owing to circumstances affecting the market in the Equivalent Securities or Equivalent Margin Securities in question, it is not possible for the non-Defaulting Party to determine a Net Value of such Equivalent Securities or Equivalent Margin Securities which is commercially reasonable, the Default Market Value of such Equivalent Securities or Equivalent Margin Securities shall be an amount equal to their Net Value as determined by the non-Defaulting Party as soon as reasonably practicable after the Default Valuation Time.
- (f) The Defaulting Party shall be liable to the non-Defaulting Party for the amount of all reasonable legal and other professional expenses incurred by the non-Defaulting Party in connection with or as a consequence of an Event of Default, together with interest thereon at LIBOR or, in the case of an expense attributable to a particular Transaction, the Pricing Rate for the relevant Transaction if that Pricing Rate is greater than LIBOR.
- (g) If Seller fails to deliver Purchased Securities to Buyer on the applicable Purchase Date Buyer may -
 - (i) if it has paid the Purchase Price to Seller, require Seller immediately to repay the sum so paid;

- (ii) if Buyer has a Transaction Exposure to Seller in respect of the relevant Transaction, require Seller from time to time to pay Cash Margin at least equal to such Transaction Exposure;
 - (iii) at any time while such failure continues, terminate the Transaction by giving written notice to Seller. On such termination the obligations of Seller and Buyer with respect to delivery of Purchased Securities and Equivalent Securities shall terminate and Seller shall pay to Buyer an amount equal to the excess of the Repurchase Price at the date of Termination over the Purchase Price.
- (h) If Buyer fails to deliver Equivalent Securities to Seller on the applicable Repurchase Date Seller may -
- (i) if it has paid the Repurchase Price to Buyer, require Buyer immediately to repay the sum so paid;
 - (ii) if Seller has a Transaction Exposure to Buyer in respect of the relevant Transaction, require Buyer from time to time to pay Cash Margin at least equal to such Transaction Exposure;
 - (iii) at any time while such failure continues, by written notice to Buyer declare that that Transaction (but only that Transaction) shall be terminated immediately in accordance with sub-paragraph (c) above (disregarding for this purpose references in that sub-paragraph to transfer of Cash Margin and delivery of Equivalent Margin Securities and as if references to the Repurchase Date were to the date on which notice was given under this sub-paragraph).
- (i) The provisions of this Agreement constitute a complete statement of the remedies available to each party in respect of any Event of Default.
- (j) Subject to paragraph 10(k), neither party may claim any sum by way of consequential loss or damage in the event of a failure by the other party to perform any of its obligations under this Agreement.
- (k) (i) Subject to sub-paragraph (ii) below, if as a result of a Transaction terminating before its agreed Repurchase Date under paragraphs 10(b), 10(g)(iii) or 10(h)(iii), the non-Defaulting Party, in the case of paragraph 10(b), Buyer, in the case of paragraph 10(g)(iii), or Seller, in the case of paragraph 10(h)(iii), (in each case the "first party") incurs any loss or expense in entering into replacement transactions, the other party shall be required to pay to the first party the amount determined by the first party in good faith to be equal to the loss or expense incurred in connection with such replacement transactions (including all fees, costs and other expenses) less the amount of any profit or gain made by that party in connection with such replacement transactions; provided that if that calculation results in a negative number, an amount equal to that number shall be payable by the first party to the other party.
- (ii) If the first party reasonably decides, instead of entering into such replacement transactions, to replace or unwind any hedging transactions which the first party entered into in connection with the Transaction so terminating, or to enter into any replacement hedging transactions, the other party shall be required to pay to the first party the amount determined by the first party in good faith to be equal to the loss or expense incurred in connection with entering into such replacement or unwinding (including all fees, costs and other expenses) less the amount of any profit or gain made by that party in connection with such replacement or unwinding; provided that if that calculation results in a negative number, an amount equal to that number shall be payable by the first party to the other party.
- (l) Each party shall immediately notify the other if an Event of Default, or an event which, upon the serving of a Default Notice, would be an Event of Default, occurs in relation to it.

11. Tax Event

- (a) This paragraph shall apply if either party notifies the other that -
- (i) any action taken by a taxing authority or brought in a court of competent jurisdiction (regardless of whether such action is taken or brought with respect to a party to this Agreement); or
 - (ii) a change in the fiscal or regulatory regime (including, but not limited to, a change in law or in the general interpretation of law but excluding any change in any rate of tax),
- has or will, in the notifying party's reasonable opinion, have a material adverse effect on that party in the context of a Transaction.
- (b) If so requested by the other party, the notifying party will furnish the other with an opinion of a suitably qualified adviser that an event referred to in sub-paragraph (a)(i) or (ii) above has occurred and affects the notifying party.
- (c) Where this paragraph applies, the party giving the notice referred to in sub-paragraph (a) may, subject to sub-paragraph (d) below, terminate the Transaction with effect from a date specified in the notice, not being earlier (unless so agreed by the other party) than 30 days after the date of the notice, by nominating that date as the Repurchase Date.
- (d) If the party receiving the notice referred to in sub-paragraph (a) so elects, it may override that notice by giving a counter-notice to the other party. If a counter-notice is given, the party which gives the counter-notice will be deemed to have agreed to indemnify the other party against the adverse effect referred to in sub-paragraph (a) so far as relates to the relevant Transaction and the original Repurchase Date will continue to apply.
- (e) Where a Transaction is terminated as described in this paragraph, the party which has given the notice to terminate shall indemnify the other party against any reasonable legal and other professional expenses incurred by the other party by reason of the termination, but the other party may not claim any sum by way of consequential loss or damage in respect of a termination in accordance with this paragraph.
- (f) This paragraph is without prejudice to paragraph 6(b) (obligation to pay additional amounts if withholding or deduction required); but an obligation to pay such additional amounts may, where appropriate, be a circumstance which causes this paragraph to apply.

12. Interest

To the extent permitted by applicable law, if any sum of money payable hereunder or under any Transaction is not paid when due, interest shall accrue on the unpaid sum as a separate debt at the greater of the Pricing Rate for the Transaction to which such sum relates (where such sum is referable to a Transaction) and LIBOR on a 360 day basis or 365 day basis in accordance with the applicable ISMA convention, for the actual number of days during the period from and including the date on which payment was due to, but excluding, the date of payment.

13. Single Agreement

Each party acknowledges that, and has entered into this Agreement and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that all Transactions hereunder constitute a single business and contractual relationship and are made in consideration of each other. Accordingly, each party agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, and (ii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made

in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder.

14. Notices and Other Communications

- (a) Any notice or other communication to be given under this Agreement –
- (i) shall be in the English language, and except where expressly otherwise provided in this Agreement, shall be in writing;
 - (ii) may be given in any manner described in sub-paragraphs (b) and (c) below;
 - (iii) shall be sent to the party to whom it is to be given at the address or number, or in accordance with the electronic messaging details, set out in Annex I hereto.
- (b) Subject to sub-paragraph (c) below, any such notice or other communication shall be effective –
- (i) if in writing and delivered in person or by courier, at the time when it is delivered;
 - (ii) if sent by telex, at the time when the recipient's answerback is received;
 - (iii) if sent by facsimile transmission, at the time when the transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
 - (iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), at the time when that mail is delivered or its delivery is attempted;
 - (v) if sent by electronic messaging system, at the time that electronic message is received;

except that any notice or communication which is received, or delivery of which is attempted, after close of business on the date of receipt or attempted delivery or on a day which is not a day on which commercial banks are open for business in the place where that notice or other communication is to be given shall be treated as given at the opening of business on the next following day which is such a day.

- (c) If -
- (i) there occurs in relation to either party an event which, upon the service of a Default Notice, would be an Event of Default; and
 - (ii) the non-Defaulting Party, having made all practicable efforts to do so, including having attempted to use at least two of the methods specified in sub-paragraph (b)(ii), (iii) or (v), has been unable to serve a Default Notice by one of the methods specified in those sub-paragraphs (or such of those methods as are normally used by the non-Defaulting Party when communicating with the Defaulting Party),

the non-Defaulting Party may sign a written notice (a "Special Default Notice") which -

- (aa) specifies the relevant event referred to in paragraph 10(a) which has occurred in relation to the Defaulting Party;
- (bb) states that the non-Defaulting Party, having made all practicable efforts to do so, including having attempted to use at least two of the methods specified in sub-paragraph (b)(ii), (iii) or (v), has been unable to serve a Default Notice by one of the methods specified in those sub-paragraphs (or such of those methods as are normally used by the non-Defaulting Party when communicating with the Defaulting Party);

- (cc) specifies the date on which, and the time at which, the Special Default Notice is signed by the non-Defaulting Party; and
- (dd) states that the event specified in accordance with sub-paragraph (aa) above shall be treated as an Event of Default with effect from the date and time so specified.

On the signature of a Special Default Notice the relevant event shall be treated with effect from the date and time so specified as an Event of Default in relation to the Defaulting Party, and accordingly references in paragraph 10 to a Default Notice shall be treated as including a Special Default Notice. A Special Default Notice shall be given to the Defaulting Party as soon as practicable after it is signed.

- (d) Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

15. Entire Agreement; Severability

This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for Transactions. Each provision and agreement herein shall be treated as separate from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

16. Non-assignability; Termination

- (a) Subject to sub-paragraph (b) below, neither party may assign, charge or otherwise deal with (including without limitation any dealing with any interest in or the creation of any interest in) its rights or obligations under this Agreement or under any Transaction without the prior written consent of the other party. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.
- (b) Sub-paragraph (a) above shall not preclude a party from assigning, charging or otherwise dealing with all or any part of its interest in any sum payable to it under paragraph 10(c) or (f) above.
- (c) Either party may terminate this Agreement by giving written notice to the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.
- (d) All remedies hereunder shall survive Termination in respect of the relevant Transaction and termination of this Agreement.
- (e) The participation of any additional member State of the European Union in economic and monetary union after 1 January 1999 shall not have the effect of altering any term of the Agreement or any Transaction, nor give a party the right unilaterally to alter or terminate the Agreement or any Transaction.

17. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of England. Buyer and Seller hereby irrevocably submit for all purposes of or in connection with this Agreement and each Transaction to the jurisdiction of the Courts of England.

Party A hereby appoints the person identified in Annex I hereto as its agent to receive on its behalf service of process in such courts. If such agent ceases to be its agent, Party A shall promptly appoint, and notify Party B of the identity of, a new agent in England.

Party B hereby appoints the person identified in Annex I hereto as its agent to receive on its behalf service of process in such courts. If such agent ceases to be its agent, Party B shall promptly appoint, and notify Party A of the identity of, a new agent in England.

Each party shall deliver to the other, within 30 days of the date of this Agreement in the case of the appointment of a person identified in Annex I or of the date of the appointment of the relevant agent in any other case, evidence of the acceptance by the agent appointed by it pursuant to this paragraph of such appointment.

Nothing in this paragraph shall limit the right of any party to take proceedings in the courts of any other country of competent jurisdiction.

18. No Waivers, etc.

No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure herefrom shall be effective unless and until such modification, waiver or consent shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to paragraph 4(a) hereof will not constitute a waiver of any right to do so at a later date.

19. Waiver of Immunity

Each party hereto hereby waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, attachment (both before and after judgment) and execution to which it might otherwise be entitled in any action or proceeding in the Courts of England or of any other country or jurisdiction, relating in any way to this Agreement or any Transaction, and agrees that it will not raise, claim or cause to be pleaded any such immunity at or in respect of any such action or proceeding.

20. Recording

The parties agree that each may electronically record all telephone conversations between them.

21. Third Party Rights

No person shall have any right to enforce any provision of this Agreement under the Contracts (Rights of Third Parties) Act 1999.

**CREDIT SUISSE SECURITIES
(EUROPE) LIMITED**

By _____

Title _____

Date _____

By _____

Title _____

Date _____

MAGNOLIA FINANCE V PLC

By _____

Title _____

Date _____

ANNEX I

Supplemental Terms or Conditions to the TBMA/ISMA GLOBAL MASTER REPURCHASE AGREEMENT between Credit Suisse Securities (Europe) Limited ("Party A") and Magnolia Finance V plc ("Party B")

Unless otherwise stated, paragraph references are to paragraphs in the Agreement. In relation to transactions which are agreed to be subject to the Repurchase Service Agreement (as defined herein), (i) the Agreement and these Annexes to it shall be read in conjunction with and subject to the terms of the Repurchase Service Agreement and (ii) in the case of any inconsistency between the Agreement and the Repurchase Service Agreement in relation to matters covered by the Repurchase Service Agreement, the Repurchase Service Agreement will prevail to the extent of the inconsistency.

1. The following elections shall apply -

- (a) Paragraph 1(c)(i). Buy/Sell Back Transactions may not be effected under this Agreement.
- (b) Paragraph 1(c)(ii). Transactions in Net Paying Securities may be effected under this Agreement, and accordingly the phrase "other than equities and Net Paying Securities" in paragraph 1(a) of the Agreement shall be deleted.
- (c) Paragraph 1(d). Agency Transactions may not be effected under this Agreement, and accordingly the Agency Annex shall not apply.
- (d) Paragraph 2(d). The Base Currency shall be: U.S. Dollars ("**USD**").
- (e) Paragraph 2(p). Designated Offices:

Party A

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ

Party B

Magnolia Finance V plc
5 Harbourmaster Place
IFSC
Dublin 1
Ireland

- (f) Paragraph 2(rr). Spot Rate to be as set forth in paragraph 2(rr) or as otherwise agreed between the parties.
- (g) Paragraph 3(b). Party A to deliver Confirmations.
- (h) Paragraph 6(j). Paragraph 6(j) shall apply and the events specified in paragraph 10(a) identified for the purposes of paragraph 6(j) shall be those set out in subparagraphs (i), (iii) to (viii) and (x) of paragraph 10(a) of the Agreement.
- (i) Paragraph 8(a). Paragraph 8(a) shall be amended so that:
 - (i) the words "Pursuant to the Substitution Provisions, " shall be inserted at the beginning of that paragraph; and
 - (ii) the words "if Seller so requests and Buyer so agrees" in the first line immediately following the words "at any time between the Purchase Date and Repurchase Date" and immediately preceding the words "be varied by the transfer by Buyer to Seller...", shall be deleted.
- (j) Paragraph 10(a). Paragraph 10(a)(ii) shall not apply.

(k) Paragraph 14. For the purposes of paragraph 14 of this Agreement:

(i) Address for notices and other communications for Party A -

Address: Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ

Fax: +44 20 7888 1600
Tel No: +44 20 7888 8888
Email: andrew.k.moore@credit-suisse.com
Email: list.portfolio-management-structuring-external@credit-suisse.com
Attention: Andrew K. Moore, Corporate Bank COO Group

(ii) Address for notices and other communications for Party B -

Address: Magnolia Finance V plc
5 Harbourmaster Place
IFSC
Dublin 1
Ireland

Fax: +353 1 680 6050
Tel No.: +353 1 680 6000
Email: corporate.services@db.com
Attention: The Directors

Copy to: HSBC Bank plc
8 Canada Square
London E14 5HQ
Fax: 020 7260 8932
Tel No.: 020 7991 3732
Attention: The Manager, Operations,
Bond Paying Agency, Corporate Trust and Loan Agency

(l) Paragraph 17. For the purposes of paragraph 17 of this Agreement –

(i) Party A appoints as its agent for service of process: not applicable

(ii) Party B appoints as its agent for service of process:

Law Debenture Corporate Services Limited
Fifth Floor, 100 Wood Street,
London, EC2V 7EX
Fax: 020 7606 0643
Tel No: 020 7606 5451
Email: sop@lawdeb.com

2. The following supplemental terms and conditions shall apply -

(a) (i) Party A confirms that it is a company duly incorporated under the laws of England.

(ii) Party B confirms that it is a company duly incorporated under the laws of Ireland.

(b) Repurchase Service Agreement

- (i) Pursuant to the Custody Agreement, Party B has appointed the Buyer's Representative as its "Representative" for the purposes of the Repurchase Service Agreement, and has authorised the Buyer's Representative to perform the actions and functions of the "Purchaser" under the Repurchase Services Agreement. Accordingly, but subject to the provisions of Paragraph 10 of this Agreement:
- (A) any payments or transfers to be made by Party A to Party B under this Agreement shall be made by Party A to the Buyer's Representative in accordance with the terms of the Repurchase Service Agreement, and such payment or transfer to the Buyer's Representative shall discharge Party A's obligation to make such payment or transfer to Party B under this Agreement; and
- (B) any payments or transfers to be made by Party B to Party A under this Agreement shall be discharged by the payment or transfer of the corresponding amount of cash or Securities by the Buyer's Representative to Party A in accordance with the terms of the Repurchase Service Agreement.
- (ii) Party B undertakes to Party A that it shall not revoke the authority of the Buyer's Representative to act as its "Representative" for the purposes of the Repurchase Services Agreement unless, at the same time, it enters into an equivalent arrangement with a replacement entity which is thereby appointed to act as its "Representative" for the purposes of the Repurchase Services Agreement, *provided that*, before making such appointment, Party B must have first obtained Party A's prior written consent to the appointment of such replacement entity as its "Representative" for the purposes of the Repurchase Services Agreement, such consent shall not be unreasonably withheld by Party A.
- (iii) Party A and Party B agree to take such action as is necessary to enter into any Transactions and to give effect to their obligations in respect of such Transactions, including, without limitation:
- (A) in the case of Party A, sending such instructions as may be required by the Repurchase Service Agreement to enter into such Transaction; and
- (B) in the case of Party B, giving such instructions to the Buyer's Representative as may be required in order to enable the Buyer's Representative to send any instructions as may be required by the Repurchase Service Agreement to enter into such Transaction.

provided that, notwithstanding the foregoing, in the event that the Buyer's Representative fails to satisfy any of Party B's obligations under this Agreement in accordance with the terms of the Repurchase Service Agreement (including, without limitation, any failure to send any instructions as may be required pursuant to the Repurchase Service Agreement) (such unperformed obligations the "**Unperformed Obligations**"), then (1) Party B shall remain liable to Party A to the extent that such Unperformed Obligations have not been so satisfied and (2) notwithstanding any other provision of this Agreement, Party A shall not be obliged to make any payment or transfer which it would otherwise be required to make in respect of any Transaction or perform any other obligation which it would otherwise be required to perform under this Agreement until such time as such Unperformed Obligations have been performed.

(c) Entry into Transactions

- (i) On the Tranche 1 Issue Date, Party A (as Seller) and Party B (as Buyer) shall enter into a Transaction (the "**Initial Repurchase Transaction**") on the terms set out in the Confirmation set out in Annex II to this Agreement, in respect of which:

- (A) the Purchase Date shall be the Tranche 1 Issue Date;
 - (B) the Repurchase Date shall be the Interest Period End Date which follows the Tranche 1 Issue Date;
 - (C) the Purchase Price shall be equal to the Principal Amount on the Tranche 1 Issue Date; and
 - (D) the Pricing Rate shall be 0.15 per cent. per annum.
- (ii) On the Repurchase Date in respect of each Transaction, unless such Repurchase Date is the Scheduled Maturity Date, the Optional Early Termination Date or such Repurchase Date occurs as a result of an Event of Default or a termination of such Transaction pursuant to any of Paragraph 2(i) of this Annex 1, Paragraphs 10(g)(iii), 10(h)(iii) or 11(c) of this Agreement, Party A (as Seller) and Party B (as Buyer) shall automatically, and without the need for either party to take any further action, enter into a new Transaction on the terms of the Confirmation set out either in Annex II to this Agreement (where the relevant Repurchase Date in respect of the immediately preceding Transaction falls prior to the Tranche 2 Issue Date) or in Annex III to this Agreement (where the relevant Repurchase Date in respect of the immediately preceding Transaction falls on or after the Tranche 2 Issue Date), in respect of which, subject as provided in sub-paragraph (iii) below and Annex III of this Agreement:
- (A) the Purchase Date shall be such Repurchase Date in respect of the immediately preceding Transaction;
 - (B) the Repurchase Date shall be the Interest Period End Date which follows such Purchase Date of such new Transaction;
 - (C) the Purchase Price shall be equal to the Principal Amount on that Repurchase Date in respect of the immediately preceding Transaction, after taking into account any increase or reduction to the Principal Amount which occurs on such Repurchase Date in accordance with the Note Conditions as notified by or on behalf of the Buyer on or prior to the date falling three Business Days prior to the Purchase Date;
 - (D) the Pricing Rate shall be the rate determined by the Seller notified by the Seller to the Buyer and the Buyer's Representative on or prior to the date falling three Business Days prior to the Purchase Date, *provided that*, such Pricing Rate shall not be less than the Benchmark Rate in respect of the applicable Purchase Date as adjusted by the Seller to reflect any Increased Costs that would be incurred or suffered by the Seller or any of its affiliates to the extent that such Increased Costs are or would be attributable to the Seller entering into such Transaction or funding or performing its obligations under this Agreement and/or the Repurchase Service Agreement as a result of either:
 - (1) the introduction of any change in, or any change in the interpretation, administration or application of, any law or regulation; or
 - (2) compliance by the Seller or any of its affiliates with any law or regulation made or brought into force after the Tranche 1 Issue Date,
 each as determined by Seller acting in good faith and a commercially reasonable manner, but excluding any Increased Costs arising solely as a result of the Margin Percentage being greater than 100 per cent. If the Seller does adjust the Benchmark Rate as a consequence of any Increased Costs, it shall also provide to the Buyer a notice identifying the relevant law or regulation in relation to which such Increased Costs arise; and

- (E) the provisions of paragraph 3(b) of this Agreement shall be amended and construed accordingly.
- (iii) On the Tranche 2 Issue Date, Party A (as Seller) and Party B (as Buyer) shall terminate the then subsisting Transaction entered into on 5 November 2012 under sub-paragraph (ii) above and enter into a replacement Transaction on the terms set out in the Confirmation set out in Annex III to this Agreement, in respect of which the Buyer shall pay to the Seller an amount equal to USD 215,024,375) and the Seller shall transfer to the Buyer additional Purchased Securities in accordance with the "Autoselect" system and the Repurchase Services Agreement. For the avoidance of doubt, such termination on the Tranche 2 Issue Date of the then subsisting Repurchase Transaction shall not lead to the Maturity Date of the Notes occurring pursuant to Condition 7 (*Redemption, Purchase and Exchange*).
- (d) Margining and adjustment of Transactions
- (i) Paragraphs 4, 5(ii) and 8(d) of this Agreement shall be deleted.
- (ii) If, pursuant to the Margining Provisions, any Eligible Securities are transferred from Seller to Buyer's Representative in respect of a Transactional Margin Deficit in relation to any Transaction, such Eligible Securities shall be added to and form part of the Purchased Securities in respect of that Transaction.
- (iii) If, pursuant to the Margining Provisions, any Purchased Securities are transferred from Buyer's Representative to Seller in respect of a Transactional Margin Excess in relation to any Transaction, such Purchased Securities so transferred shall no longer constitute Purchased Securities in respect of that Transaction.
- (iv) If, in respect of any Transaction, any Purchased Securities are redeemed in full, the Purchased Securities so redeemed will no longer constitute Purchased Securities for the purpose of that Transaction but the proceeds of that redemption shall constitute RSA Cash Margin in accordance with the terms of the Repurchase Service Agreement.
- (v) If, at any time, any Purchased Securities or Cash Margin is substituted pursuant to the Substitution Provisions:
- (A) the Purchased Securities transferred to the Seller will no longer constitute Purchased Securities in respect of that Transaction; and
- (B) the new Eligible Securities transferred by the Seller shall be added to and form part of the Purchased Securities in respect of that Transaction.
- (vi) For the avoidance of doubt, on the Repurchase Date, the Buyer's obligation to deliver Equivalent Securities in respect of a Transaction shall be an obligation to deliver Securities which are equivalent to the Purchased Securities under that Transaction as adjusted in accordance with the provisions of Paragraph 2(d) of this Annex I.
- (vii) If, on any Business Day, Party B receives a Collateral Adjustment Notice (as defined in the Credit Default Swap), Party B shall notify the Seller and the Buyer's Representative (a "**Margin Percentage Adjustment Notice**") that the Margin Percentage shall be adjusted so that it is equal to the percentage so specified in such Collateral Adjustment Notice, *provided that*, the Margin Percentage shall not be less than 100 per cent. and shall not be greater than 110 per cent (and such notice to Buyer's Representative shall constitute an instruction to Buyer's Representative, as contemplated under Section 2(b)(iii)(B) of this Annex I, to send such instructions as may be required to amend Annex I & II of the Repurchase Service Agreement). The Margin Percentage Adjustment Notice shall contain a copy of the form of instructions to be

delivered to Euroclear to give effect to this amendment. Any costs incurred by Party B in connection herewith shall be for the account of Party A.

- (viii) Following receipt by it of a Margin Percentage Adjustment Notice, Seller shall promptly take such action and send such instructions as may be required to amend Annex I and Annex II of the Repurchase Service Agreement so that the Margin Percentage is equal to the Margin Percentage specified in the Margin Percentage Adjustment Notice.
- (e) Paragraph 3(f) shall be deleted in its entirety and replaced with:
- "On the Repurchase Date in respect of a Transaction, Buyer shall:
- (i) transfer to the Seller Equivalent Securities in respect of that Transaction; and
 - (ii) pay to the Seller an amount equal to any RSA Cash Margin in respect of that Transaction,
- against the payment of the Repurchase Price by Seller (less any amount then payable and unpaid by Buyer to Seller pursuant to paragraph 5)."
- (f) Downgrade Event
- (i) If a Downgrade Event occurs, Party A shall use commercially reasonable efforts to either:
 - (A) provide a guarantee of its obligations under this Agreement from an entity which has the Required Ratings; or
 - (B) transfer its rights and obligations under this Agreement to a replacement repo counterparty (a "**Transferee**") which has the Required Ratings or whose obligations are guaranteed by an entity which has the Required Ratings,as soon as reasonably practicable, and in any case on or prior to of the Downgrade Remedy Cut-off Date, *provided that*, any failure by Party A to provide such a guarantee or effect such a transfer shall not give rise to an Event of Default pursuant to Paragraph 10(a)(x) of this Agreement.
 - (ii) Party A shall only be permitted to effect a transfer of its rights and obligations under this Agreement Pursuant to Paragraph 2(g)(i)(B) of this Annex I if:
 - (A) no Event of Default will occur as a result of such transfer;
 - (B) no amount payable by either Party B or the Transferee following such transfer will be subject to any withholding or deduction for tax, unless such amount was already subject to such withholding or deduction for tax prior to such transfer; and
 - (C) the Transferee enters into a replacement agreement on terms substantively the same as the terms of this Agreement, and accedes to the Series Documents in place of Party A.
 - (iii) if Party A wishes to effect a transfer of its rights and obligations under this Agreement pursuant to Paragraph 2(g)(i)(B) of this Annex I, Party B shall, at Party A's cost, take action as is necessary to give effect to such transfer, which may include, without limitation, procuring that the Buyer's Representative (or a replacement therefore) shall enter into a replacement Repurchase Service Agreement with such Transferee.
- (g) Paragraph 6(b) is amended by:
- (i) inserting "(i)" immediately after "(b)" at the beginning of the paragraph;
 - (ii) by deleting the second sentence of that paragraph in respect of payments to be made by Party B only; and
 - (iii) inserting the following new paragraph after the existing paragraph 6(b):

- “(ii) In the case of any payment to a party hereto (“Payee”) by the other party hereto (“Payor”), Payee agrees to deliver to Payor (or, if applicable, to the appropriate tax authority) any certificate or document reasonably requested by Payor that would entitle Payee to an exemption from, or reduction in the rate of, withholding or deduction of tax from money payable by Payor to Payee and, where the Payee is the Buyer, the Buyer shall instruct the Buyer's Representative to deliver such certificate or document required pursuant to this paragraph, provided that in the event that Buyer's Representative fails to act in accordance with Buyer's instructions, Buyer shall remain liable to Seller to the extent that such obligations have not been so satisfied.”
- (h) If, at any time, the sovereign rating of the United States Government is rated below AA- by S&P or Aa3 by Moody's, Party A and Party B shall enter into good faith negotiations to agree amendments to the elections made in the Repurchase Service Agreement which define the Eligible Securities which are acceptable to both parties. If such amendments are agreed, Party B undertakes to communicate the outcome of any such negotiations to the Buyer's Representative for the purpose of enabling the Buyer's Representative to take any action required under the Repurchase Service Agreement to give effect to such amendments. Any costs in connection herewith shall be for the account of Party A.
- (i) If at any time:
- (i) the Notes become repayable in full prior to the Scheduled Maturity Date in accordance with the Note Conditions; or
 - (ii) if any event specified in Note Condition 7(c)(A)(1) occurs or Party A receives a notice that the Notes are to be exchanged for Notes of a New Series pursuant to Note Condition 7(h) of the Notes; or
 - (iii) an Early Termination Date (as defined in the Charged Agreement) is designated or otherwise occurs pursuant to the Charged Agreement.

Buyer may serve a notice (a "**Termination Notice**") on Seller in respect of any Transaction and an Event of Default shall be deemed to have occurred on the date on which such Termination Notice was delivered by the Buyer to Seller and Paragraph 10(b) shall apply.

For the purpose of determining the relevant payments to be made upon termination:

- (1) if either:
 - (A) the Notes became repayable in full prior the Scheduled Maturity Date in accordance with the Note Conditions; or
 - (B) an Early Termination Date is designated or otherwise occurs pursuant to the Charged Agreement,

in either case because of any Event of Default (as defined in the Charged Agreement) in respect of the Counterparty, the Seller shall be deemed to be the Defaulting Party for the purposes of calculating such payments upon termination; and
 - (2) if sub-paragraph (1) does not apply, the Buyer shall be deemed to be the Defaulting Party for the purposes of calculating such payments upon termination.
- (j) Termination of Agreement
- (i) If Seller serves a Default Notice on Buyer pursuant to Paragraph 10(a) of this Agreement, Seller shall also deliver a copy of such Default Notice to the Custodian and to Euroclear Bank pursuant to the Repurchase Service Agreement.

- (ii) If the Repurchase Service Agreement is terminated pursuant to Clause 10 of the RSA Terms and Conditions or Euroclear Bank ceases to enter any instructions pursuant to Clause 9 of the RSA Terms and Conditions, in either case as a result of a failure by the Buyer's Representative to comply with its obligations under the Repurchase Service Agreement, and such failure also constitutes an event which would, with the delivery of a Default Notice, be an Event of Default under this Agreement, the Seller shall serve a Default Notice on Buyer pursuant to Paragraph 10(a) of this Agreement.
- (iii) If Buyer serves a Default Notice on Seller pursuant to Paragraph 10(a) of this Agreement, or serves a Termination Notice on Seller pursuant to Paragraph 2(i) of this Annex I, Buyer shall also procure that the Buyer's Representative shall deliver a copy of such Default Notice or Termination Notice to Euroclear Bank pursuant to the Repurchase Service Agreement.
- (iv) Notwithstanding any other provision of this Agreement, no amount shall be payable by the Defaulting Party pursuant to Paragraph 10(k) if either:
 - (A) the Seller is an affiliate of the Counterparty, and the Default Notice or Termination Notice (as applicable) was delivered following any Event of Default (as defined in the Charged Agreement) in respect of Counterparty; or
 - (B) a Repurchase Date is deemed to occur on an Interest Period End Date pursuant to Paragraph 10(b) of this Agreement and such Repurchase Date occurs on an Interest Payment End Date.
- (k) Paragraph 10(a)(vi) is deleted and replaced with the following:
 - "(v) an Act of Insolvency occurs with respect to Seller or Buyer and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or"
- (l) Notwithstanding Paragraph 16(a) of this Agreement, Party A hereby agrees and consents to the assignment by way of security by Party B of its rights under this Agreement pursuant to the Constituting Instrument.
- (m) Paragraph 10(k)(ii) is amended by inserting the words "break funding costs," after the words "including all".
- (n) Paragraph 9 is amended by inserting the following representation by Party A as sub-paragraph (i):

"Party A represents that:

 - (i) it is a person which, by virtue of the law of the United Kingdom, is resident for the purposes of tax in the United Kingdom;
 - (ii) all payments received by it under the this Agreement will be subject to a tax in the United Kingdom which generally applies to income or gains received by persons in the United Kingdom from sources outside the United Kingdom; and
 - (iii) in calculating its profits for United Kingdom tax purposes, it is not entitled to any notional or deemed deduction in its taxable income, any participation exemption or any other exemption the amount of which falls to be calculated by reference to the amounts received by it from Party B under this Agreement. For the avoidance of doubt, notional or deemed deductions do not include deductions calculated by reference to amounts actually paid or to tax actually paid."
- (o) Definitions

- (i) Sub-paragraph 2(a)(ii) is amended by inserting the word "generally" immediately after the word "unable".
- (ii) Paragraph 2(cc) shall be deleted and replaced with the following:

"Market Value" means, for all purposes other than the calculation of Default Market Value, at any time, the Market Value determined pursuant to Part 4 of the RSA Operating Procedures.
- (iii) Paragraph 2(e)(iii) shall be deleted and replaced with the following:

"means a day (excluding Saturdays and Sundays) on which banks are open for general banking business in London and which would also constitute a "Business Day" as defined in the Repurchase Service Agreement;"
- (iv) Paragraph 2(rr) shall be deleted and replace with the following:

"Spot Rate", where any amount in one currency is to be converted into a second currency on any date, unless the parties otherwise agree, the spot rate of exchange as determined by the Seller acting in good faith and in a commercially reasonable manner;"
- (v) **"Benchmark Rate"** means, in respect of any date, the yield prevailing for a 3-month US T-bill on the third Business Day preceding such date, calculated by reference to the offer side of the US T-bill security as determined by the Seller acting in a commercially reasonable manner.
- (vi) **"Buyer's Representative"** means HSBC Bank plc, pursuant to the Custody Agreement.
- (vii) **"CDS Confirmation"** means the Credit Default Swap Confirmation entered into between Credit Suisse AG, acting through its Cayman Islands Branch and Party B on 14 December 2012 in connection with the Series 2012-1 USD 215,000,000 Credit-Linked Notes due 2020.
- (viii) **"Charged Agreement"** means the International Swaps and Derivatives Association, Inc. 2002 Master Agreement (the **"ISDA Master Agreement"**) and the schedule thereto which the Issuer and Credit Suisse AG, acting through its Cayman Islands Branch (the **"Counterparty"**), have entered into by executing the Constituting Instrument, as supplemented by the CDS Confirmation on 14 December 2012 in connection with the Series 2012-1 USD 215,000,000 Credit-Linked Notes due 2020.
- (ix) **"Constituting Instrument"** means the Constituting Instrument dated 4 May 2012, as amended and restated from time to time, between Party B, Credit Suisse International, Credit Suisse AG, HSBC Corporate Trustee Company (UK) Limited, HSBC Bank plc and Party A in relation to the USD 215,000,000 Credit-Linked Notes due 2020 issued on 4 May 2012, in respect of the Tranche 1 Notes and 14 December 2012, in respect of the Tranche 2 Notes.
- (x) **"Custody Agreement"** means the agreement created by the Constituting Instrument comprising the Master Custody Terms as supplemented and/or amended by the Constituting Instrument.
- (xi) **"Downgrade Event"** means that neither Party A nor any guarantor of Party A's obligations under this Agreement has the Required Ratings.
- (xii) **"Downgrade Remedy Cut-off Date"** means, in respect of any Downgrade Event, the Repurchase Date immediately following the day falling 30 Business Days following the date on which that Downgrade Event occurs.

- (xiii) "**Eligible Securities**" has the meaning given to it in the Repurchase Service Agreement.
- (xiv) "**Euroclear Bank**" means Euroclear Bank SA/NV.
- (xv) "**Increased Costs**" means:
 - (A) any material reduction in the effective rate of return in connection with Seller's entry into any Transaction;
 - (B) any material reduction in the Seller's overall capital position or that of any of the Seller's affiliates; or
 - (C) any additional material or materially increased cost imposed on the Seller or any of its affiliates.
- (xvi) "**Interest Period End Date**" has the meaning given to it in the Note Conditions.
- (xvii) "**Margin Percentage**" has the meaning given to it in the Repurchase Service Agreement.
- (xviii) "**Margining Provisions**" means the "Margin Adjustment" provisions set out in Part 3B of the RSA Operating Procedures. The following terms also have the definitions given to them in the Margining Provisions: "Transactional Margin Deficit" and "Transactional Margin Excess".
- (xix) "**Moody's**" means Moody's Investors Service Ltd. (and any successors or relevant affiliates thereto).
- (xx) "**Mortgaged Property**" has the meaning given to it in the Note Conditions.
- (xxi) "**Note Conditions**" means the Terms and Conditions of the Series 2012-1 Credit-Linked Notes constituted pursuant to the Constituting Instrument, as amended from time to time in accordance therewith.
- (xxii) "**Notes**" has the meaning given to it in the Note Conditions.
- (xxiii) "**Optional Early Termination Date**" has the meaning given to it in the CDS Confirmation.
- (xxiv) "**Repurchase Service Agreement**" means the Repurchase Service Agreement dated on or about 4 May 2012 between Party A, the Buyer's Representative and Euroclear Bank as amended from time to time between Party A, the Buyer's Representative and Euroclear Bank.
- (xxv) "**Required Ratings**" means, in respect of an entity, that it has either a long-term unsecured and unsubordinated rating of at least BBB- (stable outlook) from Standard & Poor's or a long-term unsecured and unsubordinated rating of at least Baa3 (stable outlook) from Moody's, provided that in the event that such entity is rated by more than one rating agency, the lowest rating shall be used for the purposes of determining the Required Ratings.
- (xxvi) "**RSA Cash Margin**" means any "Cash Margin" as defined in the Repurchase Service Agreement from time to time. The amount of RSA Cash Margin in respect of any Transaction at any time shall be the amount determined in accordance with the Repurchase Service Agreement (after taking into account the effect of any payments or transfers which occur pursuant to the Margining Provisions and/or the Substitution Provisions).

(xxvii) "**RSA Operating Procedures**" means the RSA Operating Procedures which form part of the Repurchase Service Agreement.

(xxviii) "**RSA Terms and Conditions**" means the RSA Terms and Conditions which form part of the Repurchase Service Agreement.

(xxix) "**S&P**" means Standard & Poor's Rating Services, a Division of the McGraw-Hill Companies, Inc. (and any successors or relevant affiliates thereto).

(xxx) "**Scheduled Maturity Date**" means the Scheduled Termination Date as defined in the CDS Confirmation.

(xxxi) "**Substitution Provisions**" means the "Substitution for Purchased Securities" provisions set out in Part 3B of the RSA Operating Procedures.

(xxxii) "**Tranche 1 Issue Date**" has the meaning given to in the Note Conditions.

(xxxiii) "**Tranche 2 Issue Date**" has the meaning given to in the Note Conditions.

(p) Limited Recourse

Party A hereby acknowledges that it shall have recourse in respect of any claim under the this Agreement (whether arising under this Agreement, the general law, or otherwise) only to the Mortgaged Property (or part thereof if so provided in the Constituting Instrument relating to the Notes) relating to the Notes of the relevant Series and that, the security constituted in its favour by or pursuant to the Constituting Instrument relating to the Notes having been enforced, any claim under this Agreement which it has against Party B and which is not met out of the proceeds of enforcement of such security shall be extinguished and (save for lodging a claim in the liquidation of Party B initiated by another person or taking proceedings to obtain a declaration or judgment as to the obligations of Party B) Party A will not take any further action against Party B in respect thereof and will not have any claim in respect of this Agreement against any other assets of Party B. It is a fundamental term of any debt comprising amounts owing to Party A by Party B under this Agreement that Party A shall not be entitled to exercise any right of set-off, lien, consolidation of accounts or other similar right arising by operation of law or otherwise against Party B other than in its capacity as Party A, and then solely in respect of rights arising, under this Agreement and not in respect of any other agreement and shall not institute, or join with any other person in bringing, instituting or joining, insolvency or examinership proceedings (whether court based or otherwise) in relation to Party B in relation to such debt (save as aforesaid).

(q) Governing Law.

The first sentence of Paragraph 17 shall be deleted in its entirety and replaced with the following.

"This Agreement and any non-contractual obligations arising out of or in relation to this Agreement will be governed by and construed in accordance with English law. In connection with all disputes arising out of or relating to this Agreement or any non-contractual obligations arising out of or relating to this Agreement, Buyer and Seller hereby irrevocably submit to the jurisdiction of the English Courts."

(r) Counterparts

This Agreement may be executed in any number of counterparts, and by different parties hereto on separate counterparts each of which when executed and delivered, by facsimile or otherwise, shall be

deemed to be an original and all of which taken together shall constitute one and the same instrument.

ANNEX II
Form of Confirmation

To: HSBC Bank plc as agent for Magnolia Finance V plc ("**Party B**")

From: Credit Suisse Securities (Europe) Limited ("**Party A**")

Date: *[insert date]*

Subject: Repurchase Transactions
Series 2012-1 USD 150,000,000 Credit Linked Notes due 2020

Reference Number: *[insert]*

Dear Sirs,

The purpose of this letter (a "**Confirmation**" for the purposes of the Agreement) is to set forth the terms and conditions of the above referenced repurchase transactions entered into between us on the Contract Date referred to below, (each a "**Transaction**" for the purpose of the Agreement). The first such repurchase transaction shall be referred to herein as the "**Initial Repurchase Transaction**". By executing this Confirmation the parties are deemed to have entered into the Initial Repurchase Transaction and thereafter, into a series of new repurchase transactions (each new repurchase transaction a "**Subsequent Repurchase Transaction**") in accordance with Paragraph 2(c)(ii) of the Agreement on terms as described below.

This Confirmation supplements and forms part of, and is subject to, the Global Master Repurchase Agreement as entered into between us as of 4 May 2012 as the same may be amended from time to time (the "**Agreement**") in connection with the Series 2012-1 USD 150,000,000 Credit Linked Notes due 2020 issued by Magnolia Finance V plc on 4 May 2012. All provisions contained in the Agreement govern this Confirmation except as expressly modified below. Words and phrases defined in the Agreement and used in this Confirmation shall have the same meaning herein as in the Agreement.

Each Transaction evidenced by this Confirmation shall be an "AutoSelect Transaction" (as defined in the Repurchase Service Agreement) and all payments and deliveries in respect of such Transactions shall be subject to and effected pursuant to the terms of the Repurchase Service Agreement.

1. Contract Date: *[insert]*
2. Purchased Securities: As determined pursuant to the "Initiation of Transactions" provisions set out in Part 3B of the RSA Operating Procedures, as may be modified from time to time in accordance with Paragraph 2(c) of Annex I and the Repurchase Service Agreement.
3. Buyer: Party B
4. Seller: Party A
5. Purchase Date: In respect of the Initial Repurchase Transaction, 4 May 2012 and in respect of each Subsequent Repurchase Transaction, the Repurchase Date for the immediately preceding Transaction.
6. Purchase Price: In respect of the Initial Repurchase Transaction, USD 150,000,000 and in respect of each Subsequent Repurchase Transaction, the Principal Amount on the Repurchase Date of the immediately preceding Transaction, after taking into account any increase or reduction to the

Principal Amount which occurs on such Repurchase Date in accordance with the Note Conditions as notified by or on behalf of the Buyer on or prior to the date falling 3 Business Days prior to the Purchase Date;

7. Contractual Currency: USD
8. Repurchase Date: Subject to the provisions of the Agreement, in respect of the Initial Repurchase Transaction, 3 August 2012 and in respect of each Subsequent Repurchase Transaction, the Interest Period End Date which follows the Purchase Date.
9. Terminable on demand: Not applicable.
10. Pricing Rate: In respect of the Initial Repurchase Transaction 0.15 per cent. per annum and in respect of each Subsequent Transaction, the rate determined by the Seller in accordance with Paragraph 2(c)(ii)(D) of the Agreement and notified by the Seller to the Buyer and the Buyer's Representative on or prior to the date falling 3 Business Days prior to the Purchase Date.

Please confirm your agreement to the terms of this Transaction by countersigning a copy of this Confirmation and returning it to us at the address for notices specified for the purposes of Paragraph 14 in the Agreement.

Yours faithfully,

Credit Suisse Securities (Europe) Limited

Agreed and confirmed by:

HSBC Bank plc as agent for Magnolia Finance V plc

Date:

Schedule to Form of Confirmation

**EUROCLEAR INSTRUCTIONS
TRIPARTY REPURCHASE ADMINISTRATION SERVICES**

- A Notification type: **INITIATION**
- C Mode: Autoselect / Manual (only to be completed by Seller): **Autoselect**
- E Account number and Eligibility Set: **40511 (Eligibility Set 00)**
- F Account number and name of counterparty: **93827**
- G Currency – Purchase Price: **[To be confirmed by the Repo Counterparty]**
- H Purchase date: **[To be confirmed by the Repo Counterparty]**
- I Pricing rate: **[To be confirmed by the Repo Counterparty]**
- J Year basis: **[Act/360]**
- K Repurchase Price: **[To be confirmed by the Repo Counterparty]**
- L Repurchase Date: **[To be confirmed by the Repo Counterparty]**

By

Name :
Title :
Date :

ANNEX III
Form of Confirmation

To: HSBC Bank plc as agent for Magnolia Finance V plc ("**Party B**")

From: Credit Suisse Securities (Europe) Limited ("**Party A**")

Date: *[insert date]*

Subject: Repurchase Transactions
Series 2012-1 USD 215,000,000 Credit Linked Notes due 2020

Reference Number: *[insert]*

Dear Sirs,

The purpose of this letter (a "**Confirmation**" for the purposes of the Agreement) is: (i) to terminate the repurchase transaction entered into between us on 5 November 2012 with Reference Number [•], (ii) to set forth the terms and conditions of the above referenced repurchase transaction entered into between us on the Contract Date referred to below, and (iii) to set forth the terms and conditions of each repurchase transaction arising automatically following the date hereof in accordance with the terms of the Agreement (each a "**Transaction**" for the purpose of the Agreement). The initial repurchase transaction shall be referred to herein as the "**Replacement Repurchase Transaction**". For the avoidance of doubt, the termination on 14 December 2012 of the then subsisting Repurchase Transaction shall not lead to the Maturity Date of the Notes occurring pursuant to Condition 7 (*Redemption, Purchase and Exchange*). By executing this Confirmation the parties are deemed to have entered into the Replacement Repurchase Transaction and thereafter, into a series of new repurchase transactions (each new repurchase transaction a "**Subsequent Repurchase Transaction**") in accordance with Paragraph 2(c)(ii) of Annex I to the Agreement on terms as described below.

This Confirmation supplements and forms part of, and is subject to, the Global Master Repurchase Agreement as entered into between us as of 4 May 2012 as the same may be amended from time to time (the "**Agreement**") in connection with the Series 2012-1 USD 215,000,000 Credit Linked Notes due 2020 issued by Magnolia Finance V plc on 4 May 2012, in relation to the Tranche 1 Notes and on 14 December 2012, in relation to the Tranche 2 Notes. All provisions contained in the Agreement govern this Confirmation except as expressly modified below. Words and phrases defined in the Agreement and used in this Confirmation shall have the same meaning herein as in the Agreement.

Each Transaction evidenced by this Confirmation shall be an "AutoSelect Transaction" (as defined in the Repurchase Service Agreement) and all payments and deliveries in respect of such Transactions shall be subject to and effected pursuant to the terms of the Repurchase Service Agreement.

1. Contract Date: *[insert]*
2. Purchased Securities: In respect of the initial Transaction, as set out in paragraph 2(c)(ii) of Annex I and thereafter, as determined pursuant to the "Initiation of Transactions" provisions set out in Part 3B of the RSA Operating Procedures, as may be modified from time to time in accordance with Paragraph 2(c) of Annex I and the Repurchase Service Agreement.
3. Buyer: Party B
4. Seller: Party A

5. Purchase Date: In respect of the Replacement Repurchase Transaction, 14 December 2012 and in respect of each Subsequent Repurchase Transaction, the Repurchase Date for the immediately preceding Transaction.
6. Purchase Price: In respect of the Replacement Repurchase Transaction, USD 215,024,375 and in respect of each Subsequent Repurchase Transaction, the Principal Amount on the Repurchase Date of the immediately preceding Transaction, after taking into account any increase or reduction to the Principal Amount which occurs on such Repurchase Date in accordance with the Note Conditions as notified by or on behalf of the Buyer on or prior to the date falling 3 Business Days prior to the Purchase Date;
7. Contractual Currency: USD
8. Repurchase Date: Subject to the provisions of the Agreement, in respect of the Replacement Repurchase Transaction, 3 February 2013 (subject to adjustment in accordance with the Following Business Day Convention) and in respect of each Subsequent Repurchase Transaction, the Interest Period End Date which follows the Purchase Date.
9. Terminable on demand: Not applicable.
10. Pricing Rate: In respect of the Replacement Repurchase Transaction 0.15 per cent. per annum and in respect of each Subsequent Repurchase Transaction, the rate determined by the Seller in accordance with Paragraph 2(c)(iii)(D) of the Agreement and notified by the Seller to the Buyer and the Buyer's Representative on or prior to the date falling 3 Business Days prior to the Purchase Date.

Please confirm your agreement to the terms of this Transaction by countersigning a copy of this Confirmation and returning it to us at the address for notices specified for the purposes of Paragraph 14 in the Agreement.

Yours faithfully,

Credit Suisse Securities (Europe) Limited

Agreed and confirmed by:

HSBC Bank plc as agent for Magnolia Finance V plc

Date:

Schedule to Form of Confirmation

**EUROCLEAR INSTRUCTIONS
TRIPARTY REPURCHASE ADMINISTRATION SERVICES**

- A Notification type: **INITIATION**
- C Mode: Autoselect / Manual (only to be completed by Seller): **Autoselect**
- E Account number and Eligibility Set: **40511 (Eligibility Set 00)**
- F Account number and name of counterparty: **93827**
- G Currency – Purchase Price: **[To be confirmed by the Repo Counterparty]**
- H Purchase date: **[To be confirmed by the Repo Counterparty]**
- I Pricing rate: **[To be confirmed by the Repo Counterparty]**
- J Year basis: **[Act/360]**
- K Repurchase Price: **[To be confirmed by the Repo Counterparty]**
- L Repurchase Date: **[To be confirmed by the Repo Counterparty]**

By

Name :
Title :
Date :

USE OF PROCEEDS

The net proceeds from the issue of the Tranche 2 Notes will be applied by the Issuer to enter into a series of Repurchase Transactions pursuant to the Repurchase Agreement and are expected to be used to fund certain obligations of the Issuer in connection with the Tranche 2 Notes and the Charged Agreement.

DESCRIPTION AND FORM OF CHARGED AGREEMENT

The following description of the Charged Agreement is qualified in its entirety by reference to the detailed provisions of such agreement entered into by the Issuer and Credit Suisse AG on the Tranche 1 Issue Date as amended and restated on the Tranche 2 Issue Date (and which contemplates the termination of the credit derivative transaction entered pursuant to the Confirmation dated 4 May 2012 and the entering into a new credit derivative transaction pursuant to the Confirmation dated as of the Tranche 2 Issue Date and such termination on the Tranche 2 Issue Date of the Original CDS, as documented by the CDS, shall not, for the avoidance of doubt, lead to the Maturity Date of the Notes occurring).

The following is a summary and does not purport to be complete. Prospective purchasers of the Notes must refer to such agreement for detailed information regarding its terms. Prospective purchasers of the Notes should note that payments of principal and interest to the Noteholders are entirely contingent on the full and timely performance of the obligations of Credit Suisse AG under the Charged Agreement.

The Issuer and Credit Suisse AG have, by executing the Original Constituting Instrument, entered into, in relation to the Tranche 1 Notes, a 2002 ISDA Master Agreement and Schedule thereto in the form of the Master Charged Agreement Terms (August 2005 Edition) (Ref MCATAug2005v2), amended as provided in the Original Constituting Instrument and as further amended on the Tranche 2 Issue Date by the execution by such parties of the Amended and Restated Constituting Instrument, which will be supplemented by the CDS.

Early Termination

The occurrence of any of the following events will allow one or both of the parties, as provided in the Charged Agreement, to terminate the CDS prior to the Termination Date by giving notice to the other party:

- (a) with respect to both the Issuer and the Counterparty, Events of Default (as defined in the Charged Agreement) commonly found in standard ISDA documentation which include, without limitation, payment defaults and certain bankruptcy-related events (as amended in relation to the Issuer to account for the Issuer's special purpose vehicle status);
- (b) further, with respect to the Issuer only, Additional Termination Events (as defined in the Charged Agreement) which include any event resulting in the Notes becoming due and payable in accordance with their terms and, the occurrence of an Event of Default in respect of the Repo Counterparty to the extent that the Repo Counterparty is not the Counterparty or an affiliate thereof, certain tax related events under the Notes and the Charged Assets, and increased tax costs with respect to the Issuer's payment obligations under the CDS; and
- (c) with respect to both the Issuer and the Counterparty, Termination Events (as defined in the Charged Agreement) commonly found in standard ISDA documentation which includes illegality and certain tax related events which may apply to either party (unless the Issuer, having obtained the consent of the Trustee in accordance with the terms of the Trust Deed, and the Counterparty take such action as would prevent such circumstances continuing to apply).

For the avoidance of doubt, the above events are in addition to the right of the Counterparty to terminate the CDS prior to its Scheduled Termination Date in accordance with the Optional Early Termination provisions set out in the CDS.

Consequences of Early Termination

Upon any such early termination of the CDS under the Charged Agreement (excluding, for the avoidance of doubt, any termination in accordance with the Optional Early Termination provisions of the CDS), the

Issuer or the Counterparty may be liable to make a termination payment to the other (regardless, if applicable, of which of such party may have caused such Event of Default or Additional Termination Event under the Charged Agreement) in accordance with the close-out mechanism set out in the Charged Agreement.

Upon early termination of the CDS under the Charged Agreement, there is no assurance that the termination payment payable by Credit Suisse AG, Cayman Islands Branch to the Issuer (if any) together with the proceeds of realisation of the Mortgaged Property (including the Charged Assets) will be sufficient to repay the amount due to be paid in respect of the Notes and any other amounts thereof that are due (after satisfaction of claims of other parties including Credit Suisse AG). The claims of the Noteholders and Credit Suisse AG (together with the Trustee) shall rank in accordance with the priority of payments set out in Condition 4 of the Notes.

For the avoidance of doubt, the termination on the Tranche 2 Issue Date of the Original CDS, as documented by the CDS, shall not lead to the Maturity Date of the Notes occurring.

Taxation

Under the Charged Agreement, neither the Issuer nor the Counterparty is obliged to gross up any payments to be made under the Charged Agreement if withholding taxes are imposed. The Counterparty may, however, elect to gross up certain payments due by it under the Charged Agreement if withholding taxes are imposed or certain other impositions arise (as provided for in the Charged Agreement).

General

The Issuer shall not, save for the assignment by way of security in favour of the Trustee under the Constituting Instrument and other circumstances as set out in the Charged Agreement, transfer any of its interest and obligations in and under the Charged Agreement.

Governing Law

The Charged Agreement will be governed by and construed in accordance with the laws of England.

**DESCRIPTIVE FEATURES OF THE INITIAL REFERENCE PORTFOLIO AND NON-BINDING
SUMMARY OF SELECTION PROCESS**

The following description is a summary and does not purport to be complete. Prospective investors should note that the following description has been prepared by the Counterparty in good faith, has not been verified by any party, including the Verification Agent, and that the features described therein may change following the Tranche 2 Issue Date. Credit Suisse AG accepts responsibility for the following description. Neither the Trustee nor any other person has verified, or accepts any liability whatsoever for the accuracy of, such information.

PART A: DESCRIPTIVE FEATURES OF THE INITIAL REFERENCE PORTFOLIO AS OF THE TRANCHE 2 ISSUE DATE

(A) Summary

Notional	2,687,500,000
Number of Reference obligation	312
Primary Borrowers	281
Reference Entity Groups	262
Average Tenor	3.57
Average WARF	1,109
WA LGD	36.9%

(B) Country Breakdown

Country of Domicile	% of RONA
UNITED STATES	68.87%
UNITED KINGDOM	8.67%
CANADA	5.21%
FRANCE	2.81%
GERMANY	2.81%
NETHERLANDS	2.25%
SPAIN	1.99%
BERMUDA	1.66%
LUXEMBOURG	1.40%
IRELAND	1.15%
AUSTRIA	0.74%
ISRAEL	0.71%
SWITZERLAND	0.69%
ITALY	0.54%
SAUDI ARABIA	0.30%
AUSTRALIA	0.20%
Total	100.00%

(C) Portfolio Granularity

Reference Entity Group Reference Obligation Notional Amount (USD)	% of RONA	Number of Reference Obligations
20,000,000 to 25,000,000	3.96%	5
15,000,000 to 20,000,000	30.29%	46
10,000,000 to 15,000,000	18.25%	39
5,000,000 to 10,000,000	35.67%	130
Less than 5,000,000	11.83%	92
Total	100.00%	312

(D) Rating Breakdown

Rating	% of RONA	of which negative outlook
AAA	0.00	0%
AA+	0.00	0%
AA	0.00	0%
AA-	0.00	0%
A+	0.00	0%
A	1.99	0.63%
A-	8.99	1.79%
BBB+	13.60	0.95%
BBB	16.43	2.47%
BBB-	13.47	0%
BB+	8.20	0%
BB	7.72	0%
BB-	6.60	0%
B+	9.77	0%
B	8.24	0%
B-	4.99	0%
Total	100.00%	5.84%

(E) Rating vs Tenor Group

Rating	Tenor (% of RONA)									Total
	1 year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	5 - 6 years	6 - 7 years	7 - 8 years	9 - 10 years	
A	0%	0%	0.11%	0.80%	1.08%	0%	0%	0%	0%	1.99%
A-	0%	1.51%	0.67%	2.59%	3.74%	0.48%	0%	0%	0%	8.99%
BBB+	1.21%	0%	3.00%	4.71%	4.99%	0%	0%	0%	0%	13.90%
BBB	0.07%	1.53%	3.57%	6.12%	4.15%	0.69%	0%	0%	0%	16.13%
BBB-	0.32%	1.08%	3.50%	4.17%	3.72%	0%	0%	0%	0.69	13.47%
BB+	0%	0%	3.20%	1.80%	3.20%	0%	0%	0%	0%	8.20%
BB	0.26%	0.74%	1.04%	2.44%	3.24%	0%	0%	0%	0%	7.72%
BB-	0%	1.15%	2.01%	1.92%	1.53%	0%	0%	0%	0%	6.60%
B+	0%	0.17%	1.49%	4.41%	3.01%	0.69%	0%	0%	0%	9.77%
B	0%	0.60%	0.45%	2.66%	4.24%	0%	0%	0.30%	0%	8.24%
B-	0%	0.33%	1.47%	1.04%	2.03%	0.11%	0%	0%	0%	4.99%
Total	1.86%	7.11%	20.50%	32.65%	34.92%	1.97%	0%	0.30%	0.69%	100.00%

(F) LGD Breakdown

LGD Range	% of RONA	Number of Reference Obligations
0 to 10%	3.55%	9
10% to 20%	1.06%	4
20% to 30%	23.50%	75
30% to 40%	40.91%	136
40% to 50%	17.49%	49
50% to 60%	13.49%	39
Over 60%	0.00%	0
Total	100.00%	312

(G) Country vs Industry Concentration

% of RONA Borrower Industry	North America			Europe		Australia / New Zealand	Other			Total
	United States	Canada	United Kingdom	Switzerland	Other Europe		Bermuda	Israel	Saudi Arabia	
Auto & Auto Parts	1.34%	0.37%	0.39%		1.08%					3.18%
Banks, Brokers & Finance	4.65%		0.58%		0.76%					5.99%
Cable & Telecommunications	4.97%	0.30%	1.02%		1.64%					7.93%
Chemicals	2.66%				1.40%					4.06%
Commodities (ex-oil), Metals & Mining	1.36%	0.69%	0.80%		0.69%					3.53%
Consumer Products	6.96%		1.21%		0.28%					8.45%
Diversified Media & Leisure	3.81%	0.22%	0.26%		1.02%					5.32%
Gaming & Lodging	2.73%		0.30%		0.47%					3.50%
Healthcare										
Distributors / PBMs	1.56%									1.56%
Hospitals & Healthcare	2.47%									2.47%
Managed Care	0.99%									0.99%
Medical Device and Supply	0.60%									0.60%
Pharmaceuticals & Biotechnology	1.60%			0.09%				0.71%		2.40%
Homebuilders & Construction	1.97%	0.09%	0.11%		0.95%		0.28%		0.30%	3.70%
Industrials	1.73%	0.63%	0.78%		1.06%		0.69%			4.89%
Insurance	1.23%		0.93%							2.16%
Oil, Gas & Midstream										
Exploration & Production	0.71%	1.30%	0.30%				0.69%			3.00%
Integrated	0.84%	0.15%								0.99%
Midstream	3.55%				0.19%					3.74%
Oilfield Services	2.72%	0.76%		0.60%		0.20%				4.28%
Paper & Packaging	0.41%									0.41%
Retail	3.76%		0.13%		1.25%					5.13%
Services & Miscellaneous	3.96%		0.60%		0.11%					4.67%
Technology	3.68%				0.24%					3.93%
Transportation & Airlines	0.41%									0.41%
Utilities										
Integrated Utilities	1.06%				1.84%					2.90%
Regulated Utilities	5.93%		1.27%							7.20%
Unregulated Utilities	1.21%	0.69%								1.90%
TOTAL	68.87%	5.21%	8.67%	0.69%	13.69%	0.20%	1.66%	0.71%	0.30%	100.00%

PART B: COUNTERPARTY'S INDICATIVE PROCESS TO SELECT THE INITIAL REFERENCE PORTFOLIO AND ADJUSTMENTS

On or prior to the Tranche 2 Issue Date, the Counterparty has selected the composition of the Initial Reference Portfolio and will select any existing or potential Reference Obligations to be the subject of an Adjustment in its sole and absolute discretion and acting in its sole commercial interests, subject to the obligations set out under the CDS, including with respect to the Conditions to Addition.

Subject to the foregoing, a high-level process:

- (a) as to how the components of the Initial Reference Portfolio have been selected by the Counterparty is set out under "Initial Reference Portfolio" below; and
- (b) as to how Additions and Reductions may be selected by the Counterparty is set out under "Additions and Reductions to the Reference Portfolio" below.

For the avoidance of doubt, the Counterparty may change such process with respect to Additions and Reductions from time to time at the Counterparty's sole and absolute discretion and with no requirement to inform the Issuer or any other party.

The Counterparty and Issuer acknowledge and agree that this description does not create or impose any obligations or requirements on either the Counterparty or the Issuer with respect to Additions or Reductions (including as at the Tranche 2 Issue Date with respect to the Initial Reference Portfolio) beyond those set out within the express terms of the CDS.

Initial Reference Portfolio

For the purpose of selecting the Initial Reference Portfolio, on or prior to the Tranche 2 Issue Date:

- (a) Obligations which meet the requirements of paragraph 9.3 of the CDS were selected (for the purposes of paragraph 9.3(c) of the CDS, assuming that the Primary Borrower is not rated below B-).
- (b) Of the obligations selected under (a) above, obligations were excluded by the Counterparty on the basis of such other factors as the Counterparty deemed appropriate, including, without limitation:
 - (i) whether or not the relevant obligation was expected to be prepaid, repaid, cancelled, discharged, or otherwise amortised in whole or in part shortly thereafter or to be refinanced, sold, assigned or participated; and/or
 - (ii) whether or not such obligations did not meet (or, in circumstances where the Counterparty determines that further due diligence would be required in order to determine whether the Conditions to Addition would be met, including, without limitation, because the relevant obligation or related Primary Borrower is, to the knowledge of the Counterparty, undergoing a reorganisation, arrangement or other corporate action such that it would no longer satisfy) the Conditions to Addition (e.g. a Primary Borrower is in the process of becoming a REIT).
- (c) Obligations were ranked by the Counterparty taking into account:
 - (i) the impression of the Counterparty's Portfolio Management Group (which is not objectively verified) of the ease by which such obligation could be hedged (including, without limitation, whether it could be hedged in the credit default swap market on standard terms and taking into account the liquidity of such hedges in the CDS market);

- (ii) the estimate of the Counterparty's Portfolio Management Group (which is not objectively verified) of the relative regulatory risk weighting, which will be determined by reference to the portfolio management systems of such obligations or the estimate which would be determined if the Counterparty were the holder of such obligations; and
 - (iii) the industry and rating of each relevant obligor, as determined by the Counterparty's Portfolio Management Group (which is not objectively verified).
- (d) The Counterparty then selected the obligations to be comprised in the Initial Reference Portfolio (including the applicable Reference Obligation Notional Amount), prioritising those obligations which: (i) are less easy to hedge, and (ii) are with the highest relative risk weighting, but always in such a manner so as to ensure that the Conditions to Addition set out in the CDS would be satisfied and taking into account the maximum aggregate notional amount of the entire portfolio (being the Initial Reference Portfolio Notional Amount under the CDS).
- (e) To the extent that automated processes are used by the Counterparty, manual checks may also be performed and where any errors are identified, manual adjustments may be made to the selection process in order to ensure that, where applicable, the Conditions to Addition are satisfied in accordance with the CDS.

Additions and Reductions to the Reference Portfolio

For the purposes of Additions and Reductions, the Counterparty may:

- (a) Update information in the Reference Register to reflect the latest available information in the Counterparty's portfolio management systems such that the Counterparty is in a position to determine whether or not the Conditions to Addition will be satisfied in accordance with the terms of the CDS in respect of any potential Adjustment.
- (b) Recalculate various measures set out in paragraph 9.2 of the CDS which constrain potential Additions (e.g. the WARF).
- (c) Identify possible Reductions and possible Additions, which may involve taking similar steps to those set out under (a) and (b) in "Initial Reference Portfolio" above but excluding obligations or portions of obligations already comprised in the Reference Portfolio.
- (d) Rank possible Additions and possible Reductions in a similar manner to that described under (c) in "Initial Reference Portfolio" above, including by reference to the highest relative risk weighting.
- (e) Taking into account:
 - (i) such ranking by the Counterparty;
 - (ii) the requirements with respect to Additions and Reductions pursuant to the Conditions to Addition which are applicable under the CDS, including with respect to the WARF; and
 - (iii) that the Counterparty may seek to prioritise Adjustments such that: (A) any Primary Borrower which is subject to a Reduction is also subject to an Addition with respect to a new Reference Obligation; and/or (B) Additions are first made to eligible Primary Borrowers and/or Reference Obligations already in the Reference Portfolio,

to identify which Reductions are to be made and which Additions are to be made.

- (f) To the extent that automated processes are used by the Counterparty, manual checks may also be performed and where any errors are identified, manual adjustments may be made to the selection process in order to ensure that, where applicable, the Conditions to Addition are satisfied in accordance with the CDS.
- (g) For the avoidance of doubt, the Counterparty may set more stringent criteria than the Portfolio Guidelines described in paragraph 9.2 of the CDS.

PART C: INFORMATION RELATING TO THE CORPORATE BANK AND THE PORTFOLIO MANAGEMENT GROUP OF CREDIT SUISSE AND PORTFOLIO MANAGEMENT GROUP'S INTERNAL RATINGS AND LOSS GIVEN DEFAULT MEASUREMENT

Information regarding the overall risk management policies, practices and procedures of Credit Suisse Group AG (the “**Group**”) and Credit Suisse AG (“**Credit Suisse**”) are outlined in the Annual Report on Form 20-F for the year ended December 30, 2011 (the “**Annual Report**”), as filed with the U.S. Securities and Exchange Commission (the “**SEC**”) and as incorporated in the Registration Document dated 30 March 2012 in respect of Credit Suisse. See III – Treasury, Risk balance sheet and off-balance sheet – Risk Management, beginning on page 110 of the Annual Report. Information therein regarding credit risk management begins on page 123. Further information in the Annual Report may be found elsewhere, including V- Consolidated financial statements-Credit Suisse Group, in Note 18, “Loans, allowance for loan losses and credit quality”, in each case as the Annual Report may be updated by the Group's and Credit Suisse's quarterly and other reports filed with the SEC from time to time.

Certain additional information is provided below as it relates to the policies, practices and procedures in connection with the Reference Obligations comprising the Reference Portfolio relating to the Notes. To the degree the information below contradicts the information provided in the Annual Report and subsequent SEC filings, the information in such filings shall prevail.

To the extent that a Reference Obligation is held by the Counterparty under the CDS, a number of determinations made under the CDS are made in accordance with the policies and practices of the Counterparty's Portfolio Management Group (the “**PMG**”). The section below sets out a brief description of the PMG.

The Role of the Portfolio Management Group and the Corporate Bank within Credit Suisse

Credit Suisse established the Corporate Bank (the “**Corporate Bank**”) to optimize the allocation of loan capital to clients of its Investment Bank. PMG is a group within the Corporate Bank that, among other functions, manages the risk and profit and loss associated with corporate and financial credit risk exposures as originated in the normal course of business by Credit Suisse's Investment Bank. PMG regularly reports to an Oversight Committee made up of senior business heads from various divisions within Credit Suisse. The Oversight Committee was formed in 2002 as a cross-functional governing body to approve strategy initiation, address issues, review results and provide directional guidance. Among other internal reporting requirements, PMG also reports to the Capital Allocation and Risk Management Committee (the “**CARMC**”). The CARMC is responsible for supervising and directing Credit Suisse's risk profile on a consolidated basis, recommending risk limits to the board of directors and its Risk Committee, and for establishing and allocating risk limits among the various businesses within Credit Suisse including the Corporate Bank.

The exposures within the PMG's remit are banking book exposures that take the form of revolving credit facilities, term loans, letters of credit and guarantees across an array of tenors, industries and countries. Although the PMG actively manages credit exposures utilizing credit hedges that generally take the form of CDS and other derivative instruments, it does not have authority to approve the entry into or the extension of loan commitments which is functionally authorized by Credit Suisse's Credit Risk Management group (“**CRM**”).

Internal Ratings and Internal Rating Outlooks

In the ordinary course of business, PMG analysts assign internal ratings (“**IRs**”) and internal rating outlooks (“**IR Outlooks**”) to obligors including the Primary Borrowers referred to in the Reference Portfolio in the CDS. IRs represent PMG's opinion of the creditworthiness of such Primary Borrowers at the time specified in the CDS and as updated from time to time.

IRs are PMG's personal and private credit opinions with emphasis on the forward looking creditworthiness of obligors, including those Primary Borrowers referred to in the Reference Portfolio. The IR assigned by

PMG to an obligor may differ from such obligor's external or public ratings to the extent that such external or public ratings are available, and do not necessarily correspond to the internal ratings established and determined by Credit Suisse's Credit Risk Management group ("**CRM**") in accordance with the advanced internal ratings-based approach as described in Basel II Pillar III disclosures.

CRM is independent of the Investment Bank and other business and reports to Credit Suisse's Chief Risk Officer. Among other risk management functions, CRM performs recovery management for distressed and defaulted exposures and evaluates the need for write-offs individually and on an ongoing basis.

IR Outlooks are PMG's personal and private opinion as to the direction of the IR of an obligor over approximately the next year. These take into account views and opinions formed from factors which may positively or negatively influence the creditworthiness of an obligor but which may have not materialized at the relevant time or which have not, in the opinion of the credit analyst, had enough influence on the IR to justify a change of the IR at such time.

IRs may be subject to revision at any time by PMG. IRs are purely indicative and may vary in accordance with internal procedures and/or market conditions. PMG typically withdraws its rating when its exposure to a counterparty expires and may adopt CRM's rating when an exposure is transferred to CRM to perform recovery management for distressed and defaulted exposures.

Borrower credit reviews (that lead to the establishment or update of an IR and an IR Outlook) and industry reviews are made in writing to the Portfolio Managers in PMG and the Credit Officers in CRM. Through a written credit review process, the Analyst establishes or changes his or her IR and IR Outlook. These written reviews can occur either on an ad hoc basis whenever an analyst believes the rating or outlook should be adjusted or through a scheduled Industry sector review which occurs at least annually for all credits. During these "Annual Reviews," the analyst presents in both written and oral form to the relevant Portfolio Manager(s) and Credit Risk Officers his or her overall perspective on his or her assigned industry sector and all the credits associated therewith. In addition, at the request of the relevant Portfolio Manager(s) or CRM, the Analyst may be asked to update his or her analysis in support of either an ad hoc review by the Portfolio Manager(s) or in support of a planned underwriting review being conducted by CRM. PMG believes its Credit Analysts follow best practice in performing fundamental financial and credit analyses and in making assessments about the creditworthiness of the counterparties in its portfolio. However, the credit reviews and IRs of PMG are subject to Credit Suisse's general internal policies and procedures which may, for example, prevent PMG from receiving information which may be available to other Credit Suisse employees in the ordinary course of their businesses but which is not generally publicly available.

No representation of any kind is made by PMG or Credit Suisse on the factors that are implicitly or explicitly incorporated into IRs or IR Outlooks or that procedures currently followed will not change or be modified from time to time. There can be no assurance that Credit Events experienced by the Reference Portfolio will exceed, or be less than, any default rate assumed or implied or otherwise predicted by any IR.

When a credit counterparty is deemed to have a capital structure that is unsustainable or one or more covenants in its loan agreement with Credit Suisse are expected to be breached, the Credit Analyst can elect to elevate the awareness of CRM to the heightened credit risk facing Credit Suisse's exposure to that counterparty by placing the counterparty on PMG's "Red Flag" list. Any counterparties designated to the "Red Flag" list are subject to additional reporting and heightened level of scrutiny by both PMG and CRM.

On a case-by-case basis but based on the existence of reasonable expectation of a default, an exposure may be transferred from PMG to CRM's Recovery Management International ("**RMI**") team and would be reclassified as "Work Out". The decision on the transfer of exposure for direct management by RMI rests with RMI as delegated by the CCO and leads to the full and exclusive client and credit responsibility being assigned to RMI.

Loss Given Default Measurement

On a regular basis, the Loss Given Default (“**LGD**”) measurement system is validated by an internally independent function that reports to the Chief Risk Officer and has been approved for application in the Basel II Advanced-Internal Rating Based approach. Additional information on the LGD measurement system can be found in the Annual Report and in particular on page 125.

Because they represent downturn averages, LGDs are not intended to predict outcomes in any particular year, and cannot be regarded as predictions of the corresponding actual losses. Thus while LGD is used to calculate the Final Price, the LGD may not bear any resemblance to the Realized Final Price. In addition, the LGD may affect the ranking process described in “Non-Binding Summary of Selection Process”. For the avoidance of doubt, the LGD in respect of any Reference Obligation may be revised at any point.

In assigning IRs, IR Outlooks and/or LGDs, in designating a counterparty or an asset as being on the “Red Flag” list or in reclassifying an asset or counterparty as “Work Out” (together, the “**Counterparty Designations**”), the Counterparty and its affiliates are not required to and will not have regard to the interests of the Noteholders and will be acting in the ordinary course of their businesses and in accordance with their internal policies and procedures. No representation or warranty, express or implied, is made by the Counterparty and its affiliates as to the accuracy, completeness, or fitness for any particular purpose of any Counterparty Designation. Under no circumstances shall the Counterparty and its affiliates have any liability to any other person or any entity for (a) any loss, claim, damage or other injury in whole or in part caused by, resulting from or relating to, any error (negligent or otherwise), of the Counterparty and its affiliates in connection with any of its activities, including the compilation, analysis, interpretation, communication, publication or delivery or assignment of its Counterparty Designations, or any data relating thereto or (b) any direct, indirect, special, consequential, incidental or compensatory damages whatsoever (including, without limitation, lost profits), in either case caused by reliance upon or otherwise resulting from or relating to the use of (including the inability to use) its Counterparty Designations.

SUPPLEMENTAL INFORMATION RELATING TO THE ISSUER

General

The Issuer was incorporated in Ireland as a public limited company on 16 May 2005, with registration number 402194 under the name Magnolia Finance V plc, under the Companies Acts 1963-2003.

The registered office of the Issuer is at 5 Harbourmaster Place, IFSC, Dublin 1, Ireland. The telephone number of the Issuer is +353 1 6806000. The authorised share capital of the Issuer is EUR 40,000 divided into 40,000 Ordinary Shares of EUR 1 each (**Shares**). The Issuer has issued 40,000 Shares all of which are fully paid. The issued Shares are held directly or indirectly by three Irish companies limited by guarantee, Badb Charitable Trust Limited, Medb Charitable Trust Limited and Eurydice Charitable Trust Limited (each a **Share Trustee**, and together, the **Share Trustee**), and four individual nominees who each hold one Share on trust for the Share Trustee, each Share Trustee holds 13,332 Shares under the terms of a declaration of trust (each a **Declaration of Trust** and together the **Declarations of Trusts**) dated 17 May 2005, under which the relevant Share Trustee holds 13,332 Shares of the Issuer on trust for charitable purposes. Under the terms of the Declarations of Trust, each Share Trustee has, inter alia, undertaken not to exercise its voting rights to wind up the Issuer unless and until it has received written confirmation from the Directors of the Issuer that the Issuer does not intend to carry on further business. No other measures are in place to ensure that the control by the Share Trustee over the Issuer is not abused. The Share Trustee has no beneficial interest in and derives no benefit (other than any fees for acting as Share Trustee) from the holding of the Shares. The Share Trustee will apply any income derived from the Issuer solely for charitable purposes.

The Issuer has been established as a special purpose vehicle. The principal activities of the Issuer are the issuance of financial instruments, the acquisition of financial assets and the entering into of other legally binding arrangements.

Directors and Company Secretary

The Directors of the Issuer are as follows:

Rhys Owens

David McGuinness

The business address of Rhys Owens is 5 Harbourmaster Place, IFSC, Dublin 1, Ireland and the business address of David McGuinness is 5 Harbourmaster Place, IFSC, Dublin 1, Ireland.

The Company Secretary is Deutsche International Corporate Services (Ireland) Limited.

Deutsche International Corporate Services (Ireland) Limited is the administrator of the Issuer. Its duties include the provision of certain administrative, accounting and related services. The appointment of the administrator may be terminated forthwith if the administrator commits any material breach of the corporate service agreement between the Issuer and the administrator, is unable to pay its debts as they fall due or becomes subject to insolvency or other related proceedings. The administrator may retire upon 90 days' written notice subject to the appointment of an alternative administrator on similar terms to the existing administrator. The business address of the administrator is 5 Harbourmaster Place, IFSC, Dublin 1, Ireland.

Rhys Owens and David McGuinness are employees of a company which is affiliated to the administrator.

Financial Statements

The Series Memorandum incorporates by reference the contents of the Directors' Report and financial statements for the period ending 31 March 2011 and 31 March 2012. The Issuer intends to publish financial statements for the period ending 31 March 2013. The Issuer will not prepare interim financial statements.

The auditors of the Issuer are KPMG of 1 Harbourmaster Place, IFSC, Dublin 1. The auditors are chartered accountants and are members of the Institute of Chartered Accountants in Ireland (ICAI) and are qualified to practise as auditors in Ireland.

INFORMATION RELATING TO CREDIT SUISSE AG

Credit Suisse AG accepts responsibility for the following information. None of the Trustee or any other person has verified, or accepts any liability whatsoever for the accuracy of, such information and a prospective investor should make its own independent investigations into Credit Suisse AG.

The Counterparty is, in respect of the CDS, Credit Suisse AG acting through its Cayman Islands Branch. Its address is c/o CIBC Bank & Trust Co (Cayman) Ltd., 54 Edward Street, George Town, Grand Cayman, Cayman Islands, British West Indies.

Credit Suisse was established on July 5, 1856 and registered in the Commercial Register (registration no. CH-020.3.923.549-1) of the Canton of Zurich on April 27, 1883 for an unlimited duration under the name Schweizerische Kreditanstalt. Credit Suisse's name was changed to Credit Suisse First Boston on December 11, 1996 (by entry in the commercial register). On May 13, 2005 Credit Suisse First Boston and the legal entity Credit Suisse were merged. Credit Suisse First Boston was the surviving legal entity. Credit Suisse First Boston then changed its name to Credit Suisse on May 13, 2005 (by entry in the commercial register). On November 9, 2009, Credit Suisse was renamed "Credit Suisse AG". Credit Suisse AG is a joint stock corporation established under Swiss law. Credit Suisse AG has securities listed on the Irish Stock Exchange.

Credit Suisse AG's registered head office is located at Paradeplatz 8, CH-8001, Zurich, Switzerland, and its telephone number is 41-44-333-1111 and it has additional executive offices and principal branches located in London, New York, Hong Kong, Singapore and Tokyo. Credit Suisse AG's statutory and bank law auditor is KPMG AG, Badenerstrasse 172, 8004 Zurich, Switzerland, or KPMG. KPMG is a member of the Swiss Institute of Certified Accountants and Tax Consultants. Credit Suisse AG's special auditor is BDO Visura, Fabrikstrasse 50, 8031 Zurich, Switzerland.

Credit Suisse AG has filed a Registration Document dated November 14, 2012 with the Irish Stock Exchange and the Central Bank of Ireland.

INFORMATION RELATING TO CREDIT SUISSE SECURITIES (EUROPE) LIMITED

Credit Suisse Securities (Europe) Limited accepts responsibility for the following information. None of the Trustee or any other person has verified, or accepts any liability whatsoever for the accuracy of, such information and a prospective investor should make its own independent investigations into Credit Suisse Securities (Europe) Limited.

Credit Suisse Securities (Europe) Limited ("CSSEL") is a private limited company incorporated in England on 9 November 1966 with Company No. 00891554. CSSEL's registered office is at One Cabot Square, London E14 4QJ.

CSSEL is a wholly owned subsidiary of Credit Suisse Investment Holdings (UK) (the 'Parent') and indirectly wholly owned subsidiary of Credit Suisse Group AG. It is regulated in the United Kingdom by the Financial Services Authority ('FSA') and is a listed money market institution under the Financial Services and Markets Act, 2000. Its principal activities are the arranging of finance for clients in the international capital markets, the provision of financial advisory services and acting as dealer in securities, derivatives and foreign exchange on a principal and agency basis.

CSSEL has branch operations in Frankfurt, Paris, Amsterdam, Milan, Seoul, Warsaw and Stockholm. The Frankfurt, Paris, Amsterdam, Milan, Warsaw and Stockholm branches provide equity broking and investment banking services. The Warsaw office opened on 1 January 2011 and the Stockholm office opened on 11 July 2011. In addition to providing these activities, the Seoul branch has received approval from South Korea's Financial Supervisory Commission to engage in over-the-counter (OTC) derivatives business and is a member of the Korean Securities Dealers Association. CSSEL also maintains representative offices in Ukraine, Switzerland and South Africa.

Principal Product areas

CSSEL, together with its consolidated subsidiaries and special purpose entities has three principal business divisions which are managed as part of the Investment Banking Division of CS group:

- (i) The Fixed Income division provides a range of derivative products including forward rate agreements, interest rate and currency swaps, interest rate options, bond options, insurance, commodities and credit derivatives for the financing, risk management and investment needs of its customers. Fixed Income also engages in underwriting, securitising, trading and distributing a broad range of financial instruments in developed and emerging markets including US Treasury and government agency securities, US and foreign investment-grade and high yield corporate bonds, money market instruments, life finance transactions, foreign exchange and real estate related assets.
- (ii) The Equity division engages in a broad range of equity activities for investors including sales, trading, brokerage and market making in international equity and equity related securities, futures and both OTC and exchange traded options. Additionally, the Prime Services business provides brokerage services to hedge funds.
- (iii) The Investment Banking division's activities include financial advisory services regarding mergers and acquisitions, origination and distribution of equity and fixed income securities, leveraged finance and private equity investments and, in conjunction with the Equity and Fixed Income businesses, capital raising services.

SUBSCRIPTION AND SALE

The Arranger may, at its discretion, retain or on-sell the Tranche 2 Notes purchased by it in individually negotiated transactions to prospective purchasers from time to time at varying prices determined in each case at the time of sale, which prices may vary among different purchasers of Tranche 2 Notes.

The Dealer agrees that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Tranche 2 Notes or possesses or distributes this Series Memorandum or the Programme Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Tranche 2 Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and the Issuer shall not have any responsibility therefor.

Neither the Issuer nor the Dealer represents that Tranche 2 Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

In particular, the selling restrictions in the following jurisdictions, as set out in the section headed "Subscription and Sale" contained in the Programme Memorandum, apply:

United States (Non U.S. Series), European Economic Area, United Kingdom and Ireland.

GENERAL INFORMATION

The issue of the Tranche 1 Notes was authorised pursuant to a resolution passed by the Board of Directors of the Issuer on 2 May 2012 and the issue of the Tranche 2 Notes was authorised pursuant to a resolution passed by the Board of Directors of the Issuer on 13 December 2012.

The Issuer was incorporated on 16 May 2005 and has published its most recent financial statements for the period ending on 31 March 2012. Save as disclosed herein and save for any other issue of securities under the Programme, there has been no material adverse change in the financial or trading position or prospects of the Issuer since the date of its most recent financial statements.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

The Charged Agreement and the Repurchase Agreement have characteristics that demonstrate capacity to produce funds to service any payments due and payable in respect of the Notes. Copies of the following documents will be available for physical inspection and collection free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the specified office of the Issuer and the Principal Paying Agent in London for so long as any of the Notes shall remain outstanding (unless otherwise indicated):

- this Series Memorandum;
- the Original Constituting Instrument dated the Tranche 1 Issue Date; and
- the Amended and Restated Constituting Instrument dated the Tranche 2 Issue Date.

This Series Memorandum will be published on the Irish Stock Exchange's website (www.ise.ie).

The Principal Paying Agent shall make available for physical inspection and collection free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at its specified office in London all notices and reports delivered pursuant to the CDS, the Repurchase Agreement and the Custody Agreement which are copied to the Principal Paying Agent. The Counterparty and the Repo Counterparty may agree upon request from any Noteholder from time to time that any notice made available for inspection by the Principal Paying Agent shall also be delivered by the Counterparty or the Repo Counterparty (as applicable) directly to such Noteholder at the same time as (or as soon as reasonably practicable after) such notice is delivered to the Principal Paying Agent. Noteholders may agree that notices given by the Verification Agent to the Counterparty under the CDS will also be made available to them subject to such parties agreeing the specific terms relating to the basis on which such information is made available (including any requirement that the relevant Noteholder holds the Verification Agent harmless).

The estimated expenses of the Issuer in respect of the listing fees of the Irish Stock Exchange in relation to the admission to trading of the Tranche 2 Notes will be approximately EUR 2341.20.

Other than the notices and reports described above, the Issuer does not intend to provide any post-issuance information in relation to the Notes and the performance of the Charged Agreement.

REGISTERED OFFICE OF THE ISSUER

5 Harbourmaster Place
Dublin 1
Ireland

ARRANGER AND DEALER

Credit Suisse International
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London E14 4QJ

DETERMINATION AGENT

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United States of America

TRUSTEE

HSBC Corporate Trustee Company (UK) Limited
8 Canada Square
London E14 5HQ

**ACCOUNT BANK, CUSTODIAN, PRINCIPAL PAYING AGENT AND BUYER'S
REPRESENTATIVE**

HSBC Bank plc
Corporate Trust and Loan Agency
8 Canada Square
London E14 5HQ

COUNTERPARTY

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Grand Cayman, Cayman Islands
British West Indies

REPO COUNTERPARTY

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LEGAL ADVISERS

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10 Upper Bank Street
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E14 5JJ

To the Issuer as to Irish law:

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Ireland

LISTING AGENT

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