

OFFERING CIRCULAR

Atlas Reinsurance VII Limited

\$60,000,000 Class A Principal-at-Risk Variable Rate Notes due January 7, 2016
€130,000,000 Class B Principal-at-Risk Variable Rate Notes due January 7, 2016

Atlas Reinsurance VII Limited (the “**Issuer**”) is hereby offering \$60,000,000 Class A Principal-at-Risk Variable Rate Notes due January 7, 2016 (the “**Class A Notes**”) and €130,000,000 Class B Principal-at-Risk Variable Rate Notes due January 7, 2016 (the “**Class B Notes**”) and, together with the Class A Notes, the “**Notes**”). Each of the Class A Notes and the Class B Notes are referred to herein as a “**Class**” or “**Class of Notes**.”

The Issuer is an Irish private limited company authorized as a special purpose reinsurance vehicle in Ireland. The Issuer’s business will consist solely of the issuance of the Notes and the entering into and performance of the Reinsurance Agreements, and related agreements and activities, including the acquisition and holding of the Permitted Investments. The purpose for offering each Class of Notes (this “**Offering**”) is to collateralize and fund the Issuer’s obligations under the corresponding Reinsurance Agreement pursuant to which the Issuer will be required to make certain payments to the Ceding Reinsurer upon the occurrence of certain specified Covered Events during the applicable Risk Period, as further described in this Offering Circular.

This Offering Circular has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under the Prospectus Directive 2003/71/EC (the “**Prospectus Directive**”). The Central Bank only approves this Offering Circular as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Application will be made to the Irish Stock Exchange for the 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. The regulated market is a regulated market for the purposes of Directive 2004/39/EC. This Offering Circular constitutes a prospectus for the purposes of the Prospectus Directive 2003/71/EC and will be filed with the Companies Registration Office of Ireland in accordance with Regulation 38(1)(b) of Prospectus (Directive 2003/71/EC) Regulations, 2005.

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Investing in the Notes is speculative and involves a high degree of risk. See “Risk Factors” beginning on page 55 of this Offering Circular for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Notes are with limited recourse to certain assets of the Issuer and without recourse to the Ceding Reinsurer and its affiliates.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY U.S. STATE OR FOREIGN SECURITIES LAWS, AND THE ISSUER IS NOT AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “INVESTMENT COMPANY ACT”). THE NOTES ARE BEING OFFERED AND SOLD IN BOOK-ENTRY FORM ONLY TO INVESTORS WHO (I) ARE “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A (“RULE 144A”) UNDER THE SECURITIES ACT (“QUALIFIED INSTITUTIONAL BUYERS”), THAT, WITH RESPECT TO “U.S. PERSONS” AS DEFINED IN RULE 902(k) UNDER THE SECURITIES ACT (“U.S. PERSONS”), ARE ALSO “QUALIFIED PURCHASERS” AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT (“QUALIFIED PURCHASERS”); AND (II) ARE RESIDENTS OF, AND PURCHASING IN, AND WILL HOLD THE NOTES IN, A PERMITTED U.S. JURISDICTION OR A PERMITTED NON-U.S. JURISDICTION. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. THE NOTES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER “NOTICE TO INVESTORS.” EACH PURCHASER OF THE NOTES IN MAKING ITS PURCHASE WILL BE DEEMED TO HAVE MADE CERTAIN ACKNOWLEDGMENTS, REPRESENTATIONS AND AGREEMENTS AS SET FORTH UNDER “NOTICE TO INVESTORS—REPRESENTATIONS OF PURCHASERS.”

The Notes will be offered by Aon Benfield Securities, Inc., BNP Paribas and Natixis SA (each, an “**Initial Purchaser**” and, together, the “**Initial Purchasers**”), as specified herein, subject to receipt and acceptance by each Initial Purchaser and subject to each Initial Purchaser’s right to reject any order in whole or in part. The Initial Purchasers expect to deliver the Class A Notes through the facilities of DTC and the Class B Notes through the facilities of Euroclear and Clearstream, in each case against payment therefor in immediately available funds on or about November 1, 2012.

Sole Structuring Agent and Joint Bookrunner

Aon Benfield Securities, Inc.

Joint Bookrunner

BNP Paribas

Joint Bookrunner

Natixis

Offering Circular dated November 1, 2012.

(Cover page continued)

The Class A Notes are exposed to U.S. Hurricane Events affecting the U.S. Hurricane Covered Area and U.S. Earthquake Events affecting the U.S. Earthquake Covered Area on an aggregate basis during each Loss Period within the applicable Risk Period. The Class B Notes are exposed to Europe Windstorm Events affecting the Europe Windstorm Covered Area on a per occurrence basis during the applicable Risk Period. If one or more Covered Events result in an Issuer Payment under the Reinsurance Agreement applicable to a Class of Notes, all or a portion of the Outstanding Principal Amount payable on the Redemption Date to the holders of such Class of Notes (each, a “**Holder**” or “**Noteholder**”), as well as interest accrued thereon, will be reduced.

Subject to the occurrence of an Early Redemption Event, Optional Redemption or Extension Event, each Class of Notes is scheduled to mature on January 7, 2016 (or if such day is not a Business Day, the next succeeding Business Day) at a redemption price equal to the Repayment Amount. See “*Risk Factors—Limited Sources of Funds for Repayment of Principal.*”

The proceeds of the sale of each Class of Notes will be used to purchase unsecured debt securities (the “**EBRD Notes**”) issued by the European Bank for Reconstruction and Development (“**EBRD**”) pursuant to its existing Global Medium Term Note Programme. Following the purchase of the EBRD Notes and until the applicable Redemption Date, the Permitted Investments for each Class of Notes will consist solely of EBRD Notes, unless, among other circumstances described herein: (i) an EBRD Put Event occurs that results in a redemption of EBRD Notes, in which case, unless such EBRD Put Event has occurred after the date that is at least thirteen (13) Business Days prior to the Payment Date immediately prior to the applicable Redemption Date, the proceeds of such redemption will be used to purchase Money Market Fund Shares to the extent that they are available and the applicable Money Market Fund satisfies the relevant Money Market Fund Criteria; or (ii) the Ceding Reinsurer is required to make a Negative Index Payment under the applicable Reinsurance Agreement, in which case the related amounts will be used to purchase Money Market Fund Shares to the extent that they are available and the applicable Money Market Fund satisfies the relevant Money Market Fund Criteria. To the extent that Money Market Fund Shares are not available or the applicable Money Market Fund does not satisfy the relevant Money Market Fund Criteria, cash will remain uninvested as a cash credit balance in the applicable Collateral Account.

Interest for each Class of Notes will accrue from the Issuance Date, as described herein, and will be payable quarterly in arrears on the following Payment Dates: (i) each January 1, April 1, July 1 and October 1 (or if any such day is not a Business Day, the next succeeding Business Day), commencing on the First Payment Date and ending on the earliest of the Early Redemption Date, the Optional Redemption Date and the Scheduled Redemption Date, as applicable, for such Class of Notes; *provided*, that there will be no Payment Date on January 1, 2016, but only on the Scheduled Redemption Date; and (ii) if one or more Extension Events have occurred with respect to such Class of Notes, each Extended Redemption Date and, if there is an Early Redemption Event during any Extension Period, the Early Redemption Date. See “*Risk Factors—Limited Sources of Funds for Payment of Interest.*”

It is expected that delivery of the Notes will be made against payment therefor on or about the date specified in the last paragraph of the cover page of this Offering Circular, which will be the fifth (5th) business day following the date of pricing of the Notes (such settlement cycle being herein referred to as “**T + 5**”). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three (3) business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next two (2) business days will be required, by virtue of the fact that the Notes initially may settle T + 5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or the next two (2) business days should consult their own advisors.

The language of this Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

This Offering Circular has been prepared for use in connection with this Offering solely for purposes of enabling an investor to consider the purchase of the Notes and in connection with the admission to listing of the Notes on the Official List and trading on the regulated market of the Irish Stock Exchange. Its use for any other purpose is not authorized without the prior consent of the Issuer. The information contained in this Offering Circular has been provided by the Issuer, the Ceding Reinsurer (solely with respect to information regarding itself set forth under the heading “*The Ceding Reinsurer*” provided expressly for use herein), AIR Worldwide Corporation (“AIR”) and the other sources identified herein. No representation or warranty, express or implied, is made by any Initial Purchaser as to the accuracy or completeness of such information, and nothing contained in this Offering Circular is, or will be relied upon as, a promise or representation by any Initial Purchaser, whether as to the past or the future. None of the Initial Purchasers have provided or independently verified any of such information and each assumes no responsibility for its accuracy or completeness. Any reproduction or distribution of this Offering Circular in whole or in part, and any disclosure of its contents or use of any information herein for purposes other than considering an investment in the Notes is prohibited. Each offeree of the Notes, by accepting delivery of this Offering Circular, agrees to the foregoing.

THE ISSUER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR AND, TO THE BEST KNOWLEDGE AND BELIEF OF THE ISSUER (WHICH HAS TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), SUCH INFORMATION IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPACT OF SUCH INFORMATION. THE INFORMATION PROVIDED AT ANNEX A AND ANNEX B HAS BEEN SOURCED FROM AIR. THE ISSUER CONFIRMS THAT THE INFORMATION IN ANNEX A AND ANNEX B HAS BEEN ACCURATELY REPRODUCED AND THAT AS FAR AS THE ISSUER IS AWARE AND IS ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY AIR, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

THE CEDING REINSURER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR UNDER THE HEADING “*THE CEDING REINSURER*” AND, TO THE BEST KNOWLEDGE AND BELIEF OF THE CEDING REINSURER (WHICH HAS TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), SUCH INFORMATION IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPACT OF SUCH INFORMATION.

AIR ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THE “*AIR EXPERT RISK ANALYSIS*” ATTACHED HERETO AS ANNEX A AND THE “*AIR EXPERT RISK ANALYSIS RESULTS*” ATTACHED HERETO AS ANNEX B AND, TO THE BEST KNOWLEDGE AND BELIEF OF AIR (WHICH HAS TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), SUCH INFORMATION IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPACT OF SUCH INFORMATION. AIR'S RESPONSIBILITY IS SUBJECT TO THE LIMITATIONS AND DISCLAIMERS IN RESPECT THEREOF SET FORTH IN THIS OFFERING CIRCULAR, INCLUDING, BUT NOT LIMITED TO, THE SECTIONS ENTITLED “DISCLAIMER FOR AIR EXPERT RISK ANALYSIS REPORTS” ON PAGES VII - XI AND “*RISK FACTORS—RISKS RELATING TO AIR*” ON PAGES 66 - 70). SUBJECT TO THE AFOREMENTIONED LIMITATIONS AND DISCLAIMERS, AIR IS OF THE BELIEF THAT IT HAS ACCURATELY RECORDED THE PUBLISHED HISTORICAL DATA IN THE “*AIR EXPERT RISK ANALYSIS*” ATTACHED HERETO AS ANNEX A AND THE “*AIR EXPERT RISK ANALYSIS RESULTS*” ATTACHED HERETO AS ANNEX B BUT HAS NOT VERIFIED THE AUTHENTICITY OR ACCURACY OF SUCH DATA AND IS NOT AWARE OF THE OMISSION OF ANY MAJOR CRITICAL FEATURE LIKELY TO AFFECT THE IMPACT OF SUCH INFORMATION. INVESTORS MAY HAVE DIFFERENT VIEWS ON THE RELATIVE IMPORTANCE OF A WIDE RANGE OF FACTORS; CONSEQUENTLY, AIR MAKES NO REPRESENTATIONS ABOUT WHETHER ANY PARTICULAR INFORMATION SHOULD OR SHOULD NOT HAVE BEEN INCLUDED HEREIN. AIR HAS CONSENTED TO THE INCLUSION OF THE “*AIR EXPERT RISK ANALYSIS*” ATTACHED HERETO AS ANNEX A AND THE “*AIR EXPERT RISK ANALYSIS RESULTS*” ATTACHED HERETO AS ANNEX B IN THE FORM AND CONTEXT IN WHICH IT IS INCLUDED IN THIS OFFERING CIRCULAR.

THE NOTES ARE COMPLEX INSTRUMENTS AND ARE INTENDED FOR SALE ONLY TO INVESTORS CAPABLE OF UNDERSTANDING THE HIGH DEGREE OF RISK ENTAILED IN SUCH INSTRUMENTS, INCLUDING THAT COVERED EVENTS CAUSING THE ISSUER TO MAKE ONE OR MORE ISSUER PAYMENTS UNDER A REINSURANCE AGREEMENT COULD OCCUR AT ANY TIME DURING THE RISK PERIOD, RESULTING IN A FULL OR PARTIAL LOSS OF THE ORIGINAL PRINCIPAL AMOUNT OF THE CORRESPONDING CLASS OF NOTES. SEE “*RISK FACTORS*.” ACCORDINGLY, ALL INVESTORS SHOULD HAVE SUFFICIENT KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO BE CAPABLE OF EVALUATING THE MERITS AND RISKS OF INVESTING IN AND HOLDING THE NOTES. AN INVESTMENT IN THE NOTES SHOULD BE MADE ONLY BY INVESTORS WHO ARE ABLE AND PREPARED TO BEAR THE SUBSTANTIAL RISKS OF INVESTING THEREIN, INCLUDING THE POTENTIAL LOSS OF ALL OR A PORTION OF THE ORIGINAL PRINCIPAL AMOUNT. POTENTIAL INVESTORS IN ANY OF THE NOTES ARE STRONGLY ENCOURAGED TO CONSULT WITH THEIR FINANCIAL, LEGAL, TAX AND OTHER ADVISORS BEFORE MAKING ANY INVESTMENT DECISION.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE NOTES AND THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. BY ACCEPTING DELIVERY OF THIS OFFERING CIRCULAR, INVESTORS WILL BE DEEMED TO HAVE ACKNOWLEDGED THE NEED TO CONDUCT THEIR OWN THOROUGH INVESTIGATION AND EXERCISE THEIR OWN DUE DILIGENCE BEFORE MAKING AN INVESTMENT IN THE NOTES. INVESTORS AND THEIR ADVISORS, IF ANY, ARE INVITED TO ASK QUESTIONS OF, AND OBTAIN ADDITIONAL INFORMATION CONCERNING, THE ISSUER AND THE TERMS AND CONDITIONS OF THE INVESTMENT CONTEMPLATED BY THIS OFFERING CIRCULAR, AND ANY ADDITIONAL INFORMATION THAT IS NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION PROVIDED TO SUCH INVESTORS.

NO PERSON IS AUTHORIZED IN CONNECTION WITH THIS OFFERING TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS OFFERING CIRCULAR AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE ISSUER, THE CEDING REINSURER OR THE INITIAL PURCHASERS. YOU MUST NOT RELY ON ANY UNAUTHORIZED INFORMATION OR REPRESENTATIONS.

NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCE, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

NOTWITHSTANDING ANYTHING EXPRESSED OR IMPLIED TO THE CONTRARY IN THIS OFFERING CIRCULAR, EACH RECIPIENT, INCLUDING ITS EMPLOYEES, REPRESENTATIVES, AND AGENTS, MAY DISCLOSE TO ANY AND ALL OTHER PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF THE TRANSACTIONS DISCUSSED IN THIS OFFERING CIRCULAR AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE RECIPIENTS RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. HOWEVER, ANY SUCH INFORMATION RELATING TO THE TAX TREATMENT OR TAX STRUCTURE IS REQUIRED TO BE KEPT CONFIDENTIAL TO THE EXTENT REASONABLY NECESSARY TO COMPLY WITH APPLICABLE SECURITIES LAWS. FOR PURPOSES OF THIS PARAGRAPH, THE TERMS “TAX TREATMENT” AND “TAX STRUCTURE” HAVE THE MEANING GIVEN TO SUCH TERMS UNDER U.S. TREASURY REGULATION SECTION 1.6011-4(C).

IRS CIRCULAR 230 NOTICE. THIS OFFERING CIRCULAR WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING U.S. FEDERAL, STATE, OR

LOCAL TAX PENALTIES. THIS OFFERING CIRCULAR WAS WRITTEN AND PROVIDED BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE ISSUER AND THE INITIAL PURCHASERS. EACH NOTEHOLDER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER N.H. REV. STAT. ANN. SECTION 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER N.H. REV. STAT. ANN. SECTION 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY INVESTOR, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE NOTES, INCLUDING OVER-ALLOTMENT, STABILIZING AND SHORT COVERING TRANSACTIONS IN SUCH NOTES, AND THE IMPOSITION OF A PENALTY BID, IN CONNECTION WITH THE OFFERING. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "*PLAN OF DISTRIBUTION*." ANY STABILIZATION ACTION OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

THERE IS NO MARKET FOR THE NOTES AND THERE IS NO ASSURANCE THAT A MARKET WILL DEVELOP. THE INITIAL PURCHASERS ARE NOT UNDER ANY OBLIGATION TO MAKE A MARKET IN THE NOTES AND, TO THE EXTENT THAT SUCH MARKET MAKING IS COMMENCED BY ANY INITIAL PURCHASER, IT MAY BE DISCONTINUED AT ANY TIME. GIVEN THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE NOTES, THE HIGH MINIMUM DENOMINATIONS AND THE RESTRICTIONS ON TRANSFER, THERE IS NO ASSURANCE THAT A SECONDARY TRADING MARKET FOR THE NOTES WILL DEVELOP. INVESTORS MUST BE ABLE TO BEAR THE RISKS OF HOLDING THE NOTES UNTIL THEIR REDEMPTION DATE.

THE NOTES HAVE NOT BEEN RECOMMENDED BY ANY U.S. FEDERAL OR STATE SECURITIES COMMISSION OR ANY INSURANCE OR OTHER REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE NOTES OFFERED HEREBY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO ANY PERSON (I) IN ANY STATE OR OTHER JURISDICTION IN THE UNITED

STATES OTHER THAN THE PERMITTED U.S. JURISDICTIONS OR (II) IN ANY JURISDICTION OUTSIDE OF THE UNITED STATES OTHER THAN THE PERMITTED NON-U.S. JURISDICTIONS. FURTHERMORE, ANY NOTES OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO A PERSON IN A PERMITTED U.S. JURISDICTION OR PERMITTED NON-U.S. JURISDICTION MAY ONLY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO INVESTORS THAT ARE “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT, WITH RESPECT TO U.S. PERSONS, ARE ALSO “QUALIFIED PURCHASERS” FOR PURPOSES OF SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT, AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE PERMITTED U.S. JURISDICTIONS AND ALL APPLICABLE SECURITIES LAWS OF THE PERMITTED NON-U.S. JURISDICTIONS.

IF ANY PERSON ACQUIRING A BENEFICIAL INTEREST IN THE NOTES WAS NOT A QUALIFIED INSTITUTIONAL BUYER AND, IN THE CASE OF A U.S. PERSON, ALSO A QUALIFIED PURCHASER, AT THE TIME OF ACQUIRING SUCH INTEREST, THE ISSUER MAY REGARD THE ACQUISITION BY SUCH PERSON AS NULL AND VOID AND OF NO EFFECT. ANY PERSON WHO HOLDS ANY BENEFICIAL INTEREST IN THE NOTES WHO DOES NOT RESIDE AND HOLD SUCH INTEREST IN A PERMITTED U.S. JURISDICTION OR A PERMITTED NON-U.S. JURISDICTION, OR WAS NOT A QUALIFIED INSTITUTIONAL BUYER AND, IN THE CASE OF A U.S. PERSON, ALSO A QUALIFIED PURCHASER AT THE TIME OF ACQUIRING SUCH INTEREST IN THE NOTES, MAY BE FORCED TO TRANSFER SUCH INTEREST TO A PERSON WHO MEETS THE REQUIREMENTS SET FORTH IN “NOTICE TO INVESTORS” IN ACCORDANCE WITH THE PROCEDURES DESCRIBED UNDER “DESCRIPTION OF THE NOTES—NON-PERMITTED NOTEHOLDER.” NONE OF THE ISSUER, THE CEDING REINSURER, THE INITIAL PURCHASERS OR ANY OF THEIR RESPECTIVE AFFILIATES MAKES ANY REPRESENTATION THAT THE OFFER, SALE, PLEDGE OR TRANSFER OF THE NOTES IS PERMITTED UNDER THE SECURITIES LAW OF ANY PERMITTED U.S. JURISDICTION OR ANY PERMITTED NON- U.S. JURISDICTION.

THIS OFFERING CIRCULAR CONTAINS DESCRIPTIONS BELIEVED TO BE ACCURATE WITH RESPECT TO THE MATERIAL TERMS OF CERTAIN DOCUMENTS, BUT REFERENCE IS MADE TO THE ACTUAL DOCUMENTS, INCLUDING THE REINSURANCE AGREEMENTS, THE INDENTURE, THE MANAGEMENT AGREEMENT, THE CALCULATION AGENT AGREEMENT, THE ESCROW AGREEMENT, THE PCS LICENSE AGREEMENT, THE PERILS LICENSE AGREEMENT, THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ISSUER AND THE FORMS OF THE CERTIFICATES REPRESENTING THE NOTES FOR COMPLETE INFORMATION WITH RESPECT THERETO, AND SUCH DESCRIPTIONS ARE QUALIFIED IN THEIR ENTIRETY BY SUCH REFERENCE. COPIES OF SUCH DOCUMENTS MAY BE OBTAINED UPON WRITTEN REQUEST TO THE ISSUER. SEE ALSO “AVAILABLE INFORMATION.”

THE NOTES ARE NOT OBLIGATIONS OF, AND ARE NOT GUARANTEED BY, THE CEDING REINSURER OR ANY OF ITS AFFILIATES AND ARE WITHOUT RECOURSE TO THEM. FOR EACH CLASS OF NOTES, THE OUTSTANDING PRINCIPAL AMOUNT AND INTEREST RELATING THERETO (INCLUDING ANY EARLY REDEMPTION PAYMENT, OPTIONAL REDEMPTION PAYMENT AND RESIDUAL INTEREST AMOUNT, IF APPLICABLE) ARE PAYABLE SOLELY BY THE ISSUER. THE NOTES ARE WITH LIMITED RECOURSE TO CERTAIN ASSETS OF THE ISSUER.

NONE OF THE ISSUER, THE CEDING REINSURER, THE INITIAL PURCHASERS OR ANY OF THEIR RESPECTIVE AFFILIATES, NOR ANY OF THEIR RESPECTIVE REPRESENTATIVES OR AGENTS, MAKES ANY REPRESENTATION TO ANY INVESTOR IN THE NOTES REGARDING THE LEGALITY OF AN INVESTMENT UNDER APPROPRIATE LEGAL INVESTMENT OR SIMILAR LAWS. INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS OFFERING CIRCULAR AS INVESTMENT, TAX, ACCOUNTING OR LEGAL ADVICE. THIS OFFERING CIRCULAR, AS WELL AS THE NATURE OF AN INVESTMENT IN THE NOTES, SHOULD BE REVIEWED BY EACH INVESTOR AND ITS INVESTMENT, TAX OR OTHER ADVISORS, AND ITS ACCOUNTANTS AND LEGAL COUNSEL. INVESTORS SHOULD

SATISFY THEMSELVES THAT AN INVESTMENT IN THE NOTES IS NOT IN VIOLATION OF THE LAWS OF ANY JURISDICTION RELEVANT TO THEM, INCLUDING APPLICABLE INSURANCE LAWS.

DISCLAIMER FOR AIR EXPERT RISK ANALYSIS REPORTS

AIR HAS PERFORMED, AND WILL PERFORM, CERTAIN STATISTICAL MODELING AND OTHER SERVICES IN CONNECTION WITH THE NOTES, AS DESCRIBED IN THIS OFFERING CIRCULAR, INCLUDING AS MODELING FIRM, CALCULATION AGENT AND RESET AGENT.

THE STATISTICAL DATA, MODELING AND EXPLANATIONS CONTAINED IN THE “*AIR EXPERT RISK ANALYSIS*” ATTACHED HERETO AS ANNEX A, THE “*AIR EXPERT RISK ANALYSIS RESULTS*” ATTACHED HERETO AS ANNEX B AND ANY ANALYSIS OR INFORMATION PROVIDED BY AIR IN CONNECTION WITH A RESET (JOINTLY REFERRED TO HEREIN AS THE “**AIR EXPERT RISK ANALYSIS REPORTS**”) HAVE BEEN PREPARED BY AIR AS EXPERTS IN STATISTICAL MODELING AND THE ANALYSIS OF RISKS ASSOCIATED WITH U.S. HURRICANES, U.S. EARTHQUAKES AND EUROPE WINDSTORMS. INVESTORS ARE ADVISED THAT THE LOSS CALCULATIONS REPORTED IN THE AIR EXPERT RISK ANALYSIS REPORTS ARE BASED ON (I) VERSION 14.0 OF THE AIR HURRICANE MODEL FOR THE UNITED STATES, AS IMPLEMENTED IN CLASIC/2 AND CATRADER VERSION 14.0.1 (THE “**AIR HURRICANE MODEL**”), (II) VERSION 8.4 OF THE AIR EARTHQUAKE MODEL FOR THE UNITED STATES, AS IMPLEMENTED IN CLASIC/2 AND CATRADER VERSION 14.0.1 (THE “**AIR EARTHQUAKE MODEL**”), AND (III) VERSION 5.01 OF THE AIR EXTRATROPICAL CYCLONE MODEL FOR EUROPE, AS IMPLEMENTED IN CLASIC/2 AND CATRADER VERSION 14.0.1 (THE “**AIR EUROPE WINDSTORM MODEL**” AND, TOGETHER WITH THE AIR HURRICANE MODEL AND THE AIR EUROPE WINDSTORM MODEL, THE “**ESCROW MODELS**”), WHICH MODELS WILL BE DEPOSITED IN ESCROW PURSUANT TO THE ESCROW AGREEMENT AS DESCRIBED HEREIN. THE LOSS CALCULATIONS REPORTED IN THE AIR EXPERT RISK ANALYSIS REPORTS ARE, THEREFORE, SUBJECT TO NUMEROUS ASSUMPTIONS, UNCERTAINTIES AND THE INHERENT LIMITATIONS OF ANY STATISTICAL ANALYSIS. ACTUAL LOSS EXPERIENCE IS INHERENTLY UNPREDICTABLE. INVESTORS ARE URGED TO READ CAREFULLY THE MATERIAL CONTAINED IN THE “*AIR EXPERT RISK ANALYSIS*” ATTACHED HERETO AS ANNEX A, THE “*AIR EXPERT RISK ANALYSIS RESULTS*” ATTACHED HERETO AS ANNEX B AND UNDER THE CAPTION “*RISK FACTORS—RISKS RELATING TO AIR*” FOR A DESCRIPTION OF SUCH ASSUMPTIONS, UNCERTAINTIES AND LIMITATIONS.

THE DATA AND METHODOLOGY DESCRIBED IN THE AIR EXPERT RISK ANALYSIS REPORTS, AND THE ANALYSES, ESTIMATES AND SERVICES INTENDED TO BE PROVIDED, ARE PROVIDED “AS IS” WITHOUT WARRANTY OR ANY GUARANTY OF ANY KIND TO THE HOLDERS OF NOTES. THESE ANALYSES AND ESTIMATES ARE PROVIDED FOR ILLUSTRATIVE PURPOSES ONLY AND ARE NOT INTENDED TO PROVIDE, NOR SHOULD THEY BE INTERPRETED AS PROVIDING, ANY FACTS REGARDING, OR ANY GUARANTY OR PREDICTION OR FORECAST OF, THE LIKELIHOOD THAT INVESTORS IN THE NOTES WILL RECEIVE PAYMENT THEREON. NOTWITHSTANDING THE ANALYSES, ESTIMATES AND ASSUMPTIONS SET FORTH IN THIS OFFERING CIRCULAR, ONE OR MORE COVERED EVENTS COULD OCCUR AT ANY TIME DURING THE RISK PERIOD, RESULTING IN A FULL OR PARTIAL LOSS OF THE OUTSTANDING PRINCIPAL AMOUNT OF ANY CLASS OF NOTES.

AIR DOES NOT REPRESENT INVESTORS IN THE NOTES OR THEIR INTERESTS IN ANY WAY. AIR DOES NOT SPONSOR, ENDORSE, OFFER OR PROMOTE THE NOTES, NOR DOES IT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, REGARDING THE ADVISABILITY OF INVESTING IN THE NOTES OR THE LEGALITY OF AN INVESTMENT IN THE NOTES. AIR IS NOT RESPONSIBLE FOR AND HAS NOT PARTICIPATED IN THE DETERMINATION OF THE STRUCTURE OR PRICING OF THE NOTES. FURTHERMORE, AIR HAS NO OBLIGATION OR LIABILITY IN CONNECTION WITH THE ADMINISTRATION OR MARKETING OR TRADING, IF ANY, OF THE NOTES OR LIABILITY FOR ANY ADVERSE FINANCIAL RESULT OR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES WHATSOEVER. AIR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE NOTEHOLDERS AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET HEREIN, INCLUDING THE AIR EXPERT RISK ANALYSIS REPORTS. FURTHER,

AIR ASSUMES NO RESPONSIBILITY FOR THE CONTENT OF ANY AGREEMENTS TO WHICH IT IS NOT A SIGNATORY, AND IN PARTICULAR, BUT NOT BY WAY OF LIMITATION, HAS NO RESPONSIBILITY FOR ASSURING THAT THE PROCEDURES AND PROVISIONS OF ANY SUCH AGREEMENTS ARE CONSISTENT WITH THIS DOCUMENT OR WITH ANY OTHER AGREEMENT EXECUTED IN CONNECTION WITH THIS TRANSACTION.

NO SCIENTIFIC CONSENSUS ON MODELS OR RISK PARAMETERS EXISTS. AIR ACKNOWLEDGES THAT OTHER CREDIBLE, PUBLISHED MODELS AND/OR RISK PARAMETERS, IF USED, COULD PRODUCE MATERIALLY DIFFERENT RESULTS. AIR ALSO HAS NOT VERIFIED THE AUTHENTICITY OR ACCURACY OF ALL THE ORIGINAL DATA IN THE HISTORICAL CATALOGS OR OTHER DATA SOURCES USED TO DEVELOP THE AIR MODELS. INVESTORS SHOULD CONSULT THEIR OWN EXPERT ADVISORS, WHOSE CONCLUSIONS MAY DIFFER FROM THOSE OF AIR.

THE RESULTS OF AIR'S ANALYSIS SHOULD NOT BE VIEWED AS FACTS OR FORECASTS OF FUTURE U.S. HURRICANE EVENTS, U.S. EARTHQUAKE EVENTS, EUROPE WINDSTORM EVENTS, LOSS PAYMENT AMOUNTS, PRINCIPAL REDUCTIONS OR PRINCIPAL INCREASES AND SHOULD NOT BE RELIED UPON AS A REPRESENTATION OF THE FUTURE VALUE OF THE NOTES. ACTUAL LOSS EXPERIENCE, INCLUDING THE FREQUENCY AND SEVERITY OF COVERED EVENTS, CAN DIFFER MATERIALLY FROM THAT GENERATED BY THE ESCROW MODELS. CERTAIN PROBABILISTIC LOSS DISTRIBUTIONS GENERATED BY AIR AND CERTAIN ADDITIONAL ANALYSES BY AIR ARE INCLUDED IN THE AIR EXPERT RISK ANALYSIS REPORTS. THESE LOSS DISTRIBUTIONS CONSTITUTE ESTIMATED LOSSES BASED ON ASSUMPTIONS RELATING TO ENVIRONMENTAL, DEMOGRAPHIC, AND COST FACTORS, MANY OF WHICH REPRESENT SUBJECTIVE JUDGMENTS, ARE INHERENTLY UNCERTAIN, AND ARE BEYOND THE CONTROL OF AIR, ANY ONE OF WHICH ALONE CAN CAUSE THE ACTUAL LOSS ULTIMATELY SUSTAINED WITH RESPECT TO A COVERED EVENT TO BE SIGNIFICANTLY DIFFERENT FROM THE APPLICABLE EVENT INDEX VALUE, RESULTING IN SIGNIFICANTLY DIFFERENT LOSSES SUSTAINED BY THE APPLICABLE CLASS OF NOTES FROM SUCH COVERED EVENT.

FURTHERMORE, CONSIDERABLE UNCERTAINTY EXISTS IN THE PARAMETERS USED IN THE AIR EXPERT RISK ANALYSIS REPORTS ARISING FROM INSUFFICIENT DATA, LIMITED SCIENTIFIC KNOWLEDGE AND ALTERNATIVE EMPIRICAL RELATIONSHIPS, AS WELL AS FROM THE RANDOM NATURE OF U.S. HURRICANES, U.S. EARTHQUAKES AND EUROPE WINDSTORMS. THE ESCROW MODELS CANNOT INCORPORATE ALL SOURCES OF UNCERTAINTY. FURTHERMORE, THE ASSUMPTIONS AND METHODOLOGIES USED BY AIR DO NOT CONSTITUTE THE EXCLUSIVE SET OF REASONABLE ASSUMPTIONS AND MAY NOT BE CORRECT. USE OF ALTERNATIVE ASSUMPTIONS AND/OR MODELS COULD YIELD RESULTS MATERIALLY DIFFERENT THAN THOSE PRODUCED BY AIR. AIR DID NOT ELICIT FROM OTHER EXPERTS ALTERNATIVE INTERPRETATIONS OF ITS DATA OR METHODS, NOR DID AIR RESEARCH ALL POTENTIALLY AVAILABLE INTERPRETATIONS OF SUCH DATA AND METHODS.

MODELING INSURED PROPERTY LOSSES RESULTING FROM U.S. HURRICANES, U.S. EARTHQUAKES AND EUROPE WINDSTORMS IS AN INHERENTLY SUBJECTIVE AND IMPRECISE PROCESS, INVOLVING AN ASSESSMENT OF INFORMATION THAT COMES FROM A NUMBER OF SOURCES THAT MAY NOT BE COMPLETE OR ACCURATE. NO MODEL OF CATASTROPHIC EVENTS IS, OR COULD BE, AN EXACT REPRESENTATION OF REALITY. THE ESCROW MODELS RELY ON VARIOUS METHODOLOGIES AND ASSUMPTIONS (INCLUDING ASSUMPTIONS ABOUT THE AUTHENTICITY, ACCURACY AND COMPLETENESS OF HISTORICAL DATA), SOME OF WHICH ARE SUBJECTIVE AND SUBJECT TO UNCERTAINTY, AND WHICH MIGHT NOT BE USED IN MODELS PROVIDED BY OTHER MODELING FIRMS. FURTHERMORE, THERE MAY BE DIFFERENCES IN THE WAY IN WHICH THESE ELEMENTS ARE CONSIDERED BY OTHER MODELING FIRMS. CONSEQUENTLY, THERE CAN BE NO ASSURANCE THAT THE ESCROW MODELS WILL PROVE TO BE AN ACCURATE ESTIMATION OF THE RISK OF LOSS OR A REDUCTION OF THE PRINCIPAL OF, OR INTEREST ON, ANY CLASS OF NOTES. ACCORDINGLY, THE EXPECTED LOSS ESTIMATES AND RELATED PROBABILITIES PRODUCED BY THE ESCROW MODELS ARE THEMSELVES SUBJECT TO UNCERTAINTY. AIR REVIEWS MODEL ASSUMPTIONS FROM TIME TO TIME IN VIEW OF NEW DATA

AND OTHER INFORMATION TO REFINE AND MODIFY ITS MODELS AS SUCH INFORMATION BECOMES AVAILABLE. AS SUCH, THE ESCROW MODELS MAY NOT NECESSARILY REFLECT THE MOST CURRENT U.S. HURRICANE MODEL, U.S. EARTHQUAKE MODEL OR EUROPE WINDSTORM MODEL OF AIR, AS THE CASE MAY BE, AT ANY TIME. ESTIMATES GENERATED BY SUCH REFINED OR MODIFIED U.S. HURRICANE MODEL, U.S. EARTHQUAKE MODEL OR EUROPE WINDSTORM MODEL MAY DIFFER MATERIALLY FROM THE ESTIMATES GENERATED BY THE ESCROW MODELS IN CONNECTION WITH THIS OFFERING, AND THE USE OF SUCH MODELS IN LIEU OF THE ESCROW MODELS MIGHT SIMILARLY ALTER MATERIALLY THE INFORMATION PROVIDED IN THE AIR EXPERT RISK ANALYSIS REPORTS.

AIR UNDERTAKES NO INDEPENDENT VERIFICATION OR ASSESSMENT OF THE ACCURACY OR COMPLETENESS OF THE DATA IT OBTAINS FROM PCS OR PERILS. THERE CAN BE NO ASSURANCE IN ANY CASE THAT VERIFYING SUCH DATA WOULD HAVE BROUGHT TO AIR'S ATTENTION ANY MATTERS WHICH WOULD HAVE AFFECTED AIR'S ANALYSIS.

IN ADDITION, THE ESCROW MODELS REFLECT USE OF A FUNCTION TO ACCOUNT FOR THE EFFECTS OF TEMPORARY INFLATION THAT CAN RESULT FROM INCREASED DEMAND FOR MATERIALS AND SERVICES TO REPAIR AND REBUILD DAMAGED PROPERTY AFTER A CATASTROPHIC EVENT. THE DEMAND SURGE FUNCTION IS CALCULATED BASED ON VERY FEW HISTORICAL DATA POINTS AND IS ALSO HIGHLY SUBJECTIVE. AS A RESULT, THE LOSS ESTIMATES PRESENTED IN THE AIR EXPERT RISK ANALYSIS REPORTS MAY UNDERSTATE OR OVERSTATE THE IMPACT OF DEMAND SURGE ON LOSSES, POSSIBLY MATERIALLY.

NONE OF THE ISSUER, THE CEDING REINSURER, THE INITIAL PURCHASERS, THE INDENTURE TRUSTEE OR ANY OF THEIR RESPECTIVE AFFILIATES AND REPRESENTATIVES, OR ANY OF THEIR RESPECTIVE DIRECTORS OR OFFICERS, HAS REVIEWED, OR MAKES, OR SHALL BE DEEMED TO MAKE, ANY REPRESENTATION WITH RESPECT TO THE AIR EXPERT RISK ANALYSIS REPORTS, INCLUDING, WITHOUT LIMITATION, THE ADEQUACY, COMPLETENESS, APPROPRIATENESS OR OTHERWISE, OF THE AIR EXPERT RISK ANALYSIS REPORTS. THE "*AIR EXPERT RISK ANALYSIS*" ATTACHED HERETO AS ANNEX A AND THE "*AIR EXPERT RISK ANALYSIS RESULTS*" ATTACHED HERETO AS ANNEX B ARE INCLUDED IN THIS OFFERING CIRCULAR IN RELIANCE UPON AIR AS EXPERTS IN SUCH MATTERS. SEE THE "*EXPERTS*" SECTION OF THIS OFFERING CIRCULAR. THE AIR EXPERT RISK ANALYSIS REPORTS ARE, AS NOTED ABOVE, BASED ON CERTAIN ASSUMPTIONS, JUDGMENTS, AND METHODOLOGIES OF AIR, A NUMBER OF WHICH ARE CONFIDENTIAL AND PROPRIETARY TO AIR.

WITHOUT INTENDING TO LIMIT THE FOREGOING, IN PARTICULAR, NONE OF THE ISSUER, THE CEDING REINSURER, THE INITIAL PURCHASERS, THE INDENTURE TRUSTEE OR ANY OF THEIR RESPECTIVE AFFILIATES OR REPRESENTATIVES OR ANY OF THEIR RESPECTIVE DIRECTORS OR OFFICERS, HAS REVIEWED THE AIR EXPERT RISK ANALYSIS REPORTS TO DETERMINE (I) THE REASONABLENESS OF THE ASSUMPTIONS, JUDGMENTS AND METHODOLOGIES USED BY AIR, (II) WHETHER SUCH ASSUMPTIONS, JUDGMENTS AND METHODOLOGIES SHOULD BE SUPPLEMENTED IN ANY WAY THROUGH THE USE OF ALTERNATIVE ASSUMPTIONS, JUDGMENTS OR METHODOLOGIES, (III) WHETHER THE ASSUMPTIONS, JUDGMENTS AND METHODOLOGIES USED BY AIR INCLUDE ALL APPROPRIATE FACTORS THAT COULD CONTRIBUTE TO A PRINCIPAL REDUCTION AND (IV) WHETHER THE USE OF ALTERNATIVE ASSUMPTIONS, JUDGMENTS AND METHODOLOGIES, OR THE USE OF A DIFFERENT CATASTROPHE SIMULATION MODEL, COULD YIELD RESULTS MATERIALLY DIFFERENT FROM THOSE GENERATED BY THE ESCROW MODELS.

BECAUSE OF THE INHERENT LIMITATION OF RELYING ON THE AIR EXPERT RISK ANALYSIS REPORTS FOR LOSS ESTIMATION, AND BECAUSE OF THE SUBJECTIVE NATURE OF MANY OF AIR'S ASSUMPTIONS, JUDGMENTS AND METHODOLOGIES IN PREPARING THE AIR EXPERT RISK ANALYSIS REPORTS, EACH OF THE ISSUER, THE CEDING REINSURER, THE INITIAL PURCHASERS, THE INDENTURE TRUSTEE AND THEIR RESPECTIVE AFFILIATES AND REPRESENTATIVES EXPRESSLY DISCLAIM ANY RESPONSIBILITY FOR, OR ANY LIABILITY BASED UPON, A FINDING THAT THE AIR EXPERT RISK ANALYSIS REPORTS INCLUDE ANY UNTRUE

STATEMENT OF A MATERIAL FACT OR THAT THE AIR EXPERT RISK ANALYSIS REPORTS OMITS TO STATE A MATERIAL FACT NECESSARY IN ORDER TO MAKE THE STATEMENTS, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING.

FOR EACH CLASS OF NOTES, THE CALCULATION OF THE AMOUNT OF ANY LOSS PAYMENT AMOUNT AND ANY RELATED PRINCIPAL REDUCTION OR PRINCIPAL INCREASE TO BE PERFORMED BY AIR IN ITS CAPACITY AS CALCULATION AGENT WILL RESULT FROM A FACTUAL DETERMINATION AS TO WHETHER ONE OR MORE COVERED EVENTS HAS OCCURRED. THE DETERMINATION WILL BE PERFORMED IN ACCORDANCE WITH THE METHODOLOGIES DESCRIBED IN THIS OFFERING CIRCULAR AND AS SPECIFIED IN THE CALCULATION AGENT AGREEMENT. THE TERMS OF THE NOTES PROVIDE THAT ALL FACTUAL DETERMINATIONS MADE BY AIR AS CALCULATION AGENT ARE FINAL AND BINDING, ABSENT MANIFEST ERROR. NO SEPARATE REVIEW OR APPRAISAL OF THE ACCURACY OF THE DEFINED METHODOLOGIES OR DATA USED WILL BE PERFORMED. INVESTORS ARE ADVISED THAT THE CALCULATION OF AN ISSUER PAYMENT AND THE RELATED PRINCIPAL REDUCTION, AS WELL AS A NEGATIVE INDEX PAYMENT AND THE RELATED PRINCIPAL INCREASE, IS FINAL, REGARDLESS OF ANY ACTUAL, POTENTIAL OR THEORETICAL DISCREPANCIES BETWEEN THE METHODOLOGIES USED BY THE CALCULATION AGENT AND ANY OTHER POSSIBLE METHODOLOGIES FOR ASSESSING THE SAME FACTS OR ANY LOSSES WHICH ARE ACTUALLY EXPERIENCED IN REALITY AS A RESULT OF THE ASSOCIATED COVERED EVENT OR SERIES OF COVERED EVENTS. THESE INHERENT LIMITATIONS ARE POTENTIALLY EXACERBATED BY THE POTENTIAL FOR UNRELIABLE DATA, OR THE UNAVAILABILITY OF DATA, FROM THE REPORTING AGENCIES.

IN DETERMINING WHETHER ANY U.S. HURRICANE, U.S. EARTHQUAKE OR EUROPE WINDSTORM, AS APPLICABLE, QUALIFIES AS A COVERED EVENT, THE CALCULATION AGENT WILL USE DATA OBTAINED FROM THE RELEVANT REPORTING AGENCY. THE REPORTING AGENCIES DO NOT GIVE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IN RELATION TO THE ACCURACY OR RELIABILITY OF THE DATA THAT THEY PROVIDE. NEITHER THE ISSUER, THE CEDING REINSURER, THE INITIAL PURCHASERS, THE CALCULATION AGENT NOR ANY PARTY TO THE BASIC DOCUMENTS WILL TAKE ANY ACTION TO VERIFY THE METHODOLOGY, ACCURACY, TECHNICAL DATA OR INSTRUMENTATION OF THE REPORTING AGENCIES. THE ISSUER, THE CEDING REINSURER, THE CALCULATION AGENT AND THE OTHER PARTIES TO THE BASIC DOCUMENTS DISCLAIM ANY AND ALL LIABILITY, INCLUDING ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING FROM LOSSES DUE TO THE ERRORS, OMISSIONS, OR INACCURACIES IN THE DATA FROM THE REPORTING AGENCIES USED IN ANY CALCULATION OF AN ISSUER PAYMENT AND THE RELATED PRINCIPAL REDUCTION OR A NEGATIVE INDEX PAYMENT AND THE RELATED PRINCIPAL INCREASE.

THE DATA USED TO DETERMINE A LOSS TO INVESTORS MAY NOT BE THE FINAL DATA WITH REGARD TO ANY COVERED EVENT OR SERIES OF COVERED EVENTS. CONSEQUENTLY, INVESTORS MAY SUFFER A PRINCIPAL REDUCTION WITH RESPECT TO ONE OR MORE COVERED EVENTS FOR WHICH A LOSS PAYMENT AMOUNT MIGHT NOT HAVE BEEN PAYABLE IF FINAL DATA FROM THE APPLICABLE REPORTING AGENCY HAD BEEN PUBLISHED OR DELIVERED AT THE TIME OF THE LOSS PAYMENT AMOUNT RESULTING FROM SUCH COVERED EVENT OR SERIES OF COVERED EVENTS.

IN ADDITION, THE DATA AS REPORTED BY EACH REPORTING AGENCY IS SUBJECT TO CERTAIN MARGINS OF ERROR AS A RESULT OF THE DEGREE OF PRECISION AND THE METHODOLOGIES USED BY SUCH REPORTING AGENCY. THERE IS AN INHERENT RISK THAT ANY ISSUER PAYMENT AND THE RELATED PRINCIPAL REDUCTION CALCULATED USING THE DATA WOULD HAVE BEEN SMALLER, OR THAT NO ISSUER PAYMENT AND PRINCIPAL REDUCTION WOULD HAVE OCCURRED AT ALL, HAD THE APPLICABLE REPORTING AGENCY USED MORE PRECISE OR DIFFERENT METHODOLOGIES. INVESTORS IN THE NOTES WILL HAVE NO RECOURSE TO THE ISSUER, THE CEDING REINSURER, THE CALCULATION AGENT, THE INITIAL PURCHASERS, ANY REPORTING AGENCY, ANY AGENTS OR AFFILIATES THEREOF OR ANY OTHER ENTITY

SHOULD A PRINCIPAL REDUCTION OR PRINCIPAL INCREASE OCCUR AS A RESULT OF THE APPLICATION OF THE PARAMETERS AS REPORTED BY ANY REPORTING AGENCY.

AIR PROVIDES CONSULTING SERVICES AND OTHER SERVICES TO THE INSURANCE INDUSTRY, INCLUDING THE CEDING REINSURER (INCLUDING IN RESPECT OF THE PROPOSED OFFERING), THE INITIAL PURCHASERS AND THEIR RESPECTIVE AFFILIATES. AIR EXPECTS TO PROVIDE ADDITIONAL SERVICES FOR THE CEDING REINSURER, THE INITIAL PURCHASERS AND THEIR RESPECTIVE AFFILIATES FROM TIME TO TIME IN THE FUTURE. THE ISSUER HAS AGREED TO PAY THE FEES AND EXPENSES OF AIR FOR ITS SERVICES IN CONNECTION WITH THE NOTES, WHICH FEES WILL BE REIMBURSED TO THE ISSUER BY THE CEDING REINSURER PURSUANT TO THE REINSURANCE AGREEMENTS. IN ADDITION, THE ISSUER AND THE CEDING REINSURER HAVE AGREED TO INDEMNIFY AIR FOR CERTAIN CLAIMS, LIABILITIES AND EXPOSURES ARISING OUT OF SUCH SERVICES. AIR IS AFFILIATED WITH PCS, WHICH IS A DIVISION OF ISO.

AIR HAS PROVIDED ITS ANALYSES, EXPECTED LOSS ESTIMATES AND RELATED PROBABILITIES CONTAINED WITHIN THE AIR EXPERT RISK ANALYSIS REPORTS. NOTEHOLDERS WILL HAVE NO RIGHT TO ENFORCE OR TAKE ACTIONS AGAINST AIR OR ANY OTHER RIGHT UNDER OR IN CONNECTION WITH ANY AGREEMENT THAT AIR MAY HAVE WITH THE ISSUER. THE ISSUER'S USE OF THE INFORMATION PROVIDED BY AIR, PARTICULARLY WITH REGARD TO ANY DISCLOSURE MADE OR OMITTED IN THIS OFFERING CIRCULAR OR DURING ROAD SHOW MEETINGS WITH INVESTORS, IS COMPLETELY WITHIN THE ISSUER'S SOLE DISCRETION, AND NOT THE RESPONSIBILITY OF AIR.

DISCLAIMER FOR PCS ESTIMATES

INSURANCE SERVICES OFFICE, INC. ("ISO") AND PROPERTY CLAIM SERVICES ("PCS") ARE NOT RESPONSIBLE FOR AND HAVE NOT PARTICIPATED IN CREATING, OFFERING OR SELLING THE NOTES OR THE DETERMINATION OF THE TIMING, QUANTITIES OR PRICES AT WHICH ANY NOTES WILL BE OFFERED OR IN THE DETERMINATION OR CALCULATIONS USED FOR PURPOSES OF SUCH NOTES OR THE AMOUNT ULTIMATELY OWED UNDER SUCH NOTES.

ISO AND PCS MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO OFFEREEES, PURCHASERS OR HOLDERS OF THE NOTES REGARDING THE ADVISABILITY OF INVESTING IN SECURITIES GENERALLY OR IN ANY OF THE NOTES IN PARTICULAR. ISO AND PCS DO NOT SPONSOR, ENDORSE, SELL OR PROMOTE ANY SECURITY NOR DOES PROVISION OF THE PCS ESTIMATES IN ANY WAY SUGGEST OR IMPLY AN OPINION AS TO THE ATTRACTIVENESS OF INVESTMENT IN THE NOTES OR THAT ISO OR PCS HAS ASSUMED ANY OBLIGATION TO, OR RELATION OR AGENCY OR TRUST FOR OR WITH, THE ISSUER, THE CEDING REINSURER, THE INITIAL PURCHASERS OR ANY OF THE OFFEREEES, PURCHASERS, OWNERS OR HOLDERS OF THE NOTES.

PREPARING AN ESTIMATE OF THE INSURED LOSSES RESULTING FROM A U.S. HURRICANE OR A U.S. EARTHQUAKE IS AN INHERENTLY SUBJECTIVE AND IMPRECISE PROCESS, INVOLVING THE ASSESSMENT OF INFORMATION WHICH COMES FROM A NUMBER OF SOURCES AND WHICH MAY NOT BE COMPLETE OR ACCURATE. MOREOVER, THE TOTAL INSURED PROPERTY LOSSES FOR CERTAIN CATASTROPHES MAY CONTINUE TO DEVELOP OVER PERIODS OF TIME WHICH EXCEED THE EXTENSION PERIOD(S) EMPLOYED FOR THE NOTES. DUE TO A LACK OF INFORMATION AND UNCERTAINTY OR ERROR IN EXTRAPOLATING FROM REPORTED INFORMATION, PCS ESTIMATES OF INSURED PROPERTY LOSSES FROM CATASTROPHES MAY BE MATERIALLY DIFFERENT FROM ACTUAL LOSSES.

NEITHER ISO, PCS, NOR PERSONS ACTING ON THEIR BEHALF, NOR PERSONS OR ENTITIES PROVIDING INFORMATION FOR USE IN PREPARING THE PCS ESTIMATES MAKE ANY WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PCS ESTIMATES, THE MANNER OF ESTIMATING AND REPORTING SUCH ESTIMATES, OR ANY COMPONENT, COMBINATION, COMPILATION OR

DERIVATIVE THEREOF, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE.

NEITHER ISO, PCS, NOR PERSONS ACTING ON THEIR BEHALF, NOR PERSONS OR ENTITIES PROVIDING INFORMATION FOR USE IN PREPARING THE PCS ESTIMATES GUARANTEE THE ACCURACY AND/OR COMPLETENESS OF THE PCS ESTIMATES OR ANY DATA INCLUDED OR REFLECTED THEREIN, OR MAKE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY ANY PERSON OR ANY ENTITY FROM THE USE OF THE PCS ESTIMATES OR ANY COMPONENT, COMBINATION, COMPILATION OR DERIVATIVE THEREOF FOR ANY PURPOSE OR USE.

WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL ISO OR PCS HAVE ANY LIABILITY TO ANY OFFEREE, PURCHASER OR HOLDER OF THE NOTES FOR LOSS OF INVESTMENT OR OTHER FINANCIAL INTEREST WITH RESPECT TO THE NOTES OR FOR ANY SPECIAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING LOSS OF PROFITS), INCLUDING ANY LIABILITIES UNDER U.S. FEDERAL OR U.S. STATE SECURITIES LAWS.

“ISO,” “PROPERTY CLAIM SERVICES” AND “PCS” ARE TRADEMARKS OF ISO AND ITS AFFILIATES.

ANY INFORMATION PROVIDED TO A PURCHASER OR A PROSPECTIVE TRANSFEREE OF NOTES WHICH INCLUDES PCS ESTIMATES (INCLUDING INFORMATION AS TO INSURED PROPERTY LOSSES) SHALL BE FOR THE SOLE PURPOSE OF ASSESSING THE INVESTMENT AND ALL SUCH INFORMATION IS AND SHALL REMAIN THE SOLE AND EXCLUSIVE PROPERTY OF ISO. AS A CONDITION OF ACCESS TO SUCH INFORMATION, EACH PURCHASER AGREES THAT NEITHER IT NOR ANY PROSPECTIVE TRANSFEREE MAY DISCLOSE ANY SUCH INFORMATION TO THIRD PARTIES OTHER THAN AS REQUIRED BY APPLICABLE LAW, INCLUDING U.S. FEDERAL AND U.S. STATE SECURITIES LAWS, NOR USE THE INFORMATION FOR ANY PURPOSE OTHER THAN INVESTMENT ANALYSIS.

DISCLAIMER FOR PERILS ESTIMATES

THE NOTES ARE NOT ISSUED, SPONSORED, ENDORSED, SOLD OR PROMOTED BY PERILS AG (“**PERILS**”). PERILS DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO PROSPECTIVE OWNERS OR HOLDERS OF THE NOTES OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN THE NOTES. PERILS’ ONLY RELATIONSHIP TO THE NOTES IS THE LICENSING OF CERTAIN TRADEMARKS AND TRADE NAMES OF PERILS AND OF THE PERILS INDEX AND PERILS EXPOSURE DATABASE, WHICH IS DETERMINED AND CALCULATED BY PERILS OR ITS AGENTS WITHOUT REGARD TO THE ISSUER OR THE NOTES. PERILS IS NOT RESPONSIBLE FOR, AND HAS NOT PARTICIPATED IN, THE ISSUANCE, THE DETERMINATION OF THE PRICES AND AMOUNT OF THE NOTES OR THE TIMING OF THE ISSUANCE OR SALE OF THE NOTES OR IN THE DETERMINATION OR CALCULATION OF ANY LOSS PAYMENT AMOUNT. FURTHERMORE, PERILS HAS NO OBLIGATION OR LIABILITY IN CONNECTION WITH THE NOTES, INCLUDING WITHOUT LIMITATION THE ISSUANCE, TRADING, MARKETING OR ADMINISTRATION OF THE NOTES.

PERILS DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE PERILS INDEX AND PERILS EXPOSURE DATABASE OR ANY DATA INCLUDED THEREIN, AND PERILS SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. ESTIMATES SET FORTH BY ANOTHER METHOD FOR CALCULATING THE PERILS INDEX OR THE PERILS EXPOSURE DATABASE MAY MATERIALLY DIFFER FROM THE ESTIMATES SET FORTH IN THE PERILS INDEX OR THE PERILS EXPOSURE DATABASE IN CONNECTION WITH THE NOTES. HOWEVER, PERILS EXPRESSLY DISCLAIMS ANY OBLIGATION OR DUTY TO ADJUST THE PERILS INDEX OR ANY PRIOR VERSIONS OF THE PERILS INDEX OR THE PERILS EXPOSURE DATABASE. PERILS MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE

ISSUER OF THE NOTES, THE OWNERS OF THE NOTES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE PERILS INDEX. PERILS MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE PERILS INDEX. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL PERILS HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES OR LOST PROFITS, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES OR LOST PROFITS.

PUBLIC OFFER SELLING RESTRICTIONS UNDER THE PROSPECTUS DIRECTIVE

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA WHICH HAS IMPLEMENTED THE PROSPECTUS DIRECTIVE (EACH, A “**RELEVANT MEMBER STATE**”), EACH INITIAL PURCHASER HAS REPRESENTED AND AGREED, AND EACH FURTHER NOTEHOLDER WILL BE REQUIRED AND DEEMED TO REPRESENT AND AGREE, THAT WITH EFFECT FROM AND INCLUDING THE DATE ON WHICH THE PROSPECTUS DIRECTIVE IS IMPLEMENTED IN THAT RELEVANT MEMBER STATE (THE “**RELEVANT IMPLEMENTATION DATE**”), IT HAS NOT MADE AND WILL NOT MAKE AN OFFER OF THE NOTES WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFERING CIRCULAR TO THE PUBLIC IN THAT RELEVANT MEMBER STATE EXCEPT THAT IT MAY, WITH EFFECT FROM AND INCLUDING THE RELEVANT IMPLEMENTATION DATE, MAKE AN OFFER OF SUCH NOTES TO THE PUBLIC IN THAT RELEVANT MEMBER STATE:

- (A) AT ANY TIME TO ANY LEGAL ENTITY WHICH IS A QUALIFIED INVESTOR AS DEFINED IN THE PROSPECTUS DIRECTIVE;
- (B) AT ANY TIME TO FEWER THAN 100 OR, IF THE RELEVANT MEMBER STATE HAS IMPLEMENTED THE RELEVANT PROVISIONS OF THE DIRECTIVE 2010/73/EU (THE “**2010 PD AMENDING DIRECTIVE**”), 150, NATURAL OR LEGAL PERSONS (OTHER THAN QUALIFIED INVESTORS AS DEFINED IN THE PROSPECTUS DIRECTIVE) SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE ISSUER FOR ANY SUCH OFFER; OR
- (C) AT ANY TIME IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 3(2) OF THE PROSPECTUS DIRECTIVE;

PROVIDED THAT NO SUCH OFFER OF THE NOTES REFERRED TO IN (A) TO (C) ABOVE SHALL REQUIRE THE ISSUER TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE OR SUPPLEMENT A PROSPECTUS PURSUANT TO ARTICLE 16 OF THE PROSPECTUS DIRECTIVE.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN “OFFER OF NOTES TO THE PUBLIC” IN RELATION TO ANY NOTES IN ANY RELEVANT MEMBER STATE MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE NOTES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE FOR THE NOTES, AS THE SAME MAY BE VARIED IN THAT MEMBER STATE BY ANY MEASURE IMPLEMENTING THE PROSPECTUS DIRECTIVE IN THAT MEMBER STATE AND THE EXPRESSION “PROSPECTUS DIRECTIVE”, IN THIS CONTEXT, MEANS DIRECTIVE 2003/71/EC (AND AMENDMENTS THERETO, INCLUDING THE 2010 PD AMENDING DIRECTIVE, TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE), AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN THE RELEVANT MEMBER STATE AND THE EXPRESSION “2010 PD AMENDING DIRECTIVE” MEANS DIRECTIVE 2010/37/EU.

NOTICE TO RESIDENTS OF FRANCE

THE NOTES DESCRIBED HEREIN WILL BE ISSUED OUTSIDE OF FRANCE AND MAY NOT BE, DIRECTLY OR INDIRECTLY, OFFERED OR SOLD TO THE PUBLIC IN FRANCE (“**OFFRE AU PUBLIC DE TITRES FINANCIERS**”). THE OFFER OF THE NOTES IS NOT SUBJECT TO THE REQUIREMENT OF A PROSPECTUS TO BE SUBMITTED TO THE FRENCH *AUTORITÉ DES MARCHÉS FINANCIERS* FOR ITS APPROVAL (VISA). NEITHER THIS OFFERING CIRCULAR NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE NOTES HAS BEEN SUBMITTED TO THE APPROVAL (VISA) OF THE FRENCH *AUTORITÉ DES MARCHÉS FINANCIERS*. THE NOTES WILL NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN FRANCE, AND THIS OFFERING CIRCULAR AND ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE NOTES WILL NOT BE DISTRIBUTED IN FRANCE, EXCEPT TO QUALIFIED INVESTORS (“**INVESTISSEURS QUALIFIÉS**”), TO A LIMITED GROUP OF INVESTORS (“**CERCLE RESTREINT D’INVESTISSEURS**”), AND/OR TO PROVIDERS OF INVESTMENT SERVICES RELATING TO PORTFOLIO MANAGEMENT FOR THE ACCOUNT OF THIRD PARTIES (“**PERSONNES FOURNISSANT LE SERVICE D’INVESTISSEMENT DE GESTION DE PORTEFEUILLE POUR LE COMPTE DE TIERS**”), AS DEFINED IN, AND IN ACCORDANCE WITH, ARTICLES L.411-2, D.411-1 TO D.411-4, D.744-1, D.754-1 AND D.764-1 OF THE FRENCH *CODE MONÉTAIRE ET FINANCIER*. IN COMPLIANCE WITH ARTICLES L.411-2 AND D.411-1 TO D.411-4, D.744-1, D.754-1 AND D.764-1 OF THE FRENCH *CODE MONÉTAIRE ET FINANCIER*, ANY INVESTORS SUBSCRIBING FOR THE NOTES SHOULD BE ACTING FOR THEIR OWN ACCOUNT. IF ANY NOTES SUBSCRIBED FOR OR ACQUIRED BY SUCH INVESTORS ARE SUBSEQUENTLY OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, TO THE PUBLIC IN FRANCE, ANY SUCH OFFER SHALL COMPLY WITH ARTICLES L. 411-1, L.411-2, L.412-1 AS WELL AS L.621-8 TO L.621-8-3 OF THE FRENCH *CODE MONÉTAIRE ET FINANCIER*.

NOTICE TO RESIDENTS OF IRELAND

THE INITIAL PURCHASERS HAVE REPRESENTED AND AGREED THAT AND EACH NOTEHOLDER WILL BE REQUIRED AND DEEMED TO REPRESENT AND AGREE THAT:

(I) IT HAS NOT AND WILL NOT UNDERWRITE THE ISSUE OF, OR PLACE OR TAKE ANY OTHER ACTION IN CONNECTION WITH ANY OF THE NOTES, OTHERWISE THAN IN CONFORMITY WITH (I) THE PROVISIONS OF THE EUROPEAN COMMUNITIES (MARKETS IN FINANCIAL INSTRUMENTS) REGULATIONS, 2007 (AS AMENDED), INCLUDING, WITHOUT LIMITATION, PARTS 6, 7 AND 12 THEREOF ANY CODES OF CONDUCT, GUIDANCE AND OTHER REQUIREMENTS ISSUED IN CONNECTION THEREWITH (AS EACH OF THE FOREGOING MAY BE AMENDED, VARIED OR SUPPLEMENTED FROM TIME TO TIME) AND (II) THE PROVISIONS OF THE INVESTOR COMPENSATION ACT, 1998 (AS EACH OF THE FOREGOING MAY BE AMENDED, VARIED AND/OR SUPPLEMENTED FROM TIME TO TIME);

(II) IT HAS NOT AND WILL NOT UNDERWRITE THE ISSUE OF, OR PLACE, ANY NOTES, OTHERWISE THAN IN CONFORMITY WITH THE PROVISIONS OF THE CENTRAL BANK ACTS 1942 TO 2011 AND ANY CODES OF CONDUCT OR RULES MADE UNDER SECTION 117(1) OF THE CENTRAL BANK ACT 1989 (AS EACH OF THE FOREGOING MAY BE AMENDED, VARIED AND/OR SUPPLEMENTED FROM TIME TO TIME);

(III) IT HAS NOT AND WILL NOT UNDERWRITE THE ISSUE OF, OR DO ANYTHING IN IRELAND IN RESPECT OF ANY NOTES OTHERWISE THAN IN CONFORMITY WITH THE PROVISIONS OF THE PROSPECTUS (DIRECTIVE 2003/71/EC) REGULATIONS 2005 AND ANY RULES ISSUED UNDER SECTION 51 OF THE INVESTMENT FUNDS, COMPANIES AND MISCELLANEOUS PROVISIONS ACT 2005 BY THE CENTRAL BANK (AS EACH OF THE FOREGOING MAY BE AMENDED, VARIED AND/OR SUPPLEMENTED FROM TIME TO TIME); AND

(IV) IT HAS NOT AND WILL NOT UNDERWRITE THE ISSUE OF, PLACE OR OTHERWISE ACT IN IRELAND IN RESPECT OF ANY NOTES, OTHERWISE THAN IN CONFORMITY WITH THE PROVISIONS OF THE EU DIRECTIVE 2003/6/EC ON INSIDER DEALING AND MARKET MANIPULATION AND IRISH MARKET ABUSE LAW (AS SUCH TERM IS DEFINED IN THE IRISH INVESTMENT FUNDS, COMPANIES AND MISCELLANEOUS PROVISIONS ACT, 2005 (THE “2005 ACT”) AND THE MARKET ABUSE (DIRECTIVE 2003/6/EC) REGULATIONS 2005 AND ANY RULES ISSUED UNDER SECTION 34 OF THE 2005 ACT BY THE CENTRAL BANK (AS EACH OF THE FOREGOING MAY BE AMENDED, VARIED AND/OR SUPPLEMENTED FROM TIME TO TIME).

THE ISSUER WILL BE REGULATED BY THE CENTRAL BANK AS A SPECIAL PURPOSE REINSURANCE VEHICLE PURSUANT TO REGULATION 30 OF THE EUROPEAN COMMITTEE (REINSURANCE) REGULATION 2006. ANY INVESTMENT IN THE NOTES DOES NOT HAVE THE STATUS OF A BANK DEPOSIT AND IS NOT SUBJECT TO THE DEPOSIT PROTECTION SCHEME OPERATED BY THE CENTRAL BANK OR ANY OTHER GOVERNMENT GUARANTEE SCHEME.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

THIS OFFERING CIRCULAR MAY ONLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED TO PERSONS IN THE UNITED KINGDOM IN CIRCUMSTANCES WHERE SECTION 21(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE “**FSMA**”) DOES NOT APPLY AND MAY BE DISTRIBUTED IN THE UNITED KINGDOM ONLY TO PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED) (THE “**ORDER**”), (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (E) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC.) OF THE ORDER, OR (III) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) IN CONNECTION WITH THE ISSUE OR SALE OF ANY OF THE NOTES MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). IN THE UNITED KINGDOM, THIS OFFERING CIRCULAR IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFERING CIRCULAR RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

NOTICE TO RESIDENTS OF THE NETHERLANDS

THIS OFFERING CIRCULAR HAS NOT BEEN APPROVED BY AND FILED WITH THE DUTCH AUTHORITY FOR THE FINANCIAL MARKETS (*AUTORITEIT FINANCIËLE MARKTEN*, THE “**AFM**”). THE NOTES ARE NOT, WILL NOT AND MAY NOT, DIRECTLY OR INDIRECTLY, BE OFFERED IN THE NETHERLANDS, UNLESS (I) A PROSPECTUS, WHICH HAS BEEN APPROVED BY THE RELEVANT COMPETENT AUTHORITY, IS PUBLISHED OR AN EXCEPTION TO THE REQUIREMENT TO PUBLISH A PROSPECTUS PURSUANT TO THE DUTCH FINANCIAL SUPERVISION ACT (*WET OP HET FINANCIEEL TOEZICHT*, “**FSA**”) APPLIES, AND (II) TO OR BY INDIVIDUALS OR ENTITIES THAT ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 1:1 FSA AND/OR TO FEWER THAN 100 PERSONS NOT BEING QUALIFIED INVESTORS WITHIN THE MEANING OF THE FSA.

NOTICE TO RESIDENTS OF HONG KONG

THE NOTES MAY NOT BE OFFERED OR SOLD BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES ORDINANCE (CAP.32, LAWS OF HONG KONG), OR (II) TO “PROFESSIONAL INVESTORS” WITHIN THE MEANING OF THE SECURITIES AND FUTURES

ORDINANCE (CAP.571, LAWS OF HONG KONG) AND ANY RULES MADE THEREUNDER, OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A “PROSPECTUS” WITHIN THE MEANING OF THE COMPANIES ORDINANCE (CAP.32, LAWS OF HONG KONG), AND NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE NOTES MAY BE ISSUED OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUE (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO THE NOTES WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO “PROFESSIONAL INVESTORS” WITHIN THE MEANING OF THE SECURITIES AND FUTURES ORDINANCE (CAP.571, LAWS OF HONG KONG) AND ANY RULES MADE THEREUNDER.

NOTICE TO RESIDENTS OF JAPAN

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE LAW OF JAPAN LAW NO. 25 OF 1998, AS AMENDED (“FIEL”) AND THE INITIAL PURCHASERS HAVE AGREED THAT IT WILL NOT OFFER OR SELL ANY OF THE NOTES, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (WHICH TERM AS USED HEREIN MEANS ANY PERSON RESIDENT IN JAPAN, INCLUDING ANY CORPORATION OR OTHER ENTITY ORGANIZED UNDER THE LAWS OF JAPAN), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO A RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, FIEL AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

NOTICE TO RESIDENTS OF SINGAPORE

THIS OFFERING CIRCULAR HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE. ACCORDINGLY, THIS OFFERING CIRCULAR AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE NOTES MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY THE NOTES BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR UNDER SECTION 274 OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE (THE “SFA”), (II) TO A RELEVANT PERSON, OR ANY PERSON PURSUANT TO SECTION 275(1A), AND IN ACCORDANCE WITH THE CONDITIONS, SPECIFIED IN SECTION 275 OF THE SFA OR (III) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA.

WHERE THE NOTES ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 BY A RELEVANT PERSON WHICH IS: (A) A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR; OR (B) A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY IS AN ACCREDITED INVESTOR, SHARES, DEBENTURES AND UNITS OF SHARES AND DEBENTURES OF THAT CORPORATION OR THE BENEFICIARIES’ RIGHTS AND INTEREST IN THAT TRUST SHALL NOT BE TRANSFERABLE FOR 6 MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED THE NOTES UNDER SECTION 275 EXCEPT: (1) TO AN INSTITUTIONAL INVESTOR UNDER SECTION 274 OF THE SFA OR TO A RELEVANT PERSON, OR ANY PERSON PURSUANT TO SECTION 275(1A), AND IN ACCORDANCE WITH THE CONDITIONS, SPECIFIED IN SECTION 275 OF THE SFA; (2) WHERE NO CONSIDERATION IS GIVEN FOR THE TRANSFER; OR (3) BY OPERATION OF LAW.

NOTICE TO RESIDENTS OF BERMUDA

TO THE EXTENT THAT ANY NOTES ARE OFFERED OR SOLD IN OR FROM BERMUDA SUCH OFFER OR SALE WILL BE MADE IN ACCORDANCE WITH THE INVESTMENT BUSINESS ACT 2003 OF BERMUDA.

AVAILABLE INFORMATION

The Issuer extends to each prospective purchaser the opportunity, prior to the consummation of the sale of a Class of Notes, (i) to ask questions of, and receive answers from, the Issuer concerning the Issuer, such Class of Notes and the terms and conditions of this Offering and (ii) to obtain any additional information such prospective purchaser may consider necessary in making an informed investment decision or in order to verify the information set forth herein, to the extent the Issuer possesses the same or can acquire such information without unreasonable effort or expense.

Prior to the consummation of sale of a Class of Notes, the Issuer will make the following transaction documents available in draft form to prospective purchasers for review: (i) the Indenture; (ii) the respective Reinsurance Agreement; and (iii) the Calculation Agent Agreement (collectively, the “**Selected Transaction Documents**”).

After the sale of a Class of Notes and for so long as such Class of Notes is outstanding, the Issuer will furnish to the Indenture Trustee and make available, or cause to be made available, to Holders and prospective purchasers (who are permitted transferees) of such Class of Notes final execution copies of the Selected Transaction Documents and the following information to the extent applicable to such Class of Notes, within no more than four Business Days from when such information has become available to the Issuer: (i) any Event Notice; (ii) any Event Report; (iii) notice of any Early Redemption Event or Optional Redemption; (iv) any Optional Extension Notice, including notice of any Partial Extension; (v) any Optional Extension Discontinuation Notice; (vi) any Optional Extension Verification Report; (vii) any Reset Report (including the Updated Factors if applicable); (viii) any PERILS Loss Report relating to a Covered Event, if applicable; (ix) any data from a U.S. Hurricane Data Provider or U.S. Earthquake Data Provider relating to a Covered Event, if and as applicable, (x) any PCS Catastrophe Bulletin relating to a Covered Event, if applicable; (xi) notice of any Issuer Payment or Principal Reduction, including the amounts thereof; (xii) notice of any Negative Index Payment or Principal Increase, including the amounts thereof; (xiii) any EBRD Put Notice; (xiv) any information relating to a downgrade of the EBRD (if any) that is made available to the Issuer; (xv) the nominal amount of the applicable EBRD Notes, the applicable securities identification number (i.e., “ISIN” and/or “Common Code”) for the applicable EBRD Notes and the then-current issuer rating of the EBRD by Standard & Poor’s Credit Market Services Europe Limited; (xvi) for any Money Market Fund Shares constituting a Permitted Investment for such Class of Notes, if applicable, the name and ratings of the relevant Money Market Fund and the market value of and accrued dividend for such Money Market Fund Shares, all of which will be made available on a monthly basis to the extent such information is available to the Issuer; (xvii) notice of any Event of Default under the Indenture relating to such Class of Notes; and (xviii) any supplemental information the Ceding Reinsurer may, in its discretion, furnish to the Issuer for distribution to the Holders of such Class of Notes (each of the foregoing (i) through (xviii), together with the final execution copies of the Selected Transaction Documents, the “**Available Information**”).

The Available Information and drafts of the Selected Transaction Documents (prior to the Issuance Date) will be made available to Holders and prospective purchasers (who are permitted transferees) of the relevant Class of Notes via a secured password protected internet site online workspace maintained by Marsh Management Services (Dublin) Limited (the “**Workspace Administrator**”) on behalf of the Issuer with IntraLinks®, Inc. (“**IntraLinks**”). In addition, Available Information will be made available to the Rating Agency via a separate secured password protected internet site online workspace for purposes of complying with Rule 17g-5 of the Exchange Act (the “**17g-5 Website**”). The information on any website mentioned in this Offering Circular or any website directly or indirectly linked to any website mentioned in this Offering Circular is not a part of, or incorporated by reference into, this Offering Circular.

The Issuer is not subject to the informational requirements of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). The Issuer agrees that at any time while a Class of Notes is outstanding, it will upon request furnish to the Holders or prospective purchasers (who are permitted transferees) of such Class of Notes the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act (or any similar successor rule) to permit compliance with Rule 144A in connection with resales of the Notes of such Class (“**Rule 144A Information**”).

In order to receive access to Available Information or Rule 144A Information, a Noteholder or prospective purchaser (who is a permitted transferee) of Notes must submit the Request for Access to Information Form attached to this Offering Circular as Annex E (the “**Request for Access to Information Form**”) to the Issuer c/o Marsh Management Services (Dublin) Limited, 25/28 Adelaide Road, Dublin 2, Ireland, Attention: The Directors; telephone: +353 (1) 605 3000; facsimile: +353 (1) 605 3010.

As a condition to access Available Information and Rule 144A Information, Noteholders and prospective purchasers must agree not to disclose any such information to third parties other than as required by applicable law, including U.S. federal and state securities laws or, in connection with the potential resale of Notes, to a prospective purchaser that is a permitted transferee. Any such information may not be used for any purpose other than an analysis of an investment in the Notes.

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OVERVIEW

CLASS A NOTES; CLASS B NOTES

*The following overview is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Offering Circular. When a term is defined in this Offering Circular, it is printed in bold-faced type. Certain capitalized terms used but not defined in this overview are used herein as defined elsewhere in this Offering Circular. Annex F to this Offering Circular includes an “Index of Defined Terms” that lists defined terms used herein and the page on which such terms are defined. **Prospective investors should consider carefully the information set forth under the caption “Risk Factors” and all other information set forth in this Offering Circular, including the annexes attached hereto, prior to making an investment in the Notes.***

The Offering

Issuer Atlas Reinsurance VII Limited (the “**Issuer**”) is an Irish private limited company authorized as a special purpose reinsurance vehicle in Ireland. The Issuer was incorporated under the laws of Ireland on September 24, 2012 under company number 517967. Wilmington Trust SP Services (Dublin) Limited (the “**Share Trustee**”) holds all of the Issuer’s issued and outstanding share capital in trust for charitable purposes.

The Issuer’s business will consist solely of the issuance of the Notes and the entering into and performance of the Reinsurance Agreements, and related agreements and activities, including the acquisition and holding of the Permitted Investments.

The Issuer does not, and will not, engage in any other business, incur indebtedness for money borrowed (other than the Notes), pay dividends or make other distributions on its capital (other than a distribution upon liquidation of the Issuer) or enter into any contract of insurance or reinsurance or any other risk transfer contract other than the Reinsurance Agreements, and related agreements, as applicable.

Notes Offered \$60,000,000 Class A Principal-at-Risk Variable Rate Notes due January 7, 2016 (the “**Class A Notes**”), which are exposed to U.S. Hurricane Events affecting the U.S. Hurricane Covered Area and U.S. Earthquake Events affecting the U.S. Earthquake Covered Area on an aggregate basis during each Loss Period within the applicable Risk Period.

€130,000,000 Class B Principal-at-Risk Variable Rate Notes due January 7, 2016 (the “**Class B Notes**” and, together with the Class A Notes, the “**Notes**”), which are exposed to Europe Windstorm Events affecting the Europe Windstorm Covered Area on a per occurrence basis during the applicable Risk Period.

Purpose of Offering The Issuer is issuing each Class of Notes to collateralize and fund its obligations under the corresponding Reinsurance Agreement to make certain payments to the Ceding Reinsurer upon the occurrence of certain specified Covered Events during the applicable Risk Period, as further described in this Offering Circular.

Ceding Reinsurer SCOR Global P&C SE, acting for itself and on behalf of any affiliate of SCOR SE (the “**Ceding Reinsurer**”). SCOR Global P&C SE is a member of the SCOR group of companies.

As of the date of this Offering Circular, SCOR Global P&C SE's financial strength was rated "A+ (stable)" by Standard & Poor's Credit Market Services Europe Limited, "A1 (stable)" by Moody's Investors Service Limited, "A (stable)" by A.M. Best Europe Ratings Services Limited and "A+ (stable)" by Fitch Ratings Limited, each of which rating agencies is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (the "**Credit Rating Agency Regulation**").

Prospective investors should consider carefully the information set forth under the caption "*Risk Factors—Ratings*" before making an investment in the Notes.

Offering Price For each Class of Notes, 100% of the Original Principal Amount (the "**Offering Price**").

Issuance Date..... The date on which the Notes are issued, which is expected to be on or about November 1, 2012 (the "**Issuance Date**").

Use of Proceeds On the Issuance Date, all of the proceeds paid to the Issuer from the sale of each Class of Notes will be deposited into a separate Collateral Account for such Class and will be available to satisfy the obligations of the Issuer to the Ceding Reinsurer under the corresponding Reinsurance Agreement.

Following the purchase of the EBRD Notes and until the applicable Redemption Date, the Permitted Investments for each Class of Notes will consist solely of EBRD Notes, unless, among other circumstances described herein:

- (i) an EBRD Put Event occurs that results in a redemption of EBRD Notes, in which case, unless such EBRD Put Event has occurred after the date that is at least thirteen (13) Business Days prior to the Payment Date immediately prior to the applicable Redemption Date, the proceeds of such redemption will be used to purchase Money Market Fund Shares to the extent that they are available and the Money Market Fund satisfies the Money Market Fund Criteria; or
- (ii) the Ceding Reinsurer is required to make a Negative Index Payment under the applicable Reinsurance Agreement, in which case the related amounts will be used to purchase Money Market Fund Shares to the extent that they are available and the Money Market Fund satisfies the Money Market Fund Criteria.

To the extent that Money Market Fund Shares are not available or the Money Market Fund does not satisfy the Money Market Fund Criteria, cash will remain uninvested as a cash credit balance in the applicable Collateral Account.

The maturity date of the EBRD Notes will occur on January 8, 2018 for the Dollar-Denominated EBRD Notes and January 8, 2018 for the Euro-Denominated EBRD Notes, and EBRD Notes are subject to early redemption as described further herein.

Limited Recourse..... Holders of each Class of Notes will have recourse only to the Collateral related to such Class of Notes and will not have recourse to

any other property or assets of the Issuer, including the Excess Accounts or the Collateral related to any other Class of Notes. Holders of each Class of Notes will rank *pari passu* with all other holders of such Class of Notes.

No Recourse Neither the Ceding Reinsurer nor any of its affiliates is a guarantor of, or obligor on, the Notes. Noteholders will not have any recourse to or against the Ceding Reinsurer or any of its affiliates for any amounts due and payable by the Issuer to any Noteholder for any reason, including in the event of a default by the Issuer.

The Notes

I. Principal Amount

Original Principal Amount For each Class of Notes, the principal amount of such Class upon original issuance thereof (the “**Original Principal Amount**”), which will be (i) \$60,000,000 for the Class A Notes and (ii) €130,000,000 for the Class B Notes.

Outstanding Principal Amount For each Class of Notes, as of any date of determination, the Original Principal Amount of such Class of Notes (i) as reduced by the aggregate of all Principal Reductions applicable to such Class of Notes made on all Payment Dates prior to and including such date and (ii) as increased by the aggregate of all Principal Increases applicable to such Class of Notes made on all Payment Dates prior to and including such date (the “**Outstanding Principal Amount**”); *provided*, that the Outstanding Principal Amount shall neither be less than zero nor greater than the Original Principal Amount for such Class of Notes. Any such adjustment will be allocated *pro rata* among the holders of the applicable Class of Notes.

Principal Reduction On each Payment Date, the Outstanding Principal Amount of a Class of Notes will be reduced by (i) an amount equal to the Positive Period Loss Payment Amount, if any, relating to such Payment Date and such Class of Notes, plus (ii) the Partial Repayment Amount, if any, relating to such Payment Date and such Class of Notes (each such reduction, a “**Principal Reduction**”), until the Outstanding Principal Amount of such Class of Notes has been reduced to zero. The aggregate of all Principal Reductions (net of Principal Increases) for a Class of Notes will not exceed the Original Principal Amount of such Class of Notes.

Principal Increase On each Payment Date, the Outstanding Principal Amount of a Class of Notes will be increased by an amount equal to the absolute value of the Negative Period Loss Payment Amount, if any, relating to such Payment Date and such Class of Notes (each such increase, a “**Principal Increase**”).

Repayment Amount..... For each Class of Notes, 100% of the Outstanding Principal Amount of such Class of Notes, determined as of the Redemption Date, plus, if applicable, any Early Redemption Payment or Optional Redemption Payment (the “**Repayment Amount**”). On a Redemption Date, Holders of the applicable Class of Notes will receive, to the extent of available funds therefor, the Repayment Amount plus any accrued but unpaid interest on such Class of Notes.

II. Redemption Date

Redemption Date	For each Class of Notes, the earliest to occur of the Early Redemption Date, the Optional Redemption Date and the Scheduled Redemption Date, in each case as applicable for such Class of Notes, or, following an Extension Event with respect to such Class of Notes, the Extended Redemption Date or Early Redemption Date for such Class of Notes, as the case may be (the “ Redemption Date ”).
Scheduled Redemption Date	For each Class of Notes, January 7, 2016 (or, if such day is not a Business Day, the next succeeding Business Day) (the “ Scheduled Redemption Date ”).
Early Redemption Date	If an Early Redemption Event has occurred with respect to a Class of Notes, such Class of Notes will be redeemed earlier than the Scheduled Redemption Date or, if applicable, the Extended Redemption Date following such Early Redemption Event. The date of any such early redemption will be the first Payment Date that occurs at least thirty-five (35) calendar days after the date of an Early Redemption Event, but will not be later than the Scheduled Redemption Date or the Extended Redemption Date, as applicable (the “ Early Redemption Date ”). If any Early Redemption Event has occurred for a Class of Notes, the redemption price for such Class of Notes will be the Repayment Amount, which will include the Early Redemption Payment in the case of a Ceding Reinsurer Default Redemption Event or a Solvency II Redemption Event.
Optional Redemption Date	For each Class of Notes, after the receipt by the Indenture Trustee of a notice of Optional Redemption, the Issuer will redeem all, but not less than all, of the Notes of such Class at a redemption price equal to the Repayment Amount, which will include the Optional Redemption Payment, on either January 1, 2014 or January 1, 2015, as applicable (or, in each case, if such day is not a Business Day, the next succeeding Business Day) (the “ Optional Redemption Date ”).
Extended Redemption Date	Each January 7, April 7, July 7 and October 7 during an Extension, except that the Extended Redemption Date that would otherwise occur on January 7, 2018 shall instead be on January 9, 2018 (or, if any such day is not a Business Day, the next succeeding Business Day); <i>provided</i> , that in no event shall any Extended Redemption Date be later than the Final Extended Redemption Date (each, an “ Extended Redemption Date ”).

III. Early Redemption

Early Redemption Event.....	For each Class of Notes, each of the following is an “ Early Redemption Event ” and will occur:
	(i) on the date that the Ceding Reinsurer gives written notice to the Issuer and the Indenture Trustee that it elects to terminate the Reinsurance Agreement for such Class of Notes at any time when the Outstanding Principal Amount of such Class is equal to or less than 10% of the Original Principal Amount of such Class; provided, that such Reinsurance Agreement may not be so terminated, and such Class of Notes may not be so redeemed, (a) prior to, but not including, the fourth (4th) Payment Date following the Issuance Date or (b) while a Minimum Development Period, if any, has commenced and is continuing for such Class of Notes (a “ Clean-Up Call ”).

Redemption Event”);

- (ii) on the date that the Ceding Reinsurer gives written notice to the Issuer and the Indenture Trustee that it elects to terminate the Reinsurance Agreement for such Class of Notes, following certification by the Calculation Agent in writing that a Reporting Agency, or its successor, has ceased to provide the information necessary for the Calculation Agent to provide an Event Report for such Class of Notes, and the Calculation Agent was unable within forty-five (45) calendar days to find a replacement for such Reporting Agency reasonably satisfactory to and unaffiliated with the Ceding Reinsurer (a **“Reporting Agency Redemption Event”**);
- (iii) on the date that the Ceding Reinsurer gives written notice to the Issuer and the Indenture Trustee that it elects to terminate the Reinsurance Agreement for such Class of Notes, which date is at least forty-five (45) calendar days after the date of termination of the Calculation Agent Agreement due to a failure by the Calculation Agent to perform its duties and obligations under the Calculation Agent Agreement, if the Issuer, after using its reasonable best efforts, has been unable to engage a suitable substitute calculation agent reasonably satisfactory to and unaffiliated with the Ceding Reinsurer to perform such duties and obligations (a **“Calculation Agent Redemption Event”**);
- (iv) on the date on which there has been a failure by the Ceding Reinsurer under the Reinsurance Agreement for such Class of Notes to make any Premium Payment or Negative Index Payment when due under such Reinsurance Agreement (and such default has not been cured within five (5) Business Days following the date on which the Issuer has provided a written notice of such default to the Ceding Reinsurer) (a **“Ceding Reinsurer Default Redemption Event”**);
- (v) on the date that is specified in a written notice delivered by the Ceding Reinsurer to the Issuer and the Indenture Trustee if, in the Ceding Reinsurer’s sole judgment (following written advice of the Ceding Reinsurer’s counsel with a copy provided to the Issuer and the Indenture Trustee), as a result of any amendment to, or change in, the laws or regulations of any jurisdiction affecting taxation, or any amendment to, or change in, an official published interpretation or application of such taxation laws or regulations on or after the Issuance Date, or any official published supplementary clarification of such taxation laws or regulations on or after the Issuance Date, the Ceding Reinsurer or the Issuer becomes subject to taxation (or increase in taxation) in any jurisdiction which increases the amount of payments payable by the Ceding Reinsurer to the Issuer under the Reinsurance Agreement for such Class of Notes (a **“Change in Tax Law Redemption Event”**);
- (vi) on the date that is specified in a written notice delivered by the Ceding Reinsurer to the Issuer and the Indenture Trustee if, in the Ceding Reinsurer’s sole judgment (following written advice of the Ceding Reinsurer’s counsel with a copy provided to the Issuer and the Indenture Trustee), as a result of any

amendment to, or change in, the laws of any jurisdiction (including a change in any official interpretation or application thereof) becoming effective that would materially and adversely impair (a) the Issuer's ability to lawfully perform its obligations under such Class of Notes or its payment obligations under the Reinsurance Agreement for such Class of Notes or (b) the Ceding Reinsurer's ability to lawfully perform its obligations under the Reinsurance Agreement for such Class of Notes (a "**Change in Law Redemption Event**");

- (vii) on the date on which the Ceding Reinsurer gives written notice to the Issuer and the Indenture Trustee that it elects to terminate the Reinsurance Agreement for such Class of Notes following the occurrence of an EBRD Put Event described in subsection (vi), (vii), or (viii) in the definition of EBRD Put Event (an "**EBRD Redemption Event**"); and
- (viii) on the date that is specified in a written notice delivered by the Ceding Reinsurer to the Issuer and the Indenture Trustee with at least ninety (90) calendar days' prior notice, which date may be no earlier than the effective date of any amendment or implementation measure specified in (a) below if, in the Ceding Reinsurer's sole good faith judgment, following advice of a recognized accounting, actuarial or law firm (with a copy provided to the Issuer and the Indenture Trustee) confirming the items specified in (a) and (b) below: (a) as a result of any amendment to Directive 2009/138/EC ("**Solvency II**") (other than as contemplated by the proposal for a directive of the European Parliament and of the Council amending Directives 2003/71/EC and 2009/138/EC in respect of the powers of the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority contained in a draft directive put forward by the Presidency of the European Council on September 21, 2011 ("**Omnibus II Draft Directive**")) or European implementing measures, the implementation of Solvency II into the domestic legislation of the Member States of the European Union, the adoption of any directly applicable regulation or rules by the European Commission relating to the implementation and application of Solvency II, the issuance of any guidance on Solvency II by the European Commission or the European Insurance and Occupational Pensions Authority or any other change in the official interpretation or application of Solvency II, whether or not such amendment, change or application is immediately effective; and (b) the capital, financial statement, rating agency or other similar benefits of the applicable Reinsurance Agreement to the Ceding Reinsurer, SCOR SE or any of SCOR SE's controlled affiliates is materially less favorable to any such entities than is the case applying Directive 2009/138/EC (as it is proposed to be amended by the Omnibus II Draft Directive) and the proposed delegated acts, implementing technical statements and guidelines in respect of Solvency II issued by the European Insurance and Occupational Pensions Authority (or its predecessor) and national regulators in Member States of the European Union as of the Issuance Date (a "**Solvency II**");

Redemption Event”).

Early Redemption Payment For each Class of Notes, an additional repayment amount will be payable on the Early Redemption Date upon the occurrence of (i) a Ceding Reinsurer Default Redemption Event, equal to the sum of the present value, discounted at, for the Class A Notes, LIBOR and, for the Class B Notes, EURIBOR (in each case, determined for the Accrual Period in which such Early Redemption Event occurred), for the applicable scheduled Interest Spread payments calculated on the Outstanding Principal Amount of such Class of Notes, determined as of the Early Redemption Date, for each Accrual Period from the first day of the Accrual Period that begins on such Early Redemption Date up to the applicable Scheduled Redemption Date or (ii) a Solvency II Redemption Event, equal to, (x) if the Early Redemption Date occurs on or prior to December 31, 2014, 2.0% of the Outstanding Principal Amount of such Class of Notes and, (y) if the Early Redemption Date occurs after December 31, 2014 but prior to the Scheduled Redemption Date, 1.0% of the Outstanding Principal Amount of such Class of Notes (each of clauses (i) and (ii), an “**Early Redemption Payment**”). If the Early Redemption Date occurs on or after the Scheduled Redemption Date, the Early Redemption Payment will be zero.

IV. Optional Redemption

Optional Redemption; Optional Redemption Election Date For each Class of Notes, the Ceding Reinsurer may direct the Issuer to redeem all, but not less than all, of the Notes of such Class on the Optional Redemption Date (an “**Optional Redemption**”), at a redemption price equal to the Repayment Amount, which will include the Optional Redemption Payment, by providing written notice of such election to the Issuer and the Indenture Trustee at least thirty-five (35) Business Days prior to the applicable Optional Redemption Date (the date of such election, an “**Optional Redemption Election Date**”).

Optional Redemption Payment For each Class of Notes, an additional repayment amount payable in connection with an Optional Redemption, equal to, (a) if the applicable Optional Redemption Date is January 1, 2014, 4.0% of the Outstanding Principal Amount of such Class of Notes and, (b) if the applicable Optional Redemption Date is January 1, 2015, 2.0% of the Outstanding Principal Amount of such Class of Notes (or, in each case, if such day is not a Business Day, the next succeeding Business Day) (the “**Optional Redemption Payment**”).

V. Extension

Extension The maturity of a Class of Notes may be extended beyond the applicable Scheduled Redemption Date for one or more Extension Periods as a result of the occurrence of an Extension Event or series of Extension Events with respect to such Class of Notes, provided that the maturity of such Class may not be extended beyond the earliest of (i) the Early Redemption Date, if any, (ii) the Final Extended Redemption Date, and (iii) the Extension Discontinuation Date (each, an “**Extension**”).

If, as of any Extension Determination Date, an Extension Event has occurred and is continuing, then the maturity of the relevant Class of

Notes will be extended automatically for an Extension Period, commencing on the Scheduled Redemption Date or Extended Redemption Date, as the case may be, immediately following such Extension Determination Date. The occurrence of an Extension will not have the effect of extending the Risk Period.

Extension Event..... An Optional Extension Event I, an Optional Extension Event II or a Mandatory Extension Event, as the case may be (each, an “**Extension Event**”). An Optional Extension Event and a Mandatory Extension Event may occur independently of each other or may occur together. An Extension Event of one type may be followed by an Extension Event of another type for a subsequent Extension Period if the conditions for such other type of Extension Event have been satisfied.

Extension Period..... Each period of approximately three months for which the maturity of a Class of Notes will be extended following the occurrence of an Extension Event for such Class, which period will commence on and including the Scheduled Redemption Date or the relevant Extended Redemption Date, as the case may be, and end on but excluding the immediately succeeding Extended Redemption Date (each, an “**Extension Period**”).

Final Extended Redemption Date..... For each Class of Notes, the date (the “**Final Extended Redemption Date**”) that is the earliest of:

- (i) January 9, 2018 (or if such day is not a Business Day, the next succeeding Business Day);
- (ii) the applicable Payment Date after the Scheduled Redemption Date occurring on or immediately after the Event Reporting Date on which a Final Event Report has been delivered by the Calculation Agent for all Covered Events for which an Event Notice has been delivered; and
- (iii) the applicable Payment Date occurring on or immediately after which (a) the sum of the Issuer Payments (net of Negative Index Payments) in respect of one or more Covered Events equals the Original Principal Amount of such Class of Notes and (b) a Final Event Report has been issued for each such Covered Event relating to such Class of Notes;

provided, that for clauses (ii) and (iii) above, if the Indenture Trustee has not delivered the EBRD Put Notice at least eleven (11) Business Days prior to the relevant Payment Date, the Final Extended Redemption Date will be the next succeeding Payment Date.

Extension Discontinuation Date For each Class of Notes, following the occurrence of an Extension Event for such Class of Notes, the “**Extension Discontinuation Date**” will be the Extended Redemption Date immediately succeeding an Extension Determination Date as of which: (i) no Optional Extension Event for such Class of Notes has occurred and is continuing; and (ii) no Mandatory Extension Event for such Class of Notes has occurred and is continuing.

Extension Determination Date..... For each Class of Notes, the date that is fifteen (15) Business Days prior to the Scheduled Redemption Date or any Extended Redemption Date, as the case may be, for such Class of Notes, and, if a potential Covered Event occurs between the period from the fifteenth (15th)

Business Day prior to the Scheduled Redemption Date to the end of the Risk Period for such Class of Notes, the date that is three (3) Business Days prior to the Scheduled Redemption Date (each, a “**Extension Determination Date**”).

On the Business Day following each Extension Determination Date, the Issuer will notify the Indenture Trustee and the Ceding Reinsurer as to whether an Optional Extension Event has occurred as of such Extension Determination Date and whether a Mandatory Extension Event has occurred as of such Extension Determination Date. Upon receipt of such notice from the Issuer, the Indenture Trustee will notify the applicable Clearing System(s), not later than two (2) Business Days prior to the immediately following Payment Date, of the extension of the maturity of the relevant Class of Notes for an Extension Period from such Payment Date.

Optional Extension Event..... For each Class of Notes, an “**Optional Extension Event**” will occur with respect to such Class of Notes as of any Extension Determination Date, if, on or prior to such Extension Determination Date, the Ceding Reinsurer has delivered an Optional Extension Notice for such Class in respect of which the Ceding Reinsurer has not subsequently delivered an Optional Extension Discontinuation Notice.

Optional Extension Notice..... For each Class of Notes, a notice delivered by the Ceding Reinsurer to the Issuer and the Indenture Trustee, on or prior to any Extension Determination Date (each, an “**Optional Extension Notice**”), electing an Optional Extension Event with respect to such Class of Notes and/or specifying whether a Partial Extension is elected and, if so, the applicable Partial Repayment Amount.

Optional Extension Discontinuation Notice For each Class of Notes, a notice delivered by the Ceding Reinsurer to the Issuer and the Indenture Trustee, on or prior to any Extension Determination Date (an “**Optional Extension Discontinuation Notice**”) electing to discontinue an Optional Extension Event with respect to such Class of Notes and specifying therein the applicable Redemption Date.

Optional Extension Event I; Optional Extension Event II An Optional Extension Event will constitute an “**Optional Extension Event II**” with respect to an Extension Period if the Calculation Agent has delivered to the Issuer and the Indenture Trustee an Optional Extension Event Verification Report, on or prior to the Optional Extension Type Determination Date immediately preceding such Extension Period, confirming that the Optional Extension Event II Conditions applicable to such Extension Period have been satisfied for the relevant Class of Notes. Any Optional Extension Event that does not constitute an Optional Extension Event II will be an “**Optional Extension Event I.**”

Optional Extension Type Determination Date For each Class of Notes, the date that is three (3) Business Days prior to the Scheduled Redemption Date or any Extended Redemption Date, as the case may be, for such Class of Notes (each, an “**Optional Extension Type Determination Date**”).

Optional Extension Type Determination For the purposes of determining whether an Optional Extension Event

Period..... II has occurred for the second and each subsequent Extension Period, the “**Optional Extension Type Determination Period**” will commence on the Optional Extension Type Determination Date for the immediately prior Extension Period and end on the Optional Extension Type Determination Date during such immediately prior Extension Period. For example, the Optional Extension Determination Period for the second Extension Period in respect of a Class of Notes, if applicable, will commence on the Optional Extension Type Determination Date immediately prior to the Scheduled Redemption Date for such Class of Notes and will end on the Optional Extension Type Determination Date during the first Extension Period.

Optional Extension Event II Conditions.... For the each Class of Notes, the “**Optional Extension Event II Conditions**” mean the following conditions, to the extent applicable to such Class of Notes for the relevant Extension Period:

Class A Notes

- (i) with respect to any Extension Period for the Class A Notes, the occurrence during the applicable Risk Period of a Covered Event for which a Final Event Report has not been delivered prior to the Event Reporting Date preceding such Extension Period; and
- (ii) with respect to the second and each subsequent Extension Period for the Class A Notes, the Loss Period Index Value for any Loss Period on any date of determination during the relevant Optional Extension Type Determination Period is equal to or greater than the minimum percentage specified in the table below;

<u>Extension Period</u>	<u>Minimum Percentage</u>
Second Extension Period	25% of Attachment Level*
Third Extension Period	50% of Attachment Level*
Fourth Extension Period	75% of Attachment Level*
Fifth Extension Period	75% of Attachment Level*
Sixth Extension Period	90% of Attachment Level*
Seventh Extension Period	90% of Attachment Level*
Eighth Extension Period	90% of Attachment Level*

* Denotes the Attachment Level in effect for the Class A Notes during such Loss Period

Class B Notes

- (i) with respect to any Extension Period for the Class B Notes, the occurrence during the applicable Risk Period of a Covered Event for which a Final Event Report has not been delivered prior to the Event Reporting Date preceding such Extension Period; and
- (ii) with respect to the second and each subsequent Extension Period for the Class B Notes, the Event Index Value for any Covered Event on any date of determination during the relevant Optional Extension Type Determination Period is equal to or greater than the minimum percentage specified in

the table below;

<u>Extension Period</u>	<u>Minimum Percentage</u>
Second Extension Period	25% of Attachment Level*
Third Extension Period	50% of Attachment Level*
Fourth Extension Period	75% of Attachment Level*
Fifth Extension Period	75% of Attachment Level*
Sixth Extension Period	90% of Attachment Level*
Seventh Extension Period	90% of Attachment Level*
Eighth Extension Period	90% of Attachment Level*

* Denotes the Attachment Level in effect for the Class B Notes on the applicable Date of Loss.

Optional Extension Verification Report No less than five (5) Business Days prior to each Optional Extension Type Determination Date, the Ceding Reinsurer may instruct the Calculation Agent to deliver, on or prior to such Optional Extension Type Determination Date, a report (each, an “**Optional Extension Verification Report**”) to the Issuer and the Ceding Reinsurer specifying whether the Optional Extension Event II Conditions have been satisfied; *provided*, that if a potential Covered Event occurs within ten (10) Business Days prior to the applicable Scheduled Redemption Date, the Ceding Reinsurer may, no less than three (3) Business Days following the Date of Loss of such potential Covered Event, instruct the Calculation Agent to deliver the initial Optional Extension Verification Report, and the Calculation Agent will be required to deliver such Optional Extension Verification Report within five (5) Business Days following the date of such instruction.

Mandatory Extension Event For each Class of Notes, a “**Mandatory Extension Event**” will have occurred as of any Extension Determination Date, if (i) an Issuer Payment has been made (or will be made on the immediately succeeding Payment Date) by the Issuer to the Ceding Reinsurer under the corresponding Reinsurance Agreement and (ii) the Minimum Development Period remains in effect for any Loss Period (in the case of the Class A Notes) or Covered Event (in the case of the Class B Notes) relating to any such Issuer Payment.

Minimum Development Period Class A Notes

For the Class A Notes, if an Issuer Payment has been made (or will be made on the immediately succeeding Payment Date) by the Issuer to the Ceding Reinsurer in respect of a Loss Period under the corresponding Reinsurance Agreement, the “**Minimum Development Period**” for the Class A Notes will commence on the Date of Loss for the earliest Covered Event that has occurred during such Loss Period and will continue until the earliest of (i) the date that is twenty-four (24) calendar months from the Date of Loss for the latest Covered Event that has occurred during such Loss Period, (ii) the first Event Reporting Date that is at least five (5) Business Days after the date on which the Reporting Agency has released a Reporting Agency Report with its final Resurvey Estimate for each Covered Event that has occurred during such Loss Period, (iii) the date on which the applicable Reporting Agency ceases to exist, and (iv) the Event Reporting Date on which (a) the sum of the Issuer Payments under such Reinsurance

Agreement (net of Negative Index Payments) equals the Original Principal Amount of the Class A Notes and (b) a Final Event Report has been issued for each Covered Event giving rise to such Issuer Payments.

Class B Notes

For the Class B Notes, if an Issuer Payment has been made (or will be made on the immediately succeeding Payment Date) by the Issuer to the Ceding Reinsurer in respect of a Covered Event under the corresponding Reinsurance Agreement, the “**Minimum Development Period**” for the Class B Notes will commence on the Date of Loss of such Covered Event and will continue until the earliest of (i) the date that is twenty-four (24) calendar months from the Date of Loss for such Covered Event, (ii) the first Event Reporting Date that is at least five (5) Business Days after the date on which the Reporting Agency has released a Reporting Agency Report with its final Resurvey Estimate for such Covered Event, (iii) the date on which the applicable Reporting Agency ceases to exist, and (iv) the Event Reporting Date on which (a) the sum of the Issuer Payments under such Reinsurance Agreement equals the Original Principal Amount of the Class B Notes (net of Negative Index Payments) and (b) a Final Event Report has been issued for each Covered Event giving rise to such Issuer Payments.

Partial Extension; Partial
Extension Date; Partial
Repayment Amount.....

In connection with any Extension Event, the Ceding Reinsurer may elect to require the Issuer to extend, on the Scheduled Redemption Date or any Extended Redemption Date, as applicable, only a portion of the Outstanding Principal Amount of the relevant Class of Notes instead of the full principal amount thereof (each such partial extension, a “**Partial Extension**,” and the applicable Scheduled Redemption Date or Extended Redemption Date, a “**Partial Extension Date**”).

To the extent that a Class of Notes is extended pursuant to a Partial Extension, the portion of the Outstanding Principal Amount of such Class of Notes that is not extended pursuant to such Partial Extension will be redeemed by the Issuer on a *pro rata* basis (such redeemed amount, the “**Partial Repayment Amount**”) on the Partial Extension Date among the Noteholders of such Class, at a redemption price equal to the applicable *pro rata* portion of the Partial Repayment Amount (in each case, subject to the procedures of the applicable Clearing System).

Partial Extension Notice

The Ceding Reinsurer may elect a Partial Extension with respect to a Class of Notes and a Partial Extension Date by giving written notice of a Partial Extension (a “**Partial Extension Notice**”), the relevant Partial Repayment Amount and the relevant Partial Extension Date to the Issuer and the Indenture Trustee on or prior to the Extension Determination Date preceding such Partial Extension Date.

VI. Interest on the Notes

Interest Calculation.....

For each Accrual Period from and including the Issuance Date to, but excluding, the Redemption Date, interest on each Class of Notes will

be calculated as the sum of:

- (i) the Permitted Investment Yield relating to such Accrual Period for such Class of Notes, *plus*
- (ii) the amount of interest accrued during such Accrual Period on the Outstanding Principal Amount for such Class of Notes, determined as of the first day of such Accrual Period (after giving effect to any adjustment to the Outstanding Principal Amount on such first day), at a *per annum* rate equal to (a) for Accrual Periods beginning prior to the Scheduled Redemption Date, the Interest Spread for such Class of Notes or (b) for Accrual Periods beginning on or after the Scheduled Redemption Date, the applicable Extension Spread for such Class of Notes; in each case calculated on the basis of the actual number of days elapsed in the related Accrual Period and a 360-day year (the “**Interest Calculation Convention**”);

provided, however, that with respect to the first four (4) Accrual Periods beginning on the Issuance Date, the applicable Interest Spread portion of interest on such Class of Notes will be calculated and paid on the Original Principal Amount of such Class; *provided, further*, that, if the Outstanding Principal Amount of a Class of Notes has been reduced to zero on any of the three (3) Payment Dates following the Issuance Date, the Issuer will pay the Residual Interest Amount on such Payment Date, in addition to accrued interest for the prior Accrual Period, and no further interest will be paid with respect to such Class from the period from and including such Payment Date to, but excluding, the fourth (4th) Payment Date following the Issuance Date.

Payment Dates..... Interest for each Class of Notes will be payable quarterly in arrears on the following dates (each, a “**Payment Date**”):

- (i) each January 1, April 1, July 1 and October 1 (or if any such day is not a Business Day, the next succeeding Business Day), commencing on the First Payment Date and ending on the earliest of the Early Redemption Date, the Optional Redemption Date and the Scheduled Redemption Date, as applicable, for such Class of Notes; *provided*, that there will be no Payment Date on January 1, 2016, but only on the Scheduled Redemption Date; and
- (ii) if one or more Extension Events have occurred with respect to such Class of Notes, each Extended Redemption Date and, if there is an Early Redemption Event during any Extension Period, the Early Redemption Date.

First Payment Date January 1, 2013 (or if such day is not a Business Day, the next succeeding Business Day) (the “**First Payment Date**”).

Accrual Period..... For each Class of Notes, interest in respect of each Payment Date will accrue from and including the immediately preceding Payment Date (or the Issuance Date, in the case of the First Payment Date) to, but not including, such Payment Date; *provided*, that with respect to the Accrual Period ending on the Redemption Date for such Class of Notes, such interest will accrue to, but excluding, one (1) Business Day prior to the Redemption Date for the purposes of calculating the EBRD Notes Coupon Payment for such Accrual Period (each, an “**Accrual**

Period”).

Interest Spread..... For the Class A Notes, 8.00%.

For the Class B Notes, 3.65%.

(the “**Interest Spread**”)

Extension Spread..... For any Extension Period resulting from an Optional Extension Event I only, 3.00%.

For any Extension Period resulting from an Optional Extension Event II only, 0.50%.

For any Extension Period resulting from a Mandatory Extension Event (whether or not in combination with an Optional Extension Event), 0.10%.

(as applicable, the “**Extension Spread**”)

Permitted Investment Yield..... For each Class of Notes, the yield on the Permitted Investments in the applicable Collateral Account (the “**Permitted Investment Yield**”) will be an amount equal to the actual investment earnings received in such Collateral Account on the Permitted Investments held in such Collateral Account prior to and including one (1) Business Day prior to the applicable Payment Date, which have not been previously distributed to the Issuer, net of applicable withholding taxes and fees imposed on such earnings, if any.

Promptly after its deposit into the Collateral Account of the Permitted Investment Yield, the Indenture Trustee will transfer Permitted Investment Yield into the applicable Collateral Payment Account.

Residual Interest Amount..... An amount equal to the sum of the present values, discounted at, for the Class A Notes, LIBOR and, for the Class B Notes, EURIBOR (in each case, determined for the Accrual Period in which the Outstanding Principal Amount of such Class of Notes was reduced to zero), of each of the scheduled payments of the Interest Spread for such Class of Notes that would have been payable on each Payment Date following that Payment Date through and including the fourth Payment Date immediately following the Issuance Date (the “**Residual Interest Amount**”).

LIBOR..... “**LIBOR**” means, with respect to the Dollar-Denominated EBRD Notes, LIBOR as determined by the LIBOR Calculation Agent in accordance with the terms and conditions of the Dollar-Denominated EBRD Notes. For purposes of calculating the Residual Interest Amount or the Early Redemption Payment with respect to a Ceding Reinsurer Default Redemption Event, LIBOR means, as of any LIBOR Determination Date, the rate for deposits in U.S. dollars for a period equal to the relevant Accrual Period which appears on the Reuters Page LIBOR01 as of 11:00 a.m., London time, on such date, *provided* that LIBOR for any relevant period that does not appear on Reuters Page LIBOR01 will be determined by using the closest, measured by calendar days, published period which will be the longer of the two periods in the event the LIBOR Determination Date falls exactly between two published periods. If such information is not available, the rate for that LIBOR Determination Date will be determined on the

basis of the rates at which deposits in U.S. dollars are offered by the LIBOR Reference Banks at approximately 11:00 a.m., London, on that day to prime banks in the London interbank market for a period equal to the relevant Accrual Period. The LIBOR Calculation Agent will request the principal London office of each of the LIBOR Reference Banks to provide a quotation of its rate. If at least two quotations are provided, the rate for that LIBOR Determination Date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for that LIBOR Determination Date will be the arithmetic mean of the rates quoted by three major banks in New York City, selected by the LIBOR Calculation Agent, at approximately 11:00 a.m., New York City time, on that LIBOR Determination Date for loans in U.S. dollars to leading European banks for a period equal to the relevant Accrual Period.

“Reuters Page LIBOR01” means the display page currently so designated on Reuters 3000 Xtra or any successor service (or such other page as may replace that page on that service or any successor service for the purpose of displaying comparable rates or prices).

“LIBOR Reference Banks” means four major banks in the London interbank market selected by the LIBOR Calculation Agent.

“LIBOR Determination Date” means the second London Banking Day prior to any Interest Reset Date.

“London Banking Day” means any business day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

“Interest Reset Date” means the first day of each Accrual Period.

“LIBOR Calculation Agent” means Citibank, N.A., as agent under the EBRD’s Global Medium Term Note Programme, or any successor agent thereunder, for EBRD Notes, or, for the sole purposes of determining the Early Redemption Payment with respect to a Ceding Reinsurer Default Redemption Event and the Residual Interest Amount, the Indenture Trustee.

EURIBOR **“EURIBOR”** means, with respect to the Euro-Denominated EBRD Notes, EURIBOR as determined by the EURIBOR Calculation Agent in accordance with the terms and conditions of the Euro-Denominated EBRD Notes. For purposes of calculating the Residual Interest Amount or the Early Redemption Payment with respect to a Ceding Reinsurer Default Redemption Event, EURIBOR means, as of any EURIBOR Determination Date, the rate for deposits in Euro for a period equal to the relevant Accrual Period which appears on the Reuters Screen EURIBOR01 as of 11:00 a.m., Brussels time, on such date, provided that EURIBOR for any relevant period that does not appear on Reuters Screen EURIBOR01 will be determined by using straight line linear interpolation applied between the next shortest period and the next longest period that do appear on Reuters Screen EURIBOR01. If such information is not available, the rate for that EURIBOR Determination Date will be determined on the basis of the rates at which deposits in Euro are offered by the Euro Reference Banks at approximately 11:00 a.m., Brussels time, on that day to prime banks in the Euro zone interbank market for a period equal to the relevant Accrual Period. The EURIBOR Calculation Agent will request the principal Euro zone office of each of the Euro Reference

Banks to provide a quotation of its rate. If at least two quotations are provided, the rate for that EURIBOR Determination Date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for that EURIBOR Determination Date will be the arithmetic mean of the rates quoted by four major banks in the Euro zone selected by the EURIBOR Calculation Agent, at approximately 11:00 a.m., Brussels time, on that EURIBOR Determination Date for loans in Euro to leading London banks for a period equal to the relevant Accrual Period.

“**Reuters Screen EURIBOR01**” means the display page currently so designated on the Reuters 3000 Xtra or any successor service (or such other page as may replace that page on that service or any successor service for the purpose of displaying comparable rates or prices).

“**Euro Reference Banks**” means four major banks in the Euro zone interbank market selected by the EURIBOR Calculation Agent.

“**EURIBOR Determination Date**” means the second TARGET Settlement Date prior to any Interest Reset Date.

“**EURIBOR Calculation Agent**” means Citibank, N.A., as agent under the EBRD’s Global Medium Term Note Programme, or any successor agent thereunder, for EBRD Notes, or, for the sole purposes of determining the Early Redemption Payment with respect to a Ceding Reinsurer Default Redemption Event, and the Residual Interest Amount, the Indenture Trustee.

Loss Determination

I. General

Risk Period For each Class of Notes, the period commencing at 12:00:00 a.m., UTC, on January 1, 2013 and continuing up to and including the earlier of (i) 11:59:59 p.m., UTC, on December 31, 2015 and, (ii) in the event of an Early Redemption Event or Optional Redemption with respect to such Class of Notes, 11:59:59 p.m., UTC, on the date of such Early Redemption Event or the relevant Optional Redemption Election Date (the “**Risk Period**”).

If the Risk Period ends while a Covered Event is in progress, the Issuer’s liability under the applicable Reinsurance Agreement will, subject to the other terms and conditions of such Reinsurance Agreement, be determined as if the entire Covered Event had occurred prior to the end of the Risk Period.

Loss Periods..... For the Class A Notes only, the periods (each, a “**Loss Period**”) commencing at:

- (i) 12:00:00 a.m., UTC, on January 1, 2013 to and including 11:59:59 p.m., UTC, on December 31, 2013 (the “**First Loss Period**”);
- (ii) 12:00:00 a.m., UTC, on January 1, 2014 to and including 11:59:59 p.m., UTC, on December 31, 2014 (the “**Second Loss Period**”); and

- (iii) 12:00:00 a.m., UTC, on January 1, 2015 to and including 11:59:59 p.m., UTC, on December 31, 2015 (the “**Third Loss Period**”).

For the Class A Notes, in the event of an Early Redemption Event or an Optional Redemption with respect to such Class, the applicable Loss Period will end at 11:59:59 p.m., UTC, on the date of such Early Redemption Event or the relevant Optional Redemption Election Date. If a Loss Period expires while a Covered Event is in progress, the entire Event Index Value from such Covered Event will be included in the determination of the Loss Period Payment Amount for the Loss Period in which the Date of Loss falls, and will be excluded from any other Loss Period.

For the avoidance of doubt, there will be no Loss Periods within the Risk Period for the Class B Notes.

Covered Event	For the Class A Notes, any U.S. Hurricane Event or U.S. Earthquake Event and, for the Class B Notes, any Europe Windstorm Event (each, a “ Covered Event ”).
Reporting Agency	For the Class A Notes, PCS and, for the Class B Notes, PERILS (each, a “ Reporting Agency ”).
Reporting Agency Report	For U.S. Hurricane Events and U.S. Earthquake Events, any PCS Catastrophe Bulletin and, for any Europe Windstorm Events, any PERILS Loss Report (each, a “ Reporting Agency Report ”).
Covered Area	For the Class A Notes, the U.S. Hurricane Covered Area and the U.S. Earthquake Covered Area, as applicable, and, for the Class B Notes, the Europe Windstorm Covered Area (each, a “ Covered Area ”).
Date of Loss	The U.S. Hurricane Date of Loss, the U.S. Earthquake Date of Loss and the Europe Windstorm Date of Loss, as applicable (each, a “ Date of Loss ”).
PCS	Property Claim Services, a division of ISO Services, Inc., or any successor in interest thereto or, if no successor exists or PCS ceases to provide PCS Catastrophe Bulletins, a replacement named by the Calculation Agent (“ PCS ”).
PCS License Agreement	On the Issuance Date, the Issuer will enter into a license agreement with PCS relating to the use of PCS-prepared information by the Issuer in connection with the Class A Notes (the “ PCS License Agreement ”).
PCS Catastrophe Bulletin	Any catastrophe bulletin (each, a “ PCS Catastrophe Bulletin ”) originated and disseminated by PCS (including through ISOnet PCS) that identifies and assigns a catastrophe number to a catastrophe identified herein as a U.S. Hurricane or a U.S. Earthquake or similarly identified, and/or gives preliminary or, subsequently as it deems appropriate in the exercise of its judgment, adjusted estimates (each such adjusted estimate, a “ PCS Resurvey Estimate ”), of insured industry property losses arising from a U.S. Hurricane or a U.S. Earthquake, or a comparable notification in the event a replacement reporting agency is named by the Calculation Agent pursuant to the terms of the Calculation Agent Agreement.

Estimates of insured property losses are typically specified by state and line of business, which include personal lines, commercial lines and automobile lines, and may include workers' compensation losses. Any workers' compensation losses will be excluded in the determination of a U.S. Hurricane Event and a U.S. Earthquake Event, and only insured industry property losses that include personal lines, commercial lines and automobile lines will be used in the determination of an Event Index Value for such U.S. Hurricane Event or U.S. Earthquake Event, as applicable.

PERILS..... PERILS AG, incorporated in Zurich, Switzerland as a joint stock company, or any successor in interest thereto, or if no successor exists or PERILS ceases to provide PERILS Loss Reports, a replacement named by the Calculation Agent ("**PERILS**").

PERILS License Agreement..... On the Issuance Date, the Issuer will enter into a license agreement with PERILS relating to the use of PERILS-prepared information by the Issuer in connection with the Class B Notes (the "**PERILS License Agreement**").

PERILS Loss Report Any report (each, a "**PERILS Loss Report**") originated and disseminated by PERILS that identifies and assigns an event name and occurrence date to a catastrophe identified herein as Europe Windstorm or similarly identified, and/or gives preliminary estimates or, subsequently as it deems appropriate in the exercise of its judgment, adjusted estimates (each such adjusted estimate, a "**PERILS Resurvey Estimate**") of insured industry property losses arising from a Europe Windstorm, or a comparable notification in the event a replacement reporting agency is named by the Calculation Agent pursuant to the terms of the Calculation Agent Agreement.

Estimates of insured property losses are typically specified by (i) CRESTA Zone, with the exception of Norway where they are specified by county, and (ii) line of business, which include residential lines, commercial lines, industrial lines and agricultural lines.

Resurvey Estimate Any PCS Resurvey Estimate in respect of a U.S. Hurricane or a U.S. Earthquake or any PERILS Resurvey Estimate in respect of a Europe Windstorm (each, a "**Resurvey Estimate**").

Final Resurvey Estimate..... For the avoidance of doubt, the determination of whether a Resurvey Estimate in respect of a Covered Event is "final" will be as specified by the Reporting Agency in the relevant Reporting Agency Report. If the Reporting Agency deems it appropriate, in the exercise of its judgment, to restate or reopen an estimate of insured property losses resulting from a Covered Event that has at one time been labeled as "final" by such Reporting Agency, such previously released but reopened or restated "final" Resurvey Estimate will no longer be deemed final for purposes of the Notes and the Reinsurance Agreement; *provided*, that no such new Resurvey Estimate will be taken into account to the extent that it is issued after the date that is five (5) Business Days prior to the Event Reporting Date immediately prior to the Redemption Date.

II. U.S. Hurricane

U.S. Hurricane	Any event that is identified and assigned a number by PCS as a “catastrophe” (whether or not such identification and assignment is made during the Risk Period), where the perils identified by PCS with respect to such catastrophe include the peril of hurricane or tropical storm (each, a “ U.S. Hurricane ”).
U.S. Hurricane Date of Loss.....	The first date specified in the “Dates” data field of a PCS Catastrophe Bulletin for a U.S. Hurricane, or the comparable data field in the event PCS changes its reporting format or a replacement to PCS is named by the Calculation Agent pursuant to the terms of the Calculation Agent Agreement (“ U.S. Hurricane Date of Loss ”).
U.S. Hurricane Event.....	Any U.S. Hurricane with a U.S. Hurricane Date of Loss within the Risk Period for the Class A Notes having caused insured industry property losses in the U.S. Hurricane Covered Area (each, a “ U.S. Hurricane Event ”).
U.S. Hurricane Covered Area.....	Alabama, Arkansas, Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia, West Virginia and Puerto Rico (the “ U.S. Hurricane Covered Area ”).
State	Each of the states of the United States of America, the District of Columbia and Puerto Rico (each, a “ State ”).
U.S. Hurricane Event Parameters; U.S. Hurricane Event Parameters Date	The following physical characteristics of any U.S. Hurricane obtained from the U.S. Hurricane Data Provider and reported by the U.S. Hurricane Data Provider in a Tropical Cyclone Report, or, if such Tropical Cyclone Report is not released by the U.S. Hurricane Data Provider within one hundred and twenty (120) calendar days after the U.S. Hurricane Date of Loss of such U.S. Hurricane Event, the latest preliminary data as may be made publicly available by the U.S. Hurricane Data Provider within one hundred and twenty (120) calendar days after the U.S. Hurricane Date of Loss of such U.S. Hurricane Event (a “ U.S. Hurricane Event Parameters Date ”): (i) the date and time of such event and (ii) the location, forward speed, central barometric pressure and radius of maximum winds at six-hour intervals or more frequently if provided by the U.S. Hurricane Data Provider (the “ U.S. Hurricane Event Parameters ”).
U.S. Hurricane Data Provider.....	The National Weather Service (“ NWS ”), an agency of the U.S. National Oceanic and Atmospheric Administration, and the National Hurricane Center (“ NHC ”), part of the NWS, or their successors, and in the event that the NWS or the NHC ceases to exist and there is no successor, such other organization selected by the Calculation Agent that provides equivalent data and is reasonably satisfactory to and unaffiliated with the Ceding Reinsurer (the “ U.S. Hurricane Data Provider ”).
Tropical Cyclone Report	A report issued by the U.S. Hurricane Data Provider containing meteorological statistics, post-event analysis best track and other information about a hurricane (a “ Tropical Cyclone Report ”).
U.S. Hurricane State Modeled Loss; U.S. Hurricane County Modeled Loss; U.S.	

Hurricane Post Event Loss Calculations;

U.S. Hurricane County Percentage.....

Following each U.S. Hurricane Event, the Calculation Agent will obtain from the U.S. Hurricane Data Provider the U.S. Hurricane Event Parameters with respect to such U.S. Hurricane Event and will withdraw from escrow the applicable Escrow Model and the U.S. Industry Exposure Database.

The Calculation Agent will use the applicable Escrow Model and U.S. Hurricane Event Parameters to calculate each State loss for personal lines, commercial lines (excluding any workers' compensation losses) and automobile lines to the U.S. Industry Exposure Database ("**U.S. Hurricane State Modeled Loss**") for each State in the U.S. Hurricane Covered Area and each county level loss to the U.S. Industry Exposure Database ("**U.S. Hurricane County Modeled Loss**") for each county in the U.S. Hurricane Covered Area pursuant to the procedures set forth in the applicable Calculation Agent Agreement and as described in the "*AIR Expert Risk Analysis Results*" attached hereto as Annex B ("**U.S. Hurricane Post Event Loss Calculations**").

For each county within each State in the U.S. Hurricane Covered Area, the Calculation Agent will calculate a percentage ("**U.S. Hurricane County Percentage**") equal to (i) the relevant county's U.S. Hurricane County Modeled Loss divided by (ii) the U.S. Hurricane State Modeled Loss for such county's State.

U.S. Hurricane State PCS Loss.....

On any date of determination and for each U.S. Hurricane, an amount equal to the total amount of estimated insured property losses from personal lines, commercial lines (excluding any workers' compensation losses) and automobile lines for each State calculated separately in the U.S. Hurricane Covered Area as stated in the most recent PCS Catastrophe Bulletin and verified by the Calculation Agent (the "**U.S. Hurricane State PCS Loss**").

U.S. Hurricane County PCS Loss.....

On any date of determination, for each U.S. Hurricane Event and for each county within each State in the U.S. Hurricane Covered Area, an amount equal to (i) the U.S. Hurricane State PCS Loss for such State *multiplied by* (ii) the U.S. Hurricane County Percentage for such county in such State (the "**U.S. Hurricane County PCS Loss**").

U.S. Hurricane County Payout Factors.....

The applicable U.S. Hurricane payout factors set forth in the data disk included in Annex G attached hereto (the "**Initial U.S. Hurricane County Payout Factors**") and, following any Reset, the Updated U.S. Hurricane County Payout Factors (the "**U.S. Hurricane County Payout Factors**").

U.S. Hurricane Index Value

For any U.S. Hurricane Event, the "**U.S. Hurricane Index Value**" will be calculated by the Calculation Agent using the following formula and rounded to two decimal places:

$$\text{U.S. Hurricane Index Value} = \sum_C \Pi_C \times I_C - \text{Index Deductible}^*$$

*Denotes the Index Deductible in effect on the applicable U.S. Hurricane Date of Loss.

Where,

I_{lc} = the U.S. Hurricane County Payout Factor in effect on the U.S. Hurricane Date of Loss for each County (C) within each State within the U.S. Hurricane Covered Area; and

I_c = the U.S. Hurricane County PCS Loss for each County (C) within each State within the U.S. Hurricane Covered Area, divided by \$1,000,000;

provided, that if the U.S. Hurricane Index Value for any U.S. Hurricane Event is less than zero, then such U.S. Hurricane Index Value will be deemed to be zero.

If the U.S. Hurricane Post Event Loss Calculations cannot be conducted for one or more States within the U.S. Hurricane Covered Area because the relevant U.S. Hurricane State PCS Loss is below \$1,000,000, then the Calculation Agent will apply the lowest U.S. Hurricane County Payout Factor stated for a county in such State to the relevant U.S. Hurricane State PCS Loss.

Any change in the U.S. Hurricane County PCS Loss for a U.S. Hurricane Event after the earlier of (i) the Event Reporting Date that occurs at least five (5) Business Days after the date PCS releases a PCS Catastrophe Bulletin with its final PCS Resurvey Estimate for such U.S. Hurricane Event and (ii) five (5) Business Days prior to the Event Reporting Date immediately prior to the Redemption Date will be disregarded by the Calculation Agent when calculating the U.S. Hurricane Index Value and any corresponding Loss Payment Amount.

II. U.S. Earthquake

U.S. Earthquake.....	Any event that is identified and assigned a number by PCS as a “catastrophe” (whether or not such identification and assignment is made during the Risk Period), where the perils identified by PCS with respect to such catastrophe include the peril of earthquake (each, a “ U.S. Earthquake ”).
U.S. Earthquake Date of Loss.....	The first date specified in the “Dates” data field of a PCS Catastrophe Bulletin for a U.S. Earthquake, or the comparable data field in the event PCS changes its reporting format or a replacement to PCS is named by the Calculation Agent pursuant to the terms of the Calculation Agent Agreement (each, a “ U.S. Earthquake Date of Loss ”).
U.S. Earthquake Event.....	Any U.S. Earthquake with a U.S. Earthquake Date of Loss within the Risk Period for the Class A Notes having caused insured industry property losses in the U.S. Earthquake Covered Area (each, a “ U.S. Earthquake Event ”).
U.S. Earthquake Covered Area.....	Each of the forty-eight (48) states comprising the continental United States of America and the District of Columbia (the “ U.S. Earthquake Covered Area ”).
U.S. Earthquake Event Parameters; U.S. Earthquake Event Parameters Date	The following physical characteristics of any U.S. Earthquake obtained from the U.S. Earthquake Data Provider and reported by the U.S. Earthquake Data Provider within ninety (90) calendar days after the U.S. Earthquake Date of Loss of such U.S. Earthquake Event (each, a

	<p>“U.S. Earthquake Event Parameters Date”): (i) the date and time of such event, (ii) the ShakeMap ground motion file, or, if such ground motion file is not available, the moment magnitude, location of epicenter, focal depth, rupture azimuth, dip angle and fault type (the “U.S. Earthquake Event Parameters”).</p>
U.S. Earthquake Data Provider.....	<p>The United States Geological Survey or its successor, and in the event that the United States Geological Survey ceases to exist and there is no successor, such other organization selected by the Calculation Agent that provides equivalent data and is reasonably satisfactory to and unaffiliated with the Reinsurance Agreement Counterparty (the “U.S. Earthquake Data Provider”).</p>
U.S. Earthquake State Modeled Loss; U.S. Earthquake County Modeled Loss; U.S. Earthquake Post Event Loss Calculations; U.S. Earthquake County Percentage.....	<p>Following each U.S. Earthquake Event, the Calculation Agent will obtain from the U.S. Earthquake Data Provider the U.S. Earthquake Event Parameters with respect to such U.S. Earthquake Event and will withdraw from escrow the applicable Escrow Model and the U.S. Industry Exposure Database.</p> <p>The Calculation Agent will use the applicable Escrow Model and U.S. Earthquake Event Parameters to calculate each State loss from personal lines, commercial lines (excluding any workers’ compensation losses) and automobile lines to the U.S. Industry Exposure Database (“U.S. Earthquake State Modeled Loss”) for each State in the U.S. Earthquake Covered Area and each county level loss to the U.S. Industry Exposure Database (“U.S. Earthquake County Modeled Loss”) for each county in the U.S. Earthquake Covered Area pursuant to the procedures set forth in the applicable Calculation Agent Agreement and as described in the <i>“AIR Expert Risk Analysis Results”</i> attached hereto as Annex B (“U.S. Earthquake Post Event Loss Calculations”).</p> <p>For each county within each State in the U.S. Earthquake Covered Area, the Calculation Agent will calculate a percentage (“U.S. Earthquake County Percentage”) equal to (i) the relevant county’s U.S. Earthquake County Modeled Loss divided by (ii) the U.S. Earthquake State Modeled Loss for such county’s State.</p>
U.S. Earthquake State PCS Loss	<p>On any date of determination and for each U.S. Earthquake, an amount equal to the total amount of estimated insured property losses from personal lines, commercial lines (excluding any workers’ compensation losses) and automobile lines for each State calculated separately in the U.S. Earthquake Covered Area as stated in the most recent PCS Catastrophe Bulletin and verified by the Calculation Agent (the “U.S. Earthquake State PCS Loss”).</p>
U.S. Earthquake County PCS Loss.....	<p>On any date of determination, for each U.S. Earthquake Event and for each county within each State in the U.S. Earthquake Covered Area, an amount equal to (i) the U.S. Earthquake State PCS Loss for such State multiplied by (ii) the U.S. Earthquake County Percentage for such county in such State (the “U.S. Earthquake County PCS Loss”).</p>
U.S. Earthquake County Payout Factors ...	<p>The applicable U.S. Earthquake payout factors set forth in the data disk included in Annex G attached hereto (the “Initial U.S. Earthquake</p>

County Payout Factors”) and, following any Reset, the Updated U.S. Earthquake County Payout Factors (the “**U.S. Earthquake County Payout Factors**”).

U.S. Earthquake Index Value For any U.S. Earthquake Event, the “**U.S. Earthquake Index Value**” will be calculated by the Calculation Agent using the following formula and rounded to two decimal places:

$$\text{U.S. Earthquake Index Value} = \sum_C \Pi_C \times I_C - \text{Index Deductible}^*$$

*Denotes the Index Deductible in effect on the applicable U.S. Earthquake Date of Loss.

Where,

Π_C = the U.S. Earthquake County Payout Factor in effect on the U.S. Earthquake Date of Loss for each County (C) within each State within the U.S. Earthquake Covered Area; and

I_C = the U.S. Earthquake County PCS Loss for each County (C) within each State within the U.S. Earthquake Covered Area, divided by \$1,000,000;

provided, that if the U.S. Earthquake Index Value for any U.S. Earthquake Event is less than zero, then such U.S. Earthquake Index Value will be deemed to be zero.

If the U.S. Earthquake Post Event Loss Calculations cannot be conducted for one or more States within the U.S. Earthquake Covered Area because the relevant U.S. Earthquake State PCS Loss is below \$1,000,000, then the Calculation Agent will apply the lowest U.S. Earthquake County Payout Factor stated for a county in such State to the relevant U.S. Earthquake State PCS Loss.

Any change in the U.S. Earthquake County PCS Loss for a U.S. Earthquake Event after the earlier of (i) the Event Reporting Date that occurs at least five (5) Business Days after the date PCS releases a PCS Catastrophe Bulletin with its final PCS Resurvey Estimate for such U.S. Earthquake Event and (ii) five (5) Business Days prior to the Event Reporting Date immediately prior to the Redemption Date will be disregarded by the Calculation Agent when calculating the U.S. Earthquake Index Value and any corresponding Loss Payment Amount.

III. Europe Windstorm

Europe Windstorm Any event that is identified and assigned a unique event identifier by PERILS as a “Europe windstorm event” (whether or not such identification and assignment is made during the Risk Period) (each, a “**Europe Windstorm**”).

Europe Windstorm Date of Loss The event start date specified in the data field labeled “Event Start Date” of a PERILS Loss Report for a Europe Windstorm, or the comparable data field in the event PERILS changes its reporting format or a replacement to PERILS is named by the Calculation Agent pursuant to the terms of the Calculation Agent Agreement (“**Europe**

Windstorm Date of Loss”).

Europe Windstorm Event	Any applicable Europe Windstorm with a Europe Windstorm Date of Loss within the Risk Period for the Class B Notes having caused insured industry property losses in the Europe Windstorm Covered Area (each, a “ Europe Windstorm Event ”).
Europe Windstorm Covered Area	Belgium, Denmark (including Jutland, Sjælland, Fyn, Lolland, Bornholm and the Faroe Islands), Mainland metropolitan France and Corsica (excluding Départements d’Outre Mer and Territoires d’Outre Mer), Germany, Republic of Ireland, Luxembourg, The Netherlands (excluding Aruba and the Netherlands Antilles), Norway (excluding Jan Mayen and Svalbard), Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland (excluding overseas dependencies but including the Isle of Man and Channel Islands) (“ Europe Windstorm Covered Area ”).
Europe Windstorm PERILS Loss.....	On any date of determination and for each Europe Windstorm, an amount equal to the total amount of estimated insured property losses from residential lines, commercial lines, industrial lines and agricultural lines for each CRESTA Zone (or, in the case of Norway, each county) calculated separately in local currency in the Europe Windstorm Covered Area as stated in the most recent PERILS Loss Report and verified by the Calculation Agent (the “ Europe Windstorm PERILS Loss ”).
CRESTA Zone	The “Catastrophe Risk Evaluation and Standardizing Target Accumulations,” which are the standard geographic regions generally used by the insurance industry to reference exposure locations (each, a “ CRESTA Zone ”).
Europe Windstorm Payout Factors.....	The applicable Europe Windstorm payout factors set forth in the data disk included in Annex G attached hereto (the “ Initial Europe Windstorm Payout Factors ”) and, following any Reset, the Updated Europe Windstorm Payout Factors (the “ Europe Windstorm Payout Factors ”).
Europe Windstorm Index Value	For any Europe Windstorm Event, the “ Europe Windstorm Index Value ” will be calculated by the Calculation Agent using the following formula and rounded to two decimal places:

$$\text{Europe Windstorm Index Value} = \sum_C \frac{\Pi_C \times I_C}{FX_C}$$

Where,

Π_C = the Europe Windstorm Payout Factor in effect on the Europe Windstorm Date of Loss for each CRESTA Zone (or, in the case of Norway, each county) (C) within the Europe Windstorm Covered Area;

I_C = the Europe Windstorm PERILS Loss for each CRESTA Zone (or, in the case of Norway, each county) (C) within the Europe Windstorm Covered Area; and

FX_C = the applicable FX Conversion Factor for each CRESTA Zone (or, in the case of Norway, each county) (C) in effect on the Europe

Windstorm Date of Loss multiplied by €1,000,000;

provided, that if the Europe Windstorm Index Value for any Europe Windstorm Event is less than zero, such Europe Windstorm Index Value will be deemed to be zero.

If the relevant PERILS Loss Report does not contain Europe Windstorm PERILS Losses by CRESTA Zone (or by county in the case of Norway) in one or more countries in the Europe Windstorm Covered Area, the Calculation Agent will apply the lowest Europe Windstorm Payout Factor stated for a CRESTA Zone (or county in the case of Norway) in such country to the relevant Europe Windstorm PERILS Loss.

Any change in the Europe Windstorm PERILS Loss for a Europe Windstorm Event after the earlier of (i) the Event Reporting Date that occurs at least five (5) Business Days after the date that PERILS releases a PERILS Loss Report with its final PERILS Resurvey Estimate for such Europe Windstorm Event and (ii) five (5) Business Days prior to the Event Reporting Date immediately prior to the Redemption Date will be disregarded by the Calculation Agent when calculating the Europe Windstorm Index Value and any corresponding Loss Payment Amount.

Initial Currencies For each of the following countries in the Europe Windstorm Covered Area, the following currencies:

<u>Country</u>	<u>Currency</u>
Belgium	Euro
Denmark	Danish krone
France	Euro
Germany	Euro
Republic of Ireland	Euro
Luxembourg.....	Euro
The Netherlands.....	Euro
Norway	Norwegian krone
Sweden.....	Swedish krona
Switzerland	Swiss francs
United Kingdom	Pounds sterling

(each, an “**Initial Currency**” and, together, the “**Initial Currencies**”).

Initial FX Conversion Factors For each of the following countries in the Europe Windstorm Covered Area, amounts in accordance with the following table:

<u>Country</u>	<u>Currency</u>
Denmark	7.46 DKK per €
Norway	7.41 NOK per €
Sweden.....	8.70 SEK per €

Switzerland	1.20 CHF per €
United Kingdom	0.80 GBP per €
For every other country.....	1 EUR per €

(each, an “**Initial FX Conversion Factor**” and, together, the “**Initial FX Conversion Factors**”).

If, in respect of any country in the Europe Windstorm Covered Area, the Reporting Agency ceases to report losses in the relevant Initial Currency and commences reporting losses in a replacement currency (each, a “**Replacement Currency**”) then an Initial FX Conversion Factor for such country will be applied to convert to Euro the losses reported in the Replacement Currency and such Initial FX Conversion Factor will be the official initial ratio at which such Initial Currency is converted into such Replacement Currency or, if an FX Conversion Factor already applies in respect of such country, the product of the previous FX Conversion Factor for such country and the official initial ratio at which such Initial Currency is converted into such Replacement Currency.

FX Conversion Factors..... The Initial FX Conversion Factors and, following any Reset, the Updated FX Conversion Factors (“**FX Conversion Factors**”).

III. Loss Calculation

Initial Attachment Level..... For the Class A Notes, 685.00 index points

For the Class B Notes, 575.00 index points

(“**Initial Attachment Level**”).

Initial Exhaustion Level..... For the Class A Notes, 785.00 index points

For the Class B Notes, 675.00 index points

(“**Initial Exhaustion Level**”).

Attachment Level For each Class of Notes, the Initial Attachment Level and, following any Reset, the applicable Updated Attachment Level (the “**Attachment Level**”).

Exhaustion Level..... For each Class of Notes, the Initial Exhaustion Level and, following any Reset, the applicable Updated Exhaustion Level (the “**Exhaustion Level**”).

Initial Index Deductible..... For the Class A Notes, 45.00 index points (the “**Initial Index Deductible**”).

Index Deductible..... The Initial Index Deductible and, following any Reset for the Class A Notes, the Updated Index Deductible (the “**Index Deductible**”).

For the avoidance of doubt, Initial Index Deductible and Index Deductible will not be applicable to the Class B Notes.

Event Index Value For each Covered Event, the U.S. Hurricane Index Value, the U.S. Earthquake Index Value or the Europe Windstorm Index Value, as

applicable (each, an “**Event Index Value**”).

Loss Period Index Value..... For each Loss Period for the Class A Notes calculated separately, an amount equal to the sum of Event Index Values for all Covered Events relating to the Class A Notes with a Date of Loss during such Loss Period (“**Loss Period Index Value**”). For the avoidance of doubt, the term Loss Period Index Value is not applicable to the Class B Notes.

Loss Amount Class A Notes

For the Class A Notes, as of any date of determination, for each Loss Period calculated separately, the “**Loss Amount**” will be determined according to the following formula:

$$\text{Original Principal Amount} \times \left(\frac{\text{Loss Period Index Value} - \text{Attachment Level}^*}{\text{Exhaustion Level}^* - \text{Attachment Level}^*} \right)$$

* Denotes the Attachment Level or Exhaustion Level in effect for the applicable Loss Period.

If the Loss Period Index Value is less than the applicable Attachment Level, then the Loss Period Index Value for determining the Loss Amount will be deemed to be equal to the Attachment Level. If the Loss Period Index Value is greater than the applicable Exhaustion Level, then the Loss Period Index Value for determining the Loss Amount will be deemed to be equal to the Exhaustion Level.

Class B Notes

For the Class B Notes, as of any date of determination, for each Covered Event calculated separately, the “**Loss Amount**” will be determined according to the following formula:

$$\text{Original Principal Amount} \times \left(\frac{\text{Event Index Value} - \text{Attachment Level}^*}{\text{Exhaustion Level}^* - \text{Attachment Level}^*} \right)$$

* Denotes the Attachment Level or Exhaustion Level in effect on the applicable Date of Loss.

If the Event Index Value is less than the applicable Attachment Level, then the Event Index Value for determining the Loss Amount will be deemed to be equal to the Attachment Level. If the Event Index Value is greater than the applicable Exhaustion Level, then the Event Index Value for determining the Loss Amount will be deemed to be equal to the Exhaustion Level.

Loss Payment Amount..... For each Class of Notes, as of each Payment Date, an amount equal to the aggregate sum of Loss Amounts, if any, for all applicable Loss Periods (in the case of the Class A Notes) or Covered Events (in the case of the Class B Notes), as applicable, calculated as of such Payment Date (the “**Loss**

Payment Amount”).

Period Loss Payment Amount For each Class of Notes, as of each Payment Date, the “**Period Loss Payment Amount**” is an amount equal to (i) the Loss Payment Amount calculated for such Payment Date for such Class of Notes minus (ii) the Loss Payment Amount calculated for the immediately preceding Payment Date for such Class of Notes (if the result of such calculation is greater than or equal to \$0 or €0, as applicable, such result is referred to herein as a “**Positive Period Loss Payment Amount**”; if the result of such calculation is less than \$0 or €0, as applicable, such result is referred to herein as a “**Negative Period Loss Payment Amount**”); *provided*, that any Positive Period Loss Payment Amount will not be greater than the Outstanding Principal Amount for such Class of Notes on the immediately prior Payment Date or the Issuance Date, as applicable.

Event Reporting

Calculation Agent AIR Worldwide Corporation or its successor, or any replacement calculation agent under the terms of the Calculation Agent Agreement (the “**Calculation Agent**”).

Calculation Agent Agreement On the Issuance Date, the Issuer will enter into a Calculation Agent Agreement with AIR Worldwide Corporation, pursuant to which AIR Worldwide Corporation will provide certain services to the Issuer in connection with the Class A Notes and Class B Notes, including services relating to Resets and the provision of Event Reports and Optional Extension Verification Reports (the “**Calculation Agent Agreement**”).

Event Notice Following a potential Covered Event, the Ceding Reinsurer may provide written notice to the Issuer, the Calculation Agent and the Indenture Trustee (each, an “**Event Notice**”) instructing the Calculation Agent to provide an Event Report for such potential Covered Event pursuant to and in accordance with the Calculation Agent Agreement. If the Ceding Reinsurer does not request the Issuer to provide an Event Notice within sixty (60) calendar days following the related Date of Loss, no Event Index Value will be calculated with respect to such potential Covered Event. Any Event Notice provided by the Ceding Reinsurer will be posted on IntraLinks by the Workspace Administrator as Available Information.

Event Report Following receipt of an Event Notice in respect of a potential Covered Event, the Calculation Agent will issue a report (each, an “**Event Report**”) to the Issuer, the Indenture Trustee and the Ceding Reinsurer stating the results of the procedures carried out by the Calculation Agent in determining whether such potential Covered Event is a Covered Event and, if a Covered Event, (i) the Event Index Value for such Covered Event, (ii) the Loss Period Index Value for the relevant Loss Period (but only for the Class A Notes), (iii) the Loss Amount, (iv) the Loss Payment Amount and (v) the Period Loss Payment Amount. Any Event Report provided by the Calculation Agent will be posted on IntraLinks by the Workspace Administrator as Available Information.

Event Reporting Date Pursuant to the terms of the Calculation Agent Agreement, the Calculation Agent will be required to submit an Event Report to the Issuer, the Ceding Reinsurer and the Indenture Trustee at least fifteen (15) Business Days prior to the first Payment Date following the date on which the relevant Event Notice is issued (the “**Initial Event Reporting Date**”), using the latest Reporting Agency Report available as of five (5) Business Days

prior to such Initial Event Reporting Date; *provided, however*, that if an Event Notice is issued less than twenty (20) Business Days prior to such first Payment Date, the Initial Event Reporting Date will be on the fifteenth (15th) Business Day prior to the next succeeding Payment Date; *provided, further*, that if no Reporting Agency Report is available for the applicable Covered Event as of five (5) Business Days prior to such Initial Event Reporting Date, then the Initial Event Reporting Date will instead be fifteen (15) Business Days prior to the first Payment Date for which a Reporting Agency Report is available for such Covered Event at least twenty (20) Business Days prior to such Payment Date.

Thereafter, the Calculation Agent will continue to be required to issue an Event Report at least fifteen (15) Business Days prior to each subsequent Payment Date (the “**Subsequent Event Reporting Date**” and, together with the Initial Event Reporting Date, an “**Event Reporting Date**”) until and including the Final Event Report for such Covered Event, in each case using the latest Reporting Agency Report available as of five (5) Business Days prior to such Subsequent Event Reporting Date; *provided*, that in the case of the Final Extended Redemption Date, the Subsequent Event Reporting Date will be three (3) Business Days prior to the Final Extended Redemption Date.

Final Event Report..... For each Covered Event, the report issued by the Calculation Agent using any of the following, whichever is available earliest, will be a “**Final Event Report**”: (i) the Reporting Agency Report containing a final Resurvey Estimate for such Covered Event, (ii) if the Reporting Agency has ceased to exist or is unable to provide data necessary for the Calculation Agent to issue an updated version of an Event Report, and no replacement reporting agency has been identified by the Calculation Agent, the most recent Reporting Agency Report for such Covered Event available on or immediately before the date when the Reporting Agency has ceased to exist or failed to deliver such data, and (iii) the most recent Reporting Agency Report available on or immediately before the date that occurs eight (8) Business Days prior to the Final Extended Redemption Date.

Resets

Modeling Firm..... AIR Worldwide Corporation or its successor (the “**Modeling Firm**”).

Reset Agent AIR Worldwide Corporation or its successor, or any replacement reset agent under the terms of the Calculation Agent Agreement (in such capacity, “**Reset Agent**”).

Factors For each Class of Notes, the FX Conversion Factors, if applicable, the Index Deductible, if applicable, and the U.S. Hurricane County Payout Factors, the U.S. Earthquake County Payout Factors, and the Europe Windstorm Payout Factors, as applicable (“**Factors**”).

Updated Factors..... For each Class of Notes, the Ceding Reinsurer may, at its option, update:

- (i) the Index Deductible (the “**Updated Index Deductible**”), if applicable;
- (ii) the FX Conversion Factors (the “**Updated FX Conversion Factors**”), if applicable;

- (iii) the U.S. Hurricane County Payout Factors (the “**Updated U.S. Hurricane County Payout Factors**”), if applicable;
- (iv) the U.S. Earthquake County Payout Factors (the “**Updated U.S. Earthquake County Payout Factors**”), if applicable; and
- (v) the Europe Windstorm Payout Factors (the “**Updated Europe Windstorm Payout Factors**” and together with the Updated FX Conversion Factors, the Updated Index Deductible, the Updated U.S. Hurricane County Payout Factors and the Updated U.S. Earthquake County Payout Factors, the “**Updated Factors**”), if applicable.

If the Ceding Reinsurer delivers a notice (a “**Reset Notice**”) exercising such option to update certain factors to the Reset Agent and the Issuer, such notice, together with the Updated Factors, must be delivered no later than the applicable Reset Determination Date.

The Updated Factors, if any, will be applied during the Reset and will become effective as of the Reset Effective Date.

If a Reset does not meet the applicable Reset Limitations, the Ceding Reinsurer will have the ability to amend the Updated Factors by providing the Reset Agent with an amended Reset Notice, and the Calculation Agent will use commercially reasonable efforts to perform a Reset meeting the Reset Limitations using such amended Updated Factors prior to the Reset Effective Date. If there has not been a Reset meeting the Reset Limitations by the Reset Effective Date, the Reset Agent will perform such Reset pursuant to the Calculation Agent Agreement applying the Factors as in effect prior to the relevant Reset Determination Date. Any such Reset will be deemed to be effective as of the relevant Reset Effective Date.

Reset Effective Date For each Class of Notes, January 1, 2014 and January 1, 2015 (each, a “**Reset Effective Date**”).

Initial One Year Attachment
Probability For the Class A Notes, 2.09%

For the Class B Notes, 1.75%

(the “**Initial One Year Attachment Probability**”).

Initial One Year Expected Loss For the Class A Notes, 1.86%

For the Class B Notes, 1.50%

(the “**Initial One Year Expected Loss**”).

Prospective purchasers of the Notes should consider carefully the information set forth in the “*AIR Expert Risk Analysis*” attached hereto as Annex A and the “*AIR Expert Risk Analysis Results*” attached hereto as Annex B for a more detailed description of the Initial One Year Attachment Probability and the Initial One Year Expected Loss.

Reset For each Class of Notes, annually beginning on each Reset Determination Date, the Reset Agent will reset (each, a “**Reset**”), using the relevant Industry Exposure Database and the Updated Factors, if applicable, and the Escrow Models, the following parameters for such Class of Notes,

which will become effective as of the applicable Reset Effective Date: (a) the Attachment Level, to the nearest index point, such that the modeled one year attachment probability (as set forth in the applicable Reset Report) (the “**One Year Attachment Probability**”) is the highest percentage equal to or less than the Initial One Year Attachment Probability (each, an “**Updated Attachment Level**”); and (b) the Exhaustion Level, to the nearest index point, such that the one year expected loss (as set forth in the applicable Reset Report) (the “**One Year Expected Loss**”) is the highest percentage equal to or less than the Initial One Year Expected Loss (each, an “**Updated Exhaustion Level**”); provided, that in performing a Reset (i) no U.S. Hurricane County Payout Factor, U.S. Earthquake County Payout Factor or Europe Windstorm Payout Factor will exceed 20%, (ii) the Index Deductible may not be less than 30.00 index points, (iii) for the Class A Notes, the modeled contribution to One Year Expected Loss by state from Florida may not exceed 40%, and from California may not exceed 25%, (iv) for the Class B Notes, the modeled contribution to One Year Expected Loss by country from France may not exceed 50% and (v) any Updated FX Conversion Factors shall, in the good faith judgment of the Ceding Reinsurer, be broadly representative of prevailing exchange rates at the time of the delivery of the applicable Reset Notice (collectively (i) – (v), as applicable to a Class of Notes, the “**Reset Limitations**”).

For each Class of Notes, the Reset Agent will notify the Issuer, the Indenture Trustee and the Ceding Reinsurer of the Updated Attachment Level, the Updated Exhaustion Level, the Updated U.S. Hurricane County Payout Factors, the Updated U.S. Earthquake County Payout Factors, the Updated Europe Windstorm Payout Factors, the Updated Index Deductible, the Updated FX Conversion Factors, the One Year Attachment Probability and the One Year Expected Loss no later than five (5) Business Days prior to the applicable Reset Effective Date (each, a “**Reset Report**”). In each Reset Report, the Reset Agent will also update certain tables contained in the “*AIR Expert Risk Analysis Results*” attached hereto as Annex B, as specified in the Calculation Agent Agreement. Any Reset Report provided by the Reset Agent will be posted on IntraLinks by the Workspace Administrator as Available Information.

Reset Determination Date..... For each Class of Notes, December 1, 2013 and December 1, 2014 (each, a “**Reset Determination Date**”).

U.S. Industry Exposure Database The Modeling Firm has based its initial risk analysis results for the Class A Notes, as described in the “*AIR Expert Risk Analysis Results*” attached hereto as Annex B, on the December 31, 2011 AIR industry exposure database (the “**Initial U.S. Industry Exposure Database**”). In performing each Reset, the Reset Agent will use the most recent industry exposure database released by the Reset Agent at least one (1) month prior to the applicable Reset Determination Date, (an “**Updated U.S. Industry Exposure Database**” and, together with the Initial U.S. Industry Exposure Database, the “**U.S. Industry Exposure Database**”).

If no changes have been made to the U.S. Industry Exposure Database since the initial risk analysis or the previous Reset, as applicable, then in such Reset Report, the Reset Agent will affirm that the Initial U.S. Industry Exposure Database or the Updated U.S. Industry Exposure Database, as the case may be, used for the initial risk analysis or the previous Reset, as applicable, is still its best estimate of industry exposures.

PERILS Industry Exposure Database.. The industry exposure database licensed from PERILS as of January 1, 2012, which was commercially released by PERILS on April 1, 2012 (the “**Initial PERILS Industry Exposure Database**”), or, if a more recent version thereof has been released for commercial use by PERILS at least one (1) month prior to the relevant Reset Determination Date, such more recent version (an “**Updated PERILS Industry Exposure Database**” and, together with the Initial PERILS Industry Exposure Database, the “**PERILS Industry Exposure Database**”).

If PERILS no longer acts as a Reporting Agency for Europe Windstorms and a replacement reporting agency that does not provide a Europe Windstorm industry exposure database has been named by the Calculation Agent, the latest Europe Windstorm industry exposure database commercially released by the Reset Agent at least one (1) month prior to the applicable Reset Determination Date will be used for each Reset. In such instance, the Reset Agent will not be required to augment the latest Europe Windstorm industry exposure database commercially released by the Reset Agent at least one (1) month prior to the relevant Reset Determination Date with the escrowed additional industry exposure database of the Modeling Firm as of the date of the initial risk analysis. Hence, the latest Europe Windstorm industry exposure database commercially released by the Reset Agent at least one (1) month prior to the relevant Reset Determination Date will be deemed to be the Augmented PERILS Industry Exposure Database in any such instance.

Augmented PERILS Industry
Exposure Database

The Modeling Firm has based its initial risk analysis results for Europe Windstorm Events, as described in the “*AIR Expert Risk Analysis Results*” attached hereto as Annex B, on the Initial PERILS Industry Exposure Database that has been augmented using the latest industry exposure database commercially released by the Modeling Firm as of the date of such initial risk analysis (“**Initial Augmented PERILS Industry Exposure Database**”). The augmentation process is further described in the section “*Modeling the PERILS Industry Exposure Database*” of the “*AIR Expert Risk Analysis Results*” attached hereto as Annex B. In performing each Reset, the Reset Agent will use the latest PERILS Industry Exposure Database commercially released at least one (1) month prior to the applicable Reset Determination Date and augment this database with an escrowed table of exposure allocation ratios by CRESTA Zone, construction class, occupancy class and height based on the additional industry exposure database of the Modeling Firm as of the date of the initial risk analysis (“**Updated Augmented PERILS Industry Exposure Database**” and, together with the Initial Augmented PERILS Industry Exposure Database, the “**Augmented PERILS Industry Exposure Database**”).

If no changes have been made to the Augmented PERILS Industry Exposure Database since the initial risk analysis or the previous Reset, as applicable, then in such Reset Report, the Reset Agent will affirm that the Initial Augmented PERILS Industry Exposure Database or the Updated Augmented PERILS Industry Exposure Database, as the case may be, used for the initial risk analysis or the previous Reset, as applicable, is still based on the most recent commercially released PERILS Industry Exposure Database.

Industry Exposure Database

The U.S. Industry Exposure Database and the Augmented PERILS Industry Exposure Database, as applicable (each, an “**Industry Exposure**”).

Database”).

Escrow Models Promptly following the Issuance Date, the Reset Agent will place into escrow with the Escrow Agent the following computer simulation models: (i) Version 14.0 of the AIR Hurricane Model for the United States, as implemented in CLASIC/2 and CATRADER Version 14.0.1, which was used in determining the Initial One-Year Attachment Probability and the Initial One-Year Expected Loss for the Class A Notes, (ii) Version 8.4 of the AIR Earthquake Model for the United States, as implemented in CLASIC/2 and CATRADER Version 14.0.1, which was used in determining the Initial One-Year Attachment Probability and the Initial One-Year Expected Loss for the Class A Notes, and (iii) Version 5.01 of the AIR Extratropical Cyclone Model for Europe, as implemented in CLASIC/2 and CATRADER Version 14.0.1, which was used in determining the Initial One-Year Attachment Probability and the Initial Windstorm One-Year Expected Loss for the Class B Notes (each, an “Escrow Model” and, together, the “**Escrow Models**”).

The Reset Agent will also place into escrow with the Escrow Agent the U.S. Industry Exposure Database and the Initial Augmented PERILS Industry Exposure Database (including a table of exposure allocation ratios by CRESTA Zone, construction class, occupancy class, and height based on the additional industry exposure database of the Modeling Firm used to create the Initial Augmented PERILS Industry Exposure Database, along with such additional industry exposure database). The Escrow Models and the applicable Industry Exposure Database or, in the event of a failure to obtain a release of an Escrow Model or an Industry Exposure Database from the Escrow Agent in a timely manner for any reason, a copy of such Escrow Model or Industry Exposure Database certified by the Reset Agent under the Calculation Agent Agreement, will be used by the Reset Agent to perform each Reset. In any such instance, a certified copy of the Escrow Model will be deemed to be the Escrow Model and a certified copy of the applicable Industry Exposure Database will be deemed to be such applicable Industry Exposure Database.

The Reset Agent will be required on a timely basis, to the extent possible, and with notice to the Issuer and the Ceding Reinsurer, to make such formatting and other changes to the Escrow Models as may be necessary, in its discretion, to reflect changes in data inputs and formats, computer and operating systems and other such factors that would otherwise invalidate the use of such Escrow Model, *provided*, that the scientific and probabilistic assumptions underlying the Escrow Models may not be changed.

Escrow Agent InnovaSafe, Inc., or its successor (the “**Escrow Agent**”).

Reinsurance Agreements

Reinsurance Agreement..... The Issuer will enter into a separate excess of loss reinsurance agreement with the Ceding Reinsurer for each Class of Notes on the Issuance Date (each, a “**Reinsurance Agreement**”).

Issuer Payment; Issuer Payment Date.. As of each Payment Date, if the Period Loss Payment Amount for a Class of Notes is greater than zero, the corresponding Reinsurance Agreement will require the Issuer to make a payment (each, an “**Issuer Payment**”) to the Ceding Reinsurer on such Payment Date (each, an “**Issuer Payment Date**”) in an amount equal to such Positive Period Loss Payment Amount;

provided, that to the extent the Loss Payment Amount as of such Payment Date exceeds the sum of (i) the Ultimate Net Loss and (ii) the balance standing to the credit of the Excess Account immediately prior to such Payment Date, then a portion of the Issuer Payment corresponding to such excess will not be paid directly to the Ceding Reinsurer but will be transferred to the Excess Account related to such Reinsurance Agreement.

In connection with an Issuer Payment to be paid on a Payment Date, the Indenture Trustee will deliver an EBRD Put Notice to the EBRD for the amount of the Issuer Payment not less than ten (10) Business Days prior to the applicable EBRD Coupon Payment Date (except that no such EBRD Put Notice is required if all of the relevant EBRD Notes have already been redeemed or are to be redeemed on or before such Payment Date and any EBRD Put Notice required has already been provided to the EBRD).

Any interest payable on the EBRD Notes that is included in the cash proceeds of a redemption of the EBRD Notes will be part of the Permitted Investment Yield and, accordingly, will be included in the interest payable on the relevant Class of Notes and excluded from any Issuer Payment to the Ceding Reinsurer.

Ultimate Net Loss..... **“Ultimate Net Loss”** means all amounts paid or due and payable by the Ceding Reinsurer or its affiliates in the investigation, appraisal, adjustment, settlement, litigation, defense or appeal, payment or subrogation of claims or judgments associated with, arising out of or relating to Covered Events, plus loss reserves (including reserves for incurred but not reported losses), 100% of extra-contractual obligations, and 100% of losses in excess of policy limits, including without limitation allocated loss adjustment expenses, unallocated loss adjustment expenses, all reinstatement premiums and other amounts payable by the Ceding Reinsurer or its affiliates under other reinsurance or retrocession agreements maintained by the Ceding Reinsurer or its affiliates from time to time during the term of the respective Reinsurance Agreement, which premiums and other amounts are attributable to such Covered Event, and all other costs of investigation or litigation, all net of salvages and subrogation recoveries but without taking into account any amounts recovered or recoverable from other reinsurers or retrocessionaires of the Ceding Reinsurer or its affiliates.

If, on the Redemption Date, there remains a balance in the Excess Account, coverage under the applicable Reinsurance Agreement up to the amount of such remaining balance will automatically continue until all of the assets in the Excess Account are used to reimburse the Ceding Reinsurer for Ultimate Net Loss. Such continuation of coverage will have no effect on the redemption of the Notes.

Excess Account A separate excess account will be established in connection with each Reinsurance Agreement, which account will be in the name of the Issuer and segregated from the Collateral Account (each, an **“Excess Account”**).

Amounts held in each Excess Account will represent the excess, if any, of (i) the Loss Payment Amount for the applicable Reinsurance Agreement over (ii) the Ultimate Net Loss for the applicable Reinsurance Agreement. Such amounts, if any, will be available for the payment to the Ceding Reinsurer of additional Ultimate Net Loss in accordance with the terms of the applicable Reinsurance Agreement. Amounts held in the Excess Accounts will not be available at any time for the payment of interest on or principal of any Class of Notes. The Excess Accounts and all amounts

credited thereto will not constitute a portion of the Collateral for any Class of Notes.

Aggregate Limit..... The amount of any Issuer Payment to be made by the Issuer to the Ceding Reinsurer and/or the Excess Account on any Payment Date for each Reinsurance Agreement may not exceed the corresponding Outstanding Principal Amount on the immediately prior Payment Date (or the Issuance Date, in the case of the First Payment Date).

Negative Index Payment..... For each Class of Notes, if the Period Loss Payment Amount for a Payment Date is less than zero, funds in an amount equal to the absolute value of such Negative Period Loss Payment Amount will be transferred from the Excess Account for such Class of Notes to the corresponding Collateral Account on such Payment Date. If and to the extent that funds in such Excess Account are less than the absolute value of such Negative Period Loss Payment Amount, the Ceding Reinsurer will be required under the respective Reinsurance Agreement to make a payment to the Issuer on such Payment Date in the amount of such shortfall (each such payment or transfer, a “**Negative Index Payment**”).

Premium Payment..... For each Class of Notes, the Ceding Reinsurer will be obligated to make the following payments to the Issuer pursuant to the applicable Reinsurance Agreement on the Business Day immediately preceding each applicable Payment Date (each a “Premium Payment” and, collectively, the “**Premium Payments**”):

- (i) up to and including the earliest of the Early Redemption Date, the Optional Redemption Date and the Scheduled Redemption Date for such Class of Notes, as the case may be, an amount equal to the Interest Spread portion of interest payable by the Issuer on such Class of Notes for the relevant Accrual Period;
- (ii) during an Extension Period, if any, an amount equal to the applicable Extension Spread portion of interest payable by the Issuer on such Class of Notes for the relevant Accrual Period;
- (iii) the Residual Interest Amount if due on such Class of Notes on such Payment Date;
- (iv) the Early Redemption Payment if due on such Class of Notes on such Payment Date; and
- (v) the Optional Redemption Payment if due on such Class of Notes on such Payment Date.

Additional Amount..... In the event that any withholding or deduction for or on account of any tax is required by law on any payment to be made by the Ceding Reinsurer to the Issuer under a Reinsurance Agreement, the Ceding Reinsurer will:

- (a) promptly notify the Issuer of such requirement;
- (b) make all such deductions and withholdings in respect of such tax;
- (c) pay the full amount deducted or withheld in respect of such tax (including the full amount required to be deducted or withheld from any Additional Amount paid under (e) below) to the relevant taxation authority or other governmental authority promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed

against;

- (d) as soon as practicable after the date of any payment of such tax to the relevant taxation authority or other governmental authority, furnish to the Ceding Reinsurer the official receipt or a certified copy thereof, evidencing payment thereof; and
- (e) pay to the Issuer, in addition to the payment to which the Issuer is otherwise entitled under the relevant Reinsurance Agreement, such additional amount (“**Additional Amount**”) as is necessary to ensure that the net amount actually received by the Issuer (free and clear of all taxes) will equal the full amount the Issuer would have received had no such deduction or withholding in respect of tax been required.

Initial Expense Premium;

Supplemental Expense Premium

Pursuant to the Reinsurance Agreements, the Ceding Reinsurer will make a payment to the Issuer (i) on the Issuance Date in an amount equal to certain expenses incurred by the Issuer in connection with the applicable Class of Notes and certain anticipated operating expenses payable to third parties by the Issuer in connection therewith (the “**Initial Expense Premium**”) and (ii) from time to time, if required and applicable, in an amount equal to the expenses incurred or expected to be incurred by the Issuer relating to the Indenture Trustee, the Manager, the Calculation Agent, if applicable, and other service providers, as well as expenses related to the winding up of the Issuer, but subject to an aggregate annual maximum for both Classes of Notes on a combined basis equal to \$500,000 (each, a “**Supplemental Expense Premium**”).

Permitted Investments

Permitted Investments

The investments for the Notes (the “**Permitted Investments**”) will consist of:

for the Class A Notes,

- (i) the Dollar-Denominated EBRD Notes;
- (ii) Dollar-Denominated Money Market Fund Shares, if (a) proceeds of the Class A Notes, (b) proceeds of the Dollar-Denominated EBRD Note following an EBRD Put Event or (c) Negative Index Payments, have been used to purchase Dollar-Denominated Money Market Fund Shares; or
- (iii) if Dollar-Denominated Money Market Fund Shares are not available or the Dollar-Denominated Money Market Fund does not satisfy the Dollar-Denominated Money Market Fund Criteria, a cash credit balance in the applicable Collateral Account; and

for the Class B Notes,

- (i) the Euro-Denominated EBRD Notes;
- (ii) Euro-Denominated Money Market Fund Shares, if (a) proceeds of the Class B Notes, (b) proceeds of the Euro-Denominated EBRD Note following an EBRD Put Event or (c) Negative Index Payments, have been used to purchase Euro-Denominated Money Market Fund Shares; or

- (iii) if Euro-Denominated Money Market Fund Shares are not available or the Euro-Denominated Money Market Fund does not satisfy the Euro-Denominated Money Market Fund Criteria, a cash credit balance in the applicable Collateral Account.

EBRD Notes

EBRD; EBRD Notes For each Class of Notes, the Issuer will use the proceeds from the sale of such Class of Notes to purchase unsecured notes issued by the European Bank for Reconstruction and Development (the “**EBRD**”) pursuant to its existing Global Medium Term Note Programme (the “**EBRD Notes**”), which will be deposited in the applicable Collateral Account.

According to publicly available documents, the EBRD is an international organization formed under the Agreement Establishing the European Bank for Reconstruction and Development dated May 29, 1990, signed by 40 countries, together with the European Economic Community and the European Investment Bank. The EBRD currently has 65 members. The purpose of the EBRD is to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiatives in its countries of operation, which are committed to and applying the principles of multi-party democracy, pluralism and market economics.

As of the date of this Offering Circular, the EBRD has been assigned a credit rating of “AAA” by Standard & Poor’s Credit Market Services Europe Limited, an “Aaa” credit rating by Moody’s Investors Service Limited and an “AAA” credit rating by Fitch France S.A.S., each of which rating agencies is established in the European Union and is registered under the Credit Rating Agency Regulation.

EBRD Notes Issuance Date; EBRD
Notes Maturity Date

For each Class of Notes, on November 2, 2012 (the “**EBRD Notes Issuance Date**”), the EBRD will issue and the Issuer will purchase EBRD Notes in an amount equal to the Original Principal Amount of such Class of Notes. The EBRD Notes purchased for the Class A Notes will be denominated in U.S. dollars (“**Dollar-Denominated EBRD Notes**”) with a maturity date of January 8, 2018 (the “**Dollar-Denominated EBRD Notes Maturity Date**”) and the EBRD Notes purchased for the Class B Notes will be denominated in Euro (“**Euro-Denominated EBRD Notes**”) with a maturity date of January 8, 2018 (the “**Euro-Denominated Notes Maturity Date**”) and, together with the Dollar-Denominated EBRD Notes Maturity Date, each a “**EBRD Notes Maturity Date**”).

Following the purchase of the EBRD Notes and until one (1) Business Day prior to the applicable Redemption Date, each Collateral Account is expected to contain only the applicable EBRD Notes unless such EBRD Notes are redeemed early as provided herein. When the EBRD Notes are redeemed, the cash proceeds of such redemption will be deposited in the applicable Collateral Account and may be invested in the applicable Money Market Fund Shares if available and if the applicable Money Market Fund satisfies the applicable Money Market Fund Criteria. For each Class of Notes, the applicable EBRD Notes, if they are still outstanding in connection with an applicable Redemption Date, will be redeemed and the proceeds thereof will be used to pay the Repayment Amount on such Redemption Date. For the avoidance of doubt, any funds deposited in any Collateral Account arising from Negative Index

Payments will not be invested in EBRD Notes.

As of the Issuance Date and for the duration of the relevant Class of Notes, the EBRD must have an issuer rating of at least “AA” by Standard & Poor’s Credit Market Services Europe Limited. In the event that the EBRD is not rated at least “AA” by Standard & Poor’s Credit Market Services Europe Limited, the EBRD Notes will be redeemed on the earliest EBRD Put Date thereafter and funds held in the applicable Collateral Account will be invested in the applicable Money Market Fund Shares, if available and if the Money Market Fund satisfies the Money Market Fund Criteria, or otherwise remain uninvested as a cash credit balance in the applicable Collateral Account.

Dollar-Denominated EBRD Interest

Rate.....

LIBOR determined by the LIBOR Calculation Agent in accordance with the terms of the Dollar-Denominated EBRD Notes, using a designated maturity of three (3) months, minus 13 basis points (0.13%) per annum; provided, that for (i) the Accrual Period immediately preceding the First Payment Date, (ii) the Accrual Period immediately preceding the applicable Scheduled Redemption Date and (iii) the Accrual Period immediately preceding January 8, 2018 (or if such day is not a Business Day, the next succeeding Business Day), the interest rate will be LIBOR determined by the LIBOR Calculation Agent using straight-line linear interpolation, minus 13 basis points (0.13%) per annum (the “**Dollar-Denominated EBRD Interest Rate**”); *provided, further*, that the Dollar-Denominated EBRD Interest Rate will not be less than zero.

Euro-Denominated EBRD Interest

Rate.....

EURIBOR determined by the EURIBOR Calculation Agent in accordance with the terms of the Euro-Denominated EBRD Notes, using a designated maturity of three (3) months, minus 34 basis points (0.34%) per annum; provided, that for (i) the Accrual Period immediately preceding the First Payment Date, (ii) the Accrual Period immediately preceding the applicable Scheduled Redemption Date and (iii) the Accrual Period immediately preceding January 8, 2018 (or if such day is not a Business Day, the next succeeding Business Day), the interest rate will be EURIBOR determined by the EURIBOR Calculation Agent using straight-line linear interpolation, minus 34 basis points (0.34%) per annum (the “**Euro-Denominated EBRD Interest Rate**”, and, together with the Dollar-Denominated EBRD Interest Rate, the “**EBRD Interest Rate**”); *provided, further*, that the Euro-Denominated EBRD Interest Rate will not be less than zero.

EBRD Notes Coupon Payment; EBRD
Coupon Payment Date.....

Interest payments under the EBRD Notes (each, an “**EBRD Notes Coupon Payment**”) will be paid by the EBRD one (1) Business Day prior to each Payment Date (each such date, an “**EBRD Coupon Payment Date**”).

Interest on EBRD Notes in respect of each Payment Date will accrue from, and including, the immediately preceding Payment Date (or the Issuance Date in the case of the First Payment Date) to, but excluding, such Payment Date, except that in connection with the redemption or partial redemption of the EBRD Notes, interest from the EBRD to the Issuer with respect to such EBRD Notes will be paid on such redemption date and will accrue up to, but excluding, such redemption date.

EBRD Put Notice.....

For each Class of Notes, the Indenture Trustee, on behalf of the Issuer,

will deliver a notice effecting a redemption of EBRD Notes in the applicable Collateral Account to the EBRD (with a copy to Citibank, N.A., the Issuer and the Ceding Reinsurer) (each, an “**EBRD Put Notice**”) no later than the EBRD Put Notice Date following the date of such EBRD Put Event.

EBRD Put Date; EBRD Put Notice

Date

The EBRD Notes may be wholly or partially redeemed at par (in minimum denominations of \$1,000 or €1,000, as applicable) on any EBRD Coupon Payment Date prior to the applicable EBRD Notes Maturity Date (each, an “**EBRD Put Date**”), upon delivery of an EBRD Put Notice to the EBRD not less than ten (10) Business Days prior to the applicable EBRD Coupon Payment Date (each such date, an “**EBRD Put Notice Date**”).

For each Class of Notes, upon the redemption of EBRD Notes on an EBRD Put Date, unless such EBRD Put Date is the Business Day prior to the Redemption Date, the Indenture Trustee will apply the proceeds of the redemption of EBRD Notes in the applicable Collateral Account to the extent such proceeds are not to be applied to make any payment from the Collateral Account on the Payment Date following the EBRD Put Date to invest in the applicable Money Market Fund Shares, if available and if the Money Market Fund satisfies the Money Market Fund Criteria, or, otherwise, to remain uninvested as a cash credit balance in the applicable Collateral Account.

EBRD Put Event.....

For each Class of Notes, an “**EBRD Put Event**” under the EBRD Notes relating to such Class of Notes will occur in the following instances:

- (i) if, on or prior to the date that is thirteen (13) Business Days prior to the applicable Scheduled Redemption Date, the Indenture Trustee receives a written notice from the Issuer: (a) stating that, as of the Extension Determination Date immediately preceding the Scheduled Redemption Date, the Issuer has not received an Optional Extension Notice from the Ceding Reinsurer and that a Mandatory Extension Event has not occurred; and (b) instructing the Indenture Trustee to deliver an EBRD Put Notice to the EBRD no later than eleven (11) Business Days prior to such Scheduled Redemption Date;
- (ii) if, on or prior to the date that is thirteen (13) Business Days prior to the applicable Payment Date, the Indenture Trustee receives a written notice from the Issuer stating that the Issuer has received an Event Report from the Calculation Agent specifying a Positive Period Loss Payment Amount and instructing the Indenture Trustee to deliver an EBRD Put Notice to the EBRD no later than eleven (11) Business Days prior to the applicable Issuer Payment Date;
- (iii) if, on or prior to the date that is thirty-five (35) Business Days prior to the applicable Optional Redemption Date, the Indenture Trustee receives a written notice from the Issuer stating that the Ceding Reinsurer has elected an Optional Redemption and instructing the Indenture Trustee to deliver an EBRD Put Notice to the EBRD no later than eleven (11) Business Days prior to such Optional Redemption Date;

- (iv) if, on or prior to the date that is thirteen (13) Business Days prior to the applicable Payment Date, the Indenture Trustee receives a written notice from the Issuer: (a) stating that, as of the Extension Determination Date preceding such Payment Date, either (i) no Extension Event has occurred and is continuing, or (ii) the Ceding Reinsurer has elected a Partial Extension in respect of such Payment Date; and (b) instructing the Indenture Trustee to deliver an EBRD Put Notice to the EBRD no later than eleven (11) Business Days prior to such Payment Date;
- (v) if, on or prior to the date that is thirteen (13) Business Days prior to the applicable Payment Date, the Indenture Trustee receives a written notice from the Issuer that an Early Redemption Event has occurred, other than an EBRD Redemption Event, and such notice instructs the Indenture Trustee to deliver an EBRD Put Notice to the EBRD no later than eleven (11) Business Days prior to the applicable Payment Date;
- (vi) following a Non-Payment Put Event, if the EBRD continues to not make such payment that is due for a period of ten (10) Business Days following the delivery by the Indenture Trustee of a Non-Payment Notice;
- (vii) if the Indenture Trustee receives written notice from the Issuer that there has been a default by the EBRD in the performance of any other covenant or agreement contained in the EBRD Notes and any such default continues for a period of ninety (90) calendar days after written notice thereof is given to the EBRD by a holder of EBRD Notes;
- (viii) if the Indenture Trustee receives written notice from the Issuer that there has been a default by the EBRD in the payment of the principal of, or interest on, any bonds, notes or similar obligations which have been issued, assumed or guaranteed by the EBRD and such default continues for a period of ninety (90) calendar days; or
- (ix) if a Responsible Officer of the Indenture Trustee has actual knowledge that there has been a reduction of the credit rating assigned to the EBRD by Standard & Poor's Credit Market Services Europe Limited to below "AA."

A "**Responsible Officer**" of the Indenture Trustee is any officer of the Indenture Trustee located outside the United States with direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer of the Indenture Trustee to whom such matter is referred because of such officer's knowledge of and familiarity with the particular matter.

For each Class of Notes, a "**Non-Payment Put Event**" will occur if the EBRD has not made a payment of principal of, or interest on, the applicable EBRD Notes on the date that such payment is due and continues to not make such payment for a period of five (5) Business Days.

Following the occurrence of a Non-Payment Put Event, the Indenture Trustee will deliver written notice to the EBRD as promptly as practicable (and no later than two (2) Business Days after such Non-Payment Put

Event has occurred) notifying it of its failure to make a payment (each, a “**Non-Payment Notice**”).

For each Class of Notes, if the EBRD fails to make such payment for a period of ten (10) Business Days following the delivery of the Non-Payment Notice, the Indenture Trustee, on behalf of the Issuer, will deliver an EBRD Put Notice providing for the redemption of the entire outstanding principal amount of the applicable EBRD Notes relating to such Class of Notes, to be effective at the earliest EBRD Put Date thereafter.

EBRD Credit Rating..... “AAA” by Standard & Poor’s Credit Market Services Europe Limited as of the date hereof.

Money Market Funds

Dollar-Denominated Money Market Fund..... “**Dollar-Denominated Money Market Fund**” means each of the following money market funds, which are listed in order of priority to the extent that (i) such money market fund satisfies the Dollar-Denominated Money Market Fund Criteria and (ii) the respective Dollar-Denominated Money Market Fund Shares are available:

<u>Priority</u>	<u>Fund</u>
1.	JP Morgan USD TREASURY Liquidity Fund
2.	Goldman Sachs USD TREASURY LR Fund
3.	Blackrock ICS Inst US Treasury Fund

Dollar-Denominated Money Market Fund Shares “**Dollar-Denominated Money Market Fund Shares**” means the class of shares having an ISIN in the respective Dollar-Denominated Money Market Fund as set forth below:

Class of Shares	ISIN
Institutional	LU0176038411
Institutional	IE00B2Q5LV05
Institutional	IE00B39VC867

Dollar-Denominated Money Market Fund Criteria..... “**Dollar-Denominated Money Market Fund Criteria**” means the following criteria:

- (i) domiciled outside of the United States;
- (ii) denominated in U.S. dollars;
- (iii) invests solely in direct U.S. government obligations such as U.S. Treasury bills as well as other short-term securities backed by the full faith and credit of the U.S. government or any agency of the

U.S. government;

- (iv) has a principal stability fund rating of at least “AAm” by Standard & Poor’s Rating Services; and
- (v) for any Dollar-Denominated Money Market Fund Shares that are acquired on or after November 30, 2016, proceeds from the disposition of the Dollar-Denominated Money Market Fund Shares (including pursuant to a redemption) are not subject to withholding under sections 1471-1474 of the Code or Treasury regulations or other guidance issued, or any agreement entered into with a taxing authority, thereunder (“**FATCA**”) (except to the extent that such proceeds are attributable to gain or accrued dividends), based on advice of counsel received by the Issuer no earlier than thirty (30) Business Days prior to the acquisition of such Dollar-Denominated Money Market Fund Shares.

Euro-Denominated Money Market Fund.....

“**Euro-Denominated Money Market Fund**” (and, together with Dollar-Denominated Money Market Fund, “**Money Market Funds**”) means each of the following money market funds, which are listed in order of priority to the extent that (i) such money market fund satisfies the Euro-Denominated Money Market Fund Criteria and (ii) the respective Euro-Denominated Money Market Fund Shares are available:

<u>Priority</u>	<u>Fund</u>
1.	JPM Euro Govt Liq Fund
2.	Blackrock ICS Euro Govt Liq Fund

Euro-Denominated Money Market Fund Shares

“**Euro-Denominated Money Market Fund Shares**” (and, together with Dollar-Denominated Money Market Fund Shares, “**Money Market Fund Shares**”) means the class of shares having an ISIN in the respective Euro-Denominated Money Market Fund as set forth below:

Class of Shares	ISIN
Institutional	LU0326549242
Core	IE00B39VC974

Euro-Denominated Money Market Fund Criteria.....

“**Euro-Denominated Money Market Fund Criteria**” (and, together with Dollar-Denominated Money Market Fund Criteria, “**Money Market Fund Criteria**”) means the following criteria:

- (i) denominated in Euro;
- (ii) invests solely in government obligations and repurchase agreements fully backed by government debt;
- (iii) has a principal stability fund rating of at least “AAm” by Standard & Poor’s Rating Services;

- (iv) is domiciled outside of the United States; and
- (v) for any Euro-Denominated Money Market Fund Shares that are acquired on or after November 30, 2016, proceeds from the disposition of the Euro-Denominated Money Market Fund Shares (including pursuant to a redemption) are not subject to withholding under FATCA (except to the extent that such proceeds are attributable to gain or accrued dividends), based on advice of counsel received by the Issuer no earlier than thirty (30) Business Days prior to the acquisition of such Euro-Denominated Money Market Fund Shares.

Failure to Meet Money Market Fund
Criteria.....

To the extent that Permitted Investments consist of Money Market Fund Shares, if at any time a Responsible Officer of the Indenture Trustee has actual knowledge that the relevant Money Market Fund fails to satisfy any of the Money Market Fund Criteria, then the Indenture Trustee will, as promptly as is reasonably practicable, liquidate such Money Market Fund Shares and transfer the proceeds thereof to alternative Money Market Fund Shares in accordance with the order of priority and other procedures set forth in the Indenture. In the event that no alternative Money Market Fund Shares are available, or if no alternative Money Market Fund meets the Money Market Fund Criteria, amounts will be held as a cash credit balance in the applicable Collateral Account until such time as a Responsible Officer of the Indenture Trustee has actual knowledge that Money Market Fund Shares are available and the respective Money Market Fund meets all of the Money Market Fund Criteria.

FATCA.....

To the extent that assets credited to a Collateral Account are invested in Money Market Fund Shares, such Money Market Fund Shares will be liquidated and transferred to cash on November 30, 2016, or as soon as reasonably practical thereafter but no later than the last Business Day in 2016 (or such other date as counsel shall have advised the Issuer is the last date that the Issuer may hold such Money Market Fund Shares without being subject to adverse tax consequences under FATCA, unless and to the extent that the Issuer has received advice of counsel that proceeds from the disposition of such Money Market Fund Shares (including pursuant to a redemption) will not be subject to FATCA taxes (except to the extent that such proceeds are attributable to gain or accrued dividends).

In addition, assets held in Money Market Fund Shares will be liquidated and transferred to cash promptly following notice to the Indenture Trustee from the Issuer that it has been notified by the U.S. Department of Treasury, any governmental authority, any outside auditor, or legal counsel that the Issuer has not substantially complied with its obligations under an agreement entered into with the U.S. Department of Treasury under FATCA (if applicable), or that proceeds from the disposition of such Money Market Fund Shares may be subject to FATCA taxes, unless and to the extent that the Issuer has received advice of counsel that proceeds from the disposition of such Money Market Fund Shares will not be subject to FATCA taxes (except to the extent that such proceeds are attributable to gain or accrued dividends).

Non-QEF Investment Funds.....

Pursuant to the terms of the Indenture, on the first Business Day of each calendar year, to the extent that assets credited to a Collateral Account are invested in Money Market Fund Shares and the respective Money Market Fund does not provide upon request the information necessary for a U.S. Noteholder to make a QEF election (a “**Non-QEF Investment Fund**”)

with respect to such Money Market Fund Shares, the investment in such Money Market Fund Shares will be liquidated, and as promptly as practicable thereafter, the proceeds from such liquidation will be used to purchase Money Market Fund Shares in a Money Market Fund that meets the relevant Money Market Fund Criteria other than a Non-QEF Investment Fund with respect to which shares were held in the immediately preceding year. To the extent no other Money Market Fund Shares are available other than in a Non-QEF Investment Fund with respect to which shares were held in the immediately preceding calendar year, or the respective Money Market Fund is not able to accept the full amount of funds in the applicable Collateral Account, the proceeds of such liquidation held in such Collateral Account will remain as a cash credit balance on the Collateral Account until such time as a Responsible Officer of the Indenture Trustee has actual knowledge that such Money Market Fund is no longer a Non-QEF Investment Fund with respect to which shares were held in the immediately preceding year.

Liquidation at Redemption For each Class of Notes, to the extent that Permitted Investments consist of Money Market Fund Shares, such Permitted Investments will be liquidated prior to the applicable Redemption Date (including, to the extent necessary, in connection with any Partial Extension) and, once the Issuer's obligations to the Ceding Reinsurer under the applicable Reinsurance Agreement have been fully discharged in accordance with its terms, the proceeds thereof will be used to pay the Repayment Amount on such Redemption Date for such Class of Notes.

Collateral; Deed of Charge

Collateral Account; Custodian; Deed of Charge For each Class of Notes, the Issuer will deposit an amount equal to the proceeds from the sale of such Class of Notes into a separate cash and/or securities account established solely for such Class of Notes (the "**Collateral Account**") in the name of the Issuer with the London branch of The Bank of New York Mellon (in such capacity, the "**Custodian**").

Each Collateral Account will be assigned and (to the extent not effectively assigned) charged by way of security to the Indenture Trustee pursuant to a Deed of Charge and Assignment (each, a "**Deed of Charge**") for the benefit of the Indenture Trustee, the Paying Agent, the Ceding Reinsurer and the Holders of the relevant Class of Notes. The amounts credited to each Collateral Account will be invested in Permitted Investments. Each Deed of Charge will be governed by, and construed in accordance with, English law.

Prior to the occurrence of an Event of Default with respect to a Class of Notes, the principal portion of amounts standing to the credit of the Collateral Account for such Class of Notes will be available to satisfy (in order of priority):

- (i) any unpaid tax obligations of the Issuer to any governmental authority;
- (ii) any obligations of the Issuer to the Ceding Reinsurer under the applicable Reinsurance Agreement for such Class of Notes; and
- (iii) any obligations of the Issuer to holders of such Class of Notes

under the Indenture.

Permitted Investment Yield on the assets credited to the Collateral Account is the property of the Issuer and is not subject to any prior claim of the Ceding Reinsurer. Such Permitted Investment Yield is subject to a security interest in favor of the Indenture Trustee for the benefit of the Noteholders of the relevant Class of Notes.

Collateral Payment Account.....

For each Class of Notes, the Custodian will transfer the Permitted Investment Yield, if any, credited to the applicable Collateral Account to a cash account established for such Class of Notes in the name of the Issuer with the London branch of the Indenture Trustee (each, a “**Collateral Payment Account**”).

The Issuer will also credit to each Collateral Payment Account the Premium Payments received from the Ceding Reinsurer under the applicable Reinsurance Agreement.

The amounts standing to the credit of each Collateral Payment Account will be applied on each Payment Date to satisfy the payment obligations of the Issuer to the applicable Noteholders under the Indenture in respect of interest on the applicable Class of Notes.

Beneficiaries; Class Collateral.....

For each Class of Notes, the Issuer will, pursuant to a Deed of Charge, charge and/or assign by way of security to the Indenture Trustee for the benefit of the Indenture Trustee, the Ceding Reinsurer and the Holders of such Class of Notes (the “**Beneficiaries**”) as security for the Issuer’s obligations to such parties, all the Issuer’s right, title, interest and benefit in, to and under:

- (i) the Reinsurance Agreement for such Class of Notes, including the right to receive all payments due and payable from the Ceding Reinsurer thereunder (other than with respect to the Initial Expense Premium and any Supplemental Expense Premium); and
- (ii) the Collateral Account relating to such Class of Notes and all amounts therein or credited thereto.

In addition, under such Deed of Charge, the Issuer will charge and/or assign by way of security for the Indenture Trustee for the benefit of the Holders of such Class of Notes and the Indenture Trustee, all of the Issuer’s right, title, interest and benefit in, to the Collateral Payment Account and all amounts therein or credited thereto (such collateral, together with the collateral set forth in paragraphs (i) and (ii) above, the “**Class Collateral**”).

There is expressly excluded from the Class Collateral any interest of the Issuer in (i) the Expense Account, (ii) the Initial Expense Premium and any Supplemental Expense Premium, (iii) amounts representing the Issuer’s ordinary share capital, (iv) the Issuer’s annual profit of €1,000 and (v) the Excess Accounts.

Each Collateral Account will be held by the Issuer with the Custodian in its London branch in the United Kingdom and each Collateral Payment Account will be held by the Issuer with the Indenture Trustee in its London Branch in the United Kingdom. Each security interest over the Class Collateral will be governed by and created under the respective

Deed of Charge, which will be governed by English law.

Assigned Agreements	In addition to the Class Collateral, under the Indenture, the Issuer will assign and pledge to the Indenture Trustee (i) for the benefit of the Holders of the Class A Notes, all of the Issuer's right, title, benefit and interest in, to and under the PCS License Agreement, (ii) for the benefit of the Holders of the Class B Notes, all of the Issuer's right, title, benefit and interest in, to and under the PERILS License Agreement and (iii) for the equal and ratable benefit of all Noteholders, all of the Issuer's right, title, benefit and interest in, to and under the Management Agreement, the Calculation Agent Agreement and the Escrow Agreement (together, the " Assigned Agreements ").
Collateral	For each Class of Notes, the " Collateral " will be composed of the Class Collateral for such Class of Notes and the Assigned Agreements for such Class of Notes.
Proceeds of Enforcement.....	<p>For each Class of Notes, the proceeds of any enforcement of the Indenture Trustee's security interest in the applicable Collateral Account following an Event of Default in respect of such Class of Notes will be applied as follows (in order of priority):</p> <ul style="list-style-type: none">(i) to satisfy any unpaid tax obligations of the Issuer to any governmental authority;(ii) to satisfy any unpaid obligations of the Issuer to The Bank of New York Mellon in all of its capacities under the Indenture (individual or otherwise);(iii) to satisfy the obligations of the Issuer to the Ceding Reinsurer in respect of any amounts owed and unpaid under the applicable Reinsurance Agreement;(iv) to satisfy the obligations of the Issuer to the holders of such Class of Notes in respect of any amounts of interest owed and unpaid on such Class of Notes; and(v) to satisfy the obligations of the Issuer to the holders of such Class of Notes in respect of the Outstanding Principal Amount of such Class of Notes. <p>For each Class of Notes, the proceeds of any enforcement of the Indenture Trustee's security interest in the applicable Reinsurance Agreement following an Event of Default in respect of such Class of Notes will be applied as follows (in order of priority):</p> <ul style="list-style-type: none">(i) to satisfy any unpaid tax obligations of the Issuer to any governmental authority;(ii) to satisfy any unpaid obligations of the Issuer to The Bank of New York Mellon in all of its capacities under the Indenture (individual or otherwise);(iii) to satisfy the obligations of the Issuer to the holders of such Class of Notes in respect of any amounts of interest owed and unpaid on such Class of Notes; and

- (iv) to satisfy the obligations of the Issuer to the holders of such Class of Notes in respect of the Outstanding Principal Amount of such Class of Notes.

Limitations on Enforcement..... **Notwithstanding the foregoing, neither the Indenture Trustee (acting on behalf of itself or Noteholders) nor any Noteholder will have the right to enforce or otherwise realize upon the Indenture Trustee's security interest in the Collateral Account for such Class of Notes and any assets credited thereto until after all of the Issuer's obligations under the corresponding Reinsurance Agreement (including the Issuer's potential liability for claims to be paid thereunder) have been discharged and such Reinsurance Agreement has been terminated in accordance with its terms (other than with respect to the continuation of coverage, if applicable, under such Reinsurance Agreement relating to amounts in the applicable Excess Account after the Redemption Date).**

Sources of Funds for Repayment of Principal.....

The Issuer's sole source of funds for repayment of the Outstanding Principal Amount of each Class of Notes will be the principal amount of the Permitted Investments held in the applicable Collateral Account (subject to the prior rights of The Bank of New York Mellon and the Ceding Reinsurer therein).

Accordingly, if the principal amount of applicable Permitted Investments is insufficient to repay the Outstanding Principal Amount of a Class of Notes, whether due to a default on the applicable EBRD Note, declines in the value of any Money Market Fund Shares, if applicable, the failure of the Ceding Reinsurer to make any Negative Index Payment when due, or for any other reason, the Issuer would be unable to make full payment of the Outstanding Principal Amount of such Class of Notes on the Redemption Date.

For each Class of Notes, if funds or Permitted Investments held in the applicable Collateral Account are required to be redeemed or paid to the Ceding Reinsurer in connection with a Principal Reduction, the Indenture Trustee will (i) first, use any cash held in such Collateral Account, (ii) second, if the amount referred to in clause (i) is not sufficient for the Issuer to make the related Issuer Payment to the Ceding Reinsurer, redeem any applicable Money Market Fund Shares, as applicable, and use the net proceeds thereof to make such Issuer Payment and (iii) third, if the amounts referred to in clauses (i) and (ii) are not sufficient to make such Issuer Payment, redeem a sufficient amount of the applicable EBRD Notes.

Sources of Funds for Payment of Interest.....

The Issuer's sole sources of funds for payments of interest on each Class of Notes will be (i) the Premium Payments received from the Ceding Reinsurer under the applicable Reinsurance Agreement relating to the Interest Spread or Extension Spread and (ii) the applicable Permitted Investment Yield, if any.

For each Class of Notes, the net investment earnings on the applicable Permitted Investments will be less than the amounts payable by the Issuer in respect of interest on the Outstanding Principal Amount of such Class of Notes. Accordingly, in the event of the failure of the Ceding Reinsurer to make Premium Payments when due under the applicable Reinsurance Agreement, the Issuer would be unable to make full payment of interest on

the Outstanding Principal Amount of such Class of Notes.

Indenture

Indenture.....	On the Issuance Date, the Issuer will enter into an Indenture (the “ Indenture ”) with The Bank of New York Mellon, acting through its London branch, as trustee for the Noteholders (the “ Indenture Trustee ”), The Bank of New York Mellon, acting through its London Branch, as paying agent (the “ Paying Agent ”), and The Bank of New York Mellon (Luxembourg) S.A., as note registrar (the “ Note Registrar ”).
Covenants	With respect to each Class of Notes, the Indenture contains certain covenants that, among other things: (i) prevent the Issuer from substituting the Reinsurance Agreement with respect to such Class of Notes with any other reinsurance agreement or financial contract; (ii) require the Issuer to maintain records to the extent required under applicable Irish law; (iii) require the Issuer to maintain the respective Collateral and the Indenture Trustee’s security interest in the respective Collateral; (iv) require the Issuer to maintain its existence and comply with applicable regulatory requirements; (v) require the Issuer to deliver to the Indenture Trustee notice of any Issuer Payments or Negative Index Payments applicable to such Class of Notes; (vi) require the Issuer to provide, or cause to be provided to the Holders of such Class of Notes or prospective purchasers designated by such Holders the Rule 144A Information, the Available Information and any other information required by law; (vii) prevent the Issuer from engaging in any business other than as described herein or incidental or ancillary thereto; (viii) prevent the Issuer from incurring any indebtedness for borrowed money (other than the Notes); (ix) prevent the Issuer from merging or consolidating with or into any other person or disposing of all or substantially all of its assets; (x) prevent the Issuer from amending the terms of any Reinsurance Agreement and certain other documents applicable to such Class of Notes without the requisite consent of Holders for such Class of Notes, except as set forth in the Indenture; and (xi) prevent the Issuer from entering into any reinsurance agreement or financial contract other than the Reinsurance Agreements applicable to such Class of Notes.
Events of Default	<p>The Indenture specifies the following “Events of Default” in respect of a Class of Notes:</p> <ul style="list-style-type: none">(i) a default for five (5) Business Days or more in the payment of any interest when due and payable under any Note of such Class;(ii) a default in the repayment of the Repayment Amount of any Note of such Class when due and payable;(iii) a default in the observance or performance of any covenant or agreement of the Issuer made in the Indenture in respect of such Class of Notes, which default has a material adverse effect on the Holders of such Class of Notes and such default shall continue and not be cured for a period of thirty (30) calendar days after there shall have been given to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Holders representing at least 25% of the Outstanding Principal Amount of such Class of Notes, a written notice specifying such default;

- (iv) any representation or warranty with respect to such Class of Notes made by the Issuer in the Indenture or in any certificate or other writing delivered pursuant thereto or in connection therewith having been incorrect at the time when the same shall have been made; *provided*, however, such misrepresentation has a material adverse effect on the Holders of such Class of Notes and shall not have been eliminated or otherwise cured, for a period of thirty (30) calendar days after there shall have been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Holders representing at least 25% of the Outstanding Principal Amount of such Class of Notes, a written notice specifying such incorrect representation or warranty; and requiring it to be remedied and stating that such notice is a notice of default thereunder;
- (v) the filing of a decree or order for relief by a court having jurisdiction in respect of the Issuer or any substantial part of the Issuer's rights in the respective Collateral for such Class of Notes in an involuntary case under any applicable federal, state or foreign bankruptcy, reorganization, insolvency, examinership or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator, examiner or similar official of the Issuer or for any substantial part of the trust estate for such Class of Notes, or ordering the winding-up or liquidation of the Issuer's affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive calendar days; or
- (vi) the commencement by the Issuer of any voluntary case under any applicable federal, state or foreign bankruptcy, reorganization, insolvency, examinership or other similar law, or the consent by the Issuer to the entry of an order for relief in an involuntary case under any such law, or the consent by the Issuer to the appointment or taking possession by a receiver, liquidator, examiner, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the respective Collateral for such Class of Notes, or the making by the Issuer of any general assignment for the benefit of creditors, or the failure by the Issuer generally to pay its debts as such debts become due, or the taking of any action by the Issuer in furtherance of any of the foregoing.

For the avoidance of doubt, an Event of Default with respect to a particular Class of Notes will not necessarily result in an Event of Default for the other Class of Notes.

If an Event of Default specified in any of the clauses set forth above should occur and be continuing with respect to a Class of Notes and, subject to five (5) Business Days' prior written notice to the Ceding Reinsurer by the Indenture Trustee or the Holders of such Class of Notes, as applicable, either (i) the Indenture Trustee may declare the Notes of such Class to be immediately due and payable by a notice in writing to the Issuer or (ii) the Holders representing at least 25% of the Outstanding Principal Amount of such Class of Notes may declare all Notes of such Class of Notes to be immediately due and payable. Such declaration by the Indenture Trustee or the Holders may, under certain circumstances, be rescinded by the Holders of a majority of the Outstanding Principal Amount of such Class of Notes. In the event of such acceleration, the

amount due in full satisfaction of the Issuer's obligations under such Class of Notes will be the Repayment Amount of such Class of Notes, plus accrued and unpaid interest.

Notwithstanding the foregoing, however, even if a Class of Notes has been accelerated pursuant to the Indenture, payment of the applicable Repayment Amount will remain subject to the rights of the Ceding Reinsurer under the corresponding Reinsurance Agreement. Accordingly, until all of the Issuer's obligations under such Reinsurance Agreement (including the Issuer's potential liability for claims to be paid thereunder) have been satisfied and such Reinsurance Agreement has been terminated in accordance with its terms (other than with respect to the continuation of coverage, if applicable, under such Reinsurance Agreement relating to amounts in the applicable Excess Account after the Redemption Date), payments in respect of such Class of Notes will be applied as if there had been no acceleration, and the Indenture Trustee will be required to maintain possession of the applicable Collateral Account and all assets therein as security for the Issuer's obligations under such Reinsurance Agreement.

Extinguishment of Obligations All obligations of the Issuer under the Indenture and the Notes will be limited recourse obligations of the Issuer payable solely from the respective Collateral and will be deemed extinguished if, at any time, such Collateral is exhausted (and there are no claims that may be asserted by the Issuer with respect to contractual obligations of third parties to the Issuer).

All obligations of the Issuer under each Reinsurance Agreement will be limited recourse obligations of the Issuer payable solely from the respective Collateral and the respective Excess Account (if applicable) and will be deemed extinguished if, at any time, such Collateral and Excess Account (if applicable) are exhausted (and there are no claims that may be asserted by the Issuer with respect to contractual obligations of third parties to the Issuer).

All obligations of the Issuer under each of the Management Agreement, the Calculation Agent Agreement, the Escrow Agreement, the PCS License Agreement and the PERILS License Agreement will be limited recourse obligations of the Issuer payable solely from the Expense Account or, only when no Notes remain outstanding and all Reinsurance Agreements have been terminated in accordance with their respective terms, from the respective Collateral, and will be deemed extinguished if, at any time, the Expense Account and such Collateral are exhausted (and there are no claims that may be asserted by the Issuer with respect to contractual obligations of third parties to the Issuer).

Neither the Ceding Reinsurer nor any of its affiliates is a guarantor of or obligor on the Notes, and Noteholders will not have any recourse against the Ceding Reinsurer or its affiliates in the event of a default by the Issuer.

No Petition..... By its acquisition of a Note, each Noteholder agrees that neither it nor the Indenture Trustee on its behalf will institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, examination, insolvency, liquidation or similar proceeding with respect to the Issuer under any U.S. federal, U.S. state or foreign law until the expiration of two years (or, if longer, the applicable preference period then in effect, including any such preference period established

pursuant to the laws of Ireland) and one day from the date when there are no Notes outstanding and the Reinsurance Agreements have terminated in accordance with their respective terms. In any event, the Holders of a Class of Notes will only have recourse to the Issuer's Collateral for such Class of Notes.

Functions to be Carried Out
from Locations Outside of
the United States

Pursuant to the Indenture and the Issuer's Memorandum and Articles of Association, the following functions are required to be carried out by or on behalf of the Issuer from a location outside the United States: (i) communicating with the Issuer's shareholders and Noteholders (including the furnishing of financial reports); (ii) communicating with the general public; (iii) soliciting sales of the Issuer's shares; (iv) accepting the subscriptions of new shareholders and Noteholders; (v) maintaining the Issuer's principal corporate records and books of account; (vi) auditing the Issuer's books of account; (vii) disbursing payments of dividends, interest, legal fees, accounting fees, and officers' and directors' salaries; (viii) publishing or furnishing the offering and redemption price of the shares issued by the Issuer; (ix) conducting meetings of the Issuer's shareholders and Board of Directors; (x) making redemptions of the Issuer's shares and repayment of the Notes; (xi) all general and extraordinary meetings; and (xii) making all decisions with respect to deposits or disbursements from any Issuer account. In addition, each of the Issuer's directors must act exclusively from outside of the United States.

Manner of Offering; Transfer Restrictions

Manner of Offering

The Notes are being offered and sold in book-entry form only to investors who (a) are Qualified Institutional Buyers that, with respect to U.S. Persons, are also Qualified Purchasers; and (b) are residents of, and purchasing in, a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction. Each purchaser of the Notes, in making its purchase, will be deemed to make the acknowledgements, representations, warranties and agreements set forth in "*Notice to Investors—Representations of Purchasers.*" Transfers of the Notes (or beneficial interests therein) that do not meet these requirements may be deemed void and of no effect. Any person who holds any interest in the Notes (or beneficial interests therein) (i) who does not reside and hold such interest in a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction or (i) who, at the time of acquiring an interest in the Notes, is not a Qualified Institutional Buyer and, in the case of a U.S. Person, a Qualified Purchaser, may be forced to sell or transfer such interest in the Notes to a purchaser who meets the requirements set forth in "*Notice to Investors.*" The Notes are not being offered to the public in any jurisdiction.

Form of the Notes.....

Notes of each Class will be issued in fully registered global form and will be available for purchase through the book-entry system provided by the applicable Clearing System.

Clearing System

The Class A Notes will be cleared through DTC and the Class B Notes will be cleared through Euroclear and Clearstream (each, the "**Clearing System**").

Nominee

For the Class A Notes, Cede & Co. and, for the Class B Notes, The Bank of New York Depository (Nominees) Limited.

Denominations	<p>The Class A Notes will each be issued in minimum denominations of \$250,000 and integral multiples of \$1,000 in excess thereof.</p> <p>The Class B Notes will each be issued in minimum denominations of €250,000 and integral multiples of €1,000 in excess thereof.</p>
Transfer Restrictions	The Notes have not been and will not be registered under the Securities Act or any U.S. state or foreign securities laws and are subject to substantial restrictions on transfer. See “ <i>Notice to Investors.</i> ”
Permitted U.S. Jurisdictions	The District of Columbia and all states of the United States, except for the states of Hawaii, Montana and Nevada (the “ Permitted U.S. Jurisdictions ”). No U.S. territory shall be a Permitted U.S. Jurisdiction.
Permitted Non-U.S. Jurisdictions	<p>Argentina, Australia, Austria, Bahrain, Barbados, Belgium, Bermuda, British Virgin Islands, Canada (the provinces of British Columbia, Ontario and Quebec only), Cayman Islands, China, Denmark, Dubai International Financial Centre, France, Germany, Guernsey, Hong Kong, Ireland, Israel, Italy, Japan, Jersey, Kuwait, Luxembourg, Mexico, The Netherlands, New Zealand, Norway, Portugal, Singapore, South Korea, Spain, Sweden, Switzerland and the United Kingdom (the “Permitted Non-U.S. Jurisdictions”).</p> <p>The designation of a jurisdiction as a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction relates solely to the characterization of the Notes for certain insurance law purposes.</p>
Listing	This Offering Circular has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Offering Circular as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Application has been made to the Irish Stock Exchange for the Class A Notes and the Class B 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. The expenses related to the listing of the Notes are €5,291.20.

U.S. Federal and Irish Tax Matters; ERISA Matters

Irish Tax Status of Issuer	The Issuer will be taxable as a securitization company pursuant to Section 110 of the Taxes Consolidation Act 1997 (as amended) (“ TCA 1997 ”). Profits arising to the Issuer will be taxable at a rate of 25%; however (provided certain requirements are met), interest on the Notes will be deductible for Irish tax purposes. All expenses which are not capital in nature and are wholly and exclusively for the purposes of the Issuer’s activities and are not specifically prohibited by statute will be deductible from income in order to determine taxable profits. Any losses incurred by the Issuer will be available for set off against its profits for any subsequent accounting period for so long as the Issuer continues to be subject to the Section 110 taxation regime.
Irish Withholding Tax	Withholding tax (unless exempted) at a rate of 20% must be deducted from interest payments made by the Issuer. There is an exemption from withholding tax in respect of interest payments on a “quoted Eurobond.” As the Notes carry a right to interest, they will constitute “quoted Eurobonds” if they are admitted to trading on the Irish Stock Exchange. Furthermore, even if the Notes do not qualify as “quoted Eurobonds” or

cease to qualify as such, interest payments on the Notes to a person resident in a member state of the European Union or a territory with which Ireland has a double taxation agreement (including agreements which have been signed but are not yet in force) should not be subject to withholding tax.

U.S. Federal Income Tax Consequences	Prospective purchasers of the Notes should consider carefully the discussion set forth under “ <i>Certain Tax Considerations—United States Taxation.</i> ”
ERISA	Prospective purchasers of the Notes should consider carefully the discussion set forth under “ <i>ERISA Considerations—.</i> ”

Other Provisions

Manager	Marsh Management Services (Dublin) Limited or its successor (the “ Manager ”).
Independent Auditor.....	Mazars Dublin, or its successor, will act as the independent auditor of the Issuer (the “ Independent Auditor ”). As of the date of this Offering Circular, Mazars France are the independent auditors of the Ceding Reinsurer.
Business Day	A day that is a TARGET Settlement Date and that is not a Saturday, (ii) a Sunday or (iii) a day on which banking institutions or trust companies in the City of New York, United States, the City of London, England, the City of Paris, France or the City of Dublin, Ireland are authorized or required by applicable law, regulation or executive order to remain closed (each, a “ Business Day ”).
TARGET Settlement Date	“ TARGET Settlement Date ” means a day on which the Trans European Automated Real Time Gross Settlement Express Transfer System (known as TARGET2) (or, if such system ceases to be operative, such other system (if any) determined by the Indenture Trustee to be a suitable replacement) is open.
UTC.....	Coordinated Universal Time (“ UTC ”).
Risk Factors.....	Prospective investors should consider carefully the information set forth under the caption “ <i>Risk Factors</i> ” and all other information set forth in this Offering Circular before making any investment in the Notes.
Rating Agency	Standard & Poor’s Credit Market Services Europe Limited (the “ Rating Agency ”). The Rating Agency is established in the European Union and is registered under the Credit Rating Agency Regulation.
Expected Rating	For the Class A Notes, BB- (sf); and For the Class B Notes, BB (sf) (each, a “ Rating ” and, together, the “ Ratings ”). It is expected that on the Issuance Date the rating of the Class A Notes and the Class B Notes will be no lower than the Rating listed above.

The Rating of each Class of Notes is not a recommendation to purchase, hold or sell such Class of Notes. The Rating of each Class of Notes addresses the likelihood that the Holders of such Class of Notes will receive timely payment of interest and ultimate payment of principal on such Class of Notes on the Redemption Date. The Ratings do not comment as to market price, fair market value or suitability for a particular investor, nor does the rating accorded to each Class of Notes address the likelihood that a Noteholder of such Class will be able to sell such Notes. The Ratings are based on current information furnished to the Rating Agency by the Issuer, the Ceding Reinsurer and information obtained from other sources, including, but not limited to, the Modeling Firm.

The Rating of each Class of Notes may be changed, suspended or withdrawn as a result of changes in, or the unavailability of, such information.

CUSIP

For the Class A Notes, 04940T AA9.

ISIN

For the Class A Notes, US04940TAA97.

For the Class B Notes, XS0845866762.

RISK FACTORS

Investment in the Notes is speculative and involves a high degree of risk including, but not limited to, the following factors, as well as the legends set forth in the forward part of this Offering Circular. Prospective investors should reach an investment decision only after carefully considering the suitability of the Notes in light of their particular circumstances.

General Investment Risks

The Notes are complex speculative instruments and are intended for sale only to investors capable of fully understanding and assuming the high risks entailed in such instruments. Potential investors are strongly encouraged to consult with their financial, accounting, legal and tax advisors before making any investment decision in respect of the Notes.

Loss of Principal and Interest

The Issuer is exposed to the occurrence, frequency and severity of Covered Events, which are inherently unpredictable. Accordingly, no prediction can be made as to whether a Covered Event occurring during the applicable Risk Period will obligate the Issuer to make one or more Issuer Payments to the Ceding Reinsurer under the applicable Reinsurance Agreement. Issuer Payments made by the Issuer under a Reinsurance Agreement as a result of one or more Covered Events will result in a corresponding reduction of the Outstanding Principal Amount of the related Class of Notes, as well as interest accrued thereon. Consequently, Noteholders bear the risk that they could lose all or a portion of the principal of, and interest on, any Class of Notes, if during the Risk Period applicable to such Class of Notes there are one or more Covered Events resulting in an Issuer Payment with respect to such Class.

Reliance on the Ceding Reinsurer

The Permitted Investment Yield will be less than the full amount of interest due on the respective Class of Notes. If the Ceding Reinsurer fails to make any Premium Payment when due under a Reinsurance Agreement, whether due to the creditworthiness of the Ceding Reinsurer or for any other reason, the Issuer will be unable to pay the Interest Spread component of interest due and payable on the corresponding Class of Notes.

In addition, any failure of the Ceding Reinsurer to make a Negative Index Payment to the Issuer when due under a Reinsurance Agreement, whether due to the creditworthiness of the Ceding Reinsurer or for any other reason, will result in the Issuer not having sufficient funds on the Redemption Date to pay the Outstanding Principal Amount to Noteholders of the corresponding Class of Notes.

Maturity

The maturity date of a Class of Notes will be extended by the Issuer beyond the Scheduled Redemption Date upon the occurrence of an Extension Event with respect to such Class. Whether an Extension Event will occur is unpredictable and, in the case of an Optional Extension Event, is in the sole discretion of the Ceding Reinsurer.

Risk of Early Redemption

If an Early Redemption Event or Optional Redemption occurs, each affected Class of Notes will be redeemed prior to the Scheduled Redemption Date, as a whole for cash, for the respective Repayment Amount, which will include, if applicable, the Early Redemption Payment or Optional Redemption Payment. The Repayment Amount will not include an Early Redemption Payment in the case of a Clean-Up Call Event, Reporting Agency Redemption Event, Calculation Agent Redemption Event, Change in Tax Law Event, Change in Law Event or EBRD Redemption Event. In the event of an Early Redemption Event or Optional Redemption, affected Noteholders may be unable to reinvest the Repayment Amount in investments with a yield greater than or equal to the relevant Class of Notes.

Reset

The terms of each Class of Notes provide for a Reset. The reset mechanism is designed so that the modeled one year attachment probability is the highest percentage equal to or less than the Initial One Year Attachment Probability and the one year expected loss is the highest percentage equal to or less than the Initial One Year Expected Loss. However, the annual contribution to expected loss may change for each jurisdiction within the applicable Covered Area or, in the case of the Class A Notes, for each type of peril constituting a Covered Event. Consequently, while the modeled one year attachment probability and the modeled one year expected loss will be the same or lower after the Reset, the actual losses to the Holder of such Notes from a given Covered Event or series of Covered Events may be greater after the Reset than there would have been absent a Reset.

Limited Liquidity

There is currently no secondary market for the Notes. The Initial Purchasers are under no obligation to make a market in the Notes and, to the extent that such market making is commenced, it may be discontinued at any time. There is no assurance that a secondary market will develop or, if it does develop, that it will provide Noteholders with liquidity of investment or that it will continue until the Outstanding Principal Amount of the relevant Class of Notes is repaid. In addition, in the event of the occurrence of one or more Covered Events, the liquidity of the Notes may be materially impaired.

Given the risks associated with an investment in the Notes, the high denominations and the restrictions on transfer, investors may have difficulty locating persons willing and able to purchase Notes from them. Consequently, a Noteholder may not be able to liquidate its investment readily, and the Notes may not be readily accepted as collateral for loans. Prospective investors should proceed on the assumption that they may have to bear the economic risk of an investment in the Notes until their maturity.

Volatility

Even if a secondary market develops, the fair market value of each Class of Notes can be expected to exhibit substantial volatility to the extent there are market expectations of one or more Covered Events to which the principal and interest of such Class of Notes is exposed. The fair market value of any Class of Notes may also be affected if such Notes are downgraded by any Rating Agency or if the market experiences limited liquidity at such times.

Limited Recourse to Issuer; No Recourse to Ceding Reinsurer

The Notes are with limited recourse to certain assets of the Issuer and without recourse to the Ceding Reinsurer or any of its affiliates. Holders of each Class of Notes will have recourse only to assets in the applicable Collateral Account (subject to the prior interest of the Indenture Trustee and the Ceding Reinsurer in such assets), assets in the applicable Collateral Payment Account, the Premium Payments under the applicable Reinsurance Agreement (subject to the prior interest of the Indenture Trustee in such Premium Payments) and the Assigned Agreements, and will not have recourse to any other property or assets of the Issuer, including the Excess Accounts, the Collateral related to any other Class of Notes or any premium payments related to any other Class of Notes. Holders of each Class of Notes will not have any recourse to or against the Ceding Reinsurer or any of its affiliates for any amounts due and payable by the Issuer to any Holder for any reason, including in the event of a default by the Issuer.

Risk Relating to Permitted Investments

Noteholders are exposed to the value of the underlying Permitted Investments

The Issuer's sources of funds for repayment of the Outstanding Principal Amount will be the proceeds of the redemption or liquidation of the Permitted Investments. There can be no assurance that there will be no default with respect to payments on the Permitted Investments or mark-to-market declines in the value of Permitted Investments.

Interest payments may be reduced by fees and withholding tax

The Issuer's sources of funds for payments of interest on the Notes will comprise the Premium Payments received from the Ceding Reinsurer under the applicable Reinsurance Agreement and the Permitted Investment Yield. The Permitted Investment Yield will be paid to Noteholders net of any applicable withholding taxes and fees and no "gross-up" payment or additional amounts will be paid to the Noteholders in this respect.

Permitted Investments may be affected by the insolvency of the Indenture Trustee or any intermediary or clearing system

In the event of the occurrence of any insolvency or similar proceedings involving the Custodian or any intermediary or clearing system in, through or with which the Permitted Investments are held, the recovery by the Issuer (or the Indenture Trustee enforcing the applicable Deed of Charge) of the Permitted Investments or the income relating thereto is dependent on the right against the entity which is the subject of such proceedings to deliver the Permitted Investments being recognized under all applicable laws as constituting a proprietary interest in the Permitted Investments and not merely a personal right, and on that entity having treated the Permitted Investments in a manner consistent with the existence of such a proprietary interest. A failure by the Issuer to recover the Permitted Investments or the income relating thereto in full or on time in such circumstances may render it unable to make payments of interest on, or repay the principal amount of, the relevant Class of Notes.

EBRD Notes

In the event that Permitted Investments consist of EBRD Notes, the Issuer's sole source of funds for repayment of the Outstanding Principal Amount of a Class of Notes will be the proceeds of the liquidation of such EBRD Notes. Any failure of the EBRD to redeem such EBRD Notes in whole or in part upon the delivery of an EBRD Put Notice whether due to creditworthiness of EBRD or for any other reason could result in the Issuer not having sufficient funds on the applicable Redemption Date to repay the Outstanding Principal Amount of a Class of Notes.

In the event that Permitted Investments consist of EBRD Notes, the Issuer's sole sources of funds for payments of interest on a Class of Notes will be the Premium Payments received from the Ceding Reinsurer under the applicable Reinsurance Agreement and the Permitted Investment Yield relating to such EBRD Notes.

In addition, if the EBRD fails on November 2, 2012 to issue the applicable EBRD Notes to Aon Benfield Securities Limited, as dealer, or if Aon Benfield Securities Limited fails to purchase such EBRD Notes or to deliver them to the Issuer, the proceeds from the issuance of the applicable Notes will be invested in applicable Money Market Fund Shares, if available, or cash instead of the EBRD Notes, and Holders of such Class of Notes would be subject to the risks described below.

For each Class of Notes, if (i) a Covered Event occurs after the date that is thirteen (13) Business Days prior to the applicable Scheduled Redemption Date and (ii) an EBRD Put Notice has been delivered prior to the occurrence of such Covered Event, the Permitted Investments during any Extension Period will consist of applicable Money Market Fund Shares, if available, or cash.

Money Market Funds

In the event that Permitted Investments consist of Money Market Fund Shares, the Issuer's sole source of funds for repayment of the Outstanding Principal Amount of a Class of Notes will be the proceeds of the liquidation of such Money Market Fund Shares. Holders of such Class of Notes will be exposed to the market value of the underlying assets of the relevant, which could materially adversely affect the ability of the Issuer to make payments of principal in full on the applicable Redemption Date.

In the event that Permitted Investments consist of Money Market Fund Shares, the Issuer's sources of funds for payments of interest on a Class of Notes will be the Premium Payments received from the Ceding Reinsurer under the applicable Reinsurance Agreement and the Permitted Investment Yield relating to such Money Market Fund Shares.

The Permitted Investment Yield from any Money Market Fund Shares will be paid to Noteholders net of any applicable withholding taxes and fees and no “gross-up” payment or additional amounts will be paid to the Noteholders in this respect.

A Money Market Fund may, pursuant to the terms of the relevant Money Market Fund Shares, be able to suspend or delay redemptions. Any suspension or delay of redemptions may cause a delay or loss in the payment of principal of or interest on the relevant Class of Notes.

The Money Market Funds are not U.S.-domiciled and, therefore, are not required to comply with Rule 2a-7 or other restrictions under the Investment Company Act. This could create a greater risk of loss than if funds were invested in U.S. domiciled money market funds registered pursuant to the Investment Company Act, which must comply with Rule 2a-7.

The European Securities and Markets Authority has published “Guidelines on a common definition of European Money Market Funds” (the “**ESMA MMF Guidelines**”). The ESMA MMF Guidelines set out criteria which a collective investment undertaking authorised or regulated under the laws of EU member states must satisfy in order for it to describe itself as a money market fund or a short-term money market fund. The ESMA MMF Guidelines apply from January 1, 2012 in respect of funds authorised prior to July 1, 2011 and are implemented by the laws and/or regulators of EU member states.

Each of the Money Market Funds is authorised and regulated under the laws of an EU member state and accordingly will become subject to the ESMA MMF Guidelines from January 1, 2012. Each of the Money Market Funds has stated that it satisfies the criteria in the ESMA MMF Guidelines for short-term money market funds. However, none of the Issuer, the Indenture Trustee, the Ceding Reinsurer or the Initial Purchasers or any of their respective affiliates and representatives, or any of their respective directors or officers, has verified that any such Money Market Fund in fact satisfies such criteria and shall not be deemed to make, any representation with respect to the satisfaction of such criteria.

Although Money Market Fund Shares constituting Permitted Investments are generally less sensitive to interest rate changes than are funds that invest in longer-term securities, changes in short-term interest rates will cause changes to the yield of such Money Market Fund Shares. A low-interest rate environment may prevent any such Money Market Fund Shares from providing a positive yield or maintaining a stable net asset value of \$1.00.

Any Money Market Fund Shares constituting a Permitted Investment could experience a loss and the underlying Money Market Fund’s net asset value may be affected when selling securities to meet redemption requests if the redemption requests are large or frequent, occur in times of overall market turmoil or declining prices for the securities sold, or when the securities that such Money Market Fund wishes to or is required to sell are illiquid.

Cash

In the event that Permitted Investments consist of a cash credit balance to the applicable Collateral Account: (i) the Permitted Investment Yield will be significantly lower than if the Permitted Investments consist of EBRD Notes or Money Market Fund Shares; and (ii) the Issuer will be exposed to credit risk of the Custodian.

Changes to the methodology for setting LIBOR may adversely impact Holders of the Class A Notes

To the extent that Permitted Investments for the Class A Notes consist of Dollar-Denominated EBRD Notes, the Permitted Investment Yield will be based on the Dollar-Denominated EBRD Interest Rate of LIBOR (using a designated maturity of three (3) months) minus 13 basis points. Following recent controversies involving the methodology employed by the British Banker’s Association for determining LIBOR, regulators, financial institutions and other interested parties have suggested changing the underlying methodology for determining LIBOR. As of the date of this Offering Circular, no prediction can be made as to what impact such changes, if any, will have on the amount of Permitted Investment Yield paid to the Holders of the Class A Notes.

Limited Sources of Funds for Repayment of Principal

The Issuer's sole source of funds for repayment of the Outstanding Principal Amount of each Class of Notes will be the principal amount of the Permitted Investments held in the applicable Collateral Account (subject to the prior rights of The Bank of New York Mellon and the Ceding Reinsurer therein).

Accordingly, if the principal amount of applicable Permitted Investments is insufficient to repay the Outstanding Principal Amount of a Class of Notes, whether due to a default on the applicable EBRD Note, declines in the value of any Money Market Fund Shares, if applicable, the failure of the Ceding Reinsurer to make any Negative Index Payment when due, or for any other reason, the Issuer would be unable to make full payment of the Outstanding Principal Amount of such Class of Notes on the Redemption Date.

Limited Sources of Funds for Payment of Interest

The Issuer's sole sources of funds for payments of interest on each Class of Notes will be (i) the Premium Payments received from the Ceding Reinsurer under the applicable Reinsurance Agreement relating to the Interest Spread or Extension Spread and (ii) the applicable Permitted Investment Yield, if any.

For each Class of Notes, the net investment earnings on the applicable Permitted Investments will be less than the amounts payable by the Issuer in respect of interest on the Outstanding Principal Amount of such Class of Notes. Accordingly, in the event of the failure of the Ceding Reinsurer to make Premium Payments when due under the applicable Reinsurance Agreement, the Issuer would be unable to make full payment of interest on the Outstanding Principal Amount of such Class of Notes.

Effective Subordination; Limitations on Enforcement

The principal portion of Permitted Investments held in each Collateral Account will be available to satisfy, *first*, any unpaid tax obligations of the Issuer to any governmental authority, *second*, any unpaid obligations of the Issuer to The Bank of New York Mellon in all of its capacities under the Indenture (individual or otherwise), *third*, any obligations of the Issuer to the Ceding Reinsurer under the applicable Reinsurance Agreement and, *fourth*, any obligations of the Issuer to the Holders of such Class of Notes in respect of the Outstanding Principal Amount of such Class of Notes.

Accordingly, the repayment of the Outstanding Principal Amount of each Class of the Notes is effectively subordinated to the Issuer's obligations under the applicable Reinsurance Agreement. In addition, notwithstanding that the Indenture Trustee and the Holders of such Class of Notes have the right upon the occurrence of an Event of Default under the Indenture to declare such Class of Notes to be immediately due and payable and to exercise certain remedial proceedings, payment of the Repayment Amount for such Class of Notes is subject, as long as the applicable Reinsurance Agreement is in effect, to the rights of the Ceding Reinsurer under such Reinsurance Agreement. Neither the Indenture Trustee nor any Holder of such Class of Notes will have access to any Permitted Investments relating to such Class of Notes, or any other assets, held in the applicable Collateral Account, until termination of the applicable Reinsurance Agreement in accordance with its terms, after giving effect to the payment of any claim payable thereunder.

Insolvency

Operating expenses of the Issuer are payable principally out of the Initial Expense Premium and any Supplemental Expense Premium received by the Issuer from the Ceding Reinsurer under the Reinsurance Agreements, which Supplemental Expense Premiums are subject to an aggregate annual maximum for both Classes of Notes equal to \$500,000. While the Issuer believes that its intended business operations will permit it to pay its debts as they fall due, if any unsatisfied liabilities arise, there is a risk of insolvency of the Issuer.

Consolidation

Under generally accepted accounting principles, including U.S. GAAP and IFRS, the Issuer may be considered a variable interest entity or investee, as applicable. A purchaser of the Notes may be considered to hold a variable interest in a variable interest entity or investee, as applicable. Under certain circumstances, generally accepted accounting principles require a holder of a variable interest in a variable interest entity or investee, as applicable, to consolidate the variable interest entity or investee, as applicable. Additionally, generally accepted accounting principles regarding variable interest entities or investees are subject to change at any time and may apply retroactively. In addition, under generally accepted accounting principles, including U.S. GAAP and IFRS, Noteholders may be required to account for their beneficial ownership of the Notes as insurance contracts under certain circumstances. Noteholders are urged to consult their accounting advisors with respect to the accounting treatment of the Notes including the potential consolidation of the Issuer and any related accounting implications.

Enforcement of Reinsurance Agreement

Neither the Indenture Trustee nor the Noteholders are parties to the Reinsurance Agreements, and absent an Event of Default with respect to the corresponding Class of Notes, they have no right to enforce or take actions thereunder against the Ceding Reinsurer or any other rights thereunder. The Issuer alone has such rights.

The Initial Purchasers May Have Conflicts of Interest

Various potential and actual conflicts of interest may arise as a result of the investment banking, commercial banking, asset management, financing and financial advisory services, insurance and reinsurance, insurance and reinsurance related brokerage and products provided by the Initial Purchasers and their respective affiliates to the Issuer, the Indenture Trustee, the Ceding Reinsurer, and others, as well as in connection with the investment, trading and brokerage activities of the Initial Purchasers and their respective affiliates.

The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

Each Initial Purchaser will be paid fees and commissions for the services it has provided to the Issuer. Each Initial Purchaser or any of its affiliates may from time to time hold Notes for investment, trading or other purposes and may enter into derivatives, risk transfer agreements or other financial instruments relating to or referencing such Notes. Each Initial Purchaser or its affiliates may provide investment banking, commercial banking, asset management, financing and financial advisory services, insurance and reinsurance, insurance and reinsurance related brokerage and products to the Ceding Reinsurer or its affiliates, and may purchase, hold and sell, both for their respective accounts or for the account of their respective clients, on a principal or agency basis, loans, securities, and other obligations and financial instruments of the Ceding Reinsurer or its affiliates. As a result of such transactions or arrangements, such Initial Purchaser or its affiliates may have interests adverse to those of the Issuer and the Noteholders.

As part of its regular business, each Initial Purchaser or its affiliates may also provide investment banking, commercial banking, asset management, financing and financial advisory services and products, insurance and reinsurance, insurance and reinsurance related brokerage to, and purchase, hold and sell, both for their respective accounts or for the account of their respective clients, on a principal or agency basis, loans, securities, and other obligations and financial instruments and engage in private equity investment activities. No Initial Purchaser or nor any of its respective affiliates will be restricted in its performance of any such services or in the types of debt or equity investments, which they may make. In conducting the foregoing activities, the Initial Purchasers will be acting for their own account or the account of their customers and will have no obligation to act in the interest of the Issuer.

Conflicts of Interest relating to the Ceding Reinsurer

The Ceding Reinsurer and its affiliates may from time to time hold Notes for investment, trading or other purposes and may enter into derivatives, risk transfer agreements or other financial instruments relating to or referencing such Notes. In addition, as part of its regular business, the Ceding Reinsurer and its affiliates invest in

securities, including bonds, commercial paper and other debt securities and in equity securities of various issuers. It can be expected that the Ceding Reinsurer and its affiliates may, at the time of issuance of the Notes and at all other times, own securities issued by participants engaged in diverse activities, including the financial services business. Such investments may include those issued by the Indenture Trustee, the Initial Purchasers, the Manager and other service providers or their respective affiliates. The Ceding Reinsurer and its affiliates will not be restricted with regard to their investments in any issuer at any time.

Ratings

The Rating of each Class of Notes by the Rating Agency is not a recommendation to purchase, hold or sell such Class of Notes. The Rating of each Class of Notes addresses the likelihood that the Holders of such Class of Notes will receive timely payment of interest and ultimate payment of principal on such Class of Notes on the Redemption Date. The Ratings do not comment as to market price, fair market value or suitability for a particular investor, nor does the rating accorded to each Class of Notes address the likelihood that a Noteholder of such Class will be able to sell such Notes. The Ratings are based on current information furnished to the Rating Agency by the Issuer, the Ceding Reinsurer and information obtained from other sources, including, but not limited to, the Modeling Firm.

The Rating of each Class of Notes, as well as the financial strength ratings of the Ceding Reinsurer (see “*Reliance on the Ceding Reinsurer*”), may be changed, suspended or withdrawn as a result of changes in, or the unavailability of, certain information, including but not limited to the occurrence of a Covered Event. Further, the Rating Agency may rely on information generated by its own proprietary models in the rating process, the underlying assumptions of which models are generally not known to outside parties and are subject to changes which could have significant impact on the ratings. Different Rating Agencies may have different models and assumptions. Accordingly, there can be no assurance that the current ratings of the Notes or the Ceding Reinsurer will be maintained.

In general, European regulated investors are restricted under the Credit Rating Agency Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the Credit Rating Agency Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances while the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non EU rating agency is certified in accordance with the Credit Rating Agency Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

The assignment of a rating to the Notes should not be treated by a prospective investor as meaning that such investor does not need to make its own thorough investigations into, and determinations of, the risks and merits of an investment in the Notes. During its holding of a Note, the Holder should take such steps as it considers necessary to evaluate the on going risks and merits of a continued investment in such Note. Such steps should not rely solely on ratings. In particular, prospective investors should not rely solely on downgrades of ratings as indicators of deteriorating credit. Market indicators (such as rising credit default spreads and yield spreads with respect to the relevant entity) often indicate significant credit issues prior to any downgrade. During the global financial crisis, rating agencies have been the subject of criticism from a number of global governmental bodies that they did not downgrade entities on a sufficiently quick basis.

Rating Agency Conflicts of Interest; Unsolicited Ratings

S&P has been hired by the Issuer to provide a rating on the Class A Notes and the Class B Notes. A rating agency hired by an issuer may have a conflict of interest where, as is the case with the Ratings of the Notes by the Rating Agency, the issuer of a security pays the fee charged by the rating agency for its rating services.

Under Rule 17g-5 of the Exchange Act (“**Rule 17g-5**”), nationally recognized statistical rating organizations (“**NRSRO**”) providing the requisite certification will have access to all information posted on a website established for the purpose of determining the initial ratings of the Notes and monitoring such ratings after the Issuance Date. As a result, an NRSRO, other than the Rating Agency, may issue ratings on the Class A Notes or

the Class B Notes (the “**Unsolicited Ratings**”), which may be lower, and could be significantly lower, than the ratings assigned by the Rating Agency. An Unsolicited Rating may be issued prior to, or after, the Issuance Date and will not be reflected in this Offering Circular. Issuance of any Unsolicited Rating will not affect the issuance of the Notes. Issuance of an Unsolicited Rating lower than the ratings on the Class A Notes or Class B Notes assigned by the Rating Agency might adversely affect the value of such Notes and, for regulated entities, could affect the status of such Notes as a legal investment or the capital treatment of such Notes. Investors in the Notes should consult with their legal counsel regarding the effect of the issuance of an Unsolicited Rating that is lower than the expected ratings set forth herein. In addition, if any information provided to the Rating Agency for the purpose of assigning or monitoring the ratings on the Notes is not made available to a non-hired NRSRO as a result of the failure to comply with the website requirements of Rule 17g-5, or any other reason, the Rating Agency could withdraw its ratings on such Notes, which could adversely affect the market value of the Class A or the Class B Notes and/or limit the ability of a Noteholder to resell its Notes.

Furthermore, the Securities and Exchange Commission may determine that the Rating Agency no longer qualifies as an NRSRO for purposes of the federal securities laws or the Rating Agency may otherwise not qualify to monitor or continue to rate the Notes. Any such circumstances could adversely affect the market value of the Class A Notes or Class B Notes and/or limit the ability of a Noteholder to resell its Notes.

No Operating History of the Issuer; Reliance on Agents

The Issuer is a newly-formed Irish special purpose private limited company whose business will consist solely of the issuance of the Notes and the entering into and performance of the Reinsurance Agreements, and related agreements and activities, including the acquisition and holding of the Permitted Investments. The Issuer has no operating history.

Certain of the business activities of the Issuer are to be carried out on its behalf by independent contractors appointed by the Issuer for such purpose. Neither the Issuer nor the Manager will have any role in determining or verifying the data or results received from any Reporting Agency, the Calculation Agent or the Reset Agent, and any calculations derived therefrom. Consequently, the Issuer (and thus the Noteholders) will be relying on such independent contractors to perform their duties diligently and in good faith.

Limited Resources of the Issuer; Capitalization of the Issuer

The Issuer is thinly capitalized. The authorized ordinary share capital of the Issuer is €5,000 and the issued ordinary share capital is €2, and the authorized and issued share capital will not increase materially. The income expected to be received by the Issuer from the investment of the Permitted Investments, the payment of Premium Payments, Negative Index Payments, if any, the Initial Expense Premium and any Supplemental Expense Premiums is expected to be sufficient to make payment of the projected expenses and liabilities of the Issuer. There can be no assurance that the Issuer will not incur expenses or liabilities other than as projected or that payments required to be made to the Issuer will in fact be made, or if made, will be made in a sufficient amount or in a timely manner. In the event of the occurrence of unanticipated expenses or liabilities not otherwise paid or provided for, the Issuer might incur otherwise unfunded expenses. In the event that unfunded expenses or liabilities exceed the available funds of the Issuer at that time, the Issuer could be forced to seek the protection of insolvency proceedings.

All of the issued and outstanding ordinary shares of the Issuer are registered in the name of Wilmington Trust SP Services (Dublin) Limited, as Share Trustee. The Share Trustee will be under no obligation to, and is not expected to, subscribe for additional shares of the Issuer or otherwise to provide funds or capital to the Issuer.

The Notes are not obligations of, and are not guaranteed by, the Ceding Reinsurer or any of its affiliates.

Service of Process and Enforcement of Judgments

The Issuer is an Irish company and all of its directors are currently residents of Ireland. All or a substantial portion of the assets of the Issuer and all or a substantial portion of the assets of such directors and of the Issuer are or may be located in jurisdictions outside the United States. Although the Issuer has irrevocably agreed that it may

be served with process in New York, New York with respect to any action arising out of, or relating to, the Indenture or the Notes offered hereby, it could be difficult for investors to effect service of process within the United States on directors of the Issuer or to recover against the Issuer or such directors on judgments of United States courts predicated upon civil liabilities under the U.S. federal securities laws.

There is doubt as to whether the courts of Ireland would (i) enforce judgments of U.S. courts obtained in actions against such persons or the Issuer or its directors predicated upon the civil liability provisions of the U.S. federal securities laws or (ii) entertain original actions brought in Ireland against such persons or the Issuer predicated solely upon U.S. federal securities laws. There is no treaty in effect between the United States and Ireland providing for such enforcement, and there are grounds upon which Irish courts may not enforce judgments of U.S. courts. Certain remedies available under the laws of U.S. jurisdictions, including certain remedies under the U.S. federal securities laws, may not be allowed in Irish courts as contrary to public policy.

Permitted U.S. Jurisdictions and Permitted Non-U.S. Jurisdictions

The laws and regulations of the Permitted U.S. Jurisdictions and the Permitted Non-U.S. Jurisdictions contain broad definitions of the activities that may constitute the conduct of the business of insurance or reinsurance in such states or jurisdictions. The terms of the Notes are such that they could be construed to constitute insurance or reinsurance contracts in these jurisdictions, and accordingly subject the Noteholder to regulation as a provider of insurance or reinsurance coverage.

The Issuer has been advised by its counsel that, in each of the Permitted U.S. Jurisdictions and Permitted Non-U.S. Jurisdictions, investors in the Notes should not be required solely by reason of such investment to be licensed as an insurer or reinsurer in such state or jurisdiction. This advice is based upon interpretations (either written or oral) received from the staff of the insurance regulatory body or in certain cases local counsel in such states and jurisdictions with respect to securities having similar characteristics. Such interpretations have not been updated in connection with this Offering. In the event similar interpretations or advice (in the judgment of the Issuer, based on the written advice of its U.S. counsel) are obtained from additional states or foreign jurisdictions, the Issuer may so notify the Indenture Trustee in writing, and thereafter transfers of Notes to Qualified Institutional Buyers (that, with respect to U.S. Persons, are also Qualified Purchasers) in any such additional states or foreign jurisdictions will be permitted, subject to any transfer restrictions otherwise applicable as described herein. Insurance regulatory authorities have broad discretionary powers to modify or withdraw regulatory interpretations. Thus, such interpretations and the written advice of counsel received with respect to the laws of the Permitted U.S. Jurisdictions and the Permitted Non-U.S. Jurisdictions are not binding on a court or any third party and may be subject to challenge in administrative or judicial proceedings. There can be no assurance that such interpretations and advice will remain in effect or as to the outcome of any such third-party challenge. In the event that a Noteholder wishes to transfer Notes into a jurisdiction that is not a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction, such Noteholder will be required to provide the Issuer and the Indenture Trustee with a written regulatory interpretation or opinion of counsel, in each case satisfactory in form and substance to the Issuer, its U.S. counsel and the Indenture Trustee, that the Notes would not subject such Noteholder, such Noteholder's transferee or the Issuer to the insurance laws and regulations of such jurisdiction.

Any person who holds any interest in the Notes, who does not reside and hold such interest in a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction, may be forced to transfer such interest to a person in a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction. See "*Description of the Notes — Non-Permitted Noteholders.*"

Legal and Regulatory Provisions Affecting Investors

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor in the Notes should consult its legal advisers to determine whether and to what extent (1) it has the legal power, authority and right to purchase such Notes, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk based capital or similar rules. None of the Issuer, the Ceding Reinsurer or any Initial Purchaser, nor any of their respective affiliates, expresses any view as to

any of the foregoing matters. Each Initial Purchaser and any other purchaser of the Notes must be able to make (and will be deemed to have made) the representations and warranties in the “Notice to Investors” section of this Offering Circular including, but not limited to, representing that it has the legal power, authority and right to purchase such Notes.

Legal and Regulatory Provisions Affecting the Issuer or the Ceding Reinsurer

It is an Early Redemption Event if any amendment to, or change in, the laws of any jurisdiction (including a change in any official interpretation or application thereof) becomes effective that would materially and adversely impair (a) the Issuer’s ability to lawfully perform its obligations under the relevant Class of Notes or its payment obligations under the applicable Reinsurance Agreement or (b) the Ceding Reinsurer’s ability to lawfully perform its obligations under the applicable Reinsurance Agreement, legal or regulatory changes affecting the Issuer or the Ceding Reinsurer may indirectly affect the investors in such Class of Notes by exposing such investors to reinvestment risk in respect of the proceeds of the Notes prior to the Scheduled Redemption Date.

Regulatory Risks

Dodd-Frank’s Volcker Rule Could Restrict the Ability of Certain Investors to Invest in the Notes

Dodd-Frank includes the so-called Volcker Rule which prohibits “banking entities” (as defined therein) from (i) acquiring or retaining an ownership interest in or sponsoring certain hedge funds, private equity funds (broadly defined to include any entity that would be an investment company under the Investment Company Act but for the exemptions provided in Section 3(c)(1) or 3(c)(7) of the Investment Company Act) and certain similar funds, (ii) engaging in proprietary trading, and (iii) entering into certain relationships with such funds. Because the Issuer relies upon the exemption in Section 3(c)(7) of the Investment Company Act, it may be considered an entity covered by the Volcker Rule. In October 2011, the Federal Reserve Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the Securities and Exchange Commission issued for public comment a proposed rule to implement the Volcker Rule, the preface to which includes almost 400 questions with respect thereto. The formal comment period ran until February 13, 2012. It is not known at this time when regulators may issue a final rule. Given the status of the rule-making process, it is not possible to know at this time what effect, if any, the Volcker Rule or any new rule thereunder will have on the ability of any investor to invest in or retain the Notes and no representation is made as to any such effect. Each prospective investor in the Notes should consult its own legal advisors regarding such matters and other effects of the Volcker Rule and any rule-making proposals.

Implementation of and/or changes to the Basel II risk-weighted asset framework may result in changes to the risk-weighting of the Notes

The regulatory capital framework published by the Basel Committee on Banking Supervision (the “**Basel Committee**”) in 2006 (the “**Basel II Framework**”) has not been fully implemented in all participating countries. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are or may become subject to capital adequacy requirements that follow the Basel II Framework.

It should also be noted that the Basel Committee has approved significant changes to the Basel II Framework (such changes being commonly referred to as “**Basel III**”), including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. In particular, the changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the “**Liquidity Coverage Ratio**” and the “**Net Stable Funding Ratio**”). Member countries will be required to implement the new capital standards from January 2013, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general, and on July 20, 2011 the European Commission adopted a legislative package of proposals to implement the changes (through amendments to the Capital Requirements Directive known as CRD IV). As with Basel III, the proposals contemplate the entry into force of the new legislation from 2013, with full implementation by January 2019; however, the proposals allow individual member states to implement changes relating to the definition and/or level of capital more quickly than is envisaged

under Basel III. The changes approved by the Basel Committee may have an impact on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel II Framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

No Retention of a Material Net Economic Interest for the Purposes of Article 122a of EU Capital Requirements Directive and Similar Provisions

Article 122a of the European Union Banking Consolidation Directive (Directive 2006/48/EC (“**CRD**”)) (“**Article 122a**”), which European Economic Area (“**EEA**”) Member States are in the process of implementing, provides that credit institutions established in the EEA are only to invest in securitizations (as defined in the CRD) issued on or after December 31, 2010 if, among other conditions, the originator, sponsor or original lender (as such terms are used in Article 122a) has explicitly disclosed that it will retain, on an ongoing basis, a material net economic interest in the transaction of not less than 5%. A failure to meet this requirement results in the imposition of a penal capital charge applying to the credit institution’s investment in the securitization. Similar requirements are scheduled to apply in the future to investments in securitizations by EEA insurance and reinsurance undertakings and by investment funds managed by certain alternative investment fund managers.

The CRD defines “securitization” as a “transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranching, having the following characteristics: (a) payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures; and (b) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme”. It is currently unsettled whether event risk linked notes such as the Notes, which are exposed to the credit risk on the Permitted Investments, constitute a securitization position for the purposes of the CRD. While the Notes benefit from a separate Collateral Account containing a discrete pool of Permitted Investments, and there is no priority or subordination in respect of the distribution of losses on the pool of Permitted Investments contained in such accounts, there can be no assurance that the Notes do not constitute a securitization position for the purposes of the CRD and thus Article 122a.

No originator, sponsor or original lender (as such terms are used in Article 122a) in respect of the Permitted Investments or the Notes has retained or committed to retain any material net economic interest in the transaction. Each prospective investor in the Notes to whom the Article 122a or similar requirements might apply should consult its legal advisors to determine the applicability of such requirements to its investment in the Notes.

If applicable, Article 122a and other changes to the 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.

Irish Regulatory Risks

The Issuer is authorized as a special purpose reinsurance vehicle (“**SPRV**”) by the Central Bank of Ireland (the “**Central Bank**”) pursuant to Regulation 30 of the European Communities (Reinsurance) Regulations 2006 of Ireland (the “**Reinsurance Regulations**”).

The Reinsurance Regulations provide that the Central Bank may from time to time make rules with respect to the solvency requirements that are to apply to SPRVs. If the Issuer is unable to comply with such solvency requirements as may be imposed by the Central Bank in the future, the Central Bank could cancel its authorization and it would be required to cease operations.

The Central Bank may vary or revoke a condition imposed on the Issuer when granting its authorization. If the Central Bank varied any of the conditions imposed on the Issuer by the Central Bank when granting its

authorization and the Issuer was unable to comply with any such varied condition, it would be required to cease operations.

The Central Bank could also cancel the Issuer's authorization on being satisfied that the Issuer is failing or has failed to comply with any condition of the Issuer's authorization or with any requirement imposed on the Issuer under the Regulations and in certain other prescribed circumstances. In such circumstances the Issuer would cease to be entitled to operate as a SPRV in Ireland.

Risks Relating to AIR

Limitations of the AIR Expert Risk Analysis Reports

The data and methodologies described in the AIR Expert Risk Analysis Reports and the analyses, estimates and services intended to be provided therein are provided "as is" without warranty or any guaranty of any kind to the Noteholders. These analyses and estimates are provided for illustrative purposes only and are not intended to provide, nor should they be interpreted as providing, any facts regarding, or any guaranty or prediction or forecast of, the likelihood that investors in the Notes will receive payment thereon. Notwithstanding the analyses, estimates and assumptions set forth herein and in the "*AIR Expert Risk Analysis*" attached hereto as Annex A and the "*AIR Expert Risk Analysis Results*" attached hereto as Annex B, one or more Covered Events could occur during the applicable Risk Period, resulting in a full or partial loss of the Outstanding Principal Amount of a Class of Notes and interest accrued thereon.

AIR does not represent investors in the Notes or their interests in any way. AIR does not sponsor, endorse, offer or promote the Notes, nor does it make any representation or warranty, express or implied, regarding the advisability of investing in the Notes or the legality of an investment in the Notes. AIR is not responsible for and has not participated in the determination of the structure or pricing of the Notes. Furthermore, AIR has no obligation or liability in connection with the administration or marketing or trading, if any, of the Notes or liability for any adverse financial result or any direct, indirect, special, punitive or consequential damages whatsoever. AIR makes no representation or warranty, express or implied, to the Noteholders as to the accuracy or completeness of the information set forth herein, including the AIR Expert Risk Analysis Reports.

The results of AIR's analysis should not be viewed as facts or forecasts of future U.S. Hurricane Events, U.S. Earthquake Events, Europe Windstorm Events, Loss Payment Amounts or Principal Reductions, and should not be relied upon as a representation of the future value of the Notes. Actual loss experience can differ materially from that generated by the Escrow Models. Certain probabilistic loss distributions generated by AIR and certain additional analyses by AIR are included in the AIR Expert Risk Analysis Reports. These loss distributions constitute estimated losses based on assumptions relating to environmental, demographic, and cost factors, many of which represent subjective judgments, are inherently uncertain, and are beyond the control of AIR, any one of which alone can cause the actual loss ultimately sustained with respect to a Covered Event to be significantly different from the related Event Index Value, resulting in significantly different losses sustained by the Notes from such Covered Event or series of Covered Events. Furthermore, considerable uncertainty exists in the parameters used in the AIR Expert Risk Analysis Reports arising from insufficient data, limited scientific knowledge and alternative empirical relationships, as well as from the random nature of Covered Events. The Escrow Models cannot incorporate all sources of uncertainty. Furthermore, the assumptions and methodologies used by AIR do not constitute the exclusive set of reasonable assumptions and may not be correct. Use of alternative assumptions and/or models could yield results materially different than those produced by AIR. AIR also did not elicit from other experts alternative interpretations of its data or methods, nor did AIR research all potentially available interpretations of such data and methods on the basis that AIR considered its own interpretations to be more reliable.

Modeling insured property losses resulting from U.S. Hurricane Events, U.S. Earthquake Events and Europe Windstorm Events is an inherently subjective and imprecise process, involving an assessment of information that comes from a number of sources that may not be complete or accurate. No model of Covered Events is, or could be, an exact representation of reality. The Escrow Models rely on various methodologies and assumptions (including assumptions about the authenticity, accuracy and completeness of historical data), some of which are subjective and subject to uncertainty, and which might not be used in models provided by other modeling firms. Furthermore, there may be differences in the way in which these elements are considered by other modeling firms. Consequently, there

can be no assurance that the Escrow Models will prove to be an accurate estimation of the risk of loss or a reduction of the principal of, or interest on, the Notes. Accordingly, the expected loss estimates and related probabilities produced by the Escrow Models are themselves subject to uncertainty. AIR reviews model assumptions from time to time in view of new data and other information to refine and modify its models as such information becomes available. As such, the Escrow Models may not necessarily reflect the most current U.S. Hurricane model, U.S. Earthquake model or Europe Windstorm model of AIR, as the case may be, at any time. Estimates generated by such refined or modified U.S. Hurricane model, U.S. Earthquake model or Europe Windstorm model may differ materially from the estimates generated by the Escrow Models in connection with this offering, and the use of such models in lieu of the Escrow Models might similarly alter materially the information provided in the AIR Expert Risk Analysis Reports.

In addition, the Escrow Models reflect use of a function to account for the effects of temporary inflation that can result from increased demand for materials and services to repair and rebuild damaged property after a Covered Event. The Demand Surge (as defined in the “*AIR Expert Risk Analysis*” attached hereto as Annex A) function is calculated based on very few historical data points and is also highly subjective. As a result, the loss estimates presented herein may understate or overstate the impact of Demand Surge on losses, possibly materially.

The estimated event percentages and related probabilities generated by the Escrow Models are not necessarily predictive of future U.S. Hurricanes, U.S. Earthquakes or Europe Windstorms. Investors in the Notes should not view the expected loss estimates and related probabilities generated by the Escrow Models as necessarily predicting the likelihood of the occurrence during the Risk Period of one or more Covered Events resulting in a reduction of the principal of, or interest on, the Notes. AIR has not made any effort, nor does it have the ability to predict, U.S. Hurricanes, U.S. Earthquakes or Europe Windstorms affecting the Covered Area during the Risk Period. Accordingly, the actual frequency and severity of Covered Events could differ materially from the frequency and severity estimated by AIR.

Certain types of losses included in the PCS and PERILS Index are Not Included in the Escrow Models

U.S. Hurricane State PCS Losses represent estimated insured property losses consisting of personal (which consists of residential and mobile homes) and commercial (which consists of commercial and industrial) buildings and their contents, vehicles, business interruption, inland marine and private flood insurance. Flood coverage is standard on auto physical damage policies and can be elected on commercial policies. The modeled insurance industry losses derived from the AIR Hurricane Model for the U.S. Hurricane Covered Area consists of on-shore property losses to personal (which includes residential and mobile homes), commercial (which consists of commercial and industrial), and automobile lines of business for building, appurtenant structures, contents and time element/direct business interruption coverages. AIR-modeled insurance industry losses in excess of \$25 million across all simulated lines of business are used as a proxy for potential U.S. Hurricane State PCS Losses, however, differences between AIR modeled insurance industry losses and U.S. Hurricane State PCS Losses can arise due to limitations relating to the AIR Hurricane Model and the fact that some losses included in the U.S. Hurricane State PCS Losses are not accounted for in the AIR Hurricane Model. Such unmodeled losses include, but are not limited to, inland marine losses, flood losses (AIR modeled insurance industry losses includes 10% of separately modeled storm surge for all lines of business with the exception of automobiles, which include 100% of separately modeled storm surge losses. AIR modeled insurance industry losses explicitly exclude all other sources of flood loss), hazardous waste losses, mold losses and indirect business interruption losses. Please refer to the description of PCS attached to this offering circular as Annex C and “—*Risk Relating to PCS*” for the risks included in estimating U.S. Hurricane State PCS Losses.

U.S. Earthquake State PCS Losses represent estimated insured property losses consisting of personal (which consists of residential and mobile homes) and commercial (which consists of commercial and industrial) buildings and their contents, vehicles, business interruption and inland marine. The modeled insurance industry losses derived from the AIR Earthquake Model for the U.S. Earthquake Covered Area consists of on-shore property losses to personal (which consists of residential and mobile homes), commercial (which consists of commercial and industrial), and automobile lines of business for building, appurtenant structures, contents and time element/direct business interruption coverages as a result of earthquake shake and fire following earthquakes. AIR modeled insurance industry losses do not include losses arising from sprinkler leakage. AIR-modeled insurance industry losses in excess of \$25 million across all simulated lines of business are used as a proxy for potential Earthquake

PCS Losses, however, differences between AIR modeled insurance industry losses and U.S. Earthquake State PCS Losses can arise due to limitations relating to the AIR Earthquake Model and the fact that some losses included in the U.S. Earthquake State PCS Losses are not accounted for in the AIR Earthquake Model. Please refer to the description of PCS attached to this offering circular as Annex C and “—*Risk Relating to PCS*” for the risks included in estimating U.S. Earthquake State PCS Losses.

Europe Windstorm PERILS Losses represent estimated insured property losses consisting of residential, commercial, industrial, and agriculture buildings, their contents and business interruption. The modeled PERILS Losses derived from the AIR Europe Windstorm Model and the Augmented PERILS Industry Exposure Database consist of on-shore property losses to residential, commercial, industrial, and agricultural lines of business for building, contents and time element/direct business interruption coverages from wind in the entire Europe Windstorm Covered Area as well as for storm surge for selected events in the United Kingdom. AIR-modeled losses to the Augmented PERILS Industry Exposure Database in excess of €200 million in all simulated lines of business as a proxy for potential Europe Windstorm PERILS Losses; however, differences between AIR modeled losses and Europe Windstorm PERILS Losses can arise due to limitations relating to the AIR Europe Windstorm Model, such as exposure from the Faroe Islands being modeled as part of mainland Denmark-CRESTA 2, and the fact that some losses included in the Europe Windstorm PERILS Losses may not be accounted for in the AIR Europe Windstorm Model, including, but not limited to, losses from perils or events not simulated by the AIR Europe Windstorm Model. Perils or events not simulated by AIR include, but are not limited to, thunderstorm and hail events. Please refer to the description of PERILS attached to this Offering Circular as Annex D and “—*Risk Relating to PERILS*” for detailed information on the risks included in estimating Europe Windstorm PERILS Losses.

The AIR Expert Risk Analysis Reports Do Not Include Losses Resulting from Tropical Storms

The losses estimated in the AIR Expert Risk Analysis Reports were calculated using the Escrow Model, which does not model the probability of losses resulting from hurricanes, as declared as such by the NHC, that degrade to tropical storm force and subsequently make landfall in the United States as a tropical storm or, for storms that never make landfall in the United States, that fail to cause winds of greater than or equal to 40 miles per hour over any point in the United States while classified as a “hurricane” in an NHC tropical cyclone advisory, as described under the “*AIR Expert Risk Analysis*” heading in Annex A hereto. Accordingly, the actual frequency and severity of Covered Events could differ materially from the frequency and severity estimated by AIR.

The Escrow Models may not reflect the Most Current AIR Models

AIR periodically updates its models in view of new data and other information that becomes available. Such refinement may materially alter, and have in the past materially altered, the loss probability estimates generated by AIR models. However, the Escrow Models will be used for Resets, so further refinement of AIR models will not be relevant to or reflected in the Resets performed by AIR.

No Representation or Liability as to AIR Expert Risk Analysis Reports

None of the Issuer, the Ceding Reinsurer, the Initial Purchasers, the Indenture Trustee or any of their respective affiliates and representatives, or any of their respective directors or officers, has reviewed, or makes, or shall be deemed to make, any representation with respect to the AIR Expert Risk Analysis Reports, including, without limitation, the adequacy, completeness, appropriateness or otherwise, of the AIR Expert Risk Analysis Reports. The “*AIR Expert Risk Analysis*” attached hereto as Annex A and the “*AIR Expert Risk Analysis Results*” attached hereto as Annex B are included herein in reliance upon AIR as experts in such matters. See “*Experts*” section. The AIR Expert Risk Analysis Reports are, as noted above, based on certain assumptions, judgments, and methodologies of AIR, a number of which are confidential and proprietary to AIR.

Without intending to limit the foregoing, in particular, none of the Issuer, the Ceding Reinsurer, the Initial Purchasers, the Indenture Trustee or any of their respective affiliates or representatives, or any of their directors or officers, has reviewed the AIR Expert Risk Analysis Reports to determine (i) the reasonableness of the assumptions, judgments and methodologies used by AIR, (ii) whether such assumptions, judgments and methodologies should be supplemented in any way through the use of alternative assumptions, judgments or methodologies, (iii) whether the assumptions, judgments and methodologies used by AIR include all appropriate factors that could contribute to a

Principal Reduction and (iv) whether the use of alternative assumptions, judgments and methodologies, or the use of a different catastrophe simulation model, could yield results materially different from those generated by the Escrow Models.

Because of the inherent limitation of relying on the AIR Expert Risk Analysis Reports for loss estimation, and because of the subjective nature of many of AIR's assumptions, judgments and methodologies in preparing the AIR Expert Risk Analysis Reports, each of the Issuer, the Ceding Reinsurer, the Initial Purchasers, the Indenture Trustee and their respective affiliates and representatives expressly disclaims any responsibility for, or any liability based upon, a finding that the AIR Expert Risk Analysis Reports include any untrue statement of a material fact or that the AIR Expert Risk Analysis Reports omits to state a material fact necessary in order to make the statements, in light of the circumstances under which they were made, not misleading.

AIR's Relationship with the Issuer, the Ceding Reinsurer, the Initial Purchasers and PCS

AIR provides consulting services and other services to the insurance industry, including the Ceding Reinsurer (including in respect of the proposed Offering), the Initial Purchaser and their respective affiliates. AIR expects to provide additional services for the Ceding Reinsurer, the Initial Purchasers and their respective affiliates from time to time in the future.

The Issuer has agreed to pay the fees and expenses of AIR for its services in connection with the Notes, which fees will be reimbursed to the Issuer by the Ceding Reinsurer pursuant to the Reinsurance Agreements. In addition, the Issuer and the Ceding Reinsurer have agreed to indemnify AIR for certain claims, liabilities and exposures arising out of such services.

AIR is affiliated with PCS, which is a division of ISO.

AIR is a licensee of the PERILS industry exposure and loss database.

AIR Has No Direct Contractual Liability to Noteholders

AIR has provided its analyses, expected loss estimates and related probabilities contained within the AIR Expert Risk Analysis Reports. Noteholders will have no right to enforce or take actions against AIR or any other right under the Calculation Agent Agreement or in connection therewith, including, but not limited to, the following:

- AIR's creation and provision of its analyses, expected loss estimates and related probabilities contained within the AIR Expert Risk Analysis Reports. The Issuer's use of the information provided by AIR, particularly with regard to any disclosure made or omitted in this Offering Circular, is completely within the Issuer's sole discretion, and not the responsibility of AIR.
- AIR's selection of replacement for any Reporting Agency having ceased to provide the information necessary for AIR to render an Event Report with respect to a Covered Event.
- AIR's calculation of any Loss Payment Amount, whether based on any Reporting Agency or replacement if such Reporting Agency has ceased to provide the information necessary for AIR to render an Event Report with respect to a Covered Event.
- AIR's inability to find a replacement Reporting Agency reasonably satisfactory to, and unaffiliated with, the Ceding Reinsurer within 45 calendar days following the certification by AIR in writing to the effect that a Reporting Agency has ceased to provide the information necessary for AIR to render an Event Report with respect to a Covered Event.

AIR's calculation of any Loss Payment Amount, which has inherent limitations, will be final and binding absent manifest error

The calculation of a Loss Payment Amount to be performed by AIR in its capacity as Calculation Agent will result in a factual determination as to whether an Issuer Payment or Negative Index Payment will be due and payable. The determination will be performed in accordance with the methodologies described in this Offering Circular and as specified in the Calculation Agent Agreement. The terms of the Notes provide that all factual determinations made by AIR as Calculation Agent are final and binding, absent manifest error. No separate review or appraisal of the accuracy of the defined methodologies or data used will be performed. The calculation of an Issuer Payment and the related Principal Reduction, as well as the calculation of a Negative Index Payment and the related Principal Increase, will be final, regardless of any actual, potential or theoretical discrepancies between the methodologies used by the Calculation Agent and any other possible methodologies for assessing the same facts or any losses which are actually experienced in reality as a result of the associated Covered Event or series of Covered Events. These inherent limitations are potentially exacerbated by the potential for unreliable data, or the unavailability of data, from the Reporting Agencies.

In determining whether any U.S. Hurricane, U.S. Earthquake or Europe Windstorm occurring during the applicable Risk Period qualifies as a Covered Event, the Calculation Agent will use data obtained from the applicable Reporting Agency. The Reporting Agencies do not give any representation or warranty, express or implied, in relation to the accuracy or reliability of the data that they provide. Neither the Issuer, the Ceding Reinsurer, the Calculation Agent, nor any party to the Basic Documents will take any action to verify the methodology, accuracy, technical data or instrumentation of the Reporting Agencies. The Issuer, the Ceding Reinsurer, the Calculation Agent and the other parties to the Basic Documents disclaim any and all liability, including any direct, indirect, special, incidental or consequential damages arising from losses due to the errors, omissions, or inaccuracies in the data from the Reporting Agencies used in any calculation of an Issuer Payment and the related Principal Reduction.

The data used to determine a loss to investors may not be the final data with regard to any Covered Event. Consequently, investors may suffer a Principal Reduction with respect to one or more Covered Events for which a Loss Payment Amount might not have been payable if final data from the Reporting Agencies had been published or delivered at the time of the Loss Payment Amount.

In addition, the data as reported by each Reporting Agency is subject to certain margins of error as a result of the degree of precision and the methodologies used by such Reporting Agency. There is an inherent risk that any Issuer Payment and the related Principal Reduction calculated using the data would have been smaller, or that no Issuer Payment and Principal Reduction would have occurred at all, had the relevant Reporting Agency used more precise or different methodologies. Investors in the Notes will have no recourse to the Issuer, the Ceding Reinsurer, the Calculation Agent, any Initial Purchaser, any Reporting Agency, any agents or affiliates thereof or any other entity should a Principal Reduction occur as a result of the application of the parameters as reported by any Reporting Agency.

Use of Different Models

For its own risk management purposes, the Ceding Reinsurer may use its own internal model or third party vendor models, which may produce significantly different results from that reflected in the AIR Expert Risk Analysis Reports. The Ceding Reinsurer does not intend to, and will not be required to, disclose the results of these models to any purchaser of Notes. Consequently, the Ceding Reinsurer may have a materially different view of the risk of loss to a Class of Notes than as reflected in the AIR Expert Risk Analysis Reports. The Ceding Reinsurer disclaims all responsibility for the modeling results and the views of the Modeling Firm included in the AIR Expert Risk Analysis Reports.

In addition, affiliates of Aon Benfield Securities, Inc., an Initial Purchaser, are reinsurance intermediaries for many clients including the Ceding Reinsurer. In the ordinary course of business, each such affiliate may become privy to client generated model output or may generate other model output using internal or third party vendor models. Such output may differ in some cases significantly, from the output reflected in the AIR Expert Risk Analysis Reports.

Risks Relating to PCS

The preparation of PCS insured property loss estimates is inherently subjective and imprecise

The Event Index Value arising from a U.S. Hurricane Event or a U.S. Earthquake Event will be determined based upon insured property loss estimates that are compiled by PCS. To the extent that inflation increases materially from 2011 levels, this determination may become more difficult as these estimates will require that PCS and its survey respondents have a view of inflation during the claims development period. The estimates of insured personal and commercial property losses and automobile losses that are prepared by PCS are provided in bulletins to its subscribers (including the Issuer and the Ceding Reinsurer) in the ordinary course of business of PCS and there will not be any separate estimates prepared for purposes of the Class A Notes. Preparing an estimate of the insured property losses resulting from a catastrophe is an inherently subjective and imprecise process, involving an assessment of information which comes from a number of sources and which may not be complete or accurate.

Because the scope of property/casualty coverage varies by insurance carrier, policy type, line of insurance, claims adjustment variation and also changes over time, there is a significant measure of imprecision and variability in determining whether any particular loss will be covered and thus should be included in overall estimations of insured industry property losses. As a result of such imprecision, variability and the exclusions described above, as well as the inherently subjective nature of the estimating process, PCS' estimates may be materially different from the actual insured property losses experienced by the industry.

PCS also determines in its sole discretion whether various insured property losses occurring close in time to one another are to be considered the result of a single or multiple and separate Hurricane Events. In determining whether one or more U.S. Hurricane Events or U.S. Earthquake Events have occurred, PCS staff may, in the exercise of their judgment, analyze the geographic and temporal proximity of the events; review meteorological, and other scientific data concerning the event; and/or consider factors such as an inability on the part of field adjusters to distinguish the damage caused by the various events. The exercise of such judgment and discretion may result in the estimation of losses which may be materially different than an estimate performed by another methodology.

Any change in PCS's estimate of insured property losses for a U.S. Hurricane Event or U.S. Earthquake Event after the earlier of (i) the Event Reporting Date that occurs at least five (5) Business Days after the date PCS releases a PCS Catastrophe Bulletin with its final Resurvey Estimate for such U.S. Hurricane Event or U.S. Earthquake Event, and (ii) ten (10) Business Days prior to the Redemption Date, will be disregarded when calculating the U.S. Hurricane State PCS Loss for such U.S. Hurricane Event or the U.S. Earthquake State PCS Loss for such U.S. Earthquake Event.

The U.S. Hurricane State PCS Loss for certain U.S. Hurricane Events or the U.S. Earthquake State PCS Loss for certain U.S. Earthquake Events may continue to develop after the latest date on which the Ceding Reinsurer would be required to make a Negative Index Payment to the Issuer as a result of favorable developments in the PCS estimates. Although PCS releases final Resurvey Estimates after the occurrence of a catastrophe identified by PCS as a U.S. Hurricane or U.S. Earthquake, there can be no assurance that such final Resurvey Estimates will not be further revised by PCS. Due to a lack of information, and uncertainty or error in extrapolating from reported information, PCS estimates of insured property losses from U.S. Hurricane Events or U.S. Earthquake Events may be materially different from actual insured property losses. In these situations, holders of the Class A Notes may suffer greater losses than would be indicated by the final PCS estimate or actual insurer losses, as the case may be.

PCS survey participants report their loss data voluntarily and such data is not audited by PCS

All insurance companies and individual agents and adjusters that participate in PCS' surveys do so voluntarily. There is no industry, legal or contractual requirement that insurers, agents or adjusters participate in PCS data collection efforts. Moreover, PCS does not independently verify or audit the accuracy of reported loss data as part of its estimation methodology. Therefore, there can be no assurance that the data provided to PCS has been, is or will be accurate, timely or complete. Moreover, since PCS does not simply sum up the loss data reported by those it surveys, but instead applies subjective judgments to and makes extrapolations from the data it has gathered and considered in the exercise of its judgment, ISO and PCS do not guarantee, and there are no assurances, that the PCS estimates have accurately reflected actual industry insured property losses in the past or will do so in the future.

The PCS estimates may be materially different from actual industry insured property losses. In order to preserve its flexibility to adjust to external circumstances and enhance the quality of its estimates, PCS may, in its sole discretion, change its general loss estimation or reporting methodology at any time and modify application of its methodology in connection with any particular catastrophe.

PCS has a small professional staff and the loss of a staff member may inhibit its ability to develop loss estimates

PCS has a small professional staff of four professionals and one support person. The loss of any key professional could have an adverse impact on PCS' ability to develop its insured loss estimates.

Information that may be contributed by the Ceding Reinsurer to PCS may influence PCS's estimates of insured property losses.

PCS collects information from various insurance industry participants, which may include the Ceding Reinsurer or any of its affiliates, to determine its estimates of insured industry property losses. Information provided to PCS by the Ceding Reinsurer or any of its affiliates may affect the amount of insured industry property losses reflected in preliminary and Resurvey Estimates issued by PCS relating to a U.S. Hurricane Event, and may therefore affect the calculation of payments to the Ceding Reinsurer under the Reinsurance Agreement. See "Description of ISO, PCS and the License Property PCS Data" attached hereto as Annex C for a description of PCS's methodology for estimating insured property losses.

New legal theories may re-characterize coverages resulting in additional claims and losses

As industry practices and legal, judicial, social and other environmental conditions change, unexpected issues related to claims and coverage may emerge. These issues may adversely affect the industry losses and, therefore, PCS's estimates, by either creating or extending coverage beyond the scope intended, or by increasing the nature, number or size of claims.

An example of this phenomenon is the legal and regulatory actions that have emerged in the aftermath of Hurricane Katrina. Property insurance policies of the type being covered by the Reinsurance Agreement have generally covered wind-driven water damage and have generally excluded flood damage. Likewise, some have excluded recovery for damage in the case of concurrent wind and flood damage. Recent court decisions in Louisiana and Mississippi have differed in their interpretation of the type of water damage covered by such policies, drawing distinctions between water damage resulting from flooding and water damage resulting from wind-driven water surges or the ingress of water subsequent to wind damage. These decisions have raised issues concerning causation and apportionment between covered and non-covered damages.

In the event legal or regulatory mandates override industry standard flood exclusion clauses in homeowners policies, the industry could experience additional claims and losses than it otherwise would have experienced had the courts or regulators interpreted the policies consistently with the original underwriting intent. Such adverse developments could lead PCS to increase its loss estimates, resulting in higher Event Index Values and hence losses to the Issuer and the investors.

Legislative changes to the Federal Flood Insurance Program may result in increases in PCS loss estimates

Homeowners insurance typically excludes coverage for damage due to flood. The Federal government offers flood insurance through the National Flood Insurance Program ("NFIP"). The NFIP's authorization has recently been extended to September 30, 2017. If the NFIP were to be cancelled or limited and insurers were to be required to cover flood risk under homeowner policies or did so voluntarily, it is reasonable to anticipate that PCS loss estimates will increase for U.S. Hurricane Events. It is not possible to predict whether the industry would be able or willing to track the non-flood losses separately from flood losses in a manner which would enable PCS to continue to maintain the same basis for the loss estimates that it currently uses, or whether, if separate numbers were reported, the separation would be accurately tracked. If flood losses are not separately tracked and accurately

reported, the PCS loss estimates for future Hurricanes may be materially higher than those used to model the attachment probability, exhaustion probability and expected loss for this transaction.

A replacement of PCS may result in different estimates of industry loss figures than that currently produced by PCS

If PCS ceases to exist and there is no successor in interest, or if PCS ceases to provide PCS Catastrophe Bulletins, the Calculation Agent will use commercially reasonable efforts to name a replacement for PCS that is reasonably satisfactory to and unaffiliated with the Ceding Reinsurer to perform PCS's duties and obligations. If such a replacement is found, the replacement may generate different estimates of industry loss figures than that currently produced by PCS.

Binding nature of reports provided by PCS

The Calculation Agent will not undertake any independent assessment of the accuracy of the loss data it obtains from PCS but will only be responsible for reporting the estimated insured industry property losses reported by PCS. The Calculation Agent will not review or verify the methodology, accuracy, or technical data of PCS. There can be no assurance that reporting the estimated insured industry property losses reported by PCS will bring to the attention of the Calculation Agent other matters which would have been brought to its attention had an audit of such data been undertaken.

Risks Relating to PERILS

PERILS has a limited operating history

PERILS was incorporated on January 26, 2009 and has a limited operating history.

The loss of any key professional could have an adverse impact on PERILS' ability to develop its insured exposure and loss estimates

PERILS provides an industry exposure database and industry loss estimates. The methodology to compile the industry exposure database is consistent with the compilation of industry loss estimates (for more information see also "*Description of PERILS*" attached hereto as Annex D).

PERILS' professional staff is limited to four professionals and one support staff. Due to confidentiality reasons, only two of the professionals have access to the insurance data reported by the data providing companies. As a result, the loss of any key professional could have an adverse impact on PERILS' ability to develop its insured exposure and loss estimates.

Industry Exposure Database

PERILS prepares estimates of industry exposures and makes such estimates available to licensees as Industry Exposure Database through the PERILS portal on www.perils.org. Typical information provided by PERILS includes estimates of total insured values exposed to windstorm and ensuing perils in respect of residential property, commercial property, industrial property and agricultural property in Belgium, Denmark, France (excluding French overseas territories), Germany, Ireland, Luxembourg, The Netherlands, Norway, Sweden, Switzerland, and the United Kingdom.

Preparing estimates of insured values is an inherently subjective and imprecise process and such estimates may be materially different from actual insured industry exposures

Preparing such estimates of insured values is an inherently subjective and imprecise process, involving an assessment of information which comes from a number of sources and which may not be complete or accurate. In addition, PERILS receives certain data from certain data providing insurance companies pursuant to contractual arrangements. There can be no assurance that the data providing insurance companies will continue to provide its

exposure data to PERILS, and any loss of key data suppliers can adversely affect PERILS's ability to update estimates of insured industry exposures and the accuracy of such estimates. Therefore, due to uncertainty or error in extrapolating from information received from, or obtained by, PERILS and/or due to a lack of information, PERILS estimates of insured industry exposures may be materially different from actual insured industry exposures.

Where market coverage may be insufficient to calculate reliable industry exposures, PERILS may apply its professional judgment in its sole discretion to adjust the calculated industry exposure data. In making these judgments, PERILS may consider information provided by national and local authorities or insurance industry sources, as it deems appropriate in the particular circumstances. The exercise of such judgment and discretion may result in the estimation of exposures which may be materially different than an estimate performed by another methodology. As a result of such imprecision and variability described above, as well as the inherently subjective nature of the estimation process, PERILS' estimates may be materially different from the actual insured industry exposures.

PERILS may, in its sole discretion, change its general exposure estimation methodology at any time

As part of its estimation methodology, PERILS does not independently verify or audit the accuracy of exposure data provided to PERILS by data providing companies. Thus, there can be no assurance that the data used by PERILS has been, is or will be accurate, timely or complete, and no representation, undertaking or warranty is made with respect to such exposure data. Moreover, since PERILS does not simply sum up the exposure data reported by those it surveys, but instead applies subjective judgments to and makes extrapolations from the data it has gathered and considered in the exercise of its judgment, PERILS does not guarantee that the PERILS estimates have accurately reflected the true exposures, and does not make any guarantee as to the accuracy or completeness of the PERILS exposure estimates. Accordingly, PERILS exposure estimates are the best estimates of PERILS professionals and may or may not accurately and completely reflect actual industry insured property values, and PERILS estimates may be materially different from actual insured values. In order to preserve its flexibility to adjust to external circumstances and enhance the quality of its estimates, PERILS may, in its sole discretion, change its general exposure estimation methodology at any time.

Industry Loss Estimates

A Europe Windstorm Index Value arising from a Europe Windstorm Event will be determined in part based upon insured industry loss estimates that are compiled by PERILS. PERILS prepares the estimates of ultimate gross insured industry losses and makes such estimates available to licensees through the PERILS portal on www.perils.org or delivers such estimates to licensees via email and registered post pursuant to licenses that are specific to the relevant insurance-linked securitization transaction. These licenses define certain objective parameters of the relevant transaction, specifically (and with limitation) with respect to a particular covered territory, covered line of business and reporting currency. Typical information provided by PERILS includes, where feasible, estimates of insured industry losses in respect of residential property, commercial property, industrial property and agricultural property in Belgium, Denmark, France (excluding French overseas territories), Germany, Ireland, Luxembourg, The Netherlands, Norway, Sweden, Switzerland, and the United Kingdom caused by natural catastrophes that are identified by PERILS as qualifying Europe windstorm events.

Preparing estimates of the ultimate gross insured industry losses is an inherently subjective and imprecise process and such estimates may be materially different from actual losses

Preparing an estimate of the ultimate gross insured industry losses resulting from a Europe Windstorm Event is an inherently subjective and imprecise process, involving an assessment of information which comes from a number of sources and which may not be complete or accurate. Moreover, the total insured industry losses for certain Europe Windstorm Events may continue to develop upwards or downwards over periods of time which exceed the Redemption Date of the Class B Notes. Although PERILS releases updates to its initial estimates over the course of a twelve month period and, in PERILS' sole discretion, up to a period of thirty-six months (see "*Description of PERILS—Reporting Schedule*" in Annex D for more information for more information), the total insured losses for a particular Europe Windstorm may continue to develop upwards or downwards beyond the time periods that are used by PERILS to update its industry loss estimates. In addition, PERILS receives certain insured property loss data from certain data providing insurance companies pursuant to contractual arrangements (see

“Description of PERILS—Source of Data” in Annex D for more information for more information). There can be no assurance that the data providing insurance companies will continue to provide their loss data to PERILS, and any loss of key data suppliers can adversely affect PERILS’ ability to prepare estimates of insured industry losses and the accuracy of such estimates. Therefore, due to uncertainty or error in extrapolating from information received from, or obtained by, PERILS and/or due to a lack of information, PERILS estimates of insured industry losses from Europe Windstorm Events may be materially different from actual losses, whether insured or not.

In addition, market coverage may be insufficient to calculate a reliable industry event loss index, in which case PERILS may apply its professional judgment in its sole discretion to adjust the calculated industry event loss data. In making these judgments, PERILS may consider factors such as meteorological and/or other scientific data, as well as information provided by national and local authorities or insurance industry sources, as it deems appropriate in the particular circumstances. The exercise of such judgment and discretion may result in the estimation of losses which may be materially different than an estimate performed by another methodology. Because the scope of property/casualty coverage varies by insurance carrier, policy type, line of insurance, claims adjustment variation and also changes over time, there is a significant measure of imprecision and variability in determining whether any particular loss will be covered and thus should be included in overall estimations of industry insured losses. As a result of such imprecision, variability and the exclusions described above, as well as the inherently subjective nature of the estimating process, PERILS’ estimates may be materially different from the actual insured losses experienced by the industry.

PERILS also determines, in its sole discretion, whether various insured losses occurring close in time to one another are to be considered the result of a single event or multiple (and separate) events. For example, in making this judgment with respect to a Europe Windstorm, PERILS typically aggregates insured loss data by reference to the names assigned to such storms by the Institute of Meteorology at the Free University of Berlin, Germany. In determining whether one or more events have occurred, PERILS may also consider factors such as the inability on the part of insurance companies to distinguish the damage caused by the various events. The exercise of such judgment and discretion may result in the estimation of losses which may be materially different than an estimate performed by another methodology.

If the PERILS Loss Report does not contain Europe Windstorm PERILS Losses on a CRESTA Zone level (or by county for Norway) in one or more countries within the Europe Windstorm Covered Area, the Calculation Agent will apply the lowest Europe Windstorm Payout Factor which was stated for a CRESTA Zone (or by county for Norway) in such country to the relevant Europe Windstorm PERILS Loss.

Any change in the Europe Windstorm PERILS Loss for a Europe Windstorm Event after the earlier of (i) the Event Reporting Date that occurs at least five (5) Business Days after the date that PERILS releases a PERILS Loss Report with its final Resurvey Estimate for such Europe Windstorm Event and (ii) the Event Reporting Date immediately prior to the Redemption Date, will be disregarded when calculating the Europe Windstorm Index Value and any corresponding Europe Windstorm Index Value.

The Europe Windstorm PERILS Loss for certain Europe Windstorm Events may continue to develop after the latest date on which the Ceding Reinsurer would be required to reimburse the Issuer as a result of favorable developments in the PERILS estimates. Although PERILS releases final Resurvey Estimates after the occurrence of a catastrophe identified by PERILS as a Europe Windstorm, there can be no assurance that such final Resurvey Estimates will not be further revised by PERILS. Due to a lack of information, and uncertainty or error in extrapolating from reported information, PERILS estimates of insured property losses from Europe Windstorm Events may be materially different from PERILS final loss estimate or the actual insured property losses. In these situations, Noteholders may suffer greater losses than would be indicated by the final PERILS estimate or actual insurer losses, as the case may be.

PERILS may, in its sole discretion, change its general loss estimation methodology at any time

As part of its estimation methodology, PERILS does not independently verify or audit the accuracy of loss data provided to PERILS by data providing companies and loss data that is otherwise reported or available in the market. Thus, there can be no assurance that the data used by PERILS has been, is or will be accurate, timely or complete, and no representation, undertaking or warranty is made with respect to such data. Moreover, since

PERILS does not simply sum up the loss data reported by those it surveys, but instead applies subjective judgments to and makes extrapolations from the data it has gathered and considered in the exercise of its judgment. PERILS does not guarantee that the PERILS estimates have accurately reflected the reported losses, and does not make any guarantee as to the accuracy or completeness of the PERILS loss estimates. Accordingly, PERILS loss estimates are the best estimates of PERILS professionals and may or may not accurately and completely reflect actual industry insured property losses in the past or will do so in the future, and PERILS estimates may be materially different from actual losses, whether insured or not. In order to preserve its flexibility to adjust to external circumstances and enhance the quality of its estimates, PERILS may, in its sole discretion, change its general loss estimation methodology at any time and modify application of its methodology in connection with any particular catastrophe.

Information that may be contributed by the Ceding Reinsurer to PERILS may influence PERILS's estimates of insured property losses

PERILS collects information from various insurance industry participants, which may include the Ceding Reinsurer or any of its affiliates, to determine its estimates of insured industry property losses. Information provided to PERILS by the Ceding Reinsurer or any of its affiliates may affect the amount of insured industry property losses reflected in preliminary and Resurvey Estimates issued by PERILS relating to a Europe Windstorm Event, and may therefore affect the calculation of payments to the Ceding Reinsurer under the Reinsurance Agreement. See “Description of PERILS” attached hereto as Annex D for a description of PERILS’s methodology for estimating insured property losses.

New legal theories may re-characterize coverages resulting in additional claims and losses

As industry practices and legal, judicial, social and other environmental conditions change, unexpected issues related to claims and coverage may emerge. These issues may adversely affect the industry losses, and therefore PERILS’s estimates, by either creating or extending coverage beyond the scope intended, or by increasing the nature, number or size of claims.

Binding Nature of Reports Provided by PERILS

The Calculation Agent will not undertake any independent assessment of the accuracy of the windstorm loss data it obtains from PERILS but will only be responsible for reporting the estimated insured industry property losses reported by PERILS. The Calculation Agent will not review or verify the methodology, accuracy, or technical data of PERILS. There can be no assurance that reporting the estimated insured industry property losses reported by PERILS will bring to the attention of the Calculation Agent other matters which would have been brought to its attention had an audit of such data been undertaken.

A replacement of PERILS may result in different estimates of industry loss figures than that currently produced by PERILS

If PERILS ceases to exist after having issued any PERILS Loss Report, the Calculation Agent will use the most recent PERILS Loss Report issued with respect to a Europe Windstorm Event to determine the related Europe Windstorm Index Value. This calculation of a Loss Payment Amount will be final and not subject to further change.

This may result in a Loss Payment Amount that is greater than the Loss Payment Amount that would have been calculated had PERILS continued to issue further PERILS Loss Reports with respect to such Europe Windstorm Event.

U.S. Federal Income Tax Risks

The U.S. Foreign Account Tax Compliance Act

The U.S. Foreign Account Tax Compliance Act (“FATCA”) provisions of the Hiring Incentives to Restore Employment Act of 2010 and proposed regulations issued thereunder require certain foreign financial institutions (which may include the Issuer) to enter into an agreement with the U.S. Department of Treasury to disclose to the

IRS the name, address, tax identification number, and other specified information of certain U.S. and non-U.S. persons who own a direct or indirect interest in the foreign financial institution, or otherwise be subject to a 30% withholding tax on payments to such entities of certain types of income or of proceeds from the sale of certain types of property. Additionally, if the Issuer is characterized as a “foreign financial institution” and does enter into such an agreement with the U.S. Department of Treasury, a 30% withholding tax could be imposed on Noteholders that do not provide the required information (without any gross-up) or, if the Noteholders are, themselves, foreign financial institutions, certification that they have entered into their own agreements with the U.S. Treasury Department. Further, if the Issuer is not characterized as a foreign financial institution, it may be characterized as a passive non-financial foreign entity, in which case it would appear to be subject to such 30% withholding tax on certain payments unless it either provides information to withholding agents with respect to its “substantial U.S. owners” or makes certain certifications. The proposed regulations issued under FATCA indicate that this withholding tax will not be imposed with respect to payments of income made prior to January 1, 2014 and with respect to payments of proceeds from the sale of property prior to January 1, 2015. The proposed regulations also indicate that premiums received by the Issuer under any reinsurance contract entered into on or prior to December 31, 2012 will not be subject to withholding under FATCA.

The Issuer may be subject to the requirements imposed on foreign financial institutions or passive non-financial foreign entities under FATCA and will use reasonable efforts to avoid the imposition of a withholding tax under FATCA, which may include entering into an agreement with the IRS. In this event, Noteholders will be required to provide any information, tax documentation and waivers that the Issuer determines are necessary to avoid the imposition of such withholding tax. The Issuer’s ability to satisfy such obligations will depend on each Noteholder providing, or causing to be provided, any information, tax documentation and waivers, including information concerning the direct or indirect owners of such Noteholder, that the Issuer determines are necessary to satisfy such obligations. If the Issuer is unable to comply with FATCA, the Issuer intends to liquidate its money market fund assets and hold cash in its place. Holding cash instead of money market funds will reduce the amount available for Noteholders. Moreover, if the Issuer initially complies or intends to comply with FATCA but is subsequently unable to comply, or fails to comply, distributions from, and proceeds from the disposition of, its money market funds may be subject to a 30% withholding tax, in which case the Issuer will not have sufficient funds to make payments due under the Notes.

If a Noteholder fails to provide the Issuer or its agents with any correct, complete and accurate information that may be required for the Issuer to comply with FATCA and to prevent the imposition of U.S. federal withholding tax under FATCA on payments to the Issuer, the Issuer is authorized to withhold amounts otherwise distributable to the Noteholder, to compel the Noteholder to sell its Notes, and, if the Noteholder does not sell its Notes within 10 business days after notice from the Issuer (or an agent of the Issuer), to sell the Noteholder’s Notes on behalf of the Noteholder. In addition, each Noteholder must indemnify the Issuer, its agents, and each of the other Noteholders from any and all damages, costs, taxes and expenses resulting from the Noteholder’s failure to provide the Issuer or its agents with appropriate tax forms and other documentation reasonably requested by the Issuer or its agents, including documentation necessary for the Issuer to comply with FATCA and to prevent the imposition of U.S. federal withholding tax under FATCA on payments to the Issuer.

Potential FBAR Reporting and Reporting of “Specified Foreign Financial Assets”

U.S. Persons (as defined below) holding Notes should consider their possible obligation to file a IRS Form TD F 90-22.1–Foreign Bank and Financial Accounts Report—with respect to the Notes. Additionally, such U.S. Persons should consider their possible obligations to annually report certain information with respect to the Issuer with their U.S. federal income tax returns. Noteholders should consult their tax advisors with respect to these or any other reporting requirement which may apply with respect to their acquisition of Notes.

Risk of Imposition of U.S. Federal Income Tax on the Issuer

If the Issuer were deemed to be engaged in a trade or business in the United States, it would be subject to U.S. federal income tax at regular corporate rates on the portion of its earnings that are effectively connected (“ECI”) to such U.S. trade or business, as well as to the additional branch profits tax on its dividend equivalent amount, generally ECI (with certain adjustments) deemed withdrawn from the United States, in which case the Issuer’s financial condition and the Issuer’s ability to make principal and/or interest payments on the Notes could be

materially adversely affected. Whether business is being conducted in the United States is an inherently factual determination. The Issuer intends to conduct substantially all of its operations outside the United States and limit its U.S. contacts so that the Issuer is not treated as engaged in the conduct of a trade or business in the United States. In this regard, the Issuer will receive the opinion of Willkie Farr & Gallagher LLP, which opinion is based on certain assumptions and representations regarding this offering, the transactions related thereto and the Issuer's ongoing operations, that, although the matter is not free from doubt, the Issuer will not be treated as engaged in a trade or business within the United States. Because the Internal Revenue Code of 1986, as amended ("**Code**"), regulations and court decisions fail to definitively identify activities that constitute being engaged in a trade or business in the United States, the Issuer cannot be certain that the IRS will not contend successfully that the Issuer is or will be engaged in a trade or business in the United States for U.S. federal income tax purposes. The imposition of a U.S. federal income tax liability on the Issuer's ECI would substantially reduce the return to the Noteholders on their investment. See "Certain Tax Considerations—United States Taxation—United States Taxation of the Issuer."

Alternative Characterizations of the Notes and the Transactions of the Issuer

Although there are no relevant authorities that directly address characterization of the Notes or of instruments substantially similar to the Notes for U.S. federal income tax purposes and the matter is not free from doubt, the Issuer intends to take the position that the Notes constitute equity interests in the Issuer for U.S. federal income tax purposes. However, other characterizations are possible. For example, the Notes could be treated as debt obligations of the Issuer, including contingent payment debt instruments for U.S. federal income tax purposes. If the IRS were successful in asserting that the Notes are contingent payment debt instruments, the timing and character of income thereon could be significantly affected. Potential investors are urged to consult their tax advisors with respect to the classification of the Notes for U.S. federal income tax purposes. In addition, as described more fully below, there are a number of other uncertainties relating to the U.S. federal income taxation of the Issuer's transactions, which, depending on the ultimate resolution of such uncertainties, could have adverse tax consequences to a direct or indirect Noteholder who is a U.S. Person (as defined below). See "*Certain Tax Considerations—United States Taxation—United States Taxation of Noteholders—U.S. Holders—Alternative Characterizations.*"

Application of the Passive Foreign Investment Company Rules with respect to Non-U.S. Domiciled Money Market Funds

Non-U.S. domiciled money market funds are generally characterized as PFICs for U.S. federal income tax purposes. Accordingly, in the event amounts in the Collateral Account are invested in non-U.S. domiciled money market funds, U.S. Persons holding Notes generally will be treated as holding indirect interests in lower-tier PFICs. Prospective investors in the Notes are urged to consult their tax advisors as to the application and effects of the PFIC rules on an indirect investment in a non-U.S. domiciled money market fund. See "*Certain Tax Considerations—United States Taxation—United States Taxation of Noteholders—U.S. Holders—Treatment of Noteholders—Passive Foreign Investment Companies.*"

Potential Adverse U.S. Federal Income Tax Consequences under the Passive Foreign Investment Company Rules

If the Issuer is characterized as a passive foreign investment company ("**PFIC**"), as the Issuer believes there is a significant risk will be the case, each U.S. Person (as defined below) holding Notes (directly or, in certain cases, indirectly) would be subject to a penalty tax at the time of the sale at a gain of, or receipt of an "excess distribution" with respect to, its Notes, unless (i) such U.S. Person is characterized as a 10% U.S. Shareholder (as defined below) with respect to the Issuer and the Issuer is characterized as a controlled foreign corporation (as defined below) or (ii) such U.S. Person makes a timely qualified electing fund ("**QEF**") election with respect to the Issuer. If such U.S. Person timely makes a QEF election, it would be required to recognize currently its proportionate share of the Issuer's ordinary earnings and net capital gain, which may be greater, in any given year, than the amount of cash distributed with respect to its Notes. See "*Certain Tax Considerations—United States Taxation—United States Taxation of Noteholders—U.S. Holders—Treatment of Noteholders—Passive Foreign Investment Companies.*"

Potential Application of the Controlled Foreign Corporation Rules

A “**10% U.S. Shareholder**” (defined as a U.S. Person who owns (directly, indirectly through non-U.S. entities or constructively (as defined below)) at least 10% of the total combined voting power of all classes of stock entitled to vote) of a non-U.S. corporation that is a controlled foreign corporation (“**CFC**”) for an uninterrupted period of 30 days or more during a taxable year that owns shares in the non-U.S. corporation directly or indirectly through non-U.S. entities on the last day of the non-U.S. corporation’s taxable year on which it is a CFC, must include in its gross income for U.S. federal income tax purposes its pro rata share of the CFC’s “subpart F income,” even if the subpart F income is not distributed. For these purposes, subpart F income includes foreign personal holding company income (such as dividends, interest, notional principal contract income, and certain other passive income). A non-U.S. corporation is considered a CFC if 10% U.S. Shareholders own (directly, indirectly through non-U.S. entities or by attribution by application of the constructive ownership rules of section 958(b) of the Code (i.e., “constructively”) more than 50% of the total combined voting power of all classes of stock of that non-U.S. corporation or the total value of all stock of that corporation.

Additionally, for purposes of taking into account insurance income as defined under Section 953 of the Code (including underwriting and investment income), a CFC also includes a non-U.S. corporation in which more than 25% of the total combined voting power of all classes of stock (or more than 25% of the total value of the stock) is owned (directly, indirectly through non-U.S. entities or constructively) by 10% U.S. Shareholders on any day during the taxable year of such non-U.S. corporation if the gross amount of premiums or other consideration for the reinsurance or the issuing of insurance or annuity contracts (other than certain insurance or reinsurance related to same country risks written by certain insurance companies not applicable here) exceeds 75% of the gross amount of all premiums or other consideration in respect of all risks. The Issuer intends to treat the Issuer’s income with respect to the Reinsurance Agreements as insurance income for U.S. federal income tax purposes, although the issue is not free from doubt.

For purposes of this discussion, the term “**U.S. Person**” means: (i) a citizen or resident of the United States, (ii) a partnership or corporation created or organized in or under the laws of the United States, or organized under the laws of any political subdivision thereof, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, (iv) a trust if either (x) a court within the United States is able to exercise primary supervision over the administration of such trust and one or more U.S. Persons have the authority to control all substantial decisions of such trust or (y) the trust has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes or (v) any other person or entity that is treated for U.S. federal income tax purposes as if it were one of the foregoing.

Although there are no relevant authorities that directly address characterization of the Notes or of an instrument substantially similar to the Notes for U.S. federal income tax purposes and the matter is not free from doubt, as noted above the Issuer intends to take the position that the Notes constitute equity interests in the Issuer for U.S. federal income tax purposes. Accordingly, if more than 50% (or 25% if the Issuer is deemed to have insurance income) of the Issuer’s equity (e.g., its shares and the Notes) (by vote or value) are owned directly, indirectly through non-U.S. entities or constructively by 10% U.S. Shareholders, the Issuer will be characterized as a CFC and any 10% U.S. Shareholders with respect to the Issuer who own Notes directly or indirectly through non-U.S. entities on the last day of the Issuer’s taxable year must include in their gross income for U.S. federal income tax purposes their pro rata share of the Issuer’s subpart F income (or subpart F insurance income if only the 25% trigger is met) for the year, subject to certain limitations. See “*Certain Tax Considerations—United States Taxation—United States Taxation of Noteholders—U.S. Holders—Treatment of Noteholders—Classification of the Issuer as a CFC.*”

Potential Application of the Related Person Insurance Income Rules

As noted above, the Issuer intends to treat the Issuer’s income with respect to the Reinsurance Agreements as insurance income for U.S. federal income tax purposes, although the issue is not free from doubt. If this treatment is the appropriate treatment and (i) the Issuer’s related person insurance income (“**RPII**”), determined on a gross basis, is 20% or more of the Issuer’s gross insurance income for a taxable year, (ii) direct and indirect insureds and persons related to such insureds, whether or not U.S. Persons, are treated as owning (directly or indirectly through entities) 20% or more of the voting power or 20% or more of the value of the Issuer’s equity and (iii) U.S. Persons are treated as owning (directly, indirectly through non-U.S. entities or constructively) 25% or more of the

Issuer's equity by vote or value, then a U.S. Person who owns any Notes (directly or indirectly through non-U.S. entities) on the last day of the taxable year on which the Issuer is a CFC under the RPII rules would be required to include in such U.S. Person's gross income for U.S. federal income tax purposes such person's pro rata share of the Issuer's RPII for the portion of the taxable year during which the Issuer was a CFC under the RPII rules, determined as if all such RPII were distributed proportionately only to U.S. Persons (that own equity directly or indirectly through non-U.S. entities) at that date, regardless of whether such income is distributed. RPII is any insurance income attributable to policies of insurance or reinsurance with respect to which the person (directly or indirectly) insured is a RPII shareholder or a related person to such RPII shareholder. The term "RPII shareholder" means any U.S. Person who owns (directly or indirectly through non-U.S. entities) any amount of the Issuer's equity. Generally, the term "related person" for this purpose means someone who controls or is controlled by the RPII shareholder or someone who is controlled by the same person or persons which control the RPII shareholder. Control is measured by either more than 50% in value or more than 50% in voting power of stock applying certain constructive ownership principles. A non-U.S. corporation will be characterized as a CFC under the RPII rules if its equity is 25% or more owned (by vote or value) by U.S. Persons (directly, indirectly through non-U.S. entities or constructively) on any day during the taxable year of the non-U.S. corporation. See *"Certain Tax Considerations—United States Taxation—United States Taxation of Noteholders—U.S. Holders—Treatment of Noteholders—The RPII CFC Provisions."*

Potential Recharacterization of Gain on Disposition

Code section 1248 provides that if a U.S. Person sells or exchanges shares in a non-U.S. corporation and such person owned, directly, indirectly through non-U.S. entities or constructively, 10% or more of the voting power of the corporation at any time during the five-year period ending on the date of disposition when the corporation was a CFC, any gain from the sale or exchange of the shares will be treated as a dividend to the extent of the CFC's earnings and profits (determined under U.S. federal income tax principles) during the period that the shareholder held the shares and while the corporation was a CFC (with certain adjustments, including reductions for previously taxed income).

Additionally, Code section 1248 in conjunction with the RPII rules provides that if a U.S. Person disposes of shares in a non-U.S. corporation that has insurance income (as determined for U.S. federal income tax purposes) in which U.S. Persons own 25% or more of the shares (even if the amount of gross RPII is less than 20% of the corporation's gross insurance income and the ownership of its shares by direct or indirect insureds and related persons is less than the 20% threshold), any gain from the disposition will generally be treated as a dividend to the extent of the holder's share of the corporation's undistributed earnings and profits that were accumulated during the period that the holder owned the shares (whether or not such earnings and profits are attributable to RPII). If U.S. Persons own (directly, indirectly through non-U.S. entities or constructively) 25% or more of the Issuer's equity, these RPII rules would apply to dispositions of Notes if the Issuer's income is characterized as insurance income, as is intended, in which case gain from the disposition earned by U.S. Persons holding Notes directly would be characterized as a dividend to the extent of the Issuer's earnings and profits attributable to the disposed of Notes. As noted above, the Issuer intends to treat its income from the Reinsurance Agreements as insurance income for U.S. federal income tax purposes. Noteholders that have made timely QEF elections should generally not be subject to such income recharacterization with respect to their allocable share of the Issuer's earnings and profits previously subject to tax pursuant to such election. Potential investors are urged to consult their tax advisors. See *"Certain Tax Considerations—United States Taxation—United States Taxation of Noteholders—U.S. Holders—Treatment of Noteholders—Dispositions of Notes."*

Potential Unrelated Business Taxable Income

As noted above, the Issuer intends to treat the Issuer's income with respect to the Reinsurance Agreements as insurance income for U.S. federal income tax purposes, although the issue is not free from doubt. A U.S. tax-exempt organization may recognize unrelated business taxable income if the Issuer is characterized as earning insurance income and a portion of the Issuer's insurance income is allocated to the organization. In general, insurance income will be allocated to a U.S. tax-exempt organization if either the Issuer is a CFC and the tax-exempt Noteholder is a U.S. 10% Shareholder or there is RPII and certain exceptions do not apply. See *"Certain Tax Considerations—United States Taxation—United States Taxation of Noteholders—U.S. Holders—Treatment of Noteholders—Classification of the Issuer as a CFC"* and *"Certain Tax Considerations—United States Taxation—*

United States Taxation of Noteholders—U.S. Holders—Treatment of Noteholders—The RPII CFC Provisions.” Potential U.S. tax-exempt investors are advised to consult their own tax advisers.

Changes in U.S. Federal Income Tax Law

It is possible that legislation could be introduced and enacted by the current Congress or future Congresses that could have an adverse impact on the Issuer or the Noteholders.

Additionally, the U.S. federal income tax laws and interpretations regarding whether a company is a PFIC, or whether U.S. Persons would be required to include in their gross income the subpart F income or RPII of a CFC, are subject to change, possibly on a retroactive basis. New regulations or pronouncements interpreting or clarifying such rules may be forthcoming. The Issuer cannot be certain if, when or in what form such regulations or pronouncements may be provided and whether such guidance will have a retroactive effect. Prospective investors are urged to consult with their tax advisors.

Irish Legal and Tax Risks

Irish Corporation Tax Risks

To the extent the Notes and/or the Noteholders do not satisfy the various exemption conditions set out under “*Certain Tax Considerations – Irish Taxation – Taxation of Issuer*” no deduction for interest paid by the Issuer under the Notes may be available in Ireland. As a result the Issuer may suffer additional Irish corporation tax and the return to the Noteholders may be affected.

Irish Withholding Tax Risks

To the extent that changes in Irish tax law or current interest withholding tax exemption conditions no longer being fulfilled result in the imposition of a withholding tax, interest payments to Noteholders may be reduced by the amount of tax required to be withheld by the Issuer.

Interest payments on the Notes may be subject to Irish withholding tax if there is a change in Irish tax law or if the various exemption conditions set forth under “*Certain Tax Considerations—Irish Taxation— Withholding Tax*” are not fulfilled. The Issuer is not obligated to gross up or otherwise compensate Noteholders for withholding taxes incurred. This may, therefore, affect the return that Noteholders receive on the Notes.

Changes in Irish Tax Laws

Changes in Irish tax laws may adversely impact the business of the Issuer and the value of Noteholders’ investment.

The Issuer is treated as a securitization vehicle which is taxed pursuant to Section 110 TCA 1997. There is no guarantee that the tax treatment of an Irish securitization company will not change in the future. The tax deductibility of the Issuer’s interest costs will depend on the applicability of Section 110 TCA 1997 and the current practice of the Irish Revenue Commissioners in relation to same. Any change to these rules may have an impact on Noteholders.

Preferred Creditors under Irish Law and Floating Charges

Under Irish law, upon an insolvency of an Irish company such as the Issuer, when applying the proceeds of assets subject to fixed security which may have been realized 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 costs and expenses properly incurred by a liquidator (including his remuneration) in winding up the affairs of the Issuer, super-preferential claims and preferential claims. These super-preferential claims would include capital gains tax payable on the disposition of an asset of the Issuer by a liquidator, receiver or mortgagee in possession and the remuneration, costs and expenses properly

incurred by an examiner appointed to the Issuer which had been approved by the Irish courts. These preferred claims would include taxes, including income tax and corporation tax, assessed up to 5 April before the date of appointment of the liquidator or receiver to the Issuer and not exceeding one year's assessment and arrears of value added tax together with interest for the twelve months immediately preceding the date of liquidation or receivership.

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 the date 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 a Deed of Charge 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 charger 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 certain of the Collateral relating to any Notes would be regarded by the Irish courts as a floating charge.

Floating charges have certain weaknesses, including the following:

- (a) 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;
- (b) as discussed above, they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up;
- (c) they rank after certain insolvency remuneration expenses and liabilities;
- (d) the examiner of a company has certain rights to deal with the property covered by the floating charge; and
- (e) they rank after fixed charges.

Examinership

Examinership is a court moratorium/protection procedure available under the Companies (Amendment) Act 1990 (Number 27 of 1990), as amended, to facilitate the survival of Irish companies in financial difficulties.

During the examinership period (70 days, or longer in certain circumstances) a company is protected from most forms of enforcement procedure and the rights of its secured creditors are largely suspended. Accordingly, if an examiner is appointed to the Issuer, the Indenture Trustee would be precluded from enforcing the security over any Collateral during the period of the examinership.

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 his appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to his appointment. Furthermore, he may sell assets the subject of a fixed charge. However, if such power is exercised he must account to the holders of the fixed charge for the amount realized and discharge the amount due to them out of the proceeds of sale.

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

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 Indenture Trustee represented the majority in number and value of claims within the secured creditor class, the Indenture Trustee would be in a position to reject any proposal not in favour of the Noteholders. The Indenture 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 of the value of amounts due by the Issuer to the Noteholders. The primary risks to Noteholders if an examiner were to be appointed to the Issuer are as follows:

- (a) the potential for a scheme of arrangement to be approved involving the writing down of the debt owed by the Issuer to the Noteholders as secured by the applicable Deed of Charge;
- (b) the potential for the examiner to seek to set aside any negative pledge in the Notes or related documents 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 moneys and liabilities which from time to time are or may become due, owing or payable by the Issuer to the Noteholders.

Centre of Main Interest

The Issuer has its registered office in Ireland. As a result there is a rebuttable presumption that its centre of main interest ("**COMI**") is in Ireland and consequently that any main insolvency proceedings applicable to it would be governed by Irish law. In the decision by the European Court of Justice ("**ECJ**") in relation to Eurofood IFSC

Limited, the ECJ restated the presumption in Council Regulation (EC) No. 1346/2000 of May 29, 2000 on Insolvency Proceedings, that the place of a company's registered office is presumed to be the company's COMI and stated that the presumption can only be rebutted if "factors which are both objective and ascertainable by third parties enable it to be established that an actual situation exists which is different from that which locating it at the registered office is deemed to reflect". As the Issuer has its registered office in Ireland, has Irish directors, is registered for tax in Ireland and has an Irish corporate services provider, the Issuer does not believe that factors exist that would rebut this presumption, although this would ultimately be a matter for the relevant court to decide, based on the circumstances existing at the time when it was asked to make that decision. If the Issuer's COMI is not located in Ireland, and is held to be in a different jurisdiction within the European Union, main insolvency proceedings may not be opened in Ireland.

Risk Relating to English Law Charges

The security over each Collateral Account and each Collateral Payment Account under the applicable Deed of Charge will be structured as an absolute assignment by way of security or, to the extent such assignment is not effective, a fixed charge. Under English law, whether or not security over these accounts takes effect as an absolute assignment by way of security or a fixed charge will depend on the circumstances of the case. Furthermore, whether such security (or any other security structured as a fixed charge) is held to be fixed or floating will depend on the circumstances of the case and the manner in which the secured assets are controlled. If any charges or assignments by way of security were held to take effect as a floating charge, the claims of the secured parties could, in an insolvency proceeding in an English or Irish court involving the Issuer, be subject to (i) avoidance or being set aside in certain circumstances, (ii) claims which may exist which are given priority over a floating charge by law, including certain prior floating charges, prior or subsequent mortgages or fixed charges, (iii) the claims of preferential creditors and/or (iv) set-off. Furthermore, if any such security interest was held to be floating, in the case of a proceeding before the English Courts, a "prescribed part" of the Issuer's "net property" could be required to be made available for the satisfaction of unsecured debts, if any, in priority of the claim of the secured parties. In addition, in an English or Irish liquidation or administration of the Issuer, the remuneration and expenses of the liquidator or administrator shall have priority over claims to property comprised in, or subject to, any floating charge created by the Issuer.

In the event of the occurrence of any insolvency or similar proceedings involving the Indenture Trustee (in its capacity as account bank) or any intermediary or clearing system in, through or with which the Permitted Investments are held, the recovery by the Issuer (or the Indenture Trustee enforcing the applicable Deed of Charge) of the Permitted Investments or the income relating thereto is dependent on the right against the entity the subject of such proceedings to deliver the Permitted Investments being recognized under all applicable laws as constituting a proprietary interest in the Permitted Investments and not merely a personal right, and on that entity having treated the Permitted Investments in a manner consistent with the existence of such a proprietary interest. A failure by the Issuer to recover the Permitted Investments or the income relating thereto in full or on time in such circumstances may render it unable to make payments of interest on, or repay the principal amount of, the applicable Class of Notes.

THE ISSUER

The Issuer, Atlas Reinsurance VII Limited, is an Irish private limited company authorized as a special purpose reinsurance vehicle in Ireland. The Issuer was incorporated under the laws of Ireland on September 24, 2012 under company number 517967.

The Issuer's business will consist solely of the issuance of the Notes and the entering into and performance of the Reinsurance Agreements, and related agreements and activities, including the acquisition and holding of the Permitted Investments. The Issuer does not, and will not, engage in any other business, incur indebtedness for money borrowed (other than the Notes), pay dividends or make other distributions on its capital (other than a distribution upon liquidation of the Issuer) or enter into any contract of insurance or reinsurance or any other risk transfer contract other than the Reinsurance Agreements, and related agreements, as applicable.

The Issuer does not conduct insurance or reinsurance activities in the United States. It is expected that, after all the obligations of the Issuer have been satisfied, the directors of the Issuer will recommend to the shareholders of the Issuer that the Issuer be voluntarily wound up with a view to the distribution of any remaining assets thereof to such shareholders. The Issuer is not a subsidiary and is not a part of any group of companies.

The Issuer's registered offices are located at 25/28 Adelaide Road, Dublin 2, Ireland, Attention: The Directors; telephone: +353 (1) 605 3000; facsimile: +353 (1) 605 3010

Share Capital

Atlas Reinsurance VII Limited was incorporated with an authorized share capital of €5,000 divided into 5,000 ordinary shares of €1.00 each (the "**Ordinary Shares**"), and an issued and fully paid-up share capital of €2, which issued shares are held by Wilmington Trust SP Services (Dublin) Limited, as Share Trustee. Under the terms of a declaration of trust (the "**Share Declaration of Trust**"), the Share Trustee holds the Ordinary Shares in trust for charitable objects (as set forth in the Share Declaration of Trust). The Share Trustee has no beneficial interest and derives no benefit from its holding of the issued Ordinary Shares.

Directors

The Issuer's board of directors (the "**Board**") consists of three directors, one of whom was appointed by the Manager, Stephen Hodgins, and one of whom was appointed by the Ceding Reinsurer, Brian Wilson. The Manager procured the appointment of Robert Frewen.

Name	Address	Title
Brian Wilson.....	3 The Crescent, Monkstown, Co. Dublin, Ireland	Director
Stephen Hodgins.....	San Michele, Southwood Park, Blackrock, Co. Dublin, Ireland	Director
Robert Frewen	1 Strawberry Hill House, Vico Road, Dalkey, Co. Dublin, Ireland	Director

The following sets out certain biographical information with respect to the Issuer's directors:

Name	Description/Biographical Information
Brian Wilson.....	BA in Economics and Politics; MBA, Trinity College Dublin; Doctorate in Business Studies; Group General Manager, AIB Great Britain 1984-1989; Managing Director, AIB Ireland 1989-1994; Senior Advisor on banking reconstruction and development, World Bank 1994-1995; Vice-President with responsibility for financial policy and risk management, World Bank 1995- 1999; Director of the Aga Khan Fund for Economic Development 1999-2002, President of the Irish Bankers' Federation 1990;

Name	Description/Biographical Information
	Vice-President of the European Bankers' Federation 1990-1992; Director of AIB Group 1990-1994.
Stephen Hodgins.....	Bachelor of Arts (B.A.), Accounting & Finance, Fellow of the Association of Chartered Certified Accountants; Associate, Association of Corporate Treasurers; Treasury Manager, FTI Finance, 1992-1998; Senior Vice President, Marsh Management Services (Dublin) Limited, 1998-present.
Robert Frewen	Director, Trade Insurance & Finance Specialists Ltd. (2009 – present); Independent Non-Exec Director of Ares Reinsurance Ltd. (2011 – present); Independent Non-Exec Director of Carrefour Insurance Ltd. (2011 – present); Director Coface Ireland (2001 – 2008); President & CEO Coface North America (1996 – 2001); Special Projects Manager (SPM) – Coface France (1992 – 1996); Financial Risks Division – Insurance Corporation of Ireland (1985 – 1991)

The Board has overall responsibility for the management and control of the Issuer. The company secretary of the Issuer is Marsh Management Services (Dublin) Limited.

Independent Auditor

The Issuer's financial statements will be audited annually by the Independent Auditor, Mazars, Block 3, Harcourt Road, Dublin 2, Ireland. Mazars is a member of the Institute of Chartered Accountants in Ireland. The Issuer intends to prepare its annual financial statements in accordance with International Financial Reporting Standards ("IFRS"). The Independent Auditor has neither examined, reviewed nor compiled the accompanying historical, statistical or modeling data, and, accordingly, the Independent Auditor does not express an opinion or any other form of assurance with respect thereto. Mazars member offices currently act as the independent auditors of several members of the SCOR group of companies.

Financial Information

The financial year-end of the Issuer is December 31 of each year. The first annual accounts will be prepared in respect of the period ending December 31, 2013, which will be filed with the Irish Companies Registration Office. Since the date of incorporation, the Issuer has not commenced operations and no financial statements have been prepared as at the date of this Offering Circular.

Ongoing Information Regarding the Issuer

The Issuer is not subject to the informational requirements of the Exchange Act. The Issuer has agreed that at any time while a Class of Notes is outstanding, it will furnish the Noteholders of such Class or prospective purchasers (who are permitted transferees) with the Available Information and Rule 144A Information, provided such Noteholders or prospective purchasers have submitted a Request for Access to Information Form, which is attached to this Offering Circular as Annex E, to the Issuer c/o Marsh Management Services (Dublin) Limited, 25/28 Adelaide Road, Dublin 2, Ireland, Attention: The Directors; telephone: +353 (1) 605 3000; facsimile: +353 (1) 605 3010.

As a condition to access Available Information and Rule 144A Information, investors may not disclose any such information to third parties other than as required by applicable law, including U.S. federal and state securities laws or, in connection with the potential resale of Notes, to a prospective purchaser that is a permitted transferee. Any such information may not be used for any purpose other than an analysis of an investment in the Notes.

Expense Account

The Issuer will maintain an account (the “**Expense Account**”) at a location outside of the United States in which amounts that are required to be paid to certain service providers of the Issuer, including the Manager, the Indenture Trustee, the Calculation Agent, the Reset Agent, PCS and PERILS, as well as certain other fees and expenses of the Issuer, will be held. The Expense Account will not be part of the Collateral and amounts held in the Expense Account will not be available to pay principal or interest on the Notes.

CAPITALIZATION OF ISSUER

The following table illustrates the capitalization of the Issuer, as of the date hereof and as adjusted as of the Issuance Date to give effect to the issuance of the Notes.

	As of the date hereof (unaudited)	As adjusted for the issuance of the Notes (unaudited)
Debt:		
Class A Notes	€0	€46,360,686
Class B Notes	€0	€130,000,000
Total Debt	€0	€176,360,686
Shareholders' equity:		
Ordinary shares (€1.00 par value; 5,000 authorized; 2 issued and outstanding)	€2	€2
Total shareholders' equity	€2	€2
Total capitalization	€2	€176,360,688

For purposes of the table above, the values pertaining to the Class A Notes are based on the exchange rates published by the European Central Bank as of October 24, 2012 (\$1.2942 per €).

PURPOSE OF OFFERING

The Issuer is issuing each Class of Notes to collateralize and fund its obligations under the corresponding Reinsurance Agreement to make certain payments to the Ceding Reinsurer upon the occurrence of certain specified Covered Events during the applicable Risk Period, as further described in this Offering Circular.

USE OF PROCEEDS

On the Issuance Date, all of the proceeds paid to the Issuer from the sale of each Class of Notes will be deposited into a separate Collateral Account for such Class and will be available to satisfy the obligations of the Issuer to the Ceding Reinsurer under the corresponding Reinsurance Agreement.

Following the purchase of the EBRD Notes and until the applicable Redemption Date, the Permitted Investments for each Class of Notes will consist solely of EBRD Notes, unless, among other circumstances described herein:

(i) an EBRD Put Event occurs that results in a redemption of EBRD Notes, in which case, unless such EBRD Put Event has occurred after the date that is at least thirteen (13) Business Days prior to the Payment Date immediately prior to the applicable Redemption Date, the proceeds of such redemption will be used to purchase Money Market Fund Shares to the extent that they are available and that the Money Market Fund satisfies the Money Market Fund Criteria; or

(ii) the Ceding Reinsurer is required to make a Negative Index Payment under the applicable Reinsurance Agreement, in which case the related amounts will be used to purchase Money Market Fund Shares to the extent that they are available and that the Money Market Fund satisfies the Money Market Fund Criteria.

To the extent that Money Market Fund Shares are not available or the Money Market Fund does not satisfy the Money Market Fund Criteria, cash will remain uninvested as a cash credit balance in the applicable Collateral Account.

The maturity date of the EBRD Notes will occur on January 8, 2018 for the Dollar-Denominated EBRD Notes and January 8, 2018 for the Euro-Denominated EBRD Notes, and EBRD Notes are subject to early redemption as described further herein.

RATINGS

It is expected that on the Issuance Date the rating of the Class A Notes will be no lower than BB- (sf) the rating of the Class B Notes will be no lower than BB (sf) (each referred to as the Rating).

The Rating of each Class of Notes is not a recommendation to purchase, hold or sell such Class of Notes. The Rating of each Class of Notes addresses the likelihood that the Holders of such Class of Notes will receive timely payment of interest and ultimate payment of principal on such Class of Notes on the Redemption Date. The Ratings do not comment as to market price, fair market value or suitability for a particular investor, nor does the rating accorded to each Class of Notes address the likelihood that a Noteholder of such Class will be able to sell such Notes. The Ratings are based on current information furnished to the Rating Agency by the Issuer, the Ceding Reinsurer and information obtained from other sources, including, but not limited to, the Modeling Firm.

The Rating of each Class of Notes may be changed, suspended or withdrawn as a result of changes in, or the unavailability of, such information.

THE CEDING REINSURER

SCOR Global P&C SE (referred to as the Ceding Reinsurer), acting for itself and on behalf of any affiliate of SCOR SE. SCOR Global P&C SE is a member of the SCOR group of companies.

SCOR SE is the parent company of the Ceding Reinsurer and is organized under the laws of France. SCOR SE is among the top 5 global multiline reinsurers and operates in over 130 countries. SCOR SE's shares are listed on NYSE Euronext Paris.

As of the date of this Offering Circular, SCOR Global P&C SE's financial strength was rated "A+ (stable)" by Standard & Poor's Credit Market Services Europe Limited, "A1 (stable)" by Moody's Investors Service Limited, "A (stable)" by A.M. Best Europe Ratings Services Limited and "A+ (stable)" by Fitch Ratings Limited, each of which rating agencies is established in the European Union and is registered under the Credit Rating Agency Regulation.

Prospective investors should consider carefully the information set forth under the caption "*Risk Factors—Reliance on the Ceding Reinsurer*" and "*—Ratings*" before making an investment in the Notes.

The offices of SCOR Global P&C SE and SCOR SE are located at 5, avenue Kléber, 75795 Paris Cedex 16, France.

SUMMARY OF CERTAIN DOCUMENTS

The following describes certain terms of the following documents to be entered into by the Issuer on the Issuance Date: the Reinsurance Agreements, the Calculation Agent Agreement, the Management Agreement, the Escrow Agreement, the PCS License Agreement and the PERILS License Agreement. These summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the specific documents including the definitions contained therein of certain terms. These documents may be obtained upon request to the Issuer by submitting a Request for Access to Information Form to the Issuer, substantially in the form attached hereto as Annex E, and they will also be available for inspection, during business hours upon reasonable notice, at the office of the Indenture Trustee in London. In addition, the Reinsurance Agreements and the Calculation Agent Agreement will also be available for review in draft form to prospective purchasers of the Notes prior to the Issuance Date via a secured password protected internet site online workspace maintained by the Workspace Administrator on behalf of the Issuer with IntraLinks. See “Available Information.”

Reinsurance Agreement

General

On the Issuance Date, the Issuer will enter into a separate Reinsurance Agreement with the Ceding Reinsurer for each Class of Notes.

The Reinsurance Agreement relating to the Class A Notes will be exposed to U.S. Hurricane Events affecting the U.S. Hurricane Covered Area and U.S. Earthquake Events affecting the U.S. Earthquake Covered Area on an aggregate basis during each Loss Period within the applicable Risk Period. The Reinsurance Agreement relating to the Class B Notes will be exposed to Europe Windstorm Events affecting the Europe Windstorm Covered Area on a per occurrence basis during the applicable Risk Period.

For each Reinsurance Agreement, the Risk Period will commence at 12:00:00 a.m., UTC, on January 1, 2013 and continue up to and including the earlier of (i) 11:59:59 p.m., UTC, on December 31, 2015 and, (ii) in the event of an Early Redemption Event or Optional Redemption with respect to the corresponding Class of Notes, 11:59:59 p.m., UTC, on the date of such Early Redemption Event or the relevant Optional Redemption Election Date.

Issuer Payments

As of each Payment Date, if the Period Loss Payment Amount for a Class of Notes is greater than zero, the corresponding Reinsurance Agreement will require the Issuer to make an Issuer Payment to the Ceding Reinsurer on such Payment Date in an amount equal to such Positive Period Loss Payment Amount; *provided*, to the extent that the Loss Payment Amount as of such Payment Date exceeds the sum of (i) the Ultimate Net Loss and (ii) the balance standing to the credit of the Excess Account immediately prior to such Payment Date, then a portion of the Issuer Payment corresponding to such excess will not be paid directly to the Ceding Reinsurer but will be transferred to the Excess Account related to such Reinsurance Agreement.

In connection with an Issuer Payment to be paid on a Payment Date, the Indenture Trustee will deliver an EBRD Put Notice to the EBRD for the amount of the Issuer Payment not less than ten (10) Business Days prior to the applicable EBRD Coupon Payment Date (except that no such EBRD Put Notice is required if all of the relevant EBRD Notes have already been redeemed or are to be redeemed on or before such Payment Date and any EBRD Put Notice required has already been provided to the EBRD).

Any interest payable on the EBRD Notes that is included in the cash proceeds of a redemption of the EBRD Notes will be part of the Permitted Investment Yield and, accordingly, will be included in the interest payable on the relevant Class of Notes and excluded from any Issuer Payment to the Ceding Reinsurer.

Excess Accounts

A separate Excess Account will be established in connection with each Reinsurance Agreement, which account will be in the name of the Issuer and segregated from the Collateral Account. Amounts held in each Excess Account will represent the excess, if any, of (i) the Loss Payment Amount for the applicable Reinsurance Agreement over (ii) the Ultimate Net Loss for the applicable Reinsurance Agreement. Such amounts, if any, will be available for the payment to the Ceding Reinsurer of additional Ultimate Net Loss in accordance with the terms of the applicable Reinsurance Agreement. Amounts held in the Excess Accounts will not be available at any time for the payment of interest on or principal of any Class of Notes. The Excess Accounts and all amounts credited thereto will not constitute a portion of the Collateral for any Class of Notes.

Ultimate Net Loss

“Ultimate Net Loss” means all amounts paid or due and payable by the Ceding Reinsurer or its affiliates in the investigation, appraisal, adjustment, settlement, litigation, defense or appeal, payment or subrogation of claims or judgments associated with, arising out of or relating to Covered Events, plus loss reserves (including incurred but not reported losses), 100% of extra-contractual obligations, and 100% of losses in excess of policy limits, including without limitation allocated loss adjustment expenses, unallocated loss adjustment expenses, all reinstatement premiums and other amounts payable by the Ceding Reinsurer or its affiliates under other reinsurance or retrocession agreements maintained by the Ceding Reinsurer or its affiliates from time to time during the term of the respective Reinsurance Agreement, which premiums and other amounts are attributable to such Covered Event, and all other costs of investigation or litigation, all net of salvages and subrogation recoveries but without taking into account any amounts recovered or recoverable from other reinsurers or retrocessionaires of the Ceding Reinsurer or its affiliates.

If, on the Redemption Date, there remains a balance in the Excess Account, coverage under the applicable Reinsurance Agreement up to the amount of such remaining balance will automatically continue until all of the assets in the Excess Account are used to reimburse the Ceding Reinsurer for Ultimate Net Loss (if applicable, the **“Supplemental Coverage Period”**). Such continuation of coverage will have no effect on the redemption date or the redemption price of the Notes.

Negative Index Payments

For each Reinsurance Agreement, if the Period Loss Payment Amount for a Payment Date is less than zero, funds in an amount equal to the absolute value of such Negative Period Loss Payment Amount will be transferred from the Excess Account for such Reinsurance Agreement to the corresponding Collateral Account on such Payment Date. If and to the extent that funds in such Excess Account are less than the absolute value of such Negative Period Loss Payment Amount, the Ceding Reinsurer will be required under such Reinsurance Agreement to make a payment to the Issuer on such Payment Date in the amount of such shortfall.

Aggregate Limit

The amount of any Issuer Payment to be made by the Issuer to the Ceding Reinsurer and/or the Excess Account on any Payment Date for each Reinsurance Agreement may not exceed the corresponding Outstanding Principal Amount on the immediately prior Payment Date (or the Issuance Date, in the case of the First Payment Date).

Premium Payments

For each Class of Notes, the Ceding Reinsurer will be obligated to make the following Premium Payments to the Issuer pursuant to the applicable Reinsurance Agreement on the Business Day immediately preceding each applicable Payment Date:

- (i) up to and including the earliest of the Early Redemption Date, the Optional Redemption Date and the Scheduled Redemption Date for such Class of Notes, as the case may be, an amount equal to

the Interest Spread portion of interest payable by the Issuer on such Class of Notes for the relevant Accrual Period;

- (ii) during an Extension Period, if any, an amount equal to the applicable Extension Spread portion of interest payable by the Issuer on such Class of Notes for the relevant Accrual Period;
- (iii) the Residual Interest Amount if due on such Class of Notes on such Payment Date;
- (iv) the Early Redemption Payment if due on such Class of Notes on such Payment Date; and
- (v) the Optional Redemption Payment if due on such Class of Notes on such Payment Date.

In the event that any withholding or deduction for or on account of any tax is required by law on any payment to be made by the Ceding Reinsurer to the Issuer under a Reinsurance Agreement, the Ceding Reinsurer will:

- (a) promptly notify the Ceding Reinsurer of such requirement;
- (b) make all such deductions and withholdings in respect of such tax;
- (c) pay the full amount deducted or withheld in respect of such tax (including the full amount required to be deducted or withheld from any Additional Amount paid under (e) below) to the relevant taxation authority or other governmental authority promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against;
- (d) as soon as practicable after the date of any payment of such Tax to the relevant taxation authority or other governmental authority, furnish to the Ceding Reinsurer the official receipt or a certified copy thereof, evidencing payment thereof; and
- (e) pay to the Issuer, in addition to the payment to which the Issuer is otherwise entitled under the relevant Reinsurance Agreement, such additional amount (referred to as an Additional Amount) as is necessary to ensure that the net amount actually received by the Issuer (free and clear of all taxes) will equal the full amount the Issuer would have received had no such deduction or withholding in respect of tax been required.

Initial Expense Premium; Supplemental Expense Premium

Pursuant to the Reinsurance Agreements, the Ceding Reinsurer will make a payment to the Issuer (i) on the Issuance Date in an amount equal to certain expenses incurred by the Issuer in connection with the applicable Class of Notes and certain anticipated operating expenses payable to third parties by the Issuer in connection therewith (referred to as the Initial Expense Premium) and (ii) from time to time, if required and applicable, in an amount equal to the expenses incurred or expected to be incurred by the Issuer relating to the Indenture Trustee, the Manager, the Calculation Agent, if applicable, and other service providers, but subject to an aggregate annual maximum for both Classes of Notes on a combined basis equal to \$500,000 (referred to as a Supplemental Expense Premium).

Reset

For each Class of Notes, the Ceding Reinsurer may, at its option, update the Index Deductible, the FX Conversion Factors, the U.S. Hurricane County Payout Factors, the U.S. Earthquake County Payout Factors and/or the Europe Windstorm Payout Factors, in each case to the extent applicable (referred to as the Updated Factors). The Updated Factors, if any, will be applied during the Reset and will become effective as of the Reset Effective Date.

If a Reset does not meet the applicable Reset Limitations, the Ceding Reinsurer will have the ability to amend the Updated Factors by providing the Reset Agent with an amended Reset Notice, and the Calculation Agent

will use commercially reasonable efforts to perform a Reset meeting the Reset Limitations using such amended Updated Factors prior to the Reset Effective Date. If there has not been a Reset meeting the Reset Limitations by the Reset Effective Date, the Reset Agent will perform such Reset pursuant to the Calculation Agent Agreement applying the Factors as in effect prior to the relevant Reset Determination Date. Any such Reset will be deemed to be effective as of the relevant Reset Effective Date.

Event Notice

Following a potential Covered Event, the Ceding Reinsurer may provide an Event Notice to the Issuer, the Calculation Agent and the Indenture Trustee instructing the Calculation Agent to provide an Event Report for such potential Covered Event pursuant to and in accordance with the Calculation Agent Agreement. If the Ceding Reinsurer does not request the Issuer to provide an Event Notice within sixty (60) calendar days following the related Date of Loss, no Event Index Value will be calculated with respect to such potential Covered Event. Any Event Notice provided by the Ceding Reinsurer will be posted on IntraLinks by the Workspace Administrator as Available Information

Early Termination

Under each Reinsurance Agreement, the Ceding Reinsurer may give written notice to the Issuer that it elects to terminate such Reinsurance Agreement following the occurrence of certain events described under “*Description of the Notes—Early Redemption*,” giving rise to a Clean-Up Call Redemption Event, Reporting Agency Redemption Event, Calculation Agent Redemption Event, Change in Tax Law Redemption Event, Change in Law Redemption Event, EBRD Redemption Event or Solvency II Redemption Event, as the case may be, for the corresponding Class of Notes.

In addition, each Reinsurance Agreement will terminate automatically if there has been a failure by the Ceding Reinsurer to make any Premium Payment or Negative Index Payment when due under such Reinsurance Agreement (and such default has not been cured within five (5) Business Days following the date on which the Issuer has provided a written notice of such default to the Ceding Reinsurer). The Issuer is required under the terms of each Reinsurance Agreement to promptly provide written notice to the Ceding Reinsurer (with a copy to the Indenture Trustee) of any such failure by the Ceding Reinsurer to pay any Premium Payment or Negative Index Payment when due and payable.

In the event of any such early termination giving rise to an Ceding Reinsurer Default Event or Solvency II Redemption Event for the corresponding Class of Notes, the Ceding Reinsurer will be required to make a payment to the Issuer under such Reinsurance Agreement in an amount equal to the applicable Early Redemption Payment.

Optional Termination

Under each Reinsurance Agreement, the Ceding Reinsurer may elect to terminate such Reinsurance Agreement by providing written notice of such election to the Issuer and the Indenture Trustee at least thirty-five (35) Business Days prior to the applicable Optional Redemption Date on either January 1, 2014 or January 1, 2015 (or, if any such day is not a Business Day, the next succeeding Business Day). In the event of any such optional termination, the Ceding Reinsurer will be required to make a payment to the Issuer under such Reinsurance Agreement in an amount equal to the applicable Optional Redemption Payment.

Extension

The term of each Reinsurance Agreement may be extended beyond the applicable Scheduled Redemption Date for one or more Extension Periods as a result of the occurrence of an Extension Event or series of Extension Events with respect thereto; *provided*, that, except in the case of the Supplemental Coverage Period, the term of the Reinsurance Agreement may not be extended beyond the earliest of (i) the Early Redemption Date, if any, (ii) the Final Extended Redemption Date and (iii) the Extension Discontinuation Date. If, as of any Extension Determination Date, an Extension Event shall have occurred and is continuing for such Reinsurance Agreement, then the term of such Reinsurance Agreement will be extended automatically for an Extension Period, commencing

on the Scheduled Redemption Date or Extended Redemption Date, as the case may be, immediately following such Extension Determination Date. The extension of the term of a Reinsurance Agreement will not have the effect of extending the applicable Risk Period.

Governing Law

Each Reinsurance Agreement will be governed by and construed in accordance with the laws of the State of New York.

Calculation Agent Agreement

On the Issuance Date, the Issuer will enter into a Calculation Agent Agreement with AIR as the Modeling Firm, Calculation Agent and Reset Agent for both Classes of Notes. In consideration for such services rendered, the Issuer will be required to pay a fee to AIR for its role as Modeling Firm, Calculation Agent and Reset Agent. In addition, the Issuer will agree under the applicable Calculation Agent Agreement to indemnify the Calculation Agent in respect of certain claims, losses and expenses.

Event Reporting

Following receipt of an Event Notice in respect of a potential Covered Event, the Calculation Agent will issue an Event Report to the Issuer, the Indenture Trustee and the Ceding Reinsurer stating the results of the procedures carried out by the Calculation Agent in determining whether such potential Covered Event is a Covered Event and, if a Covered Event, (i) the Event Index Value for such Covered Event, (ii) the Loss Period Index Value for the relevant Loss Period (but only for the Class A Notes), (iii) the Loss Amount, (iv) the Loss Payment Amount and (v) the Period Loss Payment Amount. If the Ceding Reinsurer does not request the Issuer to provide an Event Notice within sixty (60) calendar days following the related Date of Loss, no Event Index Value will be calculated with respect to such potential Covered Event. Any Event Report provided by the Calculation Agent will be posted on IntraLinks by the Workspace Administrator as Available Information.

The Calculation Agent will be required to submit an Event Report to the Issuer, the Indenture Trustee and the Ceding Reinsurer on the Initial Event Reporting Date (which is the first Payment Date that is at least fifteen (15) Business Days after the date on which the relevant Event Notice is issued), using the latest Reporting Agency Report available as of five (5) Business Days prior to such Initial Event Reporting Date; *provided, however*, that if an Event Notice is issued less than twenty (20) Business Days prior to such first Payment Date, the Initial Event Reporting Date will be on the fifteenth (15th) Business Day prior to the next succeeding Payment Date; *provided, further*, that if no Reporting Agency Report is available for the applicable Covered Event as of five (5) Business Days prior to such Initial Event Reporting Date, then the Initial Event Reporting Date will instead be fifteen (15) Business Days prior to the first Payment Date for which a Reporting Agency Report is available for such Covered Event at least twenty (20) Business Days prior to such Payment Date.

Thereafter, the Calculation Agent will continue to be required to issue an Event Report at least fifteen (15) Business Days prior to each Subsequent Event Reporting Date until and including the Final Event Report for such Covered Event, in each case using the latest Reporting Agency Report available as of five (5) Business Days prior to such Subsequent Event Reporting Date; *provided*, that in the case of the Final Extended Redemption Date, the Subsequent Event Reporting Date will be three (3) Business Days prior to the Final Extended Redemption Date.

For each Covered Event, the Event Report issued by the Calculation Agent using any of the following, whichever is available earliest, will constitute the Final Event Report: (i) the Reporting Agency Report containing a final Resurvey Estimate for such Covered Event, (ii) if the Reporting Agency has ceased to exist or is unable to provide data necessary for the Calculation Agent to issue an updated version of an Event Report, and no replacement reporting agency has been identified by the Calculation Agent, the most recent Reporting Agency Report for such Covered Event available on or immediately before the date when the Reporting Agency has ceased to exist or failed to deliver such data, and (iii) the most recent Reporting Agency Report available on or immediately before the date that occurs eight (8) Business Days prior to the Final Extended Redemption Date.

Resets

For each Class of Notes, annually beginning on each Reset Determination Date, the Reset Agent will reset (referred to as a Reset), using the relevant Industry Exposure Database and the Updated Factors, if applicable, and the Escrow Models, the following parameters for such Class of Notes, which will become effective as of the applicable Reset Effective Date: (a) the Attachment Level, to the nearest index point, such that the modeled one year attachment probability (referred to as the One Year Attachment Probability) is the highest percentage equal to or less than the Initial One Year Attachment Probability (each such updated Attachment Level is referred to as an Updated Attachment Level); and (b) the Exhaustion Level, to the nearest index point, such that the one year expected loss (referred to as the One Year Expected Loss) is the highest percentage equal to or less than the Initial One Year Expected Loss (each such updated Exhaustion Level is referred to as an Updated Exhaustion Level); *provided*, that in performing a Reset (i) no U.S. Hurricane County Payout Factor, U.S. Earthquake County Payout Factor or Europe Windstorm Payout Factor will exceed 20%, (ii) the Index Deductible may not be less than 30.00 index points, (iii) for the Class A Notes, the modeled contribution to One Year Expected Loss by state from Florida may not exceed 40%, and from California may not exceed 25%, (iv) for the Class B Notes, the modeled contribution to One Year Expected Loss by country from France may not exceed 50% and (v) any Updated FX Conversion Factors shall, in the good faith judgment of the Ceding Reinsurer, be broadly representative of prevailing exchange rates at the time of the delivery of the applicable Reset Notice (collectively (i) – (v), as applicable to a Class of Notes, referred to as the Reset Limitations).

For each Class of Notes, the Reset Agent will provide a Reset Report the Issuer, the Indenture Trustee and the Ceding Reinsurer setting forth the Updated Attachment Level, the Updated Exhaustion Level, the Updated U.S. Hurricane County Payout Factors, the Updated U.S. Earthquake County Payout Factors, the Updated Europe Windstorm Payout Factors, the Updated Index Deductible, the Updated FX Conversion Factors, the One Year Attachment Probability and the One Year Expected Loss no later than five (5) Business Days prior to the applicable Reset Effective Date. In each Reset Report, the Reset Agent will also update certain tables contained in the “*AIR Expert Risk Analysis Results*” attached hereto as Annex B, as specified in the Calculation Agent Agreement. Any Reset Report provided by the Reset Agent will be posted on IntraLinks by the Workspace Administrator as Available Information.

Optional Extension Verification Report

No less than five (5) Business Days prior to each Optional Extension Type Determination Date, the Ceding Reinsurer may instruct the Calculation Agent to deliver, on or prior to such Optional Extension Type Determination Date, an Optional Extension Verification Report to the Issuer and the Ceding Reinsurer specifying whether the Optional Extension Event II Conditions have been satisfied; *provided*, that if a potential Covered Event occurs within ten (10) Business Days prior to the applicable Scheduled Redemption Date, the Ceding Reinsurer may, no less than three (3) Business Days following the Date of Loss of such potential Covered Event, instruct the Calculation Agent to deliver the initial Optional Extension Verification Report, and the Calculation Agent will be required to deliver such Optional Extension Verification Report within five (5) Business Days following the date of such instruction.

In connection with the first Extension Period for a Class of Notes, the Calculation Agent will verify the Optional Extension Event II Conditions using the following information:

- (i) for potential U.S. Hurricane Events and U.S. Earthquake Events: PCS Catastrophe Bulletin; and
- (ii) for potential Europe Windstorm Events: PERILS Loss Report; *provided*, that for a potential Europe Windstorm Event with an occurrence date that is less than seven (7) weeks prior to the Optional Extension Type Determination Date and a PERILS Loss Report is unavailable, an announcement by PERILS on a section on their website called “Events Investigated” that an event has the status “under investigation” or “qualifying event” or if PERILS ceases to provide this section of its website any other information on their website indicating the occurrence of a potential Europe Windstorm Event which is not yet classified as a “non-qualifying event” shall be deemed as equivalent to a PERILS Loss Report for the purposes of the Optional Extension Verification Report. For the avoidance of doubt, the Europe Windstorm

Date of Loss for purposes of the verification in this proviso shall be the start date indicated in such statement, which may differ from the start date indicated in the initial PERILS Loss Report eventually released by PERILS;

provided, that in event that PCS or PERILS is replaced as Reporting Agency and such replacement does not typically provide event notification within one (1) week following an event occurrence, the information of the following institutions may be used by the Calculation Agent to verify the occurrence of a Covered Event in the initial Extension Verification Report: (x) for potential U.S. Hurricane Events or U.S. Earthquake Events, the U.S. Hurricane Data Provider or the U.S. Earthquake Data Provider, as applicable; and (y) for potential Europe Windstorm Events, the Institute of Meteorology at the Free University of Berlin, Germany.

Termination

The Calculation Agent Agreement may be terminated by the Calculation Agent at any time upon forty-five (45) calendar days' prior written notice (such notice specifying the date of termination) by the Calculation Agent to the Issuer with a copy to the Ceding Reinsurer, the Indenture Trustee and the Rating Agency (such notice specifying the date of termination) if the Issuer fails to perform or commits a material breach of its obligations under the Calculation Agent Agreement beyond any applicable notice and cure period. The appointment of the Calculation Agent may be terminated by the Issuer upon (3) Business Days' written notice by the Issuer with a copy to the Ceding Reinsurer, the Indenture Trustee and the Rating Agency (such notice to specify the date of termination, which, in the discretion of the Issuer, may be effective immediately but not be later than six (6) months following such notice), to the Calculation Agent, if (x) the Calculation Agent fails to perform or to observe in any material respect, or otherwise commits a material breach of, any provision of the Calculation Agreement and such failure or breach has not been cured to the reasonable satisfaction of the Issuer beyond any notice and cure period after the Calculation Agent has received written notice thereof or the termination date in the termination notice from the Issuer, (y) the occurrence of a Bankruptcy Event (as defined in the Calculation Agent Agreement) in respect of the Calculation Agent, or (z) upon thirty (30) calendar days' written notice (such notice specifying the date of termination) to the Calculation Agent and the Ceding Reinsurer for any reason.

In the event of termination of the Calculation Agent Agreement, the Issuer will be required under the Reinsurance Agreements to use its reasonable best efforts, in cooperation with the Ceding Reinsurer, to engage a suitable replacement calculation agent and reset agent. The Issuer may not appoint a replacement calculation agent and reset agent that is not a licensee of the Escrow Models (or any successor model thereto) at the time of such appointment or as of the Issuance Date, and any such replacement must be reasonably satisfactory to, and unaffiliated with, the Ceding Reinsurer.

No termination of the Calculation Agent Agreement or other removal of the Calculation Agent, in each case by the Issuer, and no appointment of a successor calculation agent, shall become effective until the acceptance of appointment by the successor calculation agent and notice provided to the Rating Agency pursuant to the Calculation Agent Agreement. Any successor calculation agent shall deliver a written acceptance of its appointment to the retiring Calculation Agent, the Ceding Reinsurer and the Issuer.

Management Agreement

On the Issuance Date, the Issuer will enter into a management agreement ("**Management Agreement**") with Marsh Management Services (Dublin) Limited, as Manager. Pursuant to the Management Agreement, the Manager is obligated to provide or procure, as applicable, such services as are necessary and appropriate for the Issuer's business in Ireland. Such services are directed to the administration of the Issuer's business and include, among other things, general banking services, maintenance of corporate affairs, record keeping, filing and correspondence with any regulatory authorities, and correspondence relating to the Notes and the Reinsurance Agreements.

In consideration of such services, the Issuer is required to pay a fee to the Manager as specified in the Management Agreement. The Issuer is required to indemnify the Manager against liabilities and actions as specified in the Management Agreement.

The Management Agreement may be terminated by the Manager at any time (i) upon ninety (90) calendar days prior written notice by the Manager to the Issuer and the Ceding Reinsurer (such notice specifying the date of termination) if the Issuer fails to perform or commits a material breach of its obligations under the Management Agreement beyond any applicable notice and cure period; or (ii) upon forty-five (45) calendar days prior written notice to the Issuer and the Ceding Reinsurer (such notice shall specify the date of termination) if the Issuer fails otherwise than as a result of the default of the Manager to make payment of any fees or expenses due under the Management Agreement beyond any applicable notice and cure period; or (iii) upon forty-five (45) calendar days prior written notice to the Issuer and the Ceding Reinsurer (such notice shall specify the date of termination) for any reason.

In the event of termination of this Agreement the Issuer shall immediately arrange for the return to the Issuer of all books and records and of any documents with confidential information provided to the Manager and in case of appointment of a new Manager, for the transfer to the succeeding Manager.

No termination of the Management Agreement or other removal of the Manager, in each case by the Issuer, and no appointment of a successor manager, shall become effective until the acceptance of appointment by the successor manager pursuant to the Management Agreement. Any successor manager shall deliver a written acceptance of its appointment to the retiring Manager, the Ceding Reinsurer and the Issuer.

Escrow Agreement

The Issuer will enter into an escrow agreement (“**Escrow Agreement**”) with the Calculation Agent and the Escrow Agent, under which the Escrow Agent will agree to hold in escrow the Escrow Models for the benefit of the Issuer and in connection with each Reset. The Issuer will pay the fees of the Escrow Agent and will indemnify the Escrow Agent in respect to certain matters thereunder.

PCS License Agreement

The Issuer will also enter into the PCS License Agreement with ISO Services, Inc. (“**ISO**”) relating to the use of PCS data by the Issuer and the Calculation Agent, on behalf of the Issuer. The Issuer will pay the licensing fees for the use of the PCS data.

PERILS License Agreement

The Issuer will also enter into a PERILS License Agreement with PERILS AG relating to the use of PERILS data by the Issuer and the Calculation Agent, on behalf of the Issuer. The Issuer will pay the licensing fees for the use of the PERILS data.

EBRD NOTES

EBRD Notes

On November 2, 2012, the proceeds of each Class of Notes will be used by the Issuer to purchase the EBRD Notes, and the EBRD Notes will be deposited in the applicable Collateral Account. The EBRD, under its Global Medium Term Note Programme, will agree, subject to the terms and conditions of the Programme Agreement dated July 3, 2012, to which Aon Benfield Securities Limited will accede and become a party pursuant to a Dealer Accession Letter dated on or about October 31, 2012, to sell to Aon Benfield Securities Limited, as dealer, a principal amount of EBRD Notes equal to the Original Principal Amount on the Issuance Date of each Class of Notes, as applicable. The EBRD Notes purchased for the Class A Notes will be Dollar-Denominated EBRD Notes and the EBRD Notes purchased for the Class B Notes will be Euro-Denominated EBRD Notes. Aon Benfield Securities Limited will, in turn, sell the EBRD Notes to the Issuer, and the Issuer will purchase the EBRD Notes using the proceeds from the issue of each Class of Notes. If the EBRD fails to issue the EBRD Notes to Aon Benfield Securities Limited, as dealer, or if Aon Benfield Securities Limited fails to purchase the EBRD Notes or to deliver them to the Issuer, the proceeds from the issuance of each Class of Notes will be invested in applicable Money Market Fund Shares, if available, or cash instead of the EBRD Notes.

Following the purchase of the EBRD Notes and until the Redemption Date for each Class of Notes, all funds in the applicable Collateral Account will only be invested in EBRD Notes, unless (i) an EBRD Put Event occurs that results in a redemption of EBRD Notes, in which case, unless such EBRD Put Event has occurred after the date that is at least thirteen (13) Business Days prior to the Payment Date immediately prior to the applicable Redemption Date, the proceeds of such redemption will be used to purchase Money Market Fund Shares to the extent that they are available and the Money Market Fund satisfies the Money Market Fund Criteria, or (ii) the Ceding Reinsurer is required to make a Negative Index Payment under the applicable Reinsurance Agreement, in which case the related amounts will be used to purchase Money Market Fund Shares to the extent that they are available and that the Money Market Fund satisfies the Money Market Fund Criteria. To the extent that Money Market Fund Shares are not available or the Money Market Fund does not satisfy the Money Market Fund Criteria, cash will remain uninvested as a cash credit balance in the applicable Collateral Account.

The maturity date of the Dollar-Denominated EBRD Notes is January 8, 2018. The maturity date of the Euro-Denominated EBRD Notes is January 8, 2018. For each Class of Notes, at the option of the Issuer, EBRD Notes can be wholly or partially redeemed at par (in minimum denominations of \$1,000 for Dollar-Denominated EBRD Notes and €1,000 for Euro-Denominated EBRD Notes) effective on any EBRD Coupon Payment Date starting on the first EBRD Coupon Payment Date following the Issuance Date upon delivery of the EBRD Put Notice. For each Class of Notes, any failure of EBRD to redeem the applicable EBRD Notes in whole or in part upon the delivery of an EBRD Put Notice whether due to creditworthiness of EBRD or for any other reason could result in the Issuer not having sufficient funds on the Redemption Date to repay the applicable Outstanding Principal Amount.

Under the terms of EBRD Notes for each Class of Notes, interest on EBRD Notes in respect of each Payment Date will accrue from, and including, the immediately preceding Payment Date (or the issuance date of the EBRD Notes in the case of the First Payment Date) to, but excluding, such Payment Date, except that in connection with the redemption or partial redemption of the EBRD Notes, interest from the EBRD to the Issuer with respect to such EBRD Notes will be paid on such redemption date and will accrue up to, but excluding, such redemption date.

Overview of EBRD

The following information was derived from publicly available information, as described below.

Name:	European Bank for Reconstruction and Development.
Address:	One Exchange Square, London EC2A 2JN, United Kingdom.
Country of Incorporation:	Not applicable. The EBRD is an international organization formed under the Agreement Establishing the European Bank for Reconstruction and Development

dated May 29, 1990 (“**EBRD Establishment Agreement**”), signed by 40 countries, together with the European Economic Community and the European Investment Bank. The EBRD is duly established under the EBRD Establishment Agreement. The EBRD has its headquarters in London. The EBRD currently has 65 members.

Nature of Business:	The purpose of the EBRD is to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiatives in its countries of operation which are committed to and applying the principles of multi-party democracy, pluralism and market economics.
EBRD securities:	Certain securities issued under the EBRD’s Global Medium-Term Note Programme are admitted to the official list of the UK Listing Authority and admitted to trading on the London Stock Exchange’s Regulated Market. The EBRD Notes will not be listed or admitted to trading on any exchange.
Credit Rating:	As of the date of this Offering Circular, the EBRD has been assigned a credit rating of “AAA” by Standard & Poor’s Credit Market Services Europe Limited, an “Aaa” credit rating by Moody’s Investors Service Limited and an “AAA” credit rating by Fitch France S.A.S., each of which rating agencies is established in the European Union and is registered under the Credit Rating Agency Regulation.

Further Information regarding EBRD and EBRD Notes

The information herein relating to EBRD and the EBRD Global Medium Term Note Programme was derived from, and more information regarding EBRD and the EBRD’s Global Medium Term Note Programme can be found on, EBRD’s official website <http://www.ebrd.com>. The extraction from this source has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that source, no facts have been omitted which would render the reproduced information inaccurate or misleading. None of the Issuer, the Ceding Reinsurer, the Initial Purchasers, the Indenture Trustee nor any of their affiliates has independently verified any of the information herein in respect of EBRD and the EBRD’s Global Medium Term Note Programme or any of the information contained on such website or any materials contained therein for the purposes of this Offering Circular or any other materials prepared in relation to the Notes, nor do they accept responsibility for such materials or any errors or omissions contained in such information or materials. Any such information on such website or any materials contained therein is not incorporated herein by reference, and does not form part of this Offering Circular or any other materials prepared in relation to the Notes.

The EBRD has had no involvement in the preparation of this Offering Circular. The EBRD does not make any representation or warranty, express or implied, as to the accuracy or completeness of any information set forth in this Offering Circular.

DESCRIPTION OF THE NOTES

The following contains a summary of certain provisions of the Notes, the Indenture and the Deeds of Charge. These summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the specific documents including the definitions contained therein of certain terms. These documents may be obtained upon request to the Issuer by submitting a Request for Access to Information Form to the Issuer, substantially in the form attached hereto as Annex E, and they will also be available for inspection, during business hours upon reasonable notice, at the office of the Indenture Trustee in London. In addition, the Indenture, including the forms of certificates representing the Notes, will also be available for review in draft form to prospective purchasers of the Notes prior to the Issuance Date via a secured password protected internet site online workspace maintained by the Workspace Administrator on behalf of the Issuer with IntraLinks. See “Available Information.”

Description of the Notes

General

The Issuer is hereby offering (i) \$60,000,000 Class A Principal-at-Risk Variable Rate Notes due January 7, 2016, which are exposed to U.S. Hurricane Events affecting the U.S. Hurricane Covered Area and U.S. Earthquake Events affecting the U.S. Earthquake Covered Area on an aggregate basis during each Loss Period within the applicable Risk Period; and (ii) €130,000,000 Class B Principal-at-Risk Variable Rate Notes due January 7, 2016, which are exposed to Europe Windstorm Events affecting the Europe Windstorm Covered Area on a per occurrence basis during the applicable Risk Period.

The Notes have not been and will not be registered under the Securities Act or any U.S. state or foreign securities laws and are subject to substantial restrictions on transfer. See “*Notice to Investors*.” The Class A Notes will be issued in minimum denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. The Class B Notes will be issued in minimum denominations of €250,000 and integral multiples of €1,000 in excess thereof.

Holders of each Class of Notes will have recourse only to the Collateral related to such Class of Notes and will not have recourse to any other property or assets of the Issuer, including the Excess Accounts or the Collateral related to any other Class of Notes. Holders of each Class of Notes will rank *pari passu* with all other holders of such Class of Notes.

Neither the Ceding Reinsurer nor any of its affiliates is a guarantor of, or obligor on, the Notes. Noteholders will not have any recourse to or against the Ceding Reinsurer or any of its affiliates for any amounts due and payable by the Issuer to any Noteholder for any reason, including in the event of a default by the Issuer.

Repayment Amount

For each Class of Notes, on the applicable Redemption Date, Holders of such Class of Notes will receive, to the extent of available funds therefor, the Repayment Amount plus any accrued but unpaid interest on such Class of Notes. For each Class of Notes, the Repayment Amount will equal 100% of the Outstanding Principal Amount of such Class of Notes, determined as of the Redemption Date, plus, if applicable, any Early Redemption Payment or Optional Redemption Payment. See “*Risk Factors—Limited Sources of Funds for Repayment of Principal*.”

Redemption Date

For each Class of Notes, the Redemption Date will be the earliest to occur of the Early Redemption Date, the Optional Redemption Date and the Scheduled Redemption Date, in each case as applicable for such Class of Notes, or, following an Extension Event with respect to such Class of Notes, the Extended Redemption Date or Early Redemption Date for such Class of Notes, as the case may be.

Outstanding Principal Amount

For each Class of Notes, as of any date of determination, the Outstanding Principal Amount will be equal to the Original Principal Amount of such Class of Notes (i) as reduced by the aggregate of all Principal Reductions applicable to such Class of Notes made on all Payment Dates prior to and including such date and (ii) as increased by the aggregate of all Principal Increases applicable to such Class of Notes made on all Payment Dates prior to and including such date; *provided*, that the Outstanding Principal Amount shall neither be less than zero nor greater than the Original Principal Amount for such Class of Notes. Any such adjustment will be allocated *pro rata* among the holders of the applicable Class of Notes.

Principal Reductions and Principal Increases

On each Payment Date, the Outstanding Principal Amount of a Class of Notes will be reduced by (i) an amount equal to the Positive Period Loss Payment Amount, if any, relating to such Payment Date and such Class of Notes, plus (ii) the Partial Repayment Amount, if any, relating to such Payment Date and such Class of Notes (each such reduction is referred to as a Principal Reduction), until the Outstanding Principal Amount of such Class of Notes has been reduced to zero. The aggregate of all Principal Reductions (net of Principal Increases) for a Class of Notes will not exceed the Original Principal Amount of such Class of Notes.

On each Payment Date, the Outstanding Principal Amount of a Class of Notes will be increased by an amount equal to the absolute value of the Negative Period Loss Payment Amount, if any, relating to such Payment Date and such Class of Notes (each such increase is referred to as a Principal Increase).

Payment of Interest

Interest for each Class of Notes will accrue from the Issuance Date, as calculated below, and will be payable quarterly in arrears on the following Payment Dates: (i) each January 1, April 1, July 1 and October 1 (or if any such day is not a Business Day, the next succeeding Business Day), commencing on the First Payment Date and ending on the earliest of the Early Redemption Date, the Optional Redemption Date and the Scheduled Redemption Date, as applicable, for such Class of Notes; *provided*, that there will be no Payment Date on January 1, 2016, but only on the Scheduled Redemption Date; and (ii) if one or more Extension Events have occurred with respect to such Class of Notes, each Extended Redemption Date and, if there is an Early Redemption Event during any Extension Period, the Early Redemption Date. See “*Risk Factors—Limited Sources of Funds for Payment of Interest.*”

If the Issuer defaults in a payment of interest on any Notes, the Issuer shall, on the next Payment Date following such default, pay defaulted interest on such Notes (plus interest on such defaulted interest at then current rate to the extent lawful) at the applicable Interest Spread or Extension Spread, as the case may be, for the Accrual Period with respect to which the default occurred in any lawful manner. With respect to any such default, interest will be computed on the basis of the actual number of calendar days elapsed in the relevant Accrual Period during which the default occurred using a 360-day year.

Calculation of Interest

For each Accrual Period from and including the Issuance Date to, but excluding, the Redemption Date, interest on each Class of Notes will be calculated as the sum of:

- (i) the Permitted Investment Yield relating to such Accrual Period for such Class of Notes, *plus*
- (ii) the amount of interest accrued during such Accrual Period on the Outstanding Principal Amount for such Class of Notes, determined as of the first day of such Accrual Period (after giving effect to any adjustment to the Outstanding Principal Amount on such first day), at a *per annum* rate equal to (a) for Accrual Periods beginning prior to the Scheduled Redemption Date, the Interest Spread for such Class of Notes or (b) for Accrual Periods beginning on or after the Scheduled Redemption Date, the applicable Extension Spread for such Class of Notes; in each case

calculated on the basis of the actual number of days elapsed in the related Accrual Period and a 360-day year;

provided, however, that with respect to the first four (4) Accrual Periods beginning on the Issuance Date, the applicable Interest Spread portion of interest on such Class of Notes will be calculated and paid on the Original Principal Amount of such Class; *provided, further*, that, if the Outstanding Principal Amount of a Class of Notes has been reduced to zero on any of the three (3) Payment Dates following the Issuance Date, the Issuer will pay the Residual Interest Amount on such Payment Date, in addition to accrued interest for the prior Accrual Period, and no further interest will be paid with respect to such Class from the period from and including such Payment Date to, but excluding, the fourth (4th) Payment Date following the Issuance Date.

Early Redemption

If an Early Redemption Event has occurred with respect to a Class of Notes, such Class of Notes will be redeemed earlier than the Scheduled Redemption Date or, if applicable, the Extended Redemption Date following such Early Redemption Event. The date of any such early redemption, referred to as the Early Redemption Date, will be the first Payment Date that occurs at least thirty-five (35) calendar days after the date of an Early Redemption Event, but will not be later than the Scheduled Redemption Date or the Extended Redemption Date, as applicable.

For each Class of Notes, each of the following is an Early Redemption Event and will occur:

(i) in the case of a Clean-Up Call Redemption Event, on the date that the Ceding Reinsurer gives written notice to the Issuer and the Indenture Trustee that it elects to terminate the Reinsurance Agreement for such Class of Notes at any time when the Outstanding Principal Amount of such Class is equal to or less than 10% of the Original Principal Amount of such Class; *provided*, that such Reinsurance Agreement may not be so terminated, and such Class of Notes may not be so redeemed, (a) prior to, but not including, the fourth (4th) Payment Date following the Issuance Date or (b) while a Minimum Development Period, if any, has commenced and is continuing for such Class of Notes;

(ii) in the case of a Reporting Agency Redemption Event, on the date that the Ceding Reinsurer gives written notice to the Issuer and the Indenture Trustee that it elects to terminate the Reinsurance Agreement for such Class of Notes, following certification by the Calculation Agent in writing that a Reporting Agency, or its successor, has ceased to provide the information necessary for the Calculation Agent to provide an Event Report for such Class of Notes, and the Calculation Agent was unable within forty-five (45) calendar days to find a replacement for such Reporting Agency reasonably satisfactory to and unaffiliated with the Ceding Reinsurer;

(iii) in the case of a Calculation Agent Redemption Event, on the date that the Ceding Reinsurer gives written notice to the Issuer and the Indenture Trustee that it elects to terminate the Reinsurance Agreement for such Class of Notes, which date is at least forty-five (45) calendar days after the date of termination of the Calculation Agent Agreement due to a failure by the Calculation Agent to perform its duties and obligations under the Calculation Agent Agreement, if the Issuer, after using its reasonable best efforts, has been unable to engage a suitable substitute calculation agent reasonably satisfactory to and unaffiliated with the Ceding Reinsurer to perform such duties and obligations;

(iv) in the case of a Ceding Reinsurer Default Redemption Event, on the date on which there has been a failure by the Ceding Reinsurer under the Reinsurance Agreement for such Class of Notes to make any Premium Payment or Negative Index Payment when due under such Reinsurance Agreement (and such default has not been cured within five (5) Business Days following the date on which the Issuer has provided a notice of such default to the Ceding Reinsurer);

(v) in the case of a Change in Tax Law Redemption Event, on the date that is specified in a written notice delivered by the Ceding Reinsurer to the Issuer and the Indenture Trustee if, in the Ceding Reinsurer's sole judgment (following written advice of the Ceding Reinsurer's counsel with a copy provided to the Issuer and the Indenture Trustee) as a result of any amendment to, or change in, the laws or regulations of any jurisdiction affecting

taxation, or any amendment to, or change in, an official published interpretation or application of such taxation laws or regulations on or after the Issuance Date, or any official published supplementary clarification of such taxation laws or regulations on or after the Issuance Date, the Ceding Reinsurer or the Issuer becomes subject to taxation (or increase in taxation) in any jurisdiction which increases the amount of payments payable by the Ceding Reinsurer to the Issuer under the Reinsurance Agreement for such Class of Notes;

(vi) in the case of a Change in Law Redemption Event, on the date that is specified in a written notice delivered by the Ceding Reinsurer to the Issuer and the Indenture Trustee if, in the Ceding Reinsurer's sole judgment (following written advice of the Ceding Reinsurer's counsel with a copy provided to the Issuer and the Indenture Trustee) as a result of any amendment to, or change in, the laws of any jurisdiction (including a change in any official interpretation or application thereof) becoming effective that would materially and adversely impair (a) the Issuer's ability to lawfully perform its obligations under such Class of Notes or its payment obligations under the Reinsurance Agreement for such Class of Notes or (b) the Ceding Reinsurer's ability to lawfully perform its obligations under the Reinsurance Agreement for such Class of Notes;

(vii) in the case of a EBRD Redemption Event, on the date on which the Ceding Reinsurer gives written notice to the Issuer and the Indenture Trustee that it elects to terminate the Reinsurance Agreement for such Class of Notes following the occurrence of an EBRD Put Event described in subsection (vi), (vii), or (viii) in the definition of EBRD Put Event; and

(viii) in the case of a Solvency II Redemption Event, on the date that is specified in a written notice delivered by the Ceding Reinsurer to the Issuer and the Indenture Trustee with at least ninety (90) calendar days' prior notice, which date may be no earlier than the effective date of any amendment or implementation measure specified in (a) below if, in the Ceding Reinsurer's sole good faith judgment, following advice of a recognized accounting, actuarial or law firm (with a copy provided to the Issuer and the Indenture Trustee) confirming the items specified in (a) and (b) below: (a) as a result of any amendment to Solvency II (other than as contemplated by the Omnibus II Draft Directive) or European implementing measures, the implementation of Solvency II into the domestic legislation of the Member States of the European Union, the adoption of any directly applicable regulation or rules by the European Commission relating to the implementation and application of Solvency II, the issuance of any guidance on Solvency II by the European Commission or the European Insurance and Occupational Pensions Authority or any other change in the official interpretation or application of Solvency II, whether or not such amendment, change or application is immediately effective; (b) the capital, financial statement, rating agency or other similar benefits of the applicable Reinsurance Agreement to the Ceding Reinsurer, SCOR SE or any of SCOR SE's controlled affiliates is materially less favorable to any such entities than is the case applying Directive 2009/138/EC (as it is proposed to be amended by the Omnibus II Draft Directive) and the proposed delegated acts, implementing technical statements and guidelines in respect of Solvency II issued by the European Insurance and Occupational Pensions Authority (or its predecessor) and national regulators in Member States of the European Union as of the Issuance Date.

If any Early Redemption Event has occurred for a Class of Notes, the redemption price for such Class of Notes will be the Repayment Amount, which will include the Early Redemption Payment in the case of a Ceding Reinsurer Default Redemption Event or a Solvency II Redemption Event. The Early Redemption Payment will be an amount equal to (i) in the case of a Ceding Reinsurer Default Redemption Event resulting in an Early Redemption Date prior to the Scheduled Redemption Date, the sum of the present value, discounted at, for the Class A Notes, LIBOR and, for the Class B Notes, EURIBOR (in each case, determined for the Accrual Period in which such Early Redemption Event occurred), for the applicable scheduled Interest Spread payments calculated on the Outstanding Principal Amount of such Class of Notes, determined as of the Early Redemption Date, for each Accrual Period from the first day of the Accrual Period that begins on such Early Redemption Date up to the applicable Scheduled Redemption Date, (ii) in the case of a Solvency II Redemption Event resulting in an Early Redemption Date on or prior to December 31, 2014, 2.0% of the Outstanding Principal Amount of such Class of Notes or (iii) in the case of a Solvency II Redemption Event resulting in an Early Redemption Date after December 31, 2014 but prior to the Scheduled Redemption Date, 1.0% of the Outstanding Principal Amount of such Class of Notes. If the Early Redemption Date occurs on or after the Scheduled Redemption Date, the Early Redemption Payment will be equal to zero.

Optional Redemption

For each Class of Notes, the Ceding Reinsurer may direct the Issuer to redeem all, but not less than all, of the Notes of such Class on the Optional Redemption Date (*i.e.*, either January 1, 2014 or January 1, 2015, as applicable, or if such day is not a Business Day, the next succeeding Business Day), at a redemption price equal to the Repayment Amount, which will include the Optional Redemption Payment, by providing written notice of such election to the Issuer and the Indenture Trustee at least thirty-five (35) Business Days prior to the applicable Optional Redemption Date.

For each Class of Notes, the Optional Redemption Payment payable in connection with an Optional Redemption, equal to, (a) if the applicable Optional Redemption Date is January 1, 2014, 4.0% of the Outstanding Principal Amount of such Class of Notes and, (b) if the applicable Optional Redemption Date is January 1, 2015, 2.0% of the Outstanding Principal Amount of such Class of Notes.

Extension of Maturity

General

The maturity of a Class of Notes may be extended beyond the applicable Scheduled Redemption Date for one or more Extension Periods of approximately three months each as a result of an Extension Event or series of Extension Events with respect to such Class of Notes, provided that the maturity of such Class may not be extended beyond the earliest of (i) the Early Redemption Date, if any, (ii) the Final Extended Redemption Date, and (iii) the Extension Discontinuation Date.

On the Business Day following each Extension Determination Date, the Issuer will notify the Indenture Trustee and the Ceding Reinsurer as to whether an Extension Event has occurred as of such Extension Determination Date. Upon receipt of such notice from the Issuer, the Indenture Trustee will notify the applicable Clearing System(s), not later than two (2) Business Days prior to the immediately following Payment Date, of the extension of the maturity of the relevant Class of Notes for an Extension Period from such Payment Date.

Final Extended Redemption Date

For each Class of Notes, the Final Extended Redemption Date will be the date that is the earliest of:

- (i) January 9, 2018 (or if such day is not a Business Day, the next succeeding Business Day);
- (ii) the applicable Payment Date after the Scheduled Redemption Date occurring on or immediately after the Event Reporting Date on which a Final Event Report has been delivered by the Calculation Agent for all Covered Events for which an Event Notice has been delivered; and
- (iii) the applicable Payment Date occurring on or immediately after which (a) the sum of the Issuer Payments (net of Negative Index Payments) in respect of one or more Covered Events equals the Original Principal Amount of such Class of Notes and (b) a Final Event Report has been issued for each such Covered Event relating to such Class of Notes;

provided, that for clauses (ii) and (iii) above, if the Indenture Trustee has not delivered the EBRD Put Notice at least eleven (11) Business Days prior to the relevant Payment Date, the Final Extended Redemption Date will be the next succeeding Payment Date.

Optional Extension

For each Class of Notes, an Optional Extension Event will occur with respect to such Class of Notes as of any Extension Determination Date, if, on or prior to such Extension Determination Date, the Ceding Reinsurer has delivered an Optional Extension Notice for such Class in respect of which the Ceding Reinsurer has not subsequently delivered an Optional Extension Discontinuation Notice.

An Optional Extension Event will constitute an Optional Extension Event II with respect to an Extension Period if the Calculation Agent has delivered to the Issuer and the Indenture Trustee an Optional Extension Event Verification Report, on or prior to the Optional Extension Type Determination Date immediately preceding such Extension Period, confirming that the Optional Extension Event II Conditions applicable to such Extension Period have been satisfied for the relevant Class of Notes. Any Optional Extension Event that does not constitute an Optional Extension Event II will be an Optional Extension Event I.

Mandatory Extension

For each Class of Notes, a Mandatory Extension Event will have occurred as of any Extension Determination Date, if (i) an Issuer Payment has been made (or will be made on the immediately succeeding Payment Date) by the Issuer to the Ceding Reinsurer under the corresponding Reinsurance Agreement and (ii) the Minimum Development Period remains in effect for any Loss Period (in the case of the Class A Notes) or Covered Event (in the case of the Class B Notes) relating to any such Issuer Payment.

If an Issuer Payment has been made (or will be made on the immediately succeeding Payment Date) by the Issuer to the Ceding Reinsurer in respect of a Loss Period under the Reinsurance Agreement for the Class A Notes, the Minimum Development Period for the Class A Notes will commence on the Date of Loss for the earliest Covered Event that has occurred during such Loss Period and will continue until the earliest of (i) the date that is twenty-four (24) calendar months from the Date of Loss for the latest Covered Event that has occurred during such Loss Period, (ii) the first Event Reporting Date that is at least five (5) Business Days after the date on which the Reporting Agency has released a Reporting Agency Report with its final Resurvey Estimate for each Covered Event that has occurred during such Loss Period, (iii) the date on which the applicable Reporting Agency ceases to exist, and (iv) the Event Reporting Date on which (a) the sum of the Issuer Payments under such Reinsurance Agreement (net of Negative Index Payments) equals the Original Principal Amount of the Class A Notes and (b) a Final Event Report has been issued for each Covered Event giving rise to such Issuer Payments.

If an Issuer Payment has been made (or will be made on the immediately succeeding Payment Date) by the Issuer to the Ceding Reinsurer in respect of a Covered Event under the Reinsurance Agreement for the Class B Notes, the Minimum Development Period for the Class B Notes will commence on the Date of Loss of such Covered Event and will continue until the earliest of (i) the date that is twenty-four (24) calendar months from the Date of Loss for such Covered Event, (ii) the first Event Reporting Date that is at least five (5) Business Days after the date on which the Reporting Agency has released a Reporting Agency Report with its final Resurvey Estimate for such Covered Event, (iii) the date on which the applicable Reporting Agency ceases to exist, and (iv) the Event Reporting Date on which (a) the sum of the Issuer Payments under such Reinsurance Agreement equals the Original Principal Amount of the Class B Notes (net of Negative Index Payments) and (b) a Final Event Report has been issued for each Covered Event giving rise to such Issuer Payments.

Partial Extension

In connection with any Extension Event, the Ceding Reinsurer may elect to require the Issuer to extend, on the Scheduled Redemption Date or any Extended Redemption Date, as applicable, only a portion of the Outstanding Principal Amount of the relevant Class of Notes instead of the full principal amount thereof (which is referred to as a Partial Extension). To the extent that a Class of Notes is extended pursuant to a Partial Extension, the portion of the Outstanding Principal Amount of such Class of Notes that is not extended pursuant to such Partial Extension will be redeemed by the Issuer on a *pro rata* basis (such redeemed amount is referred to as the Partial Repayment Amount) on the Partial Extension Date among the Noteholders of such Class, at a redemption price equal to the applicable *pro rata* portion of the Partial Repayment Amount (in each case, subject to the procedures of the applicable Clearing System).

Permitted Investments

The Permitted Investments for the Class A Notes will consist of:

- (i) the Dollar-Denominated EBRD Notes;
- (ii) Dollar-Denominated Money Market Fund Shares, if (a) proceeds of the Class A Notes, (b) proceeds of the Dollar-Denominated EBRD Note following an EBRD Put Event or (c) Negative Index Payments, have been used to purchase Dollar-Denominated Money Market Fund Shares; or
- (iii) if Dollar-Denominated Money Market Fund Shares are not available or the Dollar-Denominated Money Market Fund does not satisfy the Dollar-Denominated Money Market Fund Criteria, a cash credit balance in the applicable Collateral Account.

The Permitted Investments for the Class B Notes will consist of:

- (i) the Euro-Denominated EBRD Notes;
- (ii) Euro-Denominated Money Market Fund Shares, if (a) proceeds of the Class B Notes, (b) proceeds of the Euro-Denominated EBRD Note following an EBRD Put Event or (c) Negative Index Payments, have been used to purchase Euro-Denominated Money Market Fund Shares; or
- (iii) if Euro-Denominated Money Market Fund Shares are not available or the Euro-Denominated Money Market Fund does not satisfy the Euro-Denominated Money Market Fund Criteria, a cash credit balance in the applicable Collateral Account.

For more information about the EBRD Notes, see the section entitled “*EBRD Notes*.” For more information about the Money Market Fund Shares, see “*Overview—Money Market Funds*.”

Collateral Account

For each Class of Notes, the Issuer will deposit an amount equal to the proceeds from the sale of such Class of Notes into a separate Collateral Account established solely for such Class of Notes in the name of the Issuer with the London branch of The Bank of New York Mellon, as Custodian. The amounts credited to each Collateral Account will be invested in Permitted Investments.

Prior to the occurrence of an Event of Default with respect to a Class of Notes, the principal portion of amounts standing to the credit of the Collateral Account for such Class of Notes will be available to satisfy (in order of priority): (i) any obligations of the Issuer to the Ceding Reinsurer under the applicable Reinsurance Agreement for such Class of Notes; and (ii) any obligations of the Issuer to holders of such Class of Notes under the Indenture.

Permitted Investment Yield on the assets credited to the applicable Collateral Account is the property of the Issuer and is not subject to any prior claim of the Ceding Reinsurer. Such Permitted Investment Yield is subject to a security interest in favor of the Indenture Trustee for the benefit of the Noteholders of the relevant Class of Notes.

Collateral Payment Account

For each Class of Notes, the Custodian will transfer the Permitted Investment Yield, if any, credited to the applicable Collateral Account to the Collateral Payment Account for such Class of Notes. The Issuer will also credit to each Collateral Payment Account the Premium Payments received from the Ceding Reinsurer under the applicable Reinsurance Agreement. The amounts standing to the credit of each Collateral Payment Account will be applied on each Payment Date to satisfy the payment obligations of the Issuer to the applicable Noteholders under the Indenture in respect of interest on the applicable Class of Notes.

Deed of Charge; Class Collateral

For each Class of Notes, the Issuer will, pursuant to the applicable Deed of Charge, charge and/or assign by way of security to the Indenture Trustee for the benefit of the Indenture Trustee, the Ceding Reinsurer and the Holders of such Class of Notes (collectively referred to as the Beneficiaries) as security for the Issuer's obligations to such parties, all the Issuer's right, title, interest and benefit in, to and under: (i) the Reinsurance Agreement for such Class of Notes, including the right to receive all payments due and payable from the Ceding Reinsurer thereunder (other than with respect to the Initial Expense Premium and any Supplemental Expense Premium); and (ii) the Collateral Account relating to such Class of Notes and all amounts therein or credited thereto.

In addition, under such Deed of Charge, the Issuer will charge and/or assign by way of security for the Indenture Trustee for the benefit of the Holders of such Class of Notes and the Indenture Trustee, all of the Issuer's right, title, interest and benefit in, to the Collateral Payment Account and all amounts therein or credited thereto (such collateral, together with the collateral set forth in paragraphs (i) and (ii) above, is referred to as the Class Collateral).

There is expressly excluded from the Class Collateral any interest of the Issuer in (i) the Expense Account, (ii) the Initial Expense Premium and any Supplemental Expense Premium, (iii) amounts representing the Issuer's ordinary share capital, (iv) the Issuer's annual profit of €1,000 and (v) the Excess Accounts.

Each Collateral Account will be held by the Issuer with the Custodian in its London branch in the United Kingdom and each Collateral Payment Account will be held by the Issuer with the Indenture Trustee in its London Branch in the United Kingdom. Each security interest over the Class Collateral will be governed by and created under the respective Deed of Charge, which will be governed by English law.

Assigned Agreements

In addition to the Class Collateral, under the Indenture, the Issuer will assign and pledge to the Indenture Trustee (i) for the benefit of the Holders of the Class A Notes, all of the Issuer's right, title, benefit and interest in, to and under the PCS License Agreement, (ii) for the benefit of the Holders of the Class B Notes, all of the Issuer's right, title, benefit and interest in, to and under the PERILS License Agreement and (ii) for the equal and ratable benefit of all Noteholders, all of the Issuer's right, title, benefit and interest in, to and under the Management Agreement, the Calculation Agent Agreement and the Escrow Agreement.

Functions to be Carried Out from Locations Outside the United States

Pursuant to the Indenture and the Issuer's Memorandum and Articles of Association, the following functions are required to be carried out by or on behalf of the Issuer from a location outside the United States: (i) communicating with the Issuer's shareholders and Noteholders (including the furnishing of financial reports); (ii) communicating with the general public; (iii) soliciting sales of the Issuer's shares; (iv) accepting the subscriptions of new shareholders and Noteholders; (v) maintaining the Issuer's principal corporate records and books of account; (vi) auditing the Issuer's books of account; (vii) disbursing payments of dividends, interest, legal fees, accounting

fees, and officers' and directors' salaries; (viii) publishing or furnishing the offering and redemption price of the shares issued by the Issuer; (ix) conducting meetings of the Issuer's shareholders and Board of Directors; (x) making redemptions of the Issuer's shares and repayment of the Notes; (xi) all general and extraordinary meetings; and (xii) making all decisions with respect to deposits or disbursements from any Issuer account. In addition, each of the Issuer's directors must act exclusively from outside of the United States.

Record Date

The "**Record Date**" with respect to a Payment Date or Redemption Date shall be the Definitive Note Record Date or the Global Note Record Date, as applicable. The "**Definitive Note Record Date**" shall be, in the case of any payment in respect of a Definitive Note, the close of business on the fifteenth day (whether or not such fifteenth day is a Business Day) before the relevant due date for such payment. The "**Global Note Record Date**" shall be, in the case of any payment in respect of a Global Note, the day on which each Clearing System for which the Global Note is being held is open for business before the relevant due date for such payment.

The Indenture

General

On the Issuance Date, the Issuer will enter into the Indenture with The Bank of New York Mellon, acting through its London branch, as the Indenture Trustee, The Bank of New York Mellon, acting through its London Branch, as the Paying Agent, and The Bank of New York Mellon (Luxembourg) S.A., as Note Registrar.

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

Certain Covenants

For as long as any of the Notes remain outstanding, the Issuer will comply with the terms of the covenants set forth below:

Reinsurance Agreement. The Issuer will not substitute any Reinsurance Agreement with any other reinsurance agreement or financial contract.

Records. The Issuer will maintain records to the extent required under applicable Irish law.

Collateral. The Issuer will maintain the respective Collateral and the Indenture Trustee's security interest in the respective Collateral.

Maintenance of Existence. The Issuer will maintain its existence and comply with applicable regulatory requirements.

Delivery of Notice of Certain Payments. The Issuer will deliver to the Indenture Trustee notice of any Issuer Payment, Principal Reduction, Negative Index Payment or Principal Increase applicable to any Class of Notes.

Provision of Various Information. The Issuer will provide, or cause to be provided, to the Noteholders or prospective purchasers designated by such Noteholders the Rule 144A Information, the Available Information and any other information required by law.

Prohibition on Other Business Activities The Issuer will not engage in any business other than as described herein or incidental or ancillary thereto.

Prohibition on Incurrence of Indebtedness. The Issuer will not incur any indebtedness for borrowed money (other than the Notes).

Prohibition on Consolidation or Merger. The Issuer may not consolidate or merge with or into any other person or dispose of all or substantially all of its assets.

Other Agreements. The Issuer may not enter into any reinsurance agreement or financial contract other than the Reinsurance Agreements.

Amendment of Basic Documents

Any of the Management Agreement, the respective Reinsurance Agreement, the Issuer's Memorandum and Articles of Association, the respective Deed of Charge, the Calculation Agent Agreement, the Escrow Agreement, the PCS License Agreement and the PERILS License Agreement (such agreements, together with the Indenture, the "**Basic Documents**") may be amended, with the consent of the relevant parties, by the mutual written consent of the Ceding Reinsurer and the Issuer at any time without the consent of the Noteholders to correct any error, to address any unforeseen circumstance, to clarify any term or provision or for any other reason; *provided, however*, that no amendment can be made that would adversely affect Noteholders without the consent of the Noteholders representing a majority of the Outstanding Principal Amount of each Class of Notes adversely affected.

Rating Agency Communications

For each Class of Notes, within two (2) Business Days following the Issuer's receipt or issue of Available Information or other written notices provided under any applicable Basic Documents, the Issuer will cause the Manager to post such information on the Issuer's 17g-5 Website.

Modification of the Indenture

The Issuer and the Indenture Trustee may amend, supplement or modify the Indenture or the terms of any Class of Notes without the consent of the Noteholders, but with prior notice to the Rating Agency and the Ceding Reinsurer, for the purpose of:

- (a) correcting or amplifying the description of any property that is at any time subject to any lien of the Indenture or the applicable Deed of Charge or better assuring, conveying and confirming unto the Indenture Trustee any property subject or required to be subject to any lien of the Indenture or the applicable Deed of Charge or subjecting additional property to any lien of the Indenture or the applicable Deed of Charge;
- (b) evidencing the succession, in compliance with the applicable provisions of the Indenture, of another person to the Issuer, and the assumption by any such successor of the covenants of the Issuer contained in the Indenture and the Notes;
- (c) adding to the covenants of the Issuer, for the benefit of the Noteholders of all Classes or any Class of Notes, or surrendering any right or power conferred in the Indenture upon the Issuer;
- (d) conveying, transferring, assigning, mortgaging or pledging any property to or with the Indenture Trustee;
- (e) eliminating any ambiguity that might arise due to any conflict between any provision in the Indenture and this Offering Circular;
- (f) curing any ambiguity, correcting any manifest errors, correcting or supplementing any provision in the Indenture that may be inconsistent with any other provision in the Indenture or making any other provisions with respect to matters or questions arising under the Indenture which will not be inconsistent with other provisions of the Indenture; or
- (g) evidencing and providing for the acceptance of the appointment under the Indenture by a successor trustee with respect to the Notes and adding to or changing any of the provisions of the Indenture as shall

be necessary to facilitate the administration of the trusts under the Indenture by more than one trustee, pursuant to the Indenture;

provided, however, that such action may not (i) have a material adverse impact on some or any of the Noteholders, (ii) result in a reduction or withdrawal of the then-current rating, if any, of the affected Class of Notes by the Rating Agency and (iii) as evidenced by an opinion of counsel, have any material adverse impact on the U.S. federal income taxation of any Notes or any Noteholder.

The Indenture also contains provisions permitting the Issuer and the Indenture Trustee, with the prior consent of an affirmative vote of Noteholders representing not less than a majority of the Outstanding Principal Amount of each Class of Notes affected thereby, to enter into a supplemental indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture or modifying in any manner the rights of Noteholders under the Indenture, but only so long as such action will not (i) have a material adverse impact on some or any of the Noteholders, (ii) result in a reduction or withdrawal of the then-current rating, if any, of the affected Class of Notes by the Rating Agency and (iii) as evidenced by an opinion of counsel, have any material adverse impact on the U.S. federal income taxation of any Notes or any Noteholder; *provided, further*, that no such supplemental indenture may be entered into, without the consent of all Noteholders affected thereby:

(a) change any Payment Date or the Redemption Date, reduce the amounts required to be paid on the Notes on any Payment Date or the Redemption Date, change the provisions of the Indenture relating to the application of collections on, or the proceeds of the sale of, the relevant Collateral to the payment of principal of or interest on the Notes, or change any place of payment where, or the coin or currency in which, the Notes or the interest thereon is payable, or impair the right to institute suit for the enforcement of any payment on or with respect to the Notes;

(b) reduce the percentage of the Outstanding Principal Amount of a Class of Notes, the consent of the applicable Holders of which is required for any such supplemental indenture, or the consent of the applicable Holders of which is required for any waiver of compliance with certain provisions of the Indenture or certain defaults thereunder and their consequences provided for in the Indenture;

(c) modify or alter the provisions of the proviso to the definition of the term “Outstanding” in the Indenture;

(d) reduce the percentage of the Outstanding Principal Amount required to direct the Indenture Trustee to sell or liquidate the Collateral for a Class of Notes following an Event of Default if the proceeds of such sale would be insufficient to pay the Outstanding Principal Amount and all accrued but unpaid interest on the Notes of such Class;

(e) modify any provision of the Indenture specifying a percentage of the aggregate Outstanding Principal Amount necessary to amend the Indenture or the other applicable Basic Documents, except to increase any percentage specified therein or to provide that certain additional provisions of the Indenture or the other applicable Basic Documents cannot be modified or waived without the consent of the Holder of each outstanding Note adversely affected thereby;

(f) modify any provisions of the Indenture in such manner as to affect the calculation of the amount of any payment of interest or the Repayment Amount due on the Notes on any Payment Date or Redemption Date;

(g) except as permitted or contemplated in the Indenture or the applicable Deed of Charge, (i) permit the creation of any lien ranking prior to or on a parity with any lien of the Indenture or the applicable Deed of Charge with respect to any part of the Collateral for such Class, (ii) terminate any lien of the Indenture or the applicable Deed of Charge with respect to any part of the Collateral for such Class or (iii) deprive any Holder of such Class of Notes of the security provided by any lien of the Indenture or the applicable Deed of Charge with respect to any part of the Collateral for such Class; or

- (h) change or amend the covenants set forth in Section 3.4 of the Indenture relating to the existence of the Issuer.

Modifications Without Ceding Reinsurer Consent

No term of the Indenture or any other Basic Document may be amended without the prior written consent of the Ceding Reinsurer if such amendment would have or would reasonably be likely to have an adverse effect on the rights, benefits, obligations or liabilities of the Ceding Reinsurer.

Events of Default and Remedies

The Indenture specifies the following Events of Default in respect of a Class of Notes:

- (i) a default for five (5) Business Days or more in the payment of any interest when due and payable under any Note of such Class;
- (ii) a default in the repayment of the Repayment Amount of any Note of such Class when due and payable;
- (iii) a default in the observance or performance of any covenant or agreement of the Issuer made in the Indenture in respect of such Class of Notes, which default has a material adverse effect on the Holders of such Class of Notes and such default shall continue and not be cured for a period of thirty (30) calendar days after there shall have been given to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Holders representing at least 25% of the Outstanding Principal Amount of such Class of Notes, a written notice specifying such default;
- (iv) any representation or warranty with respect to such Class of Notes made by the Issuer in the Indenture or in any certificate or other writing delivered pursuant thereto or in connection therewith having been incorrect at the time when the same shall have been made; *provided*, however, such misrepresentation has a material adverse effect on the Holders of such Class of Notes and shall not have been eliminated or otherwise cured, for a period of thirty (30) calendar days after there shall have been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Holders representing at least 25% of the Outstanding Principal Amount of such Class of Notes, a written notice specifying such incorrect representation or warranty; and requiring it to be remedied and stating that such notice is a notice of default thereunder;
- (v) the filing of a decree or order for relief by a court having jurisdiction in respect of the Issuer or any substantial part of the Issuer's rights in the respective Collateral for such Class of Notes in an involuntary case under any applicable federal, state or foreign bankruptcy, reorganization, insolvency, examinership or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator, examiner or similar official of the Issuer or for any substantial part of the trust estate for such Class of Notes, or ordering the winding-up or liquidation of the Issuer's affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive calendar days; or
- (vi) the commencement by the Issuer of any voluntary case under any applicable federal, state or foreign bankruptcy, reorganization, insolvency, examinership or other similar law, or the consent by the Issuer to the entry of an order for relief in an involuntary case under any such law, or the consent by the Issuer to the appointment or taking possession by a receiver, liquidator, examiner, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the respective Collateral for such Class of Notes, or the making by the Issuer of any general assignment for the benefit of creditors, or the failure by the Issuer generally to pay its debts as such debts become due, or the taking of any action by the Issuer in furtherance of any of the foregoing.

For the avoidance of doubt, an Event of Default with respect to a particular Class of Notes will not necessarily result in an Event of Default for the other Class of Notes.

If an Event of Default specified in any of the clauses set forth above should occur and be continuing with respect to a Class of Notes and, subject to five (5) Business Days' prior written notice to the Ceding Reinsurer by the Indenture Trustee or the Holders of such Class of Notes, as applicable, either (i) the Indenture Trustee may declare the Notes of such Class to be immediately due and payable by a notice in writing to the Issuer or (ii) the Holders representing at least 25% of the Outstanding Principal Amount of such Class of Notes may declare all Notes of such Class of Notes to be immediately due and payable. Such declaration by the Indenture Trustee or the Holders may, under certain circumstances, be rescinded by the Holders of a majority of the Outstanding Principal Amount of such Class of Notes. In the event of such acceleration, the amount due in full satisfaction of the Issuer's obligations under such Class of Notes will be the Repayment Amount of such Class of Notes, plus accrued and unpaid interest.

Subject to the provisions for indemnification and certain limitations contained in the Indenture, the Holders of a Class of Notes will have the right to direct the time, method and place of conducting any proceeding or any remedy available to the Indenture Trustee, and such Holders may, in certain cases, waive any default with respect thereto, except a default in the payment of any amounts required to be paid under such Class of Notes

No Noteholder of a Class of Notes will have the right to institute any proceeding with respect to such Class of Notes unless (i) such Noteholder previously has given to the Indenture Trustee written notice of a continuing Event of Default with respect to such Class of Notes, (ii) Noteholders of at least 25% of the Outstanding Principal Amount of such Class of Notes have made written request to the Indenture Trustee to institute such proceeding in its own name as Indenture Trustee, (iii) such Noteholder or Noteholders have offered the Indenture Trustee indemnity satisfactory to it, (iv) the Indenture Trustee has for sixty (60) calendar days failed to institute such proceeding and (v) no direction inconsistent with such written request has been given to the Indenture Trustee during such 60-day period by required vote.

If the Notes of a Class are due and payable following an Event of Default, the Indenture Trustee may, subject to certain limitations specified in the Indenture, institute proceedings to collect amounts due or foreclose on the related Collateral or otherwise exercise remedies as secured party with respect to such Collateral.

Neither the Indenture Trustee in its individual capacity, nor any of its owners, beneficiaries, agents, officers, directors, employees, affiliates, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of any amounts required to be paid under any Class of Notes or for the agreements of the Issuer contained in the Indenture.

Notwithstanding the foregoing, however, even if a Class of Notes has been accelerated pursuant to the Indenture, payment of the applicable Repayment Amount will remain subject to the rights of the Ceding Reinsurer under the corresponding Reinsurance Agreement. Accordingly, until all of the Issuer's obligations under such Reinsurance Agreement (including the Issuer's potential liability for claims to be paid thereunder) have been discharged and such Reinsurance Agreement has been terminated in accordance with its terms (other than with respect to the continuation of coverage, if applicable, under such Reinsurance Agreement relating to amounts in the applicable Excess Account after the Redemption Date), payments in respect of such Class of Notes will be applied as if there had been no acceleration, and the Indenture Trustee will be required to maintain possession of the applicable Collateral Account and all assets therein as security for the Issuer's obligations under such Reinsurance Agreement.

Proceeds of Enforcement

For each Class of Notes, the proceeds of any enforcement of the Indenture Trustee's security interest in the applicable Collateral Account following an Event of Default in respect of such Class of Notes will be applied as follows (in order of priority):

- (i) to satisfy any unpaid tax obligations of the Issuer to any governmental authority;

- (ii) to satisfy any unpaid obligations of the Issuer to The Bank of New York Mellon in all of its capacities under the Indenture (individual or otherwise);
- (iii) to satisfy the obligations of the Issuer to the Ceding Reinsurer in respect of any amounts owed and unpaid under the applicable Reinsurance Agreement;
- (iv) to satisfy the obligations of the Issuer to the holders of such Class of Notes in respect of any amounts of interest owed and unpaid on such Class of Notes; and
- (v) to satisfy the obligations of the Issuer to the holders of such Class of Notes in respect of the Outstanding Principal Amount of such Class of Notes.

For each Class of Notes, the proceeds of any enforcement of the Indenture Trustee's security interest in the applicable Reinsurance Agreement following an Event of Default in respect of such Class of Notes will be applied as follows (in order of priority)

- (i) to satisfy any unpaid tax obligations of the Issuer to any governmental authority;
- (ii) to satisfy any unpaid obligations of the Issuer to The Bank of New York Mellon in all of its capacities under the Indenture (individual or otherwise);
- (iii) to satisfy the obligations of the Issuer to the holders of such Class of Notes in respect of any amounts of interest owed and unpaid on such Class of Notes; and
- (iv) to satisfy the obligations of the Issuer to the holders of such Class of Notes in respect of the Outstanding Principal Amount of such Class of Notes.

Notwithstanding the foregoing, neither the Indenture Trustee (acting on behalf of itself or Noteholders) nor any Noteholder will have the right to enforce or otherwise realize upon the Indenture Trustee's security interest in the Collateral Account for such Class of Notes and any assets credited thereto until after all of the Issuer's obligations under the corresponding Reinsurance Agreement (including the Issuer's potential liability for claims to be paid thereunder) have been discharged and such Reinsurance Agreement has been terminated in accordance with its terms (other than with respect to the continuation of coverage, if applicable, under such Reinsurance Agreement relating to amounts in the applicable Excess Account after the Redemption Date).

No Petition

By its acquisition of a Note, each Noteholder agrees that neither it nor the Indenture Trustee on its behalf will institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, examination, insolvency, liquidation or similar proceeding with respect to the Issuer under any U.S. federal, U.S. state or foreign law until the expiration of two years (or, if longer, the applicable preference period then in effect, including any such preference period established pursuant to the laws of Ireland) and one day from the date when there are no Notes outstanding and the Reinsurance Agreements have terminated in accordance with their respective terms. In any event, the Holders of a Class of Notes will only have recourse to the Issuer's Collateral for such Class of Notes.

Extinguishment of Obligations

All obligations of the Issuer under the Indenture and the Notes will be limited recourse obligations of the Issuer payable solely from the respective Collateral and will be deemed extinguished if, at any time, such Collateral is exhausted (and there are no claims that may be asserted by the Issuer with respect to contractual obligations of third parties to the Issuer). Neither the Ceding Reinsurer nor any of its affiliates is a guarantor of or obligor on the Notes, and Noteholders will not have any recourse against the Ceding Reinsurer or its affiliates in the event of a default by the Issuer.

Money for Payments to be Held in Trust

Subject to applicable laws with respect to escheatment of funds, any money held by the Indenture Trustee or any Paying Agent in trust for the payment of any amount due with respect to any Note and remaining unclaimed for two (2) years after such amount has become due and payable will be discharged from such trust and be paid to the Issuer upon request; and the Holder of such Note will thereafter, as an unsecured general creditor, be entitled to look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer); *provided, however*, that the Indenture Trustee or such Paying Agent, before being required to make any such payment to the Issuer, shall at the expense and direction of the Issuer cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which will not be less than thirty (30) calendar days from the date of such publication, any unclaimed balance of such money then remaining shall be repaid to the Issuer.

Separate and Several Obligations in respect of each Class of Notes

The liability of the Issuer under the Indenture is several and is separate in respect of each Class of Notes. The failure of the Issuer to perform its obligations in respect of any Class of Notes under the Indenture will not of itself release the Issuer from its obligations under, or constitute a breach of, the Indenture in respect of the other Class of Notes. The occurrence of an Event of Default with respect to one Class of Notes will not of itself constitute an Event of Default with respect to the other Class of Notes.

Purchase of Notes by Issuer and Others

The Indenture and Memorandum and Articles of Association do not restrict the Issuer or the Ceding Reinsurer from purchasing the Notes.

Indenture Trustee

The Bank of New York Mellon will be the Indenture Trustee under the Indenture and will perform its functions as Paying Agent for the Notes through its London branch.

The Indenture Trustee may resign at any time upon 60 days' prior written notice to the Issuer or may be removed, with the consent of the Ceding Reinsurer, by Noteholders representing a majority of the Outstanding Principal Amount of each Class of Notes. The Issuer also has the right to remove the Indenture Trustee for ineligibility, bankruptcy, insolvency, receivership or other incapability to act. If the Indenture Trustee resigns or is removed, or if a vacancy occurs in the office of the trustee for any reason, a successor Indenture Trustee shall be appointed in accordance with the provisions of the Indenture. No such resignation or removal shall be effective until a successor Indenture Trustee has been appointed.

The Issuer will indemnify the Indenture Trustee and the Paying Agent with respect to certain matters relating to the Indenture.

Non-Permitted Noteholder

Upon notice that any Noteholder is either (a) not a resident of a Permitted U.S. Jurisdiction or Permitted Non-U.S. Jurisdiction or (b) not a Qualified Institutional Buyer and, if a U.S. Person, not a Qualified Purchaser at the time of acquiring Notes (a "**Non-Permitted Noteholder**"), then the Issuer may require such Non-Permitted Noteholder to sell its interest in the Notes to a person who is a resident of a Permitted U.S. Jurisdiction or Permitted Non-U.S. Jurisdiction, a Qualified Institutional Buyer and, if a U.S. Person, a Qualified Purchaser, within thirty (30) calendar days following notice thereof by the Issuer. If such Non-Permitted Noteholder fails to effect the sale within

such 30-day period, the Issuer will have the right, without further notice to such Non-Permitted Noteholder, to sell such interest in the Notes to a purchaser selected by the Issuer who meets the aforementioned requirements on such terms as the Issuer may choose. The Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Notes, and selling such Notes to the highest such bidder. However, the Issuer may select a purchaser by any other means determined by it in its sole discretion. Each Noteholder, the Non-Permitted Noteholder and each other person in the chain of title from the new Noteholder to the Non-Permitted Noteholder, by its acceptance of an interest in the Notes, agrees to cooperate with the Issuer to effect such transfers. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to the Non-Permitted Noteholder. The terms and conditions of any sale shall be determined in the sole discretion of the Issuer and neither the Issuer nor the Indenture Trustee shall be liable to any Person having an interest in the Notes sold as a result of any such sale or the exercise of such discretion.

Book-Entry, Delivery and Form

Except as otherwise specified herein, the Notes of each Class will be represented by one or more fully registered global security certificates (each, a “**Global Note**”) and will be available for purchase through the book-entry system provided by the applicable Clearing System, which will be The Depository Trust Company (“**DTC**”) for the Class A Notes and Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme, Luxembourg (“**Clearstream**”) for the Class B Notes. The Global Note for the Class A Notes will be deposited with the Indenture Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee for DTC. The Global Note for the Class B Notes will be deposited with the Indenture Trustee as custodian for Euroclear and Clearstream and registered in the name of The Bank of New York Depository (Nominees) Limited, as common depositary for Euroclear and Clearstream.

Unless and until Definitive Notes are issued under the limited circumstances described herein, no purchaser of an ownership interest in the Notes (“**Beneficial Owner**”) will be entitled to receive a Definitive Note representing such Beneficial Owner’s interest in such Note. Until such time, all references herein to actions by Holders of any Class of Notes will refer to actions taken by the applicable Clearing System upon instructions from its participating organizations (“**Participants**”), and all references herein to distributions, notices, reports, and statements to such Clearing System or its nominee, as the registered holder of such Notes, for distribution to the appropriate Holders in accordance with such Clearing System’s procedures. Interests in the Global Note and the Definitive Notes for the Class A Notes will be recorded in denominations of \$250,000 and integral multiples of \$1,000 in excess thereof. Interests in the Global Note and the Definitive Notes for the Class B Notes will be recorded in denominations of €250,000 and integral multiples of €1,000 in excess thereof.

The Notes have not been and will not be registered under the Securities Act and are subject to substantial restrictions on transfer. The Notes (including beneficial interests therein) are being offered only to investors (“**Eligible Purchasers**”) that are (i) Qualified Institutional Buyers, (ii) with respect to U.S. Persons, Qualified Purchasers and (iii) residents of, and purchasing in, and will hold the Notes in, a Permitted U.S. Jurisdiction or Permitted Non-U.S. Jurisdiction (and meet the other requirements set forth under “*Notice to Investors*”). The Notes will bear a legend and may not be transferred except in compliance with the transfer restrictions set forth in the Notes and such legend. The Notes may be reoffered and sold only to Eligible Purchasers. See “*Notice to Investors*.” Each purchaser of a Note will be deemed to have made the representations set forth in “*Notice to Investors — Representations of Purchasers*.”

A Beneficial Owner’s ownership of a Global Note will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (each, a “**Financial Intermediary**”) that maintains the Beneficial Owner’s account for such purpose. In turn, the Financial Intermediary’s ownership of such Global Note will be recorded on the records of the relevant Clearing System (or of a Participant that acts as agent for the Financial Intermediary, whose interest will in turn be recorded on the records of the relevant Clearing System, if the Beneficial Owner’s Financial Intermediary is not a Participant and on the records of the relevant Clearing System, as appropriate).

Beneficial Owners will receive all distributions allocable to the Global Notes from the Indenture Trustee through the applicable Clearing System and its Participants. While the Global Notes are outstanding (except under the circumstances described below), under the rules, regulations and procedures creating, governing and affecting

the applicable Clearing System and its operations (in each case, the “**Rules**”), such Clearing System is required to make book-entry transfers among its Participants on whose behalf it acts with respect to the Notes. Each Clearing System is required to receive and transmit distributions allocable to the Notes. Participants and Financial Intermediaries with whom Beneficial Owners have accounts with respect to any Notes are similarly required to make book-entry transfers and receive and transmit such distributions on behalf of their respective Beneficial Owners. Accordingly, although Beneficial Owners will not possess physical certificates, the applicable Rules provide a mechanism by which Beneficial Owners will receive distributions and will be able to transfer their beneficial ownership interests in the Notes.

Beneficial Owners will not receive or be entitled to receive Definitive Notes, except under the limited circumstances described below. Unless and until Definitive Notes are issued, Beneficial Owners who are not Participants in a Clearing System may transfer ownership of Notes only through Participants and Financial Intermediaries by instructing such Participants and Financial Intermediaries to transfer beneficial ownership interests in the Notes by book-entry transfer through the applicable Clearing System for the account of the purchasers of such Notes, which account is maintained with their respective Participants or Financial Intermediaries. Under the Rules and in accordance with the applicable Clearing System’s normal procedures, transfers of ownership of Notes will be executed through such Clearing System and the accounts of the respective Participants will be debited and credited. Similarly, the Participants and Financial Intermediaries will make debits or credits, as the case may be, on their records on behalf of the selling and purchasing Beneficial Owners.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes held within such Clearing System and their records will reflect only the identity of the direct Participants to whose accounts such Global Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to direct Participants, by direct Participants to indirect Participants, and by direct Participants and indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

DTC

DTC has advised that it is a New York-chartered limited purpose trust company that performs services for DTC Participants, some of which (and/or their representatives) own DTC. In accordance with its normal procedures, DTC is expected to record the positions held by each DTC Participant in the Global Note for the Class A Notes, whether held for its own account or as a nominee for another person. In general, beneficial ownership of Global Notes clearing through DTC will be subject to the DTC Rules as in effect from time to time.

Euroclear and Clearstream

Euroclear was created in 1968 to hold securities for its Participants and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for movement of physical securities and any risk from lack of simultaneous transfers of securities and cash. Transactions may be settled in any of 32 currencies, including U.S. Dollars. Euroclear provides various other services, including securities lending and borrowing. Euroclear is operated by Euroclear Bank S.A./N.V. under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation. Euroclear Bank S.A./N.V. conducts all operations. All Euroclear securities clearance accounts and Euroclear cash accounts are accounts with Euroclear Bank S.A./N.V., not Euroclear Clearance Systems S.C. Euroclear Clearance Systems S.C. establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

Euroclear Bank S.A./N.V. has advised that it is licensed by the Belgian Banking and Finance Commission to carry out banking activities on a global basis. As a Belgian bank, it is regulated and examined by the Belgian Banking Commission.

Securities clearance accounts and cash accounts with Euroclear Bank S.A./N.V. are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System and applicable Belgian law. These terms and conditions, operating procedures and laws govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. Euroclear Bank S.A./N.V. acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants.

Clearstream has advised that it is incorporated under the laws of the Grand Duchy of Luxembourg as a professional depository. Clearstream holds securities for its Participants. Clearstream facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, eliminating the need for physical movement of securities. Clearstream provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depository, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector. Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant, either directly or indirectly.

Distributions, to the extent received by the relevant Clearing System for Clearstream, with respect to the Notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures.

Paying Agent; Note Registrar

The Issuer will appoint The Bank of New York Mellon, London Branch as Paying Agent for the Notes. In such capacity, the Paying Agent will be responsible for, among other things, (i) ensuring that payments received from the Issuer or the Ceding Reinsurer by the Paying Agent are duly paid to the applicable Noteholders in accordance with the Indenture and (ii) transmitting to the Issuer any notices from the applicable Noteholders and any notices from the Issuer to the applicable Noteholders. Payment on the Notes will be made in accordance with the standard practices of the applicable Clearing System.

The Issuer will appoint the Note Registrar as registrar for the Notes who in such capacity will be responsible for maintaining a register outside the United States and the United Kingdom in which the Issuer will provide for the registration of the Notes and registration of transfers of the Notes, and accepting applicable Notes for exchange and registration of transfer.

The Issuer may vary or terminate the appointment of the Paying Agent and the Note Registrar or appoint additional or other registrars or paying agents or approve any change in the office through which any registrar or paying agent acts; provided, that at all times any registrar for the Notes shall be located outside the United States and the United Kingdom. The Issuer will cause notice of any resignation, termination or appointment of any paying agent or registrar and of any change in the office through which any such agent will act to be provided to the appropriate Noteholders.

Notices

Notices to Noteholders will be sent by mail or email to the registered holders. Requests for Available Information may be made in writing to the Issuer c/o Marsh Management Services (Dublin) Limited, 25/28 Adelaide Road, Dublin 2, Ireland; telephone: +353 (1) 605 3000; facsimile: +353 (1) 605 3010.

Upon receipt of the Request for Access to Information Form, Available Information may be made available by the Issuer to the Noteholder via a secured internet site, by mail or by e-mail.

Definitive Notes

Physical certificates representing the Notes of each Class (each, a “**Definitive Note**”) will be issued to Beneficial Owners only upon the following events:

(i) the Issuer advises the Indenture Trustee and the Note Registrar in writing that the applicable Clearing System is no longer willing or able to properly discharge its responsibilities as depositary with respect to such Class of Notes and the Issuer is unable to locate a qualified successor;

(ii) the Issuer, at its option, advises the Indenture Trustee and the Note Registrar in writing of its election to terminate the book-entry system in respect of such Class of Notes through the applicable Clearing System; or

(iii) after the occurrence of an Event of Default with respect to such Class of Notes, Beneficial Owners representing a majority of the Outstanding Principal Amount of such Class of Notes advise the Indenture Trustee, the Note Registrar and, through its participants, the applicable Clearing System, in each case in writing, that the continuation of a book-entry system in respect of such Class of Notes through the applicable Clearing System is no longer in the best interests of such Beneficial Owners.

Upon the occurrence of any of the events specified in the Indenture, the applicable Clearing System will be required to notify all of its Participants of the availability through such Clearing System of the applicable Definitive Notes. Upon surrender by such Clearing System of the applicable Global Notes and instruction for re-registration, the Indenture Trustee and the Issuer, as applicable, will issue certificates representing the applicable Notes in the form of Definitive Notes, and thereafter the Indenture Trustee and the Issuer will recognize the holders of such Definitive Notes as Noteholders. Thereafter, payments on the Notes will be made by the Indenture Trustee, directly to the appropriate Noteholders in accordance with the procedures set forth herein and in the Indenture. Distributions on each Payment Date will be made to Noteholders in whose name the applicable Definitive Notes were registered on the related Record Date. Distributions will be made by wire transfer or by check mailed to the address of such Noteholder as it appears on the register maintained by the Indenture Trustee. The final distribution with respect to any Definitive Note, however, will be made only upon presentation and surrender of such Definitive Note on the Redemption Date, at such office or agency as is specified in the notice of final payment to Noteholders. The Indenture Trustee will provide such notice to registered Noteholders mailed not later than the fifth day prior to the Redemption Date.

Definitive Notes will be transferable and exchangeable at the offices of the Indenture Trustee. No service charge will be imposed for any registration or transfer or exchange, but the Indenture Trustee may require payment of a sum sufficient to cover any tax or other governmental charge imposed in connection therewith. The Indenture Trustee will not be required to register the transfer or exchange of Definitive Notes during any period of time from and excluding a Record Date through and including the related Payment Date.

Governing Law; Consent to Jurisdiction

The Indenture and the Notes will be governed by and construed in accordance with the laws of the State of New York. The Indenture provides that the Issuer irrevocably submits to the jurisdiction of any New York State court or U.S. federal court sitting in the Borough of Manhattan in New York City in respect of any suit, action or proceeding arising out of or in relation to the Indenture or the Notes.

Although the Issuer has irrevocably agreed that it may be served with process in New York, New York with respect to any action arising out of, or relating to, the Indenture or the Notes offered hereby, it could be difficult or impossible for investors to effect service of process within the United States on directors and officers of the Issuer or to recover against the Issuer or such directors and officers on judgments of U.S. courts predicated upon civil liabilities under the U.S. federal securities laws. See “*Risk Factors — Service of Process and Enforcement of Judgments.*”

CERTAIN TAX CONSIDERATIONS

The following summary of the Issuer's taxation and the taxation of the Noteholders sets forth certain Irish tax and U.S. federal income tax considerations relating to the Issuer and the purchase, ownership and disposition of the Notes by the purchasers in this offering.

The following legal discussion (including and subject to the matters and qualifications set forth in such summary) of the material tax considerations under (i) "*Certain Tax Considerations—Irish Taxation*" is based upon the advice of Walkers Ireland and (ii) "*Certain Tax Considerations— United States Taxation*" is based upon the advice of Willkie Farr & Gallagher LLP, New York, New York. The advice of such firms does not include any factual or accounting matters, determinations or conclusions or facts relating to the Issuer's business or activities and relies upon and is premised on the accuracy of the assumptions contained herein and the factual statements and representations (both oral and written) made by the Issuer, its representatives, the Initial Purchasers and the Ceding Reinsurer concerning the Issuer's business, properties, ownership, organization, cash flows, source of income and manner of operations, including any forward looking statements, beliefs, intentions or expectations with respect to such. The discussion is based upon current law. Legislative, judicial or administrative changes or interpretations may be forthcoming that could be retroactive and could affect the tax consequences to the Issuer or the Noteholders. There can be no assurances that the Internal Revenue Service or other taxing authority will not challenge one or more of the consequences discussed herein. The tax treatment of a holder of Notes, or of a person treated as a holder of Notes for U.S. federal income, state, local or non-U.S. tax purposes, may vary depending on the holder's particular tax situation. Statements contained herein as to the Issuer's beliefs, expectations, intended treatment and conditions represent the view of the Issuer's management and do not represent the opinions of counsel.

THE U.S. FEDERAL TAX ADVICE CONTAINED HEREIN IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE NOTES, AND IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY PERSON, FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR PARTICULAR CIRCUMSTANCES CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF OWNING THE NOTES.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES, AS WELL AS THE EFFECT AND APPLICABILITY OF ANY STATE, LOCAL OR NON-U.S. TAX LAWS.

Irish Taxation

Taxation of the Issuer

The Issuer will be taxable as a securitization company pursuant to Section 110 of the TCA 1997. Profits arising to the Issuer shall be taxable at a rate of 25%. The rules applicable in order to calculate this tax are generally the same as those applicable to a regular trading company. All expenses that are not capital in nature and are wholly and exclusively for the purposes of the Issuer's activities and are not specifically prohibited by statute will be deductible from income in order to determine taxable profits. Any losses incurred by the Issuer will be available for set off against profits for any subsequent accounting period for so long as the Issuer continues to be subject to the Section 110 taxation regime. Where the interest on the Notes does not represent more than a reasonable commercial return on the principal outstanding and it is not to any extent dependent on the results of the Issuer's business (i.e. profit participating interest), the interest in respect of the Notes issued should be deductible in determining the taxable profits of the Issuer subject to the provisions of subsections (4A) and (5) of Section 110 TCA 1997.

However, where the interest on the Notes represents more than a reasonable commercial return on the principal outstanding or is to any extent dependent on the results of the Issuer's business, the interest will not be deductible if:

- (a) at the time the interest is paid on the Notes, the Issuer is in possession, or aware, of information that can reasonably be taken to indicate that the payment is part of a scheme or arrangement, the main benefit or one of the main benefits of which is the obtaining of a tax relief or the reduction of a tax liability, the benefit of which would be expected to accrue to a person who, in relation to the Issuer is a specified person (as defined below); or
- (b) the interest is paid to a person that:
 - (A) is not resident in Ireland or is not otherwise within the charge to corporation tax in Ireland in respect of that interest; and
 - (B) is not a pension fund, government body or other person resident in a relevant territory who, under the laws of that relevant territory (as defined below), is exempted from tax which generally applies to profits, income or gains in that territory (except where the person is a specified person); and

that interest is not subject, (1) to a tax under the laws of a relevant territory, without any reduction computed by reference to the amount of such interest, which generally applies to profits, income or gains received in the relevant territory by persons from outside the relevant territory, or (2) to Irish withholding tax at the rate of 20%.

The provisions at (b) above will not apply, and the interest will be deductible, where the interest payment is made in respect of a specified instrument (as defined below). However, interest payments in respect of a specified instrument will not be deductible where the interest is paid to a specified person and at the time the specified instrument was issued, the Issuer was in possession, or aware, of information, including information about any arrangement or understanding in relation to ownership of the specified instrument after that time, which could reasonably be taken to indicate that interest which would be payable in respect of that specified instrument would not be subject, without any reduction computed by reference to the amount of such interest, to a tax in a relevant territory which generally applies to profits, income or gains received in that territory, by persons, from sources outside that territory.

Separately, where a payment is made out of the assets of the Issuer under a return agreement (as defined below) that is dependent on the results of the Issuer's business or any part of its business and that interest would not be deducted in computing the profits or gains of the Issuer if the payment was to be treated for the purposes of the TCA 1997 (other than Section 246 thereof) as a payment of interest in respect of securities of the Issuer other than a specified instrument that was dependent on the results of the Issuer's business, that payment will not be deductible. For the purposes of the above analysis:

“specified person” includes (i) a company which directly or indirectly controls (as defined in Section 11 TCA 1997) the Issuer or (ii) a person or connected persons from whom assets were acquired or to whom the Issuer has made loans or advances or with whom the Issuer has entered into certain specified agreements (as defined below), where the aggregate value of such assets, loans, advances or agreements represents not less than 75% of the aggregate value of the qualifying assets of the Issuer;

“specified agreement” includes any agreement, arrangement or understanding that (a) provides for the exchange, on a fixed or contingent basis, of one or more payments based on the value, rate or amount of one or more interest or other rates, currencies, commodities, securities, instruments of indebtedness, indices, quantitative measures, or other financial or economic interests or property of any kind, or any interest therein or based on the value thereof, and (b) transfers to a person who is a party to the agreement, arrangement or understanding or to a person connected with that person, in whole or in part, the financial risk associated with a future change in any such value, rate or amount without also conveying a current or future direct or indirect ownership interest in an asset (including any enterprise or investment pool) or liability that incorporates the financial risk so transferred;

“specified instrument” means a quoted Eurobond for purposes of Section 64 of the TCA 1997 or a wholesale debt instrument within the meaning of Section 246A of the TCA 1997;

“relevant territory” means:

1. a Member State of the European Communities other than Ireland;
2. not being such a Member State, a territory with which Ireland has signed a double taxation agreement that is in effect; and
3. a territory with the government of which arrangements have been made which on completion of the procedures set out in Section 826(1) of the TCA 1997 will have the force of law.

“return agreement” is a specified agreement whereby payments due under the specified agreement are dependent on the results of the Issuer's business or any part of the Issuer's business.

Taxation of Noteholders

The following is a general outline of certain Irish tax considerations relating to the Notes based on the current law and practice in Ireland. It does not purport to be a complete analysis of all Irish tax considerations relating to the Notes. It relates to the position of persons who are the absolute beneficial owners of Notes and may not apply to certain classes of persons such as dealers and certain tax exempt bodies. This general summary is based upon Irish taxation laws currently in force, regulations promulgated thereunder, specific proposals to amend any of the foregoing publicly announced prior to the date hereof and the currently published administrative practices of the Irish Revenue Commissioners, all as of the date hereof. Taxation laws are subject to change, from time to time, and no representation is or can be made as to whether such laws will change or what impact, if any, such changes will have on the statements contained in this summary. It is assumed for the purposes of this summary that any proposed amendments will be enacted in the form proposed. No assurance can be given that proposed amendments will be enacted as proposed or that legislative or judicial changes or changes in administrative practice will not modify or change the statements expressed herein.

This summary is of a general nature only. It does not constitute tax or legal advice and does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes (including but not limited to social welfare taxes and health levies).

PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THE APPLICATION OF IRISH TAXATION LAWS TO THEIR PARTICULAR CIRCUMSTANCES IN RELATION TO THE PURCHASE, OWNERSHIP OR DISPOSITION OF NOTES.

Persons subject to Irish Income or Corporation Tax

In general, persons (individuals and companies) resident in Ireland are liable to Irish taxation on their worldwide income. Persons who are not resident in Ireland are liable to Irish taxation on their Irish source income unless specifically exempted. In the case of persons that are individuals, interest will be liable to income tax at the marginal rate (currently either 20%, or 41%, depending on their circumstances) and the universal social charge. In the case of corporate entities, corporation tax at a rate of 25% will apply.

Notes will be regarded as property situated in Ireland (on the grounds that a debt is deemed to be situate where the debtor resides). Interest earned on the Notes will be regarded as Irish source income. Accordingly, except as mentioned in the next paragraph, persons resident outside Ireland in receipt of such income will be liable to Irish income tax at the rates of tax detailed above for individuals. There is a statutory obligation to account to the Irish Revenue Commissioners for Irish income tax on a self-assessment basis.

Persons exempted from Irish Income or Corporation Tax

For so long as the Issuer is taxable as a securitization company pursuant to Section 110 TCA 1997 interest paid by the Issuer to persons who are resident outside of Ireland and who are resident in a relevant territory (as defined above) are exempt from Irish income tax.

Notwithstanding this exemption from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency to which the Notes are attributed, may have a liability to Irish corporation tax on the interest. Noteholders receiving interest on the Notes which do not fall within the above exemptions may be within the charge to Irish income tax and the universal social charge on such interest.

Withholding Tax

In general, withholding tax (unless exempted) at the rate of 20 per cent must be deducted from yearly interest payments made by an Irish resident company. However, there is an exemption from withholding tax under Irish domestic law in respect of, inter alia, interest payments made by a qualifying company (within the meaning of Section 110 TCA 1997) provided the interest is paid to a person resident for tax purposes in a relevant territory (as defined above). For this purpose residence is determined by reference to the law of the country in which the recipient claims to be resident. This exemption from withholding tax will not apply, however, if the interest is paid to a company in connection with a trade or business carried on by it through a branch or agency located in Ireland. Ireland has entered into double tax treaties with sixty eight states: Albania, Australia, Austria, Bahrain, Belarus, Belgium, Bosnia & Herzegovina, Bulgaria, Canada, Chile, China, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hong Kong, Hungary, Iceland, India, Israel, Italy, Japan, Korea (Republic of), Latvia, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Mexico, Moldova, Montenegro, Morocco, the Netherlands, New Zealand, Norway, Pakistan, Poland, Portugal, Romania, Russia, Serbia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates, the United Kingdom, the U.S., Vietnam and Zambia. In addition, the domestic Irish interest exemption has been extended to Armenia, Egypt, Kuwait, Panama, Qatar, Saudi Arabia and Uzbekistan, as those countries have concluded treaties with Ireland but are not yet in force.

There is a further exemption from withholding tax under Irish domestic law in respect of interest on “quoted Eurobonds” in certain circumstances, which is expected to apply to the interest payments on the Notes. A “quoted Eurobond” is defined in Section 64 of the TCA 1997 as a security which:

- (i) is issued by a company;
- (ii) is quoted on a recognized stock exchange; and
- (iii) carries a right to interest.

There is no obligation to withhold tax on quoted Eurobonds where:

- (i) the person by or through whom the payment is made is not in Ireland, or
- (ii) the payment is made by or through a person in Ireland, and
- (iii) the Quoted Eurobond is held in a recognized clearing system, or the person who is the beneficial owner of the Quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate written declaration to this effect.

So long as the Notes are quoted on a recognised stock exchange and held in a recognised clearing system or if not so held, payments on the Notes are made by or through a paying agent that is not located in Ireland interest on the Notes can be paid by the Issuer and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

The Savings Directive (Council Directive) 2003/48/EC of 3 June 2003

Where a Noteholder is an individual the provisions of the Savings Directive as implemented in Ireland may apply. The Directive applies to all payments of interest made on or after 1 July 2005 by a paying agent. Under the terms of this Directive Member States are required to provide the tax authorities of another EU Member State with details of payments of interest paid by a person within its jurisdiction to an individual resident in another EU

Member State. The reporting requirements are imposed on Irish paying agents. Paying agents are broadly defined in the legislation as any person who in the course of their business or profession, carried on in Ireland, makes interest payments to, or secure interest payments for, the immediate benefit of beneficial owners. A paying agent must determine and verify the Noteholder's identity and residence by way of name, permanent address and, where applicable, the tax identification number, the amount and type of interest payment and the account numbers of the beneficial owner. This must be verified by way of access to the individual's passport or official identity card or a certificate of tax residence or other proof acceptable for the purposes of Irish money laundering legislation. Where such documentation is not provided by the individual, the paying agent may apply a withholding to the interest payment.

Capital Gains Tax on Disposal of Notes

Persons who are resident in Ireland who realize a gain on the disposal of a Note may be liable to Irish taxation on capital gains at a rate of 30% of the amount of the chargeable capital gain. In addition, any currency gain realized by such a person from a U.S. denominated dollar offering may be also liable to capital gains at a rate of 30% of the amount of the chargeable capital gain.

Persons who are neither resident nor ordinarily resident in Ireland will not be subject to Irish capital gains tax on the disposal of Notes.

Stamp Duty

Stamp duty will not be imposed on the issue or transfer of the Notes provided the Notes are not charged on property situated in Ireland.

Capital Acquisitions Tax ("CAT")

The Notes would be considered to be Irish assets for Irish gift and inheritance tax purposes. A gift or inheritance of Notes will be subject to CAT if either (i) the donor or the beneficiary of the Notes is resident or ordinary resident in Ireland (or, in certain circumstances, if the donor is domiciled in Ireland irrespective of his residence or that of the beneficiary), or (ii) if the Notes are regarded as property situate in Ireland. CAT is a tax imposed primarily on the beneficiary. It is payable at a rate of 30% on the taxable value of the gift or inheritance subject to tax free thresholds. Gifts and inheritances between spouses are exempt from CAT.

United States Taxation

United States Taxation of the Issuer

A non-U.S. corporation that is engaged in the conduct of a trade or business in the United States will be subject to U.S. federal income tax as described below, unless entitled to the benefits of an applicable tax treaty. Whether a trade or business is being conducted in the United States is an inherently factual determination. The Issuer intends to conduct substantially all of its operations outside the United States and limit its U.S. contacts so that the Issuer is not treated as engaged in the conduct of a trade or business in the United States. In this regard, the Issuer will receive the opinion of Willkie Farr & Gallagher LLP, which opinion is based on certain assumptions and representations regarding this offering, the transactions related thereto and the Issuer's ongoing operations, that, although the matter is not free from doubt, the Issuer will not be treated as engaged in a trade or business within the United States. Because definitive identification of activities which constitute being engaged in a trade or business in the United States is not provided by regulations or court decisions, there can be no assurance that the IRS will not contend successfully that the Issuer is engaged in a trade or business in the United States for U.S. federal income tax purposes.

Under the income tax treaty between Ireland and the United States (the "**Irish Treaty**"), the Issuer, if entitled to the benefits of the Irish Treaty, will not be subject to U.S. federal income tax on any income determined to be effectively connected with a U.S. trade or business unless that trade or business is conducted through a permanent establishment in the United States. An Irish resident will generally be entitled to the benefits of the Irish

Treaty if among other reasons, (i) at least 50% of the shares, measured by both vote and value, are owned by Irish citizens or U.S. citizens or residents and less than 50% of such company's gross income for the relevant taxable period is paid or accrued directly or indirectly to persons who are not U.S. or Irish residents in the form of payments that are deductible for Irish income tax purposes or (ii) the Irish resident company is considered as engaged in the active conduct of a trade or business in Ireland and its ECI (as defined below) is connected with or incidental to that trade or business. The Issuer cannot be certain whether it will be eligible for Irish Treaty benefits because of factual and legal uncertainties.

A non-U.S. corporation deemed to be engaged in a trade or business in the United States would be subject to U.S. federal income tax at regular corporate rates on its income which is treated as effectively connected with the conduct of that trade or business ("**ECI**") as well as to the branch profits tax on its dividend equivalent amount, generally, the ECI (with certain adjustments) deemed withdrawn from the United States, unless the corporation is entitled to relief under the permanent establishment provision of an applicable income tax treaty, as discussed above. Such income tax, if imposed, would be based on ECI computed in a manner generally analogous to that applied to the income of a U.S. corporation. Under the Code and current case law, a non-U.S. corporation is generally entitled to deductions and credits only if it files a U.S. federal income tax return. The Issuer does not intend to file protective U.S. federal income tax returns. The highest marginal federal income tax rates currently are 35% for a corporation's ECI and 30% for the additional "branch profits" tax.

Because the Code, regulations and court decisions fail to definitively identify activities that constitute being engaged in a trade or business in the United States, the Issuer cannot be certain that the IRS will not contend successfully that the Issuer is or will be engaged in a trade or business in the United States for U.S. federal income tax purposes. The imposition of a U.S. federal income tax liability on the Issuer's ECI would substantially reduce the return to the Noteholders on their investment.

Non-U.S. corporations not engaged in a trade or business in the United States are nonetheless subject to a 30% U.S. federal income tax imposed by withholding (the "**Withholding Tax**") on certain "fixed or determinable annual or periodic gains, profits and income" ("**FDAP**") derived from sources within the United States (such as dividends and certain interest on investments), subject to exemption under the Code or reduction by applicable treaties. As noted above, the Issuer cannot be certain that it will be eligible for Irish Treaty benefits.

Additionally, as noted above, the Issuer intends to treat the Issuer's income with respect to the Reinsurance Agreements as insurance income for U.S. federal income tax purposes, although the issue is not free from doubt. If this is the appropriate treatment, payments made under the Reinsurance Agreements should be characterized as premiums and subject to the U.S. federal insurance excise tax ("**FET**") on insurance premiums paid to non-U.S. insurers with respect to risks of a U.S. entity or individual located wholly or partly within the U.S. and with respect to a non-U.S. entity or individual engaged in trade or business in the U.S. risks located within the U.S. and on reinsurance premiums for any reinsurance policy covering any such risks ("**U.S. Situs Risks**"). The rate of FET applicable to such reinsurance premiums paid to non-U.S. insurers is 1%.

The IRS, in Revenue Ruling 2008-15, formally announced its position that the FET is applicable (at a 1% rate on premiums) to all reinsurance cessions or retrocessions of risks by non-U.S. insurers or reinsurers to non-U.S. reinsurers where the underlying risks are U.S. Situs Risks, even if the FET has been paid on prior cessions of the same risks, unless an exemption applies pursuant to a U.S. income tax treaty. The jurisdictional basis for the IRS' position is unclear. As noted above, the Issuer intends to treat the Reinsurance Agreement as an insurance transaction for U.S. federal tax purposes. The Ceding Reinsurer has agreed to pay the FET on the premiums payable under the Reinsurance Agreement to the extent such premiums are subject to the excise tax and will indemnify the Issuer to the extent the FET is imposed on the Issuer.

The U.S. Foreign Account Tax Compliance Act ("**FATCA**") provisions of the Hiring Incentives to Restore Employment Act of 2010 require certain foreign financial institutions (which may include the Issuer) to enter into an agreement with the IRS to disclose to the IRS the name, address, tax identification number, and other specified information of certain U.S. and non-U.S. persons who own a direct or indirect interest in the foreign financial institution, or otherwise be subject to a 30% withholding tax on payments to such entities of certain types of income or of proceeds from the sale of certain types of property. Additionally, if the Issuer is characterized as a "foreign financial institution" and does enter into such an agreement with the U.S. Department of Treasury, a 30%

withholding tax could be imposed on Noteholders that do not provide the required information (without any gross-up) or, if the Noteholders are, themselves, foreign financial institutions, certification that they have entered into their own agreements with the U.S. Treasury Department. Further, if the Issuer is not characterized as a foreign financial institution, it may be characterized as a passive non-financial foreign entity, in which case it would appear to be subject to such 30% withholding tax on certain payments unless it either provides information to withholding agents with respect to its “substantial U.S. owners” or makes certain certifications. For these purposes, a “foreign financial institution” is generally a non-U.S. entity that (i) accepts deposits in the ordinary course of a banking or similar business, (ii) holds financial assets for the accounts of others as a substantial portion of its business, (iii) is engaged primarily in the business of investing, reinvesting, or trading in securities, partnership interests, commodities, or any interest in such securities, partnership interests or commodities or (iv) is an insurance company that issues or is obligated to make payments with respect to a “financial account.” The U.S. Treasury has proposed regulations to implement this legislation. Although the U.S. Treasury has stated in guidance issued prior to the proposed regulations that “Treasury and IRS do not view the issuance of insurance or reinsurance contracts without cash value” as implicating the concerns of the legislation and that “this would include, for example, most property and casualty insurance or reinsurance contracts,” and has expressed similar views in the preamble to the proposed regulations, it is currently unclear whether the Issuer will be considered a foreign financial institution or a passive non-financial foreign entity for purposes of this legislation. The proposed regulations issued under FATCA indicate that the FATCA withholding tax will not be imposed with respect to payments of income made prior to January 1, 2014 and with respect to payments of proceeds from the sale of property prior to January 1, 2015. The proposed regulations also indicate that premiums received by the Issuer under any reinsurance contract entered into on or prior to December 31, 2012 will not be subject to withholding under FATCA.

The Issuer may be subject to the requirements imposed on foreign financial institutions or passive non-financial foreign entities under FATCA and will use reasonable efforts to avoid the imposition of a withholding tax under FATCA, which may include entering into an agreement with the IRS. In this event, Noteholders will be required to provide any information, tax documentation and waivers that the Issuer determines are necessary to avoid the imposition of such withholding tax. The Issuer’s ability to satisfy such obligations will depend on each Noteholder providing, or causing to be provided, any information, tax documentation and waivers, including information concerning the direct or indirect owners of such Noteholder, that the Issuer determines are necessary to satisfy such obligations.

If a Noteholder fails to provide the Issuer or its agents with any correct, complete and accurate information that may be required for the Issuer to comply with FATCA and to prevent the imposition of U.S. federal withholding tax under FATCA on payments to the Issuer, the Issuer is authorized to withhold amounts otherwise distributable to the Noteholder, to compel the Noteholder to sell its Notes, and, if the Noteholder does not sell its Notes within 10 business days after notice from the Issuer (or an agent of the Issuer), to sell the Noteholder’s Notes on behalf of the Noteholder. In addition, each Noteholder must indemnify the Issuer, its agents, and each of the other Noteholders from any and all damages, costs, taxes and expenses resulting from the Noteholder’s failure to provide the Issuer or its agents with appropriate tax forms and other documentation reasonably requested by the Issuer or its agents, including documentation necessary for the Issuer to comply with FATCA and to prevent the imposition of U.S. federal withholding tax under FATCA on payments to the Issuer.

United States Taxation of Noteholders

General

Unless otherwise stated, this summary deals only with Noteholders that are U.S. Persons or U.S. Holders (each as defined below) who acquire their Notes pursuant to this offering at the initial offering price and who hold their Notes as capital assets within the meaning of section 1221 of the Code. The following discussion is only a discussion of the material U.S. federal income tax matters as described herein and does not purport to address all of the U.S. federal income tax consequences that may be relevant to a particular Noteholder in light of such Noteholder’s specific circumstances. In addition, the following summary does not address the U.S. federal income tax consequences that may be relevant to special classes of Noteholders, such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, dealers or traders in securities, tax exempt organizations, expatriates, investors in pass through entities, persons whose functional currency is not the U.S. Dollar or persons who hold their Notes as part of a hedging or conversion transaction or as part of a short-sale or

straddle, who may be subject to special rules or treatment under the Code. This discussion is based upon the Code, the Treasury Regulations promulgated thereunder and any relevant administrative rulings or pronouncements or judicial decisions, all as in effect on the date hereof and as currently interpreted, and does not take into account possible changes in such tax laws or interpretations thereof, which may apply retroactively. This discussion does not include any description of the tax laws of any state or local governments within the United States or of any non-U.S. government. Persons considering acquiring Notes should consult their own tax advisors concerning the application of the U.S. federal tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction prior to making such investment.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds the Notes, the tax treatment of the partners will generally depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding Notes, you should consult your tax advisor.

For purposes of this discussion, the term **“U.S. Person”** means: (i) a citizen or resident of the United States, (ii) a partnership or corporation created or organized in or under the laws of the United States or organized under the laws of any political subdivision thereof, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, (iv) a trust if either (x) a court within the United States is able to exercise primary supervision over the administration of such trust and one or more U.S. Persons have the authority to control all substantial decisions of such trust or (y) the trust has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes or (v) any other person or entity that is treated for U.S. federal income tax purposes as if it were one of the foregoing. A U.S. Person, other than an entity treated as a partnership or other pass through entity for U.S. federal income tax purposes, that is the beneficial owner of a Note may be referred to herein as a **“U.S. Holder.”**

Classification of the Notes

Although there are no relevant authorities that directly address the Issuer’s characterization or the characterization of the Notes or an instrument substantially similar to the Notes for U.S. federal income tax purposes, and the matter is not free from doubt, the Issuer intends to take the position that the Notes should be treated as equity of the Issuer for U.S. federal, state and local income and franchise tax purposes. This summary assumes such treatment, except as otherwise indicated. The Indenture requires the Noteholders to agree to take the position that the Notes constitute equity interests in the Issuer for U.S. federal, state and local income and franchise tax purposes. Moreover, each Noteholder, by its purchase of Notes, will acknowledge and agree to treat the Notes as equity interests in the Issuer described above and will covenant to take no action inconsistent with such treatment, unless required by law.

U.S. Holders—Alternative Characterizations

As indicated above, there are no relevant authorities that directly address the characterization of the Notes or instruments substantially similar to the Notes for U.S. federal income tax purposes. Accordingly, characterizations other than that described above are possible. For example, the Notes may not be treated as equity interests in the Issuer but as debt obligations of the Issuer, in which case the contingent payment debt regulations may apply to the Notes.

If the IRS were successful in asserting that the Notes are contingent payment debt instruments, the timing and character of income thereon would be significantly affected. For example, a U.S. Holder would be required to include in income in each year an amount equal to the “comparable yield” of the Notes computed as of the Issuance Date utilizing a “projected payment schedule,” which is generally equal to the yield at which the Issuer would issue a non-contingent debt instrument with terms and conditions similar to the Notes. This amount may differ from amounts actually earned on the Notes for a taxable year. The amount includible in income by a Noteholder for each accrual period is determined by multiplying the “comparable yield” of the Notes (adjusted for the length of the accrual period) by the Notes’ adjusted issue price at the beginning of the accrual period, determined in accordance with the rules, and subject to the adjustments, set forth in the contingent payment debt regulations. Furthermore, any gain realized on the maturity date or upon an earlier sale or exchange of the Notes would generally be treated as ordinary income, and any loss realized on the maturity date or upon a sale or other disposition of the Notes would generally be treated as ordinary loss to the extent of interest included as income in the current or previous taxable

years by the U.S. Holder in respect of the Notes, and capital loss thereafter. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the Notes.

Additionally, as noted above the characterization of the Reinsurance Agreements for U.S. federal income tax purposes is not entirely clear. For example, the Reinsurance Agreements could be treated as an insurance contract, a notional principal contract (including a notional principal contract characterized as including a contingent non-Premium Payment) or an option for U.S. federal income tax purposes, resulting in potentially different timing and character of income and loss with respect thereto.

U.S. Holders—Treatment of Noteholders

Passive Foreign Investment Companies. In general, a non-U.S. corporation will be a PFIC during a given year if (i) 75% or more of its gross income constitutes “passive income” (the “**75% test**”) or (ii) 50% or more of its assets produce (or are held for the production of) passive income (the “**50% test**”). For the above purposes, passive income generally includes interest, dividends, annuities, certain royalties and rents and other investment income. The PFIC rules provide that income “derived in the active conduct of an insurance business by a corporation which is predominantly engaged in an insurance business is not treated as passive income.” As noted above, the Issuer intends to treat the Issuer’s income with respect to the Reinsurance Agreements as insurance income for U.S. federal income tax purposes, although the issue is not free from doubt. Additionally, because there are no direct relevant authorities that address what constitutes the active conduct of an insurance business, based on the Issuer’s projected business activities, the Issuer believes there is a significant risk that it meets the 75% test and the 50% test and that the Issuer will be characterized as a PFIC for U.S. federal income tax purposes. In addition, non-U.S. domiciled money market funds are generally characterized as PFICs for U.S. federal income tax purposes.

In general, if a non-U.S. corporation is characterized as a PFIC during a given year, each U.S. Holder holding its equity directly, or in certain cases indirectly, would be subject to a penalty tax at the time of the sale at a gain of, or receipt of an “excess distribution” with respect to, its equity, unless such person (i) is a 10% U.S. Shareholder and the non-U.S. corporation is a CFC or (ii) made a timely and valid “QEF election.” In addition, if a non-U.S. corporation were considered a PFIC, upon the death of any U.S. individual owning shares, such individual’s heirs or estate would not be entitled to a “step-up” in the basis of their shares that might otherwise be available under U.S. federal income tax laws. Further, because a U.S. Person that is a direct (and in certain cases indirect) shareholder of a PFIC is deemed to own its proportionate share of interests in any lower tier PFIC, U.S. Persons holding Notes generally will be treated as holding indirect interests in lower-tier PFICs if amounts in the Collateral Account are invested in non-U.S. domiciled money market funds. As a result, U.S. Persons holding Notes will likely be subject to the PFIC rules with respect to distributions to the Issuer from such non-U.S. domiciled money market funds and certain dispositions by the Issuer of such non-U.S. domiciled money market funds. It is possible these results may be mitigated by a QEF election with respect to the non-U.S. domiciled money market fund. However, if a QEF election is made by a U.S. Person with respect to an indirectly owned PFIC, such person could experience phantom income with respect to such election. In general, a shareholder receives an “excess distribution” if the amount of the distribution is more than 125% of the average distribution with respect to the shares during the three preceding taxable years (or shorter period during which the taxpayer held the shares). In general, the penalty tax is equivalent to an interest charge on taxes that are deemed due during the period the shareholder owned the shares, computed by assuming that the excess distribution or gain (in the case of a sale) with respect to the shares was taken in equal portion at the highest applicable tax rate on ordinary income throughout the shareholder’s period of ownership. For these purposes, gifts, exchanges pursuant to corporate reorganizations, and use of the Notes as security for a loan may be treated as a taxable disposition. In many cases, the U.S. federal income tax on any gain on disposition and/or receipt of excess distributions with respect to Notes held by a U.S. Person is likely to be substantially greater than the U.S. federal income tax imposed on such U.S. Person with respect to the Notes if such person timely makes a QEF election.

THE ISSUER STRONGLY URGES EACH U.S. PERSON HOLDING NOTES TO CONSULT WITH ITS OWN TAX ADVISOR AND TO CONSIDER MAKING A TIMELY AND VALID QEF ELECTION WITH RESPECT TO THE ISSUER FOR THE FIRST YEAR IN WHICH SUCH HOLDER OWNS NOTES.

If a U.S. Person holding Notes elects to have the Issuer treated as a QEF for the first taxable year in which the Issuer is a PFIC and such person held Notes, the PFIC tax rules described above with respect to excess

distributions and gains will not apply to such Noteholder. A U.S. Person that makes a timely and valid QEF election with respect to a PFIC is currently taxable on its pro rata share of the ordinary earnings and net capital gain of such company during the years it is a PFIC (at ordinary income and capital gain rates, respectively), regardless of whether or not distributions were received. Consequently, a U.S. Person's pro rata share of the Issuer's ordinary earnings and net capital gain may exceed the amount distributed to such U.S. Person on the Notes, in which case the U.S. Person may be required to report taxable income in excess of the distributions payable to them in respect of such taxable years. See "—Phantom Income." In addition, any of the Issuer's losses for a taxable year will not be available to U.S. Holders and may not be carried back or forward in computing the Issuer's ordinary earnings and net capital gain in other taxable years. In general, such a U.S. Person's pro rata share of the Issuer's ordinary earnings and net capital gain should be equivalent to the interest earned on its Notes for the taxable year. A U.S. Holder's basis in the Notes would be increased to reflect taxed but undistributed income. Distributions of income that had previously been taxed would result in a corresponding reduction of basis in the Notes and would not be taxed again as a distribution to the U.S. Holder.

A U.S. Person wishing to make a QEF election must make such election on a timely filed Form 8621 for the first taxable year for which the U.S. Person holds the Notes and the Issuer is treated as a PFIC. In general, a U.S. Person must annually file with its U.S. federal income tax return a separate Form 8621 for each PFIC in which the person is a direct or indirect owner during the year. In certain cases in which a QEF does not distribute all of its earnings in a taxable year, a U.S. Person that makes a QEF election may also be permitted to elect to defer payment of some or all of the taxes on the QEF income, subject to a non-deductible interest charge on the deferred amount. The Issuer will provide to holders of Notes, upon request, the information and documentation that a U.S. Person making a QEF election is required to obtain for U.S. federal income tax purposes to make this election. It is unclear whether the non-U.S. domiciled money market funds that may be held in the Collateral Account will provide the information necessary for a U.S. Person to make a QEF election with respect to the non-U.S. domiciled money market fund. To the extent that a holder of Notes makes a QEF election other than in respect of the first taxable year, the holder of Notes generally will be subject to a combination of the excess distribution and the QEF rules, unless a "deemed dividend" or "deemed sale" election is made with respect to the holder's Notes.

For U.S. Persons that are 10% U.S. Shareholders (as defined below) of a non-U.S. corporation treated as a CFC, the CFC rules generally override those pertaining to a PFIC or a QEF. The time period in which this is the case constitutes the "qualified portion" of the U.S. Person's holding period for purposes of the PFIC rules. However, if such non-U.S. corporation subsequently ceases to be a CFC or such person ceases to be a 10% U.S. Shareholder with respect to the corporation, the PFIC rules or QEF regime (if a QEF election is or had been timely made) would be applicable. In order for a U.S. Person that was at all prior times a 10% U.S. Shareholder of a CFC to make a timely QEF election, such election must be made on a timely filed Form 8621 for the first taxable year after the "qualified portion" of the U.S. Person's holding period or for a prior taxable year. If for any period of time prior to such "qualified portion" of a U.S. Person's holding period such person had held shares of the non-U.S. corporation while it was a PFIC and had not made a QEF election, the U.S. Person would generally not be able to make an election to treat the non-U.S. corporation as a QEF unless the U.S. Person makes a "deemed dividend" or "deemed sale" election to "purge" the PFIC taint. Such an election would require the U.S. Person to generally be currently subject to the PFIC taxation regime for the "non-qualified portion" of the U.S. Person's holding period.

Prospective investors in the Notes are urged to consult their tax advisors as to the application and effects of the PFIC rules, including the QEF regime.

Classification of the Issuer as a CFC. Each 10% U.S. Shareholder (as defined below) of a non-U.S. corporation that is a CFC for an uninterrupted period of 30 days or more during a taxable year who owns shares in the non-U.S. corporation, directly or indirectly through non-U.S. entities, on the last day of the non-U.S. corporation's taxable year on which it is a CFC must include in its gross income for U.S. federal income tax purposes its pro rata share of the CFC's subpart F income, even if the subpart F income is not distributed. For these purposes, subpart F income of a non-U.S. corporation typically includes foreign personal holding company income (such as dividends, interest, notional principal contract income and other passive income). A **"10% U.S. Shareholder"** is a U.S. Person who owns (directly, indirectly through non-U.S. entities or by attribution by application of the constructive ownership rules of section 958(b) of the Code (i.e., "constructively")) at least 10% of the total combined voting power of all classes of stock entitled to vote of a non-U.S. corporation. A non-U.S. corporation is considered a CFC if 10% U.S. Shareholders own (directly, indirectly through non-U.S. entities or

constructively) more than 50% of the total combined voting power of all classes of voting stock of such non-U.S. corporation, or more than 50% of the total value of all stock of such corporation.

As noted above, although there are no relevant authorities that directly address the characterization of the Notes for these purposes and the matter is not free from doubt, the Issuer intends to take the position that the Notes constitute equity interests for U.S. federal income purposes. Accordingly, if more than 50% (by vote or value) of the Issuer's equity is owned directly, indirectly through non-U.S. entities or constructively by 10% U.S. Shareholders, the Issuer will be characterized as a CFC and any 10% U.S. Shareholders with respect to the Issuer who own Notes directly or indirectly through non-U.S. entities on the last day of the Issuer's taxable year must include in their gross income for U.S. federal income tax purposes their pro rata share of the Issuer's subpart F income for the year, subject to certain limitations. The amount of the Issuer's subpart F income attributable to the Notes (in order to determine each person's pro rata share) is the amount which bears the same ratio to the total subpart F income as the earnings and profits that would be distributed with respect to the Notes if all of the Issuer's earnings and profits were distributed on the last day of the Issuer's taxable year bear to the total earnings and profits of the issuer for that taxable year.

In addition, if some or all of the Issuer's income were characterized as insurance income for purposes of section 953 of the Code, the Issuer would be characterized as a CFC for purposes of taking into account such income (including underwriting and investment income), which is a category of subpart F income, if more than 25% of the total combined voting power of all equity or more than 25% of the total value of such corporation is owned (directly, indirectly through non-U.S. entities or constructively) by 10% U.S. Shareholders on any day of its taxable year, if the gross amount of premiums or other consideration for the reinsurance or the issuing of insurance or annuity contracts (other than certain insurance or reinsurance related to same country risks written by certain insurance companies not applicable here) exceeds 75% of the gross amount of all premiums or other consideration in respect of all risks. As noted above, the Issuer intends to treat the Issuer's income with respect to the Reinsurance Agreements as insurance income for U.S. federal income tax purposes, although the issue is not free from doubt.

Persons considering acquiring Notes should consult their own tax advisors concerning the application of the CFC rules to their particular situations.

The RPII CFC Provisions. As noted above, the Issuer intends to treat the Issuer's income with respect to the Reinsurance Agreements as insurance income for U.S. federal income tax purposes, although the issue is not free from doubt. If insurance treatment is appropriate, the special RPII CFC income inclusion rules could apply if (i) the Issuer's RPII, determined on a gross basis, is 20% or more of the Issuer's gross insurance income for a taxable year, (ii) direct and indirect insureds and persons related (as defined below) to such insureds, whether or not U.S. Persons, are treated as owning (directly or indirectly through entities) 20% or more of the voting power or 20% or more of the value of the Issuer's equity and (iii) RPII shareholders (as defined below) are treated as owning (directly, indirectly through non-U.S. entities or constructively) 25% or more of the Issuer's equity by vote or value.

RPII is any insurance income attributable to policies of insurance or reinsurance with respect to which the person (directly or indirectly) insured is a RPII shareholder or a related person to such RPII shareholder. The term "**RPII shareholder**" means any U.S. Person who owns (directly or indirectly through non-U.S. entities) any amount of the Issuer's equity. Generally, the term "related person" for this purpose means someone who controls or is controlled by the RPII shareholder or someone who is controlled by the same person or persons which control the RPII shareholder. Control is measured by either more than 50% in value or more than 50% in voting power of stock applying certain constructive ownership principles.

If the special RPII CFC income inclusion rules apply to the Issuer, each U.S. Person owning directly or indirectly through non-U.S. entities, any Notes on the last day of the Issuer's taxable year on which it is a CFC under the RPII rules will be required to include in its gross income for U.S. federal income tax purposes its share of the Issuer's RPII for the portion of the taxable year during which the Issuer was a CFC under the RPII provisions, determined as if all such RPII were distributed proportionately only to such U.S. Persons at that date, but limited by each such U.S. Person's share of the Issuer's current-year earnings and profits as reduced by the U.S. Person's share, if any, of certain prior-year deficits in earnings and profits. Prospective investors are urged to consult their tax advisors concerning the application and effects of the RPII rules to their particular situation.

Information Reporting. Under certain circumstances, U.S. Persons that own (directly or indirectly) shares in a non-U.S. corporation are required to file IRS Form 5471 with their U.S. federal income tax returns. Generally, information reporting on IRS Form 5471 is required by (i) a 10% U.S. Shareholder of a non-U.S. corporation that is a CFC for an uninterrupted period of 30 days or more during any tax year of the non-U.S. corporation who owned (directly or indirectly through non-U.S. entities) any stock in the non-U.S. corporation on the last day of that year and (ii) under certain circumstances, a U.S. Person who acquires stock in a non-U.S. corporation and as a result thereof owns 10% or more of the voting power or value of such non-U.S. corporation, whether or not such non-U.S. corporation is a CFC. Additionally, information reporting on Form 5471 is generally required if the RPII CFC rules apply. A U.S. Holder of Notes will be required to file an IRS Form 8621 (which is a form that is required to be filed by holders of equity in a PFIC) for each tax year that it holds Notes, the Issuer is characterized as a PFIC and the Noteholder has a QEF election in effect or receives an excess distribution. In addition, U.S. Persons will be required to file an annual PFIC report.

A U.S. Holder of Notes that acquires Notes from the Issuer will be required to file a Form 926 or a similar form with the IRS if (i) such person owns immediately after the transfer at least 10% by vote or value of the Issuer or (ii) the transfer, when aggregated with all related transfers under applicable regulations, exceeds \$100,000. In the event that a U.S. Holder that is required to file such form fails to do so, the U.S. Holder could be subject to a penalty of up to \$100,000 (equal to 10% of the cash transferred).

U.S. Persons holding Notes should consider their possible obligation to file a IRS Form TD F 90-22.1—Foreign Bank and Financial Accounts Report—with respect to the Notes. Additionally, such U.S. Persons should consider their possible obligations to annually report certain information with respect to the Issuer with their U.S. federal income tax returns. Noteholders should consult their tax advisors with respect to these or any other reporting requirements which may apply with respect to their purchase, holding and/or sale of the Notes.

Phantom Income. The Issuer may recognize taxable income and gain for U.S. federal income tax purposes that exceeds the distributions paid to U.S. Persons holding Notes. Accordingly, U.S. Holders of Notes that have made a QEF election, or are subject to tax under the CFC rules, could recognize and be required to pay tax on, their pro rata portion of the Issuer's net taxable income, even if this income exceeds amounts received in any taxable year (i.e., U.S. Holders of the Notes may be subject to tax on "phantom income"). Prospective investors in the Notes should consult their tax advisors regarding phantom income with respect to the Notes.

Taxation of Distributions. If (i) a U.S. Person has made a timely QEF election, (ii) a U.S. Holder is characterized as a 10% U.S. Shareholder with respect to the Issuer and the Issuer is characterized as a CFC or (iii) the Issuer is characterized as a RPII CFC and certain exceptions do not apply, distributions should be allocated first to amounts previously taxed pursuant to the QEF election or pursuant to the CFC rules and to this extent will not be taxable to U.S. Holders. If the Issuer does not compute its earnings and profits using U.S. federal income tax principles, all distributions in excess of previously taxed amounts should be treated as dividends.

If a U.S. Person has not made a timely QEF election, then, except to the extent that distributions may be attributable to amounts previously taxed pursuant to the CFC rules, some or all of any distributions with respect to the Notes may constitute excess distributions, taxable as described above under the heading "*—Passive Foreign Investment Companies.*" In that event, except to the extent that distributions may be attributable to amounts previously taxed to the U.S. Holder pursuant to the CFC rules or are treated as "excess distributions," distributions on the Notes generally would be treated as dividends to the extent paid out of the Issuer's current or accumulated earnings and profits not allocated to any "excess distributions," then as a nontaxable reduction to the U.S. Holder's tax basis for the Notes to the extent thereof and then as capital gain.

Distributions paid by the Issuer to non-corporate holders on the Notes will not be eligible for reduced rates of tax as qualified dividend income. In addition, distribution paid by the Issuer to corporate holders will not be eligible for the dividends received deduction. Distributions will be non-U.S. source income for purposes of the Code, unless the Issuer is determined to be engaged in a trade or business within the United States, in which case the distributions would be treated as arising from sources within the United States.

Dispositions of Notes. Subject to the discussion below relating to the potential application of the Code section 1248 rules and the discussion above relating to the application of the PFIC rules in circumstances in which a

timely QEF election is not made, U.S. Holders of Notes generally should recognize capital gain or loss for U.S. federal income tax purposes on the sale, exchange or other disposition of Notes in the same manner as on the sale, exchange or other disposition of any other shares held as capital assets. In this regard, a U.S. Holder's tax basis will initially equal the amount paid for the Note. Such basis will be increased by amounts taxable to such U.S. Holder by reason of a QEF election, or by reason of the CFC rules, as applicable, and decreased by actual distributions from the Issuer that are deemed to consist of such previously taxed amounts or are treated as a nontaxable reduction to the U.S. Holder's tax basis for the Notes. Upon the sale, exchange or other disposition of a Note a U.S. Holder will recognize gain or loss equal to the difference between the amount received on the date of sale, exchange or other disposition and such U.S. Holder's adjusted tax basis. If the holding period for the Notes exceeds one year, any gain should be subject to tax at the marginal tax rate applicable to long term capital gains.

Code section 1248 provides that if a U.S. Person sells or exchanges equity in a non-U.S. corporation and such person owned, directly, indirectly through certain non-U.S. entities or constructively, 10% or more of the voting power of the corporation at any time during the five-year period ending on the date of disposition when the corporation was a CFC, any gain from the sale or exchange of the shares will be treated as a dividend to the extent of the CFC's earnings and profits (determined under U.S. federal income tax principles) during the period that the shareholder held the shares and while the corporation was a CFC (with certain adjustments). In this regard, earnings and profits should not include any amounts previously taxed pursuant to a timely QEF election or pursuant to the CFC rules. Potential investors are urged to consult their tax advisors. Additionally, a 10% U.S. Shareholder may in certain circumstances be required to report a disposition of shares of a CFC by attaching IRS Form 5471 to the U.S. federal income tax or information return that it would normally file for the taxable year in which the disposition occurs. In the event this is determined necessary, the Issuer will provide the relevant information necessary to complete an IRS Form 5471.

Additionally, Code section 1248 in conjunction with the RPII rules provides that if a U.S. Person disposes of equity in a non-U.S. corporation that has insurance income (as determined for U.S. federal income tax purposes) in which U.S. Persons own 25% or more of the shares (even if the amount of gross RPII is less than 20% of the corporation's gross insurance income and the ownership of its shares by direct or indirect insureds and related persons is less than the 20% threshold), any gain from the disposition (excluding foreign currency gain) will generally be treated as a dividend to the extent of the holder's share of the corporation's undistributed earnings and profits that were accumulated during the period that the holder owned the shares (whether or not such earnings and profits are attributable to RPII). In addition, such a holder will be required to comply with certain reporting requirements, regardless of the amount of shares owned by the holder. If the Issuer's income is characterized as insurance income, the Issuer expects these RPII rules would apply to dispositions of Notes, because the Issuer expects U.S. Persons to own (directly, indirectly through non-U.S. entities or constructively) 25% or more of the Issuer's equity. As noted above, the Issuer intends to treat the Issuer's income with respect to the Reinsurance Agreements as insurance income for U.S. federal income tax purposes, although the issue is not free from doubt. Accordingly, gain from a disposition of Notes earned by U.S. Persons holding Notes directly should be characterized as a dividend to the extent of the Issuer's earnings and profits attributable to the disposed of Notes. In this regard, earnings and profits should not include any amounts previously taxed pursuant to a timely QEF election. Potential investors are urged to consult their tax advisors with respect to these rules.

Tax-exempt Noteholders. Tax-exempt entities will be required to treat certain subpart F insurance income, including RPII, that is includible in income by the tax-exempt entity as unrelated business taxable income. Prospective investors that are tax exempt entities are urged to consult their tax advisors as to the potential impact of the unrelated business taxable income provisions of the Code. As noted above, the Issuer intends to treat the Issuer's income as insurance income for U.S. federal income tax purposes. A tax-exempt organization that is treated as a 10% U.S. Shareholder or a RPII Shareholder also must file IRS Form 5471 in the circumstances described above. Prospective investors that are tax exempt entities are urged to consult their tax advisors as to the potential impact of the unrelated business taxable income provisions of the Code.

Foreign Tax Credit. If U.S. Persons own a majority of the Notes, only a portion of the current income inclusions under the PFIC, CFC and RPII rules and of dividends (including for these purposes interest on the Notes) paid by the Issuer (including any gain from the sale of Notes that is treated as a dividend under section 1248 of the Code) will be treated as foreign source income for purposes of computing a U.S. Holder's U.S. foreign tax credit limitations. The Issuer will consider providing shareholders with information regarding the portion of such amounts

constituting foreign source income to the extent such information is reasonably available. It is also likely that substantially all of the subpart F income, QEF inclusions and dividends that are foreign source income will constitute either “passive” or “general” income for foreign tax credit limitation purposes. Thus, it may not be possible for most shareholders to utilize excess foreign tax credits to reduce U.S. tax on such income. Each U.S. Holder is urged to consult its own tax advisor concerning whether a foreign tax credit will be available.

3.8% Medicare Tax On “Net Investment Income.” Beginning in 2013, certain U.S. Holders that are individuals, trusts and estates will be subject to an additional 3.8% Medicare tax on all or a portion of their “net investment income.” Potential investors who are U.S. Holders should consult their advisors with respect to their consequences with respect to the 3.8% Medicare tax.

Receipt of Foreign Currency. Foreign currency received as payment on a Note or on a sale, exchange or other disposition of a Note will have a tax basis equal to its U.S. dollar value at the time such payment is received or at the time of such sale, exchange or other disposition, as the case may be. Any exchange gain or loss recognized on a sale or exchange of the foreign currency will generally be U.S. source ordinary income or loss.

Backup Withholding and Information Reporting on Distributions and Dispositions. Information returns may be filed with the IRS in connection with the receipt of Notes, distributions on the Notes and the proceeds from a sale or other disposition of the Notes unless the U.S. Holder of the Notes establishes an exemption from the information reporting rules. A U.S. Holder of Notes that does not establish such an exemption may be subject to U.S. backup withholding tax on these payments if the holder is not a corporation or fails to provide its taxpayer identification number or otherwise comply with the backup withholding rules. The amount of any backup withholding from a payment to a U.S. Holder should be allowed as a credit against the U.S. Holder’s U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided, that the required information is furnished to the IRS.

Proposed U.S. Tax Legislation. It is possible that legislation could be introduced and enacted by the current U.S. Congress or future Congresses that could have an adverse impact on the Issuer or the Noteholders. Any such legislation could have a retroactive effect

Additionally, the U.S. federal income tax laws and interpretations regarding whether a company is engaged in a trade or business within the United States or is a PFIC, or whether U.S. Persons would be required to include in their gross income the subpart F income or RPII of a CFC are subject to change, possibly on a retroactive basis. New regulations or pronouncements interpreting or clarifying such rules may be forthcoming. The Issuer cannot be certain if, when or in what form such regulations or pronouncements may be provided and whether such guidance will have a retroactive effect.

Non-U.S. Holders of Notes

A “**non-U.S. Holder**” is a beneficial owner of a Note that is a nonresident alien individual or a corporation, estate or trust that is not a U.S. Holder.

Distributions with Respect to the Notes. In general (and subject to the discussion below under “—*Information Reporting and Backup Withholding*”), Non-U.S. Holders generally should not be subject to U.S. federal income or withholding tax on dividend or interest payments with respect to the Notes, or any gain realized upon the sale, exchange or other disposition of Notes unless (i) such income is considered effectively connected with the Non-U.S. Holder’s conduct of a United States trade or business (or if such holder is entitled to the benefits of an applicable income tax treaty, the income is attributable to a permanent establishment maintained in the United States) or (ii) in the case of gain, if such Non-U.S. Holder is an individual that is present in the United States for 183 days or more during the taxable year of the disposition and certain other conditions are met. In addition, if you are a corporate Non-U.S. Holder, any effectively connected income (subject to certain adjustments) may be subject to an additional branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty).

Information Reporting and Back-up Withholding. If the Notes are held by a non-U.S. Holder through a non-U.S. (and non-U.S. related) broker or financial institution, information reporting and backup withholding generally would not be required. Information reporting, and possibly backup withholding, may apply if the Notes are held by a non-U.S. Holder through a U.S. (or U.S. related) broker or financial institution and the non-U.S. Holder fails to provide appropriate information. Non-U.S. Holders should consult their tax advisors concerning the application of the information reporting and backup withholding rules.

The foregoing U.S. federal income tax discussion (including and subject to the matters and qualifications set forth in such summary) is based upon current law and is for general information only. The tax treatment of the Issuer and the holders of the Notes for U.S. federal income, state, local or non-U.S. tax purposes may vary depending on the Issuer's and the holder's particular tax situation. Legislative, judicial or administrative changes or interpretations may be forthcoming that could be retroactive and could affect the tax consequences to the Issuer and the holders of the Notes. Persons considering acquiring the Notes are urged to consult their own tax advisors concerning the federal, state, local and non-U.S. tax consequences to you of the purchase, ownership or disposition of the Notes.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) and Section 4975 of the Code impose certain restrictions on (i) employee benefit plans (as defined in Section 3(3) of ERISA) that are subject to Title I of ERISA, (ii) plans described in Section 4975(e)(1) of the Code that are subject to Section 4975 of the Code, including individual retirement accounts or Keogh plans, (iii) any entities whose underlying assets include plan assets by reason of a plan’s investment in such entities (each of (i), (ii) and (iii), a “**Plan**” and (iv) persons who have certain specified relationships to such Plans (“**Parties-In-Interest**” under ERISA and “**Disqualified Persons**” under the Code). ERISA also imposes certain duties on persons who are fiduciaries of Plans subject to ERISA and both ERISA and Section 4975 of the Code prohibit certain transactions between a Plan and Parties-in-Interest or Disqualified Persons with respect to such Plans.

Because of their own activities and the activities of their affiliates, the Issuer, the Initial Purchasers, the Ceding Reinsurer and the Indenture Trustee may be or become a Party-in-Interest or Disqualified Person with respect to one or more Plans. Accordingly, the acquisition and holding of the Notes by a Plan could be deemed to constitute a transaction prohibited under Title I of ERISA or Section 4975 of the Code (e.g. the indirect transfer of the assets of a Plan to or use by a Party-in-Interest or Disqualified Person). Certain administrative or statutory exemptions may apply, however. The U.S. Department of Labor (the “**DOL**”) has issued prohibited transaction class exemptions (each a “**PTCE**”) that may provide exemptive relief if required for direct or indirect prohibited transactions. Potentially applicable exemptions include PTCE 90-1 (exempts certain transactions involving insurance company pooled separate accounts), PTCE 95-60 (exempts certain transactions involving insurance company general accounts), PTCE 91-38 (exempts certain transactions involving bank collective investment funds), PTCE 84-14 (exempts certain transactions entered into on behalf of a Plan by a “qualified professional asset manager” or “**QPAM**” and PTCE 96-23 (exempts certain transactions entered into by or on behalf of a Plan by an “in-house” asset manager or “**INHAM**.” In addition to the foregoing, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code may provide exemptive relief. Any Plan fiduciary relying on this statutory exemption and purchasing and holding Notes on behalf of a Plan will have to make a determination that (x) the Plan is paying no more than, and is receiving no less than, adequate consideration in connection with the transaction and (y) neither the Issuer, the Ceding Reinsurer, any Initial Purchaser nor any of their respective affiliates directly or indirectly exercises any discretionary authority or control or renders investment advice with respect to the assets of the Plan which such fiduciary is using to purchase Notes, both of which are necessary preconditions to utilizing this exemption. It may be, however, that none of such exemptions apply to all the transactions that could be deemed prohibited transactions in connection with a Plan’s investment in the Notes.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b)(4) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Code; however, such plans may be subject to federal, state or local laws or regulations which affect their ability to invest in the Notes. Any fiduciary of such a governmental, church or foreign plan considering an investment in the Notes should determine the permissibility of investing in the Notes under applicable laws and regulations, including the need for, and, if necessary, the availability of, any exemptive relief under such laws or regulations.

Plan Asset Regulation

In addition, new Section 3(42) of ERISA and a regulation (29 C.F.R. Section 2510.3-101) issued by the DOL describe what constitutes the assets of a Plan (collectively, “**Plan Asset Regulation**”). The Plan Asset Regulation provides that, as a general rule, the underlying assets and properties of corporations, partnerships, trusts and certain other entities in which a Plan purchases an “equity interest” will be deemed to be assets of the investing Plan for purposes of ERISA unless certain exceptions apply.

The Plan Asset Regulation defines an “equity interest” as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. Although the Notes are denominated as debt, it is likely that they will be treated as “equity interests” for purposes of the Plan Asset Regulation. In addition, it is likely that none of the exceptions set forth in the Plan Asset Regulation will apply.

Under the terms of the Plan Asset Regulation, if the Issuer were deemed to hold “plan assets” by reason of a Plan’s investment in the Notes, such “plan assets” would include an undivided interest in the assets held by the Issuer, including the Issuer’s interest in the respective Reinsurance Agreement and the Permitted Investments (and, perhaps, the assets of Money Market Funds included in the Permitted Investments). In such event, the persons with discretionary authority (if any) with respect to such assets (including, perhaps, persons with discretionary authority, if any, over the assets of Money Market Funds included in the Permitted Investments) may be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Code with respect to transactions involving such assets. Moreover, certain actions taken with respect to such assets could be deemed to constitute prohibited transactions under ERISA or the Code. In addition, ERISA generally provides that discretionary authority with respect to the management and disposition of a Plan’s assets may be delegated only to certain “investment managers” who acknowledge in writing that they are fiduciaries of the Plan. The persons responsible for investing the assets of the Issuer in any Permitted Investments (and, perhaps, the assets of Money Market Funds included in the Permitted Investments, if any) might not be “investment managers” within the meaning of ERISA.

Permitted Investments will be purchased with funds deposited in a Collateral Account pursuant to investment guidelines set forth in the Indenture. Such investment guidelines, to the maximum extent possible, eliminate discretion with respect to the choice of Permitted Investments. Investors are encouraged to consult with their independent legal advisors.

In addition, ERISA provides that a Plan fiduciary must maintain the indicia of ownership of “plan assets” within the jurisdiction of the district courts of the U.S. (“**U.S. Indicia Requirements**”) unless, among other conditions, such assets are under the management and control of certain types of fiduciaries, including a fiduciary that is a U.S. bank that meets certain financial conditions. Each fiduciary considering a purchase of Notes for a Plan subject to the U.S. Indicia Requirements should note that the Issuer is an Irish private limited company. Duplicate original copies of the Indenture, the Deeds of Charge and the Reinsurance Agreements, as well as evidence of ownership of the Permitted Investments, will be held in New York City by the Indenture Trustee, which is a New York banking corporation. Copies of these documents may be inspected at the offices of the Indenture Trustee in New York City. Each fiduciary considering a purchase of Notes for a Plan subject to the U.S. Indicia Requirements must make its own determination as to whether such requirements will be met if it proceeds to make such a purchase.

In order to avoid potential violations, each investing Plan, by purchasing the Notes, will be deemed to have (i) directed that the applicable assets of the Issuer be invested in the Permitted Investments, including the EBRD Notes and the Money Market Fund Shares, as applicable, and directed the Issuer to enter into the respective Reinsurance Agreement, the Indenture and the respective Deed of Charge, and (ii) represented and warranted that one or more statutory or administrative exemptions from the prohibited transaction rules of ERISA and Section 4975 of the Code applies such that the acquisition, holding and subsequent disposition of the Notes will not constitute or result in a non-exempt prohibited transaction. Each investing Plan, by purchasing Notes, will also be deemed to have agreed with the Ceding Reinsurer that it does not consider the Ceding Reinsurer, if any, or any other person with authority or control respecting the management or disposition of Permitted Investments, if any, as a fiduciary for purposes of ERISA and Section 4975 of the Code with respect to the assets of any investing Plans. If the Purchaser is making the representations set forth in clause (ii), above, the person making the decision to purchase such Notes is making such representations on behalf of such Purchaser both in their individual capacity as well as their fiduciary capacity, and further represents that in connection with such purchase, such person has determined that the Purchaser will receive no less, and pay no more, than adequate consideration as provided in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code.

The sale of the Notes is in no respect a representation by the Issuer, the Ceding Reinsurer or the Initial Purchasers that such an investment meets all relevant legal requirements with respect to investments by Plans generally or that such an investment is appropriate for any particular Plan. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the Notes on behalf of or with “plan assets” of any Plan consult with their counsel regarding the potential consequences if the assets of the Issuer were deemed to be “plan assets” and the availability of exemptive relief under the PTCEs or statutory exemption mentioned above or any other applicable exemption.

Special Considerations For Insurance Companies

An insurance company considering an investment in the Notes should consider whether its general account may be deemed to include assets of the plans investing in the general account, for example, through the purchase of an annuity contract. In *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank*, 510 U.S. 86 (1993), the U.S. Supreme Court held that assets held in an insurance company's general account may be deemed to be "plan assets" under certain circumstances. In that event, the insurance company might be treated as a fiduciary with respect to such plans. However, PTCE 95-60 may exempt some or all of the transactions that could occur as the result of the acquisition and holding of the Notes by an insurance company general account. Therefore, insurance company investors should analyze whether *John Hancock* and PTCE 95-60 or any other exemption may have an impact with respect to their purchase of the Notes.

In addition, pursuant to Section 401(c) of ERISA, which relates to the status of the assets of insurance company general accounts under ERISA and Section 4975 of the Code, the DOL issued general account regulations with respect to insurance policies issued on or before December 31, 1998 that are supported by an insurer's general account. As a result of these regulations, assets of an insurance company general account will not be treated as "plan assets" for purposes of the fiduciary responsibility provisions of ERISA and Section 4975 of the Code to the extent such assets relate to contracts issued to employee benefit plans on or before December 31, 1998 and the insurer satisfies various conditions. The "plan asset" status of insurance company separate accounts is unaffected by Section 401(c) of ERISA, and separate account assets continue to be treated as the "plan assets" of any such Plan invested in a separate account.

General Investment Considerations

Any Plan fiduciary that proposes to cause a Plan to purchase the Notes should consult with its counsel with respect to the potential applicability of ERISA and the Code to such investment.

Moreover each Plan fiduciary should determine whether under the general fiduciary standards of investment prudence and diversification, an investment in the Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio.

The discussion herein of ERISA, the Code and relevant DOL regulations is general in nature and is not intended to be complete. Any fiduciary of a Plan, governmental plan, church plan or a foreign plan considering an investment in the Notes should consult with its legal advisors regarding the consequences and advisability of such investment.

PLAN OF DISTRIBUTION

The Notes will be offered by Aon Benfield Securities, Inc., BNP Paribas and Natixis SA, as Initial Purchasers. The Notes will be sold and purchased subject to the terms and conditions set forth in a Purchase Agreement to be entered into between the Issuer and the Initial Purchasers dated October 25, 2012 (the “**Purchase Agreement**”).

The purchase price paid to the Issuer for the Notes will be the Offering Price. After the Notes are released for sale, the Offering Price and other selling terms may from time to time be varied by the Initial Purchasers.

Each Initial Purchaser may purchase Notes for its own accounts and for the accounts of its affiliates.

The Notes have not been and will not be registered under the Securities Act or any applicable U.S. state or foreign securities laws. Each Initial Purchaser will agree that it will offer or sell the Notes only to investors who are, among other things, (i) Qualified Institutional Buyers that, with respect to U.S. Persons, are also Qualified Purchasers; and (ii) are residents of, and purchasing in, a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction and otherwise agree to be bound by the transfer restrictions described under “*Notice to Investors*.” The Notes may be reoffered and sold only to investors who (i) are Qualified Institutional Buyers that, with respect to U.S. Persons, are also Qualified Purchasers; and (ii) are residents of, and purchasing in, a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction and otherwise agree to be bound by the transfer restrictions described under “*Notice to Investors*.”

In connection with the Offering, the Initial Purchasers may purchase and sell the Notes in a nonpublic transaction in accordance with the requirements of Rule 144A. These transactions may include over-allotment and stabilizing transactions and purchases to cover short positions created by the Initial Purchasers in connection with the Offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the Notes, and short positions created by the Initial Purchasers involve the sale by the Initial Purchasers of a greater number of Notes than it is required to purchase from the Issuer in the Offering. The Initial Purchasers also may impose a penalty bid, whereby selling concessions allowed to broker-dealers in respect of the Notes sold in the Offering may be reclaimed by the Initial Purchasers if the Notes are repurchased by the Initial Purchasers in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the Notes, that may be higher than the price that might otherwise prevail in the open market; and these activities, if commenced, may be discontinued at any time. These transactions may be effected in the over-the-counter market or otherwise.

In connection with the issue of the Notes, the Initial Purchasers (“**Stabilizing Managers**”) (or persons acting on behalf of the Stabilizing Managers) may over-allot the Notes (provided, that the aggregate principal amount of the Notes allotted does not exceed 105 per cent of the aggregate principal amount of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Managers (or persons acting on behalf of the Stabilizing Managers) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) days after the Issuance Date and sixty (60) days after the date of the allotment of the Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager(s) (or person(s) acting on behalf of any Stabilizing Manager(s)) in accordance with all applicable laws and rules.

The Notes are a new issue of securities with no established trading market. In connection with the Offering, an Initial Purchaser may advise the Issuer and the Ceding Reinsurer that it intends to make a market in the Notes, but is not obligated to do so and may discontinue market-making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes.

The Initial Purchasers will agree not to offer, sell or deliver any Notes in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws thereof and will comply with the non-U.S. selling restrictions specified on pages xiii to xvii of this Offering Circular.

The Issuer and the Ceding Reinsurer will agree to indemnify each Initial Purchaser against certain liabilities, including certain liabilities under U.S. federal securities laws.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Initial Purchasers and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Issuer and/or the Ceding Reinsurer and its affiliates, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer.

Sales by Aon Benfield Securities, Inc. outside the U.S. may be made through its selling agent, Aon Benfield Securities Limited (“**ABSL**”). For investors in the United Kingdom and European Union countries, ABSL may act as a selling agent in connection with its distribution in the United Kingdom and European Union. In connection with any transaction, ABSL will act on an execution or advisory basis only on behalf of Aon Benfield Securities, Inc.

ABSL (FSA register number 186814, VAT Registration Number 480840148) of 55 Bishopsgate, London EC2N 3AS, is a company authorized and regulated in the conduct of its investment business in the United Kingdom by the FSA and is entered in the FSA’s register. The FSA’s website <http://www.fsa.gov.uk/> contains a wide range of information of specific relevance to United Kingdom investors and provides access to the FSA register. This Offering Circular is not intended for retail clients. Persons dealing with ABSL outside the United Kingdom are not covered by all the rules and regulations made for the protection of investors in the United Kingdom and may not have the right to claim through the United Kingdom’s Financial Services Compensation Scheme.

NOTICE TO INVESTORS

Because of the following restrictions, investors are advised to consult legal counsel before making any offer, resale, pledge or other transfer of the Notes.

The Notes have not been and will not be registered under the Securities Act or any applicable U.S. state or foreign securities laws and may not be sold or otherwise transferred unless an exemption from registration is available. Notwithstanding the availability of an exemption from the registration requirements under the Securities Act, the Notes are being offered and sold only to, and may be reoffered, sold or otherwise transferred only to, investors who (i) are Qualified Institutional Buyers that, with respect to U.S. Persons, are also Qualified Purchasers; (ii) are residents of, and purchasing in, and will hold the Notes in, a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction.

Each purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Offering Circular or any part of this Offering Circular and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and none of the Issuer, the Ceding Reinsurer, any Initial Purchaser, the Indenture Trustee or any of their respective agents or affiliates shall have any responsibility therefor.

Investment Company Act and Insurance Laws

In reliance on Section 3(c)(7) under the Investment Company Act, the Issuer has not registered as an investment company pursuant to the Investment Company Act. To rely on Section 3(c)(7), the Issuer must have a “reasonable belief” that all purchasers of the Notes which are U.S. Persons (including the Initial Purchasers and subsequent transferees) are Qualified Purchasers, at the time of their purchase of the related Notes. In addition, because the Notes may be categorized as risk-linked securities, it is possible that in some jurisdictions, purchasers of the Notes may become subject to regulation as providers of insurance or reinsurance. The Issuer will establish a reasonable belief for purposes of 3(c)(7) and ensure that purchasers are aware of the insurance-related risks involved in investing in the Notes based upon the representations deemed made by the purchasers of the Notes as set forth under “—*Representations of Purchasers*” and the covenants and undertakings of the Issuer referred to below.

Reminder Notices

Whenever the Issuer sends an annual report or other periodic report to the Noteholders, it will send a reminder notice (each, a “**Reminder Notice**”) to the holder of the Notes. Each Reminder Notice will state that (1) each holder of a Note (or an interest in a Note) that is a U.S. Person must be able to make the representations set forth below in paragraph 3(ii) under “*Notice to Investors -Representations of Purchasers*” (the “**3(c)(7) Representations**”); (2) the Notes (or interests in the Notes) are transferable only to purchasers deemed to have made the 3(c)(7) Representations and satisfy the other transfer restrictions applicable to the Notes; (3) each holder of a Note (or an interest in a Note) must be able to make the representations with respect to Permitted U.S. Jurisdictions or Permitted Non-U.S. Jurisdictions set forth below in paragraph 3(iii) under “*Notice to Investors — Representations of Purchasers*” (the “**Risk-Linked Notes Representations**”); (4) the Notes (or interests in the Notes) are transferable only to purchasers deemed to have made the Risk-Linked Notes Representations; and (5) if any holder of a Note (or an interest in a Note) (i) that is a U.S. Person is determined not to be a Qualified Purchaser or (ii) is determined not to be a resident of or not to have purchased in a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction, then the Issuer will have the right (exercisable in its sole discretion) to treat the transfer to such purchaser as null and void and require such purchaser to sell all of its Notes (and all interests therein) to a transferee designated by the Issuer. The Issuer will send a copy of each annual or other periodic report (and each Reminder Notice) to the applicable Clearing System with a request that participants pass them along to the Beneficial Owners.

DTC Actions with Respect to the Class A Notes

In connection with the Class A Notes, the Issuer will direct DTC to take the following steps in connection with the respective Global Note:

1. to include the “3c7” marker and, in lieu of the “GABS” marker or otherwise, the “GRLS” marker in the DTC 20-character security descriptors and the 48 character additional descriptor for the Class A Global Note in order to indicate that sales are limited to (i) with respect to U.S. Persons, Qualified Institutional Buyers that are Qualified Purchasers and (ii) purchasers who are residents of and purchasing in Permitted U.S. Jurisdictions and Permitted Non-U.S. Jurisdictions.
2. to cause (i) each physical DTC delivery order ticket delivered by DTC to purchasers to contain the 20-character security descriptors and (ii) each DTC delivery order ticket delivered by DTC to purchasers in electronic form to contain the “3c7” and “GRLS” indicators and the related user manual for DTC participants which will contain a description of the relevant transfer restrictions.
3. to send on or prior to the Issuance Date an “Important Notice” to all DTC Participants in connection with the offering of the Class A Notes. The “Important Notice” will be in substantially the form of an exhibit to the Indenture and will notify DTC’s Participants that the Notes are Section 3(c)(7) securities and risk-linked securities. The Issuer may instruct DTC from time to time (but not less than annually) to reissue the Important Notice.
4. the Issuer will from time to time (upon the request of the Indenture Trustee) make a request to DTC to deliver to the Issuer a list of all DTC Participants holding an interest in the Class A Notes.

Euroclear Actions with Respect to the Class B Notes

In connection with the Class B Notes, the Issuer will direct Euroclear to take the following steps in connection with the respective Global Note:

1. the security name will reference “144A/3c7” in the Euroclear securities database in order to indicate that sales are limited to (a) Qualified Institutional Buyers that are, with respect to U.S. Persons, Qualified Purchasers and (b) purchasers who are residents of and purchasing in and holding in, Permitted U.S. Jurisdictions or Permitted Non-U.S. Jurisdictions;
2. participants will receive a daily portfolio report listing their positions in the Class B Notes held through Euroclear and a daily settlement report confirming settlement in all trades executed by the participant that day. In each report, the Class B Notes will be listed by name, which will include “144A/3(c)7”. The 3(c)(7) restrictions will be further explained in the New Issues Acceptance Guide;
3. Euroclear will periodically (and at least annually) send to the Euroclear participants holding positions in 3(c)(7) securities an electronic “Important Notice” outlining the restrictions applicable to 3(c)(7) securities; and
4. the Issuer will from time to time make a request to Euroclear to deliver to the Issuer a list of all Euroclear Participants holding an interest in the Class B Notes.

In connection with the Class B Notes, the Issuer will request Euroclear to include the risk-linked securities (“RLS”) descriptor in its securities database in order to indicate that sales are limited to purchasers who are residents of and purchasing in Permitted U.S. Jurisdictions or Permitted Non-U.S. Jurisdictions and that the RLS restrictions will be further explained in the New Issues Acceptance Guide. The Issuer will further requested that risk-linked securities notification be included in the Important Notice.

Clearstream Actions with Respect to the Class B Notes

In connection with the Class B Notes, the Issuer will direct Clearstream to take the following steps in connection with the respective Global Note:

1. the security name will reference “144A/3c7/RLS” in the Clearstream securities database in order to indicate that sales are limited to (a) Qualified Institutional Buyers that are, with respect to U.S. Persons,

Qualified Purchasers and (b) purchasers who are residents of and purchasing and holding in, Permitted U.S. Jurisdictions or Permitted Non-U.S. Jurisdictions;

2. Participants will receive a daily portfolio report listing their positions in the Class B Notes held through Clearstream and a daily settlement report confirming settlement in all trades executed by the participant that day. In each report, the Class B Notes will be listed by name, which will include “144A/3(c)7/RLS”. The 3(c)7 and RLS restrictions will be further explained in the Clearstream Banking Customer Handbook;
3. Clearstream will send on or prior to the Issuance Date an “Important Notice” to all relevant Clearstream Participants in connection with the offering of the Class B Notes. The “Important Notice” will be in substantially the form of an exhibit to the Indenture and will notify all relevant Clearstream Participants that the Notes are Section 3(c)(7) securities and risk-linked securities. The Issuer may instruct Clearstream from time to time (but not more frequently than every six months) to reissue the Important Notice; and
4. the Issuer will from time to time make a request to Clearstream to deliver to the Issuer a list of all relevant Clearstream Participants holding an interest in the Class B Notes.

Bloomberg Screens, Etc.

The Issuer will from time to time request all third-party vendors to include on screens maintained by such vendors appropriate legends regarding Rule 144A, Section 3(c)(7) and risk-linked securities restrictions on the Global Notes. Without limiting the foregoing, the Initial Purchasers will request that Bloomberg, L.P include the following on each Bloomberg screen containing information about the Notes:

1. The bottom of the “Security Display” page describing the Global Notes should state “Iss’d under 144A/3c7” and “GRLS”
2. The “Security Display” page should have a flashing red indicator stating “See Additional Note Pg.”
3. Such indicator should link to an “Additional Security Information” page, which should state that the Global Notes are being offered in reliance on the exemption from registration under Rule 144A of the Securities Act of 1933, as amended (the “**Securities Act**”) to persons that are (1) “qualified institutional buyers” as defined in Rule 144A under the Securities Act; (2) with respect to U.S. Persons, “qualified purchasers” as defined under Section 3(c)(7) of the Investment Company Act of 1940, as amended; and (3) that are residents of, and purchasing in jurisdictions (“**Permitted U.S. Jurisdictions**” and “**Permitted Non-U.S. Jurisdictions**”) that would not, as a result of such residence or purchase, result in the purchasers’ being subject to regulation as insurers or reinsurers’. The page should also set forth those jurisdictions that the Issuer considers to be “Permitted U.S. Jurisdictions” and “Permitted Non-U.S. Jurisdictions.”

CUSIPS

The Issuer will cause each “CUSIP” number obtained for a Global Note to have an attached “fixed field” that contains “3c7,” “144A” and “GRLS” indicators.

Legends

The Issuer will not remove the legend set forth in “Notice to Investors — Representations of Purchasers” at any time.

Representations of Purchasers

Each purchaser (including subsequent transferees) of Notes (or a beneficial interest therein) will be deemed to have represented, warranted, acknowledged and covenanted to the Issuer as follows:

1. The purchaser is purchasing the Notes for its own account or for a beneficial owner for which such person is acting as fiduciary or agent with complete investment discretion and with authority to bind such other person (the purchaser, and each such beneficial owner, collectively, the “**Purchaser**”), and not with a view to any public resale or distribution thereof.
2. The Purchaser understands and acknowledges that the Notes have not been registered under the Securities Act or any other applicable securities law, and may not be offered, sold or otherwise transferred except pursuant to an exemption from registration. Notwithstanding the availability of an exemption from the registration requirements under the Securities Act, the Notes may not be resold or transferred except to a “qualified institutional buyer” (“**Qualified Institutional Buyer**”) (within the meaning of Rule 144A under the Securities Act) pursuant to Rule 144A that, in the case of a purchaser that is a U.S. Person (as defined in Rule 902(k) under the Securities Act), is also a “qualified purchaser” (“**Qualified Purchaser**”) (as defined in Section 2(a)(51) of the Investment Company Act and the rules and regulations thereunder) in reliance on the exception from the registration thereunder provided by Section 3(c)(7) and is a resident of, and purchasing in, a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction.
3. The Purchaser is (i) a Qualified Institutional Buyer and, (ii) if a U.S. Person, a Qualified Purchaser and (iii) the Purchaser is a resident of, and purchasing in, and will hold the Notes in, a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction, and is aware (and any other person for whom such purchaser is purchasing is aware) that any sale of the Notes to it will be made in reliance on Rule 144A and, if a U.S. Person, the exception from registration provided in Section 3(c)(7) of the Investment Company Act, and such acquisition will be for its own account or for the account of another Qualified Institutional Buyer and Qualified Purchaser (if a U.S. Person) who is also aware that the sale to it is being made in reliance on Rule 144A and, if a U.S. Person, the exception from registration provided in Section 3(c)(7) of the Investment Company Act.
4. The Purchaser (if a U.S. Person) is not a broker-dealer which owns and invests on a discretionary basis less than \$25,000,000 in securities of issuers unaffiliated with such broker-dealer.
5. The Purchaser (if a U.S. Person) is not a participant-directed employee plan, such as a 401(k) plan, or a trust holding the assets of such plan, unless the investment decisions with respect to such plan are made solely by the fiduciary, trustee or sponsor of such plan.
6. The Purchaser and each account for which it is purchasing or otherwise acquiring the Notes (or beneficial interests therein), will purchase, hold or transfer at least \$250,000 of the Notes (or beneficial interests therein).
7. The Purchaser (if a U.S. Person) was not formed, reformed or recapitalized for the specific purpose of investing in the Notes and/or other securities of the Issuer (unless all of the beneficial owners of such entity’s securities are both Qualified Institutional Buyers and Qualified Purchasers).
8. If the Purchaser is an investment company excepted from the Investment Company Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof (or a foreign investment company under Section 7(d) thereof relying on Section 3(c)(1) or 3(c)(7) with respect to its holders that are U.S. Persons) and was formed on or before April 30, 1996, it has received the consent of its beneficial owners who acquired their interests on or before April 30, 1996, with respect to its treatment as a Qualified Purchaser in the manner required by Section 2(a)(51)(C) of the Investment Company Act and the rules promulgated thereunder.

9. The Purchaser (if a U.S. Person) is not a partnership; common trust fund; or corporation, special trust, pension fund or retirement plan, or other entity, in which the partners, beneficiaries, beneficial owners, participants, shareholders or other equity owners, as the case may be, may designate the particular investment to be made, or the allocation thereof, unless all such partners, beneficiaries, beneficial owners, participants, shareholders or other equity owners are both Qualified Institutional Buyers and Qualified Purchasers.
10. The Purchaser (if a U.S. Person) has not invested more than 40% of its assets in the Notes (or beneficial interests therein) and/or other securities of the Issuer after giving effect to the purchase of the Notes (or beneficial interests therein) (unless all of the beneficial owners of such entity's securities are both Qualified Institutional Buyers and Qualified Purchasers).
11. The Purchaser (if a U.S. Person) agrees that the Issuer shall be entitled to require any holder of the Notes (or a beneficial interest therein) that is determined not to have been both a Qualified Institutional Buyer and a Qualified Purchaser (and to have met the other requirements set forth in paragraphs 1 through 14) at the time of acquisition of such Notes (or such beneficial interest) to sell such Notes (or such beneficial interest) in accordance with the provisions described below.
12. The Purchaser understands that the Issuer may receive a list of the participants from the applicable Clearing System or any other depository holding beneficial interests in the Notes.
13. The Purchaser and each person for which it is acting understands that any sale or transfer of any Note (or beneficial interest therein) to a person that does not comply with the requirements set forth in paragraphs 1 through 14 will be void and of no effect.
14. The Purchaser will provide notice of these transfer restrictions to any subsequent transferees and agrees not to act as a swap counterparty or other type of intermediary whereby any other party will acquire an economic or beneficial interest in the Notes acquired or reoffer, resell, pledge or otherwise transfer the Notes (or any beneficial interests therein), to any person except to a person that (x) meets all of the requirements in paragraphs 1 through this paragraph 14 and (y) agrees not to subsequently transfer the Notes or any beneficial interest therein except in accordance with these transfer restrictions.

The Issuer and the Indenture Trustee may require a holder of the Notes (or any owner of a beneficial interest therein) to provide them with an opinion of counsel addressed to and satisfy to each of them to the effect that such reoffer, resale, exchange, pledge or other transfer will not require the Issuer to register as an investment company under the Investment Company Act. If any person acquiring a Note (or a beneficial interest therein) is not a Qualified Institutional Buyer and, in the case of a U.S. Person, is not a Qualified Purchaser (or fails to meet the other requirements) at the time of acquisition thereof, the Issuer may regard the transaction as null and void and of no effect. If the Purchaser or any subsequent purchaser or transferee of a Note (or a beneficial interest therein) is determined not to have been a Qualified Institutional Buyer and, if a U.S. Person, a Qualified Purchaser (and to have met the other requirements set forth in this section headed "*Notice to Investors—Representations of Purchasers*") at the time it acquired such Notes (or such beneficial interest) or if such Purchaser or any subsequent purchaser or transferee is not a resident of a Permitted U.S. Jurisdiction or Permitted Non-U.S. Jurisdiction, the Issuer may compel such person to sell such Notes (or such beneficial interest) (within 30 days after notice of the sale requirement is given) to a person that is (i) a Qualified Institutional Buyer and, (ii) if a U.S. Person, a Qualified Purchaser and (iii) is a resident of, and purchasing in, and will hold the Notes in, a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction (and meets the other requirements set forth in this section headed "*Notice to Investors—Representations of Purchasers*"). If such holder (or beneficial owner) fails to effect the sale within such 30-day period, the Issuer has the right to sell such Notes (or such beneficial interest) to a purchaser selected by the Issuer who meets the requirements set forth in this section headed "*Notice to Investors—Representations of Purchasers*") on such terms as the Issuer may choose. The Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Notes, and selling such Notes to the highest such bidder. However, the Issuer may select a purchaser by any other means determined by it in its sole discretion.

The Purchaser understands that the certificates representing the Notes will bear a legend substantially to the effect set forth below:

NEITHER THIS NOTE NOR ANY BENEFICIAL INTEREST IN THIS NOTE HAS BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY U.S. STATE OR FOREIGN SECURITIES LAWS AND ATLAS REINSURANCE VII LIMITED (THE "ISSUER") HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). INTERESTS IN THIS NOTE MAY BE OFFERED, REOFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (I) TO "QUALIFIED INSTITUTIONAL BUYERS" ("QUALIFIED INSTITUTIONAL BUYERS") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT IN EACH CASE WITH RESPECT TO "U.S. PERSONS" AS DEFINED IN RULE 902(k) UNDER THE SECURITIES ACT ("U.S. PERSONS"), ARE "QUALIFIED PURCHASERS" ("QUALIFIED PURCHASERS") FOR PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, EACH OF WHICH MUST BE A RESIDENT OF AND PURCHASING IN, AND WILL HOLD THE NOTES IN, A PERMITTED U.S. JURISDICTION OR A PERMITTED NON-U.S. JURISDICTION, AND (II) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES, ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION. EACH PURCHASER OR HOLDER OF AN INTEREST IN THIS NOTE AND EACH SUBSEQUENT HOLDER OF AN INTEREST IN THIS NOTE IS REQUIRED TO NOTIFY ANY PURCHASER OF AN INTEREST IN THIS NOTE OF THE ABOVE TRANSFER RESTRICTIONS.

THE PERMITTED U.S. JURISDICTIONS AND PERMITTED NON-U.S. JURISDICTIONS ARE REFERENCED IN THE ISSUER'S OFFERING CIRCULAR DATED OCTOBER 25, 2012. ANY PERSON WHO HOLDS ANY INTEREST IN THE NOTES, WHO DOES NOT RESIDE AND HOLD SUCH INTEREST IN A PERMITTED U.S. JURISDICTION OR A PERMITTED NON-U.S. JURISDICTION, MAY BE FORCED TO TRANSFER SUCH INTEREST TO A PERSON IN A PERMITTED U.S. JURISDICTION OR PERMITTED NON-U.S. JURISDICTION.

EACH PURCHASER (INCLUDING SUBSEQUENT TRANSFEREES) OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED, ACKNOWLEDGED AND AGREED THAT: (1) THE PURCHASER IS PURCHASING THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) FOR ITS OWN ACCOUNT OR FOR A BENEFICIAL OWNER FOR WHICH SUCH PERSON IS ACTING AS FIDUCIARY OR AGENT WITH COMPLETE INVESTMENT DISCRETION AND WITH AUTHORITY TO BIND SUCH OTHER PERSON (THE PURCHASER, AND EACH SUCH BENEFICIAL OWNER, COLLECTIVELY, THE "PURCHASER"), AND NOT WITH A VIEW TO ANY PUBLIC RESALE OR DISTRIBUTION THEREOF; (2) THE PURCHASER UNDERSTANDS AND ACKNOWLEDGES THAT THIS NOTE AND ANY BENEFICIAL INTEREST HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR ANY OTHER APPLICABLE SECURITIES LAW, AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION. NOTWITHSTANDING THE AVAILABILITY OF AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT, THIS NOTE MAY NOT BE RESOLD OR TRANSFERRED EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) PURSUANT TO RULE 144A THAT, IN THE CASE OF A PURCHASER THAT IS A U.S. PERSON (AS DEFINED IN RULE 902(k) UNDER THE SECURITIES ACT), IS ALSO A QUALIFIED PURCHASER (AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT AND THE RULES AND REGULATIONS THEREUNDER) IN RELIANCE ON THE EXCEPTION FROM THE REGISTRATION THEREUNDER PROVIDED BY SECTION 3(c)(7) AND IS A RESIDENT OF, AND PURCHASING IN, A PERMITTED U.S. JURISDICTION OR A PERMITTED NON-U.S. JURISDICTION; (3) THE PURCHASER IS (I) A QUALIFIED INSTITUTIONAL BUYER AND, (II) IF A U.S. PERSON, A QUALIFIED PURCHASER AND (III) THE PURCHASER IS A RESIDENT OF, AND PURCHASING IN, AND WILL HOLD THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) IN, A PERMITTED U.S. JURISDICTION OR A PERMITTED NON-U.S. JURISDICTION, AND IS AWARE (AND ANY OTHER PERSON FOR

WHOM SUCH PURCHASER IS PURCHASING IS AWARE) THAT ANY SALE OF THIS NOTE (OR BENEFICIAL INTEREST HEREIN) TO IT WILL BE MADE IN RELIANCE ON RULE 144A AND SUCH ACQUISITION WILL BE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER AND QUALIFIED PURCHASER (IF A U.S. PERSON) WHO IS ALSO AWARE THAT THE SALE TO IT IS BEING MADE IN RELIANCE ON RULE 144A; (4) THE PURCHASER (IF A U.S. PERSON) IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN \$25,000,000 IN SECURITIES OF ISSUERS UNAFFILIATED WITH SUCH BROKER- DEALER; (5) THE PURCHASER (IF A U.S. PERSON) IS NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(k) PLAN, OR A TRUST HOLDING THE ASSETS OF SUCH PLAN, UNLESS THE INVESTMENT DECISIONS WITH RESPECT TO SUCH PLAN ARE MADE SOLELY BY THE FIDUCIARY, TRUSTEE OR SPONSOR OF SUCH PLAN; (6) THE PURCHASER AND EACH ACCOUNT FOR WHICH IT IS PURCHASING OR OTHERWISE ACQUIRING THIS NOTE (OR BENEFICIAL INTERESTS HEREIN), WILL PURCHASE, HOLD OR TRANSFER AT LEAST \$250,000 OF THE NOTES (OR BENEFICIAL INTERESTS THEREIN); (7) THE PURCHASER (IF A U.S. PERSON) WAS NOT FORMED, REFORMED OR RECAPITALIZED FOR THE SPECIFIC PURPOSE OF INVESTING IN THE NOTES AND/OR OTHER SECURITIES OF THE ISSUER (UNLESS ALL OF THE BENEFICIAL OWNERS OF SUCH ENTITY'S SECURITIES ARE BOTH QUALIFIED INSTITUTIONAL BUYERS AND QUALIFIED PURCHASERS); (8) IF THE PURCHASER IS AN INVESTMENT COMPANY EXCEPTED FROM THE INVESTMENT COMPANY ACT PURSUANT TO SECTION 3(c)(1) OR SECTION 3(c)(7) THEREOF (OR A FOREIGN INVESTMENT COMPANY UNDER SECTION 7(d) THEREOF RELYING ON SECTION 3(c)(1) OR 3(c)(7) WITH RESPECT TO ITS HOLDERS THAT ARE U.S. PERSONS) AND WAS FORMED ON OR BEFORE APRIL 30, 1996, IT HAS RECEIVED THE CONSENT OF ITS BENEFICIAL OWNERS WHO ACQUIRED THEIR INTERESTS ON OR BEFORE APRIL 30, 1996, WITH RESPECT TO ITS TREATMENT AS A QUALIFIED PURCHASER IN THE MANNER REQUIRED BY SECTION 2(a)(51)(C) OF THE INVESTMENT COMPANY ACT AND THE RULES PROMULGATED THEREUNDER; (9) THE PURCHASER (IF A U.S. PERSON) IS NOT A PARTNERSHIP, COMMON TRUST FUND, OR CORPORATION, SPECIAL TRUST, PENSION FUND OR RETIREMENT PLAN, OR OTHER ENTITY, IN WHICH THE PARTNERS, BENEFICIARIES, BENEFICIAL OWNERS, PARTICIPANTS, SHAREHOLDERS OR OTHER EQUITY OWNERS, AS THE CASE MAY BE, MAY DESIGNATE THE PARTICULAR INVESTMENT TO BE MADE, OR THE ALLOCATION THEREOF, UNLESS ALL SUCH PARTNERS, BENEFICIARIES, BENEFICIAL OWNERS, PARTICIPANTS, SHAREHOLDERS OR OTHER EQUITY OWNERS ARE BOTH QUALIFIED INSTITUTIONAL BUYERS AND QUALIFIED PURCHASERS; (10) THE PURCHASER (IF A U.S. PERSON) HAS NOT INVESTED MORE THAN 40% OF ITS ASSETS IN THE NOTES (OR BENEFICIAL INTERESTS THEREIN) AND/OR OTHER SECURITIES OF THE ISSUER AFTER GIVING EFFECT TO THE PURCHASE OF THE NOTES (OR BENEFICIAL INTERESTS THEREIN) (UNLESS ALL OF THE BENEFICIAL OWNERS OF SUCH ENTITY'S SECURITIES ARE BOTH QUALIFIED INSTITUTIONAL BUYERS AND QUALIFIED PURCHASERS); (11) THE PURCHASER (IF A U.S. PERSON) AGREES THAT THE ISSUER SHALL BE ENTITLED TO REQUIRE ANY HOLDER OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) THAT IS DETERMINED NOT TO HAVE BEEN BOTH A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER (AND TO HAVE MET THE OTHER REQUIREMENTS SET FORTH IN (1)-(14) AT THE TIME OF ACQUISITION OF SUCH NOTE (OR SUCH BENEFICIAL INTEREST) TO SELL SUCH NOTES (OR SUCH BENEFICIAL INTEREST) IN ACCORDANCE WITH THE PROVISIONS DESCRIBED BELOW; (12) THE PURCHASER UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF THE PARTICIPANTS FROM THE APPLICABLE CLEARING SYSTEM OR ANY OTHER DEPOSITARY HOLDING BENEFICIAL INTERESTS IN THE NOTES; (13) THE PURCHASER AND EACH PERSON FOR WHICH IT IS ACTING UNDERSTANDS THAT ANY SALE OR TRANSFER TO A PERSON THAT DOES NOT COMPLY WITH THE REQUIREMENTS SET FORTH IN (1)-(14) WILL BE VOID AND OF NO EFFECT; (14) THE PURCHASER WILL PROVIDE NOTICE OF THESE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREES AND AGREES NOT TO ACT AS A SWAP COUNTERPARTY OR OTHER TYPE OF INTERMEDIARY WHEREBY ANY OTHER PARTY WILL ACQUIRE AN ECONOMIC OR BENEFICIAL INTEREST IN THE NOTES ACQUIRED OR REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THE NOTES (OR ANY BENEFICIAL INTERESTS

THEREIN), TO ANY PERSON EXCEPT TO A PERSON THAT (X) MEETS ALL OF THE REQUIREMENTS IN (1)-(14) AND (Y) AGREES NOT TO SUBSEQUENTLY TRANSFER THE NOTES OR ANY BENEFICIAL INTEREST THEREIN EXCEPT IN ACCORDANCE WITH THESE TRANSFER RESTRICTIONS.

THE ISSUER AND THE INDENTURE TRUSTEE MAY REQUIRE THE HOLDER OF THIS NOTE (OR ANY OWNER OF A BENEFICIAL INTEREST THEREIN) TO PROVIDE THEM WITH AN OPINION OF COUNSEL ADDRESSED TO AND SATISFACTORY TO EACH OF THEM TO THE EFFECT THAT SUCH REOFFER, RESALE, EXCHANGE, PLEDGE OR OTHER TRANSFER WILL NOT REQUIRE THE ISSUER TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT.

IF THE PURCHASER OR ANY SUBSEQUENT PURCHASER OR TRANSFEREE OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) IS DETERMINED NOT TO HAVE BEEN A QUALIFIED INSTITUTIONAL BUYER AND, IF A U.S. PERSON, A QUALIFIED PURCHASER AT THE TIME IT ACQUIRED THIS NOTE (OR SUCH BENEFICIAL INTEREST) OR IF SUCH PURCHASER OR ANY SUBSEQUENT PURCHASER OR TRANSFEREE IS NOT A RESIDENT OF A PERMITTED U.S. JURISDICTION OR PERMITTED NON-U.S. JURISDICTION, THE ISSUER MAY COMPEL SUCH PERSON TO SELL THIS NOTE (OR SUCH BENEFICIAL INTEREST), WITHIN 30 DAYS AFTER NOTICE OF THE SALE REQUIREMENT IS GIVEN, TO A PERSON THAT MEETS THE FOREGOING REQUIREMENTS. IF SUCH HOLDER (OR BENEFICIAL OWNER) FAILS TO EFFECT THE SALE WITHIN SUCH 30-DAY PERIOD, THE ISSUER HAS THE RIGHT TO SELL THIS NOTE (OR SUCH BENEFICIAL INTEREST) TO A PURCHASER SELECTED BY THE ISSUER WHO MEETS THE REQUIREMENTS SET FORTH HEREIN ON SUCH TERMS AS THE ISSUER MAY CHOOSE AS PROVIDED IN THE INDENTURE. THE ISSUER MAY SELECT THE PURCHASER BY SOLICITING ONE OR MORE BIDS FROM ONE OR MORE BROKERS OR OTHER MARKET PROFESSIONALS THAT REGULARLY DEAL IN SECURITIES SIMILAR TO THIS NOTE, AND SELLING SUCH NOTES TO THE HIGHEST SUCH BIDDER. HOWEVER, THE ISSUER MAY SELECT A PURCHASER BY ANY OTHER MEANS DETERMINED BY IT IN ITS SOLE DISCRETION.

THE PURCHASER OR OTHER HOLDER OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) EITHER (A) IS NOT (i) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA, (ii) A "PLAN" AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (iii) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (COLLECTIVELY "PLANS"), OR (iv) OTHER PLAN THAT IS SUBJECT TO ANY U.S. FEDERAL, U.S. STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR PLAN") AND IS NOT PURCHASING THIS NOTE OR ANY BENEFICIAL INTEREST HEREIN ON BEHALF OF, OR WITH "PLAN ASSETS" OF, ANY SUCH PLAN OR SIMILAR PLAN; OR (B) IS OR IS ACTING ON BEHALF OF OR PURCHASING THIS NOTE (OR BENEFICIAL INTEREST HEREIN) WITH THE ASSETS OF SUCH A PLAN OR SIMILAR PLAN AND SUCH PURCHASER'S OR OTHER HOLDER'S PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF SUCH INTEREST IN THIS NOTE IS EXEMPT BY REASON OF SECTION 408(b)(17) OF ERISA AND SECTION 4975(d)(20) OF THE CODE OR PROHIBITED TRANSACTION CLASS EXEMPTION 96-23, 95-60, 91-38, 90-1 OR 84-14 OR SECTION 408(b)(17) OF ERISA AND SECTION 4975(d)(20) OF THE CODE OR ANOTHER APPLICABLE ADMINISTRATIVE OR STATUTORY EXEMPTION (OR IN THE CASE OF ANY SUCH SIMILAR PLAN, A COMPARABLE EXEMPTION APPLICABLE TO THE TRANSACTION). IN ADDITION, EACH PLAN PURCHASER (INCLUDING SUBSEQUENT TRANSFEREES) ACKNOWLEDGES AND AGREES THAT, BY PURCHASING THIS NOTE, IT WILL BE DEEMED TO HAVE DIRECTED THAT THE APPLICABLE ASSETS OF THE ISSUER BE INVESTED IN THE PERMITTED INVESTMENTS, INCLUDING THE EBRD NOTES AND THE MONEY MARKET FUND SHARES,

AND DIRECTED THE ISSUER TO ENTER INTO THE INDENTURE, THE APPLICABLE REINSURANCE AGREEMENT AND THE APPLICABLE DEED OF CHARGE AND DOES NOT CONSIDER THE CEDING REINSURER OR ANY OTHER PARTY EXERCISING AUTHORITY OR CONTROL RESPECTING THE MANAGEMENT OR DISPOSITION OF PERMITTED INVESTMENTS, IF ANY, AS A FIDUCIARY FOR PURPOSES OF ERISA AND SECTION 4975 OF THE CODE WITH RESPECT TO ANY ASSETS OF INVESTING PLANS. EVERY PURCHASER (INCLUDING A SUBSEQUENT TRANSFEREE) OR HOLDER OF A NOTE WILL BE DEEMED TO HAVE MADE THE REPRESENTATIONS HEREIN.

ANY INFORMATION PROVIDED TO A PURCHASER OR A PROSPECTIVE TRANSFEREE SHALL BE FOR THE SOLE PURPOSE OF ASSESSING THE INVESTMENT. AS A CONDITION OF ACCESS TO SUCH INFORMATION, EACH PURCHASER AGREES THAT NEITHER IT NOR ANY PROSPECTIVE TRANSFEREE MAY DISCLOSE ANY SUCH INFORMATION TO THIRD PARTIES OTHER THAN AS REQUIRED BY APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS, NOR USE THE INFORMATION FOR ANY PURPOSE OTHER THAN INVESTMENT ANALYSIS.

15. The Purchaser has had access to such financial and other information concerning the Issuer and the Notes as it has deemed necessary in connection with its decision to purchase the Notes. The Purchaser (i) has been given the opportunity to ask questions of and receive answers from the Issuer concerning the terms and conditions of the Offering and other matters pertaining to an investment in the Notes, (ii) has been given the opportunity to request and review such additional information necessary to evaluate the merits and risks of a purchase of the Notes and to verify the accuracy of or to supplement the information contained in the Offering Circular to the extent the Issuer possesses such information and (iii) has received all documents and information reasonably necessary to make an investment decision, subject to contractual restrictions on the Issuer's ability to disclose confidential information. The Purchaser understands the terms, conditions and risks of the Notes and that the Notes involve a high degree of risk as described in the Offering Circular, including possible loss of the Purchaser's entire investment. The Purchaser has not relied upon any advice or recommendation of the Issuer, any Initial Purchaser or the Ceding Reinsurer or any of their affiliates, and is making its own investment decision based upon its own judgment and upon the advice of such professional advisors, either employed or independently retained by the Purchaser, as it has deemed necessary to consult. It has not relied on any other version of the Offering Circular other than the final version thereof in making its investment decision with respect to the Notes. The Purchaser acknowledges that no person has been authorized to give any information or to make any representations concerning the Issuer or the Notes other than those contained in the Offering Circular and, if given or made, such other information or representations have not been relied upon. The Purchaser acknowledges that it has reviewed the Offering Circular including the "Risk Factors" and the legends in the forward part of the Offering Circular. The Purchaser has determined that it has the legal power, authority and right to purchase the Notes. The Purchaser understands that there is no assurance that a secondary market for the Notes will develop, the fair market value of the Notes may reflect a substantial discount from the Purchaser's initial investment and substantial volatility in light of certain events under the respective Reinsurance Agreement, and that the Notes may trade at a value other than that which may be inferred from the current levels of interest rates, due to other factors including, but not limited to, expectations of the future levels of interest rates and the occurrence of certain Covered Events.
16. The Purchaser understands that the Issuer may require the Purchaser to provide certification or information acceptable to the Issuer which is necessary for the Issuer (i) to prevent withholding or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Issuer receives premiums or payments on its assets, (ii) to make payments of principal and interest on the Notes without, or at a reduced rate of, withholding or backup withholding in any jurisdiction, or (iii) to enable the Issuer or its agents to satisfy reporting and other obligations under the Code and Treasury Regulations, and to update or replace such form or certification in accordance with its terms or its subsequent amendments. The Purchaser agrees to provide any such certification or information that is requested by the Issuer.

17. The Purchaser or other holder of a Note (or a beneficial interest therein) either (A) is not (i) an “employee benefit plan” as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), that is subject to Title I of ERISA, (ii) a “plan” as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the “Code”), that is subject to Section 4975 of the Code, (iii) an entity whose underlying assets include “plan assets” by reason of any such employee benefit plans’ or plan’s investment in the entity (collectively “Plans”), or (iv) another plan that is subject to any U.S. federal, U.S. state, local or foreign law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (“Similar Plan”) and is not purchasing the Notes or any beneficial interest therein on behalf of, or with “plan assets” of, any such Plan or Similar Plan; or (B) is or is acting on behalf of or purchasing the Notes (or beneficial interest therein) with the assets of such a Plan or Similar Plan and such purchaser’s or other holder’s purchase, holding and subsequent disposition of such interest in such Notes or beneficial interest, is exempt by reason of Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code or prohibited transaction class exemption 96-23, 95-60, 91-38, 90-1 or 84-14 or Section 408(d)(17) of ERISA and Section 4975(d)(20) or another applicable administrative or statutory exemption (or in the case of any such Similar Plan, a comparable exemption applicable to the transaction). In addition, each Plan Purchaser (including subsequent transferees) acknowledges and agrees that, by purchasing Notes, it will be deemed to have directed that the applicable assets of the Issuer be invested in the Permitted Investments, including the EBRD Notes and the Money Market Fund Shares, and directed the Issuer to enter into the Indenture, the applicable Reinsurance Agreement and the applicable Deed of Charge and does not consider the Ceding Reinsurer or any other party exercising authority or control respecting the management or disposition of Permitted Investments, if any, as a fiduciary for purposes of ERISA and Section 4975 of the Code with respect to any assets of investing Plans. If the Purchaser is making the representations set forth in clause (B), above, the person making the decision to purchase such Notes is making such representations both in their individual capacity as well as their fiduciary capacity and further represents that in connection with such purchase, such person has determined that in connection with such transaction the Purchaser will receive no less, and pay no more, than adequate consideration as provided in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code. Every Purchaser (including a subsequent transferee) or holder of Notes will be deemed to have made the representations herein.
18. The Purchaser agrees, for federal income tax purposes, to treat the Notes as evidencing equity interests in the Issuer.
19. The Purchaser agrees, prior to the sale by such Purchaser of any Notes, to provide any potential purchaser that is a permitted transferee the opportunity to review any Available Information and Rule 144 Information received by the Purchaser prior to the date of such sale.
20. The Purchaser agrees that:
- (i) It has not and will not underwrite the issue of, or place or take any other action in connection with any of the Notes, otherwise than in conformity with (i) the provisions of the European Communities (Markets in Financial Instruments) Regulations, 2007 (as amended) including, without limitation, Parts 6, 7 and 12 thereof any codes of conduct, guidance and other requirements issued in connection therewith (as each of the foregoing may be amended, varied or supplemented from time to time) and (ii) the provisions of the Investor Compensation Act, 1998 (as each of the foregoing may be amended, varied and/or supplemented from time to time);
 - (ii) It has not and will not underwrite the issue of, or place, any Notes, otherwise than in conformity with the provisions of The Central Bank Acts 1942 to 2010 and any codes of conduct or rules made under Section 117(1) of The Central Bank Act 1989 (as each of the foregoing may be amended, varied and/or supplemented from time to time);

- (iii) It has not and will not underwrite the issue of, or do anything in Ireland in respect of any Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 and any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by The Central Bank (as each of the foregoing may be amended, varied and/or supplemented from time to time); and
 - (iv) It has not and will not underwrite the issue of, place or otherwise act in Ireland in respect of any Notes, otherwise than in conformity with the provisions of The EU Directive 2003/6/EC on insider dealing and market manipulation and Irish Market Abuse Law (as such term is defined in The Irish Investment Funds, Companies And Miscellaneous Provisions Act, 2005 (the “**2005 Act**”) and the Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the 2005 Act by the Central Bank (as each of the foregoing may be amended, varied and/or supplemented from time to time).
22. The Purchaser (if other than the Initial Purchasers) acknowledges that the Issuer, each Initial Purchaser and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of an interest in Notes are no longer accurate, it will promptly notify the Issuer and each Initial Purchaser.

Investors are strongly urged to have these representations and agreements reviewed by their counsel prior to making any decision to invest in the Notes.

EXPERTS

The statistical data, risk modeling and explanations thereof included in this Offering Circular in the “*AIR Expert Risk Analysis*” attached hereto as Annex A and the “*AIR Expert Risk Analysis Results*” attached hereto as Annex B have been included in reliance upon AIR as experts in modeling techniques and the analysis of risks associated with U.S. Hurricanes in the U.S. Hurricane Covered Area, U.S. Earthquakes in the U.S. Earthquake Covered Area and Europe Windstorms in the Europe Windstorm Covered Area.

LEGAL MATTERS

Certain legal matters relating to the Notes will be passed upon for the Issuer by Willkie Farr & Gallagher LLP, New York, New York and by Walkers Ireland, Dublin, Ireland. Willkie Farr & Gallagher LLP will rely, without independent investigation, on the opinions of Walkers Ireland as to matters of Irish law and of in-house counsel of the Ceding Reinsurer as to matters of French law. Walkers Ireland has advised the Issuer as to other legal matters relating to Irish law. Willkie Farr & Gallagher LLP has advised the Issuer and the Ceding Reinsurer as to various legal matters, including as to U.S. federal tax and securities law matters and certain matters as to English law. Cadwalader, Wickersham & Taft LLP has advised the Initial Purchasers as to certain legal matters including securities law matters.

LISTING AND GENERAL INFORMATION

1. Application to the Irish Stock Exchange

This Offering Circular has been approved by the Central Bank, as competent authority under the Prospectus Directive 2003/71/EC. The Central Bank only approves this Offering Circular as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purpose of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. This Offering Circular constitutes a prospectus for the purposes of the Prospectus Directive 2003/71/EC and will be filed with the Companies Registration Office of Ireland in accordance with Regulation 38(1)(b) of Prospectus (Directive 2003/71/EC) Regulations, 2005.

Application will be made to the Irish Stock Exchange for the 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. References in this Offering Circular to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to trading on the Irish Stock Exchange’s regulated market and have been admitted to the Official List. The regulated market is a regulated market for the purposes of Directive 2004/39/EC.

2. Expenses

All expenses relating to the listing and offering of each Class of the Notes will be paid by the Issuer out of the Initial Expense Premium and any Supplemental Expense Premium payable to the Issuer by the Ceding Reinsurer pursuant to the Reinsurance Agreements. The expenses related to the admission to trading of the Notes is €5,291.20.

3. Legal Proceedings

Since the date of incorporation, there is no litigation, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) and no claims of material importance pending or threatened against the Issuer.

4. No Material Adverse Change

Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer since the date of the Issuer’s incorporation and there has been no material adverse change in the financial condition or prospects of the Issuer since the date of the Issuer’s incorporation.

5. Post-Issuance Information

Other than the annual audited financial statements of the Issuer, the Issuer does not intend to provide any post-issuance transaction information regarding the Notes to be admitted to trading or the performance of the underlying Collateral.

6. Documents on Display

Copies of the following documents may be inspected in physical form, without charge, during normal business hours (local time) at the office of the Issuer during the period from the Issuance Date to the applicable Redemption Date:

- (a) the constitutional documents of the Issuer;
- (b) the Indenture, the Reinsurance Agreements, the Management Agreement, the Calculation Agent Agreement, the Escrow Agreement, the PCS License Agreement, the PERILS License Agreement and the Deeds of Charge;

- (c) the audited financial statements of the Issuer; and
- (d) this Offering Circular and any supplement thereto.

7. *Authorization of the Notes*

The issuance of the Class A Notes and the Class B Notes was authorized by a resolution of the Board of Directors of the Issuer passed on October 25, 2012 at a meeting of the Board of Directors held in Dublin, Ireland.

8. *Language*

The language of this Offering Circular is English.

9. *Financial Statements*

So long as the Class A Notes or Class B Notes (or any of them) are admitted to trading on the Official List of the Irish Stock Exchange, the most recent published accounts of the Issuer from time to time will be available at the specified office of the Irish Listing Agent in Dublin. The Issuer does not publish interim accounts.

10. *Irish Listing Agent*

The Issuer has appointed Walkers Listing & Support Services Limited, as its Irish Listing Agent. Walkers Listing & Support Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive or otherwise.

ANNEX A

AIR EXPERT RISK ANALYSIS

Introduction to AIR / Overview of Analysis

The Issuer has engaged AIR Worldwide Corporation (“**AIR**”), an independent consultant, as its Calculation Agent to perform certain risk assessment analyses with respect to U.S. Hurricanes, U.S. Earthquakes and Europe Windstorms. AIR’s work has included (i) producing a modeled distribution of losses caused by U.S. Hurricanes and U.S. Earthquakes affecting AIR’s U.S. Industry Exposure Database¹ in the applicable Covered Area as a proxy for PCS losses; (ii) producing a modeled distribution of losses caused by Europe Windstorms affecting the Initial Augmented PERILS Industry Exposure Database² in the Europe Windstorm Covered Area as a proxy for PERILS losses; and (iii) determining the probabilities of attachment, exhaustion, and expected losses to the Class A Notes and Class B Notes; and the other modeled information included herein. AIR, established in 1987, is a software and consulting firm that develops catastrophe risk assessment and management methodologies and techniques. AIR has provided catastrophe loss analysis services for numerous primary insurance and reinsurance companies. Many of them utilize AIR catastrophe risk assessment and management methodologies and software on an ongoing basis. In addition, AIR catastrophe models have been used in a number of previous insurance-linked capital market transactions. AIR is a wholly-owned subsidiary of Insurance Services Office, Inc. and is affiliated with PCS.

To estimate the probability distribution of losses for U.S. Hurricanes, U.S. Earthquakes and Europe Windstorms in the Covered Area, AIR has developed probabilistic simulation models (“**AIR Models**”) that generate potential events in accordance with their estimated relative probability of occurrence. The AIR Models generate thousands of simulated events and apply the associated event characteristics to databases of insured property exposure in the Covered Area in order to estimate the insured damages that would result from each of the simulated events. The AIR Models are version 14.0 of the AIR U.S. Hurricane Model for the United States (“**AIR U.S. Hurricane Model**”), version 8.4 of the AIR Earthquake for the United States (“**AIR U.S. Earthquake Model**”), and version 5.01 of the Extratropical Cyclone Model for Europe (“**AIR Europe Windstorm Model**”) as implemented in CLASIC/2 and CATRADER 14.0.1. The AIR U.S. Hurricane Model was last updated in 2012; the AIR U.S. Earthquake Model was last updated in 2012; the AIR Europe Windstorm Model was last updated in 2011.

The following sections of this “AIR Expert Risk Analysis” set forth a description of the methods utilized by AIR on behalf of the Issuer in calculating the estimated distribution of losses. The data modeling and explanations included in this “AIR Expert Risk Analysis” section and in the “AIR Risk Analysis Results” section have been prepared by AIR as experts in such matters. AIR will also serve as the Reset Agent for this transaction.

AIR Modeling Approach

Standard actuarial techniques utilized by insurers typically rely on past losses to project future losses. However, the scarcity of historical loss data resulting from the relative infrequency of catastrophe events makes exclusive reliance on standard actuarial techniques of loss estimation inappropriate for the estimation of potential catastrophe losses. Furthermore, the usefulness of the loss data that do exist is limited because of the constantly changing landscape of insured properties. Property values change, along with the costs of repair and replacement. Building materials and designs change, and new structures may be more or less vulnerable to catastrophe events than were the old ones. New properties continue to be built in areas of high hazard. Therefore, the limited loss information that is available is not suitable for directly estimating future losses.

Because of these limitations on the exclusive use of historical loss information to estimate future loss potential, AIR has developed an alternative loss-estimation methodology based on statistical simulation techniques. This approach involves the construction of computer programs that incorporate fundamental physical characteristics of catastrophic perils. The programs give mathematical representation to the physical phenomena of catastrophe events in order to

¹ For details please refer to “AIR’s Industry Exposure Databases” in the “AIR Expert Risk Analysis Results” attached to this Offering Circular as Annex B.

² For a description of modifications made to the PERILS Industry Exposure Database, see “Modeling the PERILS Industry Exposure Database” in the “AIR Expert Risk Analysis Results” attached to this Offering Circular as Annex B.

evaluate the potential damage and insured losses that can occur. The modeling is performed on a “probabilistic” basis, meaning that the results of the modeling are expressed in terms of probabilities. A set of results is expressed in terms of a probability distribution, also known as a “loss distribution,” which, given specific insurance exposures under policies in force, provides a distribution of possible losses and the relative likelihood of occurrence of various levels of loss. **The loss distribution is not a prediction of future losses.** It is solely intended to be illustrative of the range of possible losses from loss-causing events and the likelihood of occurrence of such losses. A loss or combination of losses of any particular magnitude could occur in any year.

As discussed below, the AIR Models and their modeling approach are subject to important limitations, uncertainties, and special considerations.

Limitations of AIR Analysis Included Herein

The results of AIR’s analyses are not to be viewed as facts or forecasts of future Covered Events, and should not be relied upon as a representation of the future values of the Notes. Actual loss experience can materially differ from that generated by the AIR Models. No model of catastrophe events is, or can be, an exact representation of reality. The loss distributions and other analyses generated by AIR are based on assumptions relating to environmental, demographic, and cost factors, many of which represent subjective judgments, are inherently uncertain, and are beyond the control of AIR. Accordingly, the loss estimates produced by the AIR Models are subject to uncertainty. The assumptions and methodologies used by AIR may not constitute the exclusive set of reasonable assumptions and methodologies, and the use of alternative assumptions and/or methodologies could yield results materially different from those generated by AIR.

In its loss estimation models for U.S. Hurricanes, U.S. Earthquakes and Europe Windstorms and in the development of the various risk parameters used in the AIR Models, AIR has relied on published technical papers, historical catalogs of past events, scientific theory published in refereed journals and other data and analyses that it believes represent current and credible scientific opinion as of their respective release dates. AIR has not reviewed, however, the authenticity of all the data in the historical catalogs as to the dates, locations, or severities of the catastrophe events. Further uncertainties arise from insufficient data, limited scientific knowledge, alternative theories governing empirical relationships and the random nature of hurricanes, earthquakes and windstorms themselves.

AIR reviews its modeling assumptions from time to time in the light of new meteorological, seismological, engineering and other data and information, and refines the loss estimates as such information becomes available. Such refinements may materially alter, and have in the past materially altered, the loss estimates generated by AIR’s Models.

AIR’s modeling reflects the use of a function to account for the effects of temporary inflation that can result from increased demand for materials and services to repair and rebuild damaged property after a major catastrophe event (“**Demand Surge**”). The Demand Surge function is calculated based on very few historical data points and is also highly subjective. As a result, the loss estimates presented herein may understate the impact of Demand Surge on losses, possibly materially.

The loss and index probabilities generated by the AIR Models are not predictive of future catastrophic events, or of the magnitude of losses that may occur in the event of an actual catastrophic event. AIR has not made any effort, nor does it have the ability, to predict such catastrophes. Actual frequency of U.S. Hurricanes, U.S. Earthquakes and Europe Windstorms and their attendant losses could materially differ from those estimated by AIR. Potential investors in the Notes should not view the loss probabilities generated by the AIR Models as, in any way, predicting the likelihood of the occurrence, during the applicable Risk Period, of any sequence of events that will result in a loss under the applicable Reinsurance Agreement, and a corresponding reduction in the amount available to make distributions to the Holders of such Notes. See “Risk Factors” and “Description of the Notes” in the Offering Circular.

U.S. HURRICANES

Introduction to U.S. Hurricanes

Hurricanes, or more generally tropical cyclones, begin to form when warm ocean water evaporates, is further warmed by the sun, and rises to create a high, thick layer of humid air. This rising of warm, dense air creates an area of low pressure, technically known as a depression, near the ocean's surface. Surface winds converge and, due to the earth's Coriolis force, display a clear cyclonic circulation.

Air flows from areas of relative high pressure to relative low pressure. The greater the difference between peripheral and central pressures, the faster the inflow. The inward rush of peripheral surface winds toward the central area of low pressure, the rise of warm humid air in the center, and the subsequent outflow away from the system at high altitude, can combine to create a self-sustaining heat engine. The warmer the water temperature, the faster the air in the center of the system rises. The faster this air rises, the greater will be the difference between the surface air pressures inside and outside the vortex. When circulating wind speeds reach 40 miles per hour ("**mph**"), the depression reaches tropical storm status. When wind speeds reach 74 miles per hour, the storm is designated a hurricane. For details please refer to section Measuring Hurricane Intensity below.

Hurricanes form where there is a convergence of the necessary conditions. Hurricane formation is precluded in areas in close proximity to the earth's equator because of the absence there of the Coriolis force, which is required for the spiraling circulation of surface winds. Conversely, at great distances from the equator, water temperatures will not be sufficiently warm for cyclonic formation. Generally, water temperatures must be at least 80 degrees Fahrenheit for the process to begin. There must also be a relative absence of "vertical shear," or winds that change appreciably in either magnitude or direction over the water, thus "shearing off" the cyclonic outflow at high altitudes. As their name suggests, tropical cyclones, and therefore hurricanes, typically form in the tropical regions of the earth's ocean basins. The occurrence of tropical cyclones tends to be seasonal³, with most activity occurring from July to October in the U.S. Gulf and East Coasts.

In addition to warm water temperature and absence of vertical shear winds, various climate signals have been identified that may affect hurricane activity. Climate signals are measurements of the natural feedback systems of the earth in its effort to maintain ocean-atmosphere equilibrium and are typically presented as a measurement of anomalies. For example, the Atlantic multi-decadal oscillation is a climate signal measuring the long term change in the sea surface temperature. The El-Niño Southern Oscillation ("**ENSO**") measures sea surface temperature anomalies in the Pacific Ocean off the coast of Peru which alternate over an approximate three- to eight-year cycle with an opposite cold phase known as "La Niña." The Quasi-Biennial Oscillation ("**QBO**") is a signal tracking the direction of the equatorial winds in the stratosphere, and the North Atlantic Oscillation ("**NAO**") is a pressure system over the North Atlantic that scientists have observed to steer North Atlantic tropical cyclones in a characteristic pattern to the west and eventually to the north. The AIR U.S. Hurricane Model includes the effects of these climate signals to the extent that they are embodied in the historical data on the frequency and intensity of hurricanes, which are used in AIR's modeling. However, the analysis results of the AIR U.S. Hurricane Model represent a long run view of the probabilities of losses of different sizes and not a forecast or prediction of loss for any specific year. There can be no assurance that modeling specifically for such factors would not materially affect the modeled results. (See "Sensitivity Analysis on Hurricane Frequency".)

Measuring Hurricane Intensity

The severity of a hurricane is often measured by the Saffir-Simpson ("**S.S.**") scale. This scale comprises five categories of hurricanes, with category five being the most severe. The following paragraphs are summaries of the characteristics of storms in each of the five categories of the S.S. scale, adapted from information published by the National Hurricane Center ("**NHC**"). Wind measurements refer to 1-minute average sustained winds.

A Category 1 hurricane has winds of 74 to 95 mph. A hurricane of this magnitude may cause some damage to shrubs, trees, foliage, or poorly constructed signs, but with no real damage to building structures. Low-lying coastal roads may be inundated, with minor damage to piers.

A Category 2 hurricane has winds of 96 to 110 mph. A hurricane of this size may cause considerable damage to shrubs, trees, and foliage. Some trees are blown down; poorly constructed signs are extensively damaged. No major

³ For details please refer to Table 3 Modeled Frequency of Hurricanes by Month

damage is caused to structures, but there is possibly damage to roofs and doors. In addition, some flooding may cause coastal roads to be inundated, making evacuation of some shoreline residences necessary. There can also be considerable damage to piers.

While the above summaries of Category 1 and 2 hurricanes describe minor damage to structures, such damage over large areas can still cause sizeable accumulated industry insured losses.

A Category 3 hurricane has winds of 111 to 129 mph. A hurricane of this magnitude causes damage to shrubs and trees, blowing foliage off the trees and uprooting some large trees. Practically all poorly constructed signs are blown down. There is some roofing material damage, some window and door damage, and some structural damage to small residences and utility buildings. There may be serious flooding at the coast with many smaller structures near the coast destroyed. Larger structures are damaged by battering of floating debris. Evacuation of low-lying residences within several blocks of the shoreline may be required.

A Category 4 hurricane has winds of 130 to 156 mph. In a category 4 hurricane, shrubs and trees are blown down, as are essentially all signs. There is extensive roofing material damage, extensive window and door damage, and complete failure of roof structures on many small residences. Major damage occurs to lower floors of structures near the shore due to flooding and battering action, and there is major erosion of beach areas. Massive evacuation of all residences within 500 yards of the shoreline, and of single-story residences on low ground within two miles of the shoreline, may be required. Hurricane Hugo provided evidence of how far inland hurricane-force winds can reach. Cities as far from the coast as Charlotte, North Carolina (approximately 200 miles from the coast) sustained major damage from Hugo's winds.

A Category 5 hurricane would have winds greater than 156 mph. At this level, shrubs and trees are blown down, roofing damage is considerable, and all signs are blown down. Very severe and extensive window and door damage will occur. Complete failure of roof structures on many residences and industrial buildings will occur. There will be extensive glass failures, some complete building failures, and small buildings will be overturned and blown over or away. Storm surge would cause major damage to lower floors of all structures located less than 15 feet above sea level and within 500 yards of the shoreline, and extensive inland flooding. Massive evacuation of residential areas situated on low ground within five to 10 miles of the shoreline may be required.

AIR categorizes storms based on the official Saffir-Simpson categories, which are assigned on the basis of peak 1-minute, 10-meter sustained wind speed, as reported by the NHC, a branch of the Tropical Prediction Center of the National Oceanic and Atmospheric Administration ("NOAA"). Formerly, central pressure and storm surge were also used as potential intensity measures. In some cases, the assigned Saffir-Simpson category could differ depending on which measurement is used. Also, if a hurricane's central barometric pressure falls on the boundary between two categories, the hurricane may be assigned to the higher category. This may account for differences between the tables herein and other published meteorological information. Since the Saffir-Simpson category is not used in the AIR U.S. Hurricane Model for loss estimation, the differences in categorization methods do not affect the loss estimates generated by the AIR U.S. Hurricane Model.

Overview of AIR's Hurricane Modeling Methodology

The loss estimation methodology employed by AIR is based on established scientific theory in meteorology and wind engineering. In order to estimate the probability distribution of hurricane losses (by region, state, or county) the AIR U.S. Hurricane Model simulates thousands of hypothetical hurricanes, both landfalling and bypassing, and estimates the property damage that would result from each such hurricane.

AIR employs Monte Carlo simulation, a well-known statistical technique, to generate simulated storms. Monte Carlo simulation involves an iterative process using, in each simulation, a set of values stochastically drawn from the probability distributions governing each of the random variables being analyzed. In the AIR U.S. Hurricane Model, the random variables being analyzed are landfall location and hurricane frequency (described below), as well as the primary meteorological parameters of each simulated storm. Theoretical probability distributions are fitted to the historical data using statistical estimation methods and validated using goodness-of-fit tests along with meteorological expertise. By repeating the simulation process, a sample of many thousands of storms is generated; each corresponding to a different set of random values assigned to the storm parameters. A sample from a Monte Carlo simulation can be analyzed in ways similar to the ways in which a sample of experimental observations can be analyzed. In particular, a sample from a Monte Carlo simulation can be analyzed statistically to generate probability distributions of simulated losses for individual buildings or portfolios of buildings, given the characteristics of each simulated event.

The modeled hurricane loss potential to the Covered Area was simulated by generating 10,000 annual scenarios of potential hurricane experience. The first step of the AIR U.S. Hurricane Model is to generate the number of hurricanes estimated to affect properties in the Covered Area in the simulated year. For each simulated hurricane, the model assigns values for each of the modeled meteorological characteristics. It then estimates the potential property damage on the basis of a time profile of wind speeds at each location affected by each simulated storm. The model estimates the wind field for each storm using the following meteorological parameters: central barometric pressure, radius of maximum winds, forward speed, and storm track, each of which is described more fully below. In addition, the model takes into account the estimated local site conditions in estimating wind speeds for specific geographical areas. The AIR U.S. Hurricane Model also estimates losses from storms that bypass the coast without making landfall.

Data Sources and Data Analysis

The meteorological sources used to develop the AIR U.S. Hurricane Model are databases, information, and publications available from various agencies and departments of the U.S. government, including the NHC, National Weather Service (“**NWS**”), NOAA, the U.S. Army Corps of Engineers, and the U.S. Department of Commerce. Many of these agencies gather original data on historical hurricanes from such sources as barograph traces from land stations and ships, actual wind records from NWS stations, aircraft reconnaissance flight data, radar data, and other pressure and wind reports. This original data can be conflicting and is not necessarily consistent. NWS scientists analyze this raw data and use it, along with their professional judgment, to synthesize databases of the primary meteorological characteristics of each historical storm. It is this final synthesized data that AIR uses in the development of the AIR U.S. Hurricane Model. AIR makes no independent verification or analysis of the meteorological data.

AIR then uses statistical estimation techniques to fit various probability distributions to the available meteorological data on historical hurricanes. AIR uses standard goodness-of-fit tests to quantify the quality of the fitted distributions. The distributions employed by the AIR U.S. Hurricane Model are standard statistical distributions that are representative of the underlying historical distributions of meteorological data. It is not likely, however, that the fitted distributions will exactly duplicate the true underlying distribution of the meteorological data.

The AIR U.S. Hurricane Model – Gulf and East Coasts

The first step in the creation of the AIR U.S. Hurricane Model’s Gulf and East coast component is to generate the number of hurricanes estimated to make landfall or bypass sufficiently close to cause hurricane force winds over land in the simulated year.

Hurricane Frequency. The number of hurricanes for each year of a simulation is generated from an annual frequency distribution. The parameters of this distribution are estimated using the actual hurricane occurrences for 109 years spanning the period 1900 to 2008. The historical catalog includes all landfalling and all relevant bypassing hurricanes during the stated period.

Table 1: Frequency of Hurricanes by Location of Landfall for 1900-2008⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

Landfall Location ⁽³⁾	S.S. Category					Total
	1	2	3	4	5	
Northeast						
Connecticut	0	0	0	0	0	0
Maine	2	0	0	0	0	2
Massachusetts	0	0	1	0	0	1
New Hampshire	0	0	0	0	0	0
Rhode Island	1	1	0	0	0	2
New York	3	2	1	0	0	6
Mid-Atlantic						
Delaware	0	0	0	0	0	0
Maryland	0	0	0	0	0	0
New Jersey	1	0	0	0	0	1
Virginia	0	0	0	0	0	0
Southeast						
Florida	28	16	19	5	2	70
Georgia	1	1	0	0	0	2
North Carolina	10	8	6	0	0	24
South Carolina	8	3	1	2	0	14
Gulf						
Alabama	3	1	2	0	0	6
Louisiana	13	5	11	1	0	30
Mississippi	2	2	2	0	1	7
Texas	15	8	8	6	0	37
Mexico	3	1	2	1	0	7
Total	90	48	53	15	3	209

(1) Source: AIR.

(2) Multiple landfalls for the same hurricane are counted as the same U.S. Hurricane Event for the purposes of the applicable Reinsurance Agreement. Similarly, a hurricane making multiple landfalls is treated as a single hurricane in the AIR U.S. Hurricane Model. However, for the purpose of this table, a single hurricane with multiple landfalls appears multiple times. For example, Hurricane Andrew made two landfalls, one in Florida as a S.S. Category 5 hurricane, and the second in Louisiana as a S.S. Category 3 hurricane. In the table above, Hurricane Andrew would be represented both as a Florida and as a Louisiana event.

(3) The regions defined in this table do not necessarily correspond to the Covered Area defined for the purpose of this transaction.

(4) The S.S. categories in this table are based on wind speed.

Table 2: Multiple Landfalling Storms⁽¹⁾

Hurricane	State	S.S. Category
No Name4 (1901)	Louisiana	1
	Mississippi	1
No Name3 (1903)	Florida	1
	Florida	1
No Name 2 (1904)	South Carolina	1
	Rhode Island	1
No Name 4 (1925)	Florida	1
	North Carolina	1
No Name6 (1926)	Florida	4
	Alabama	2
No Name2 (1929)	Florida	3
	Florida	1
No Name5 (1933)	Florida	1
	Mexico	2
No Name2 (1935)	Florida	5
	Florida	1
No Name2 (1939)	Florida	1
	Florida	1
No Name5 (1941)	Florida	2
	Florida	1
No Name7 (1944)	North Carolina	3
	New York	1
No Name4 (1947)	Florida	4
	Louisiana	1
No Name8 (1947)	Florida	1
	Georgia	2
Carol (1954)	North Carolina	3
	New York	2
Edna (1954)	Massachusetts	3
	Maine	1
Flossy (1956)	Louisiana	2
	Florida	1
Donna (1960)	Florida	4
	North Carolina	2
	New York	2
Betsy (1965)	Florida	3
	Louisiana	3
David (1979)	Florida	2
	Georgia	1
Gloria (1985)	North Carolina	2
	New York	1
Andrew (1992)	Florida	5
	Louisiana	3
Erin (1995)	Florida	1
	Florida	2
Danny (1997)	Louisiana	1
	Alabama	1
Charley (2004)	Florida	4
	South Carolina	1
Katrina (2005)	Florida	1
	Louisiana	3

(1) The S.S. categories in these tables are based on wind speed. They can be different if based on central barometric pressure, as noted earlier. For example, Hurricane Andrew is a Category 4 hurricane if classified by central pressure in Florida. Since the S.S. category is

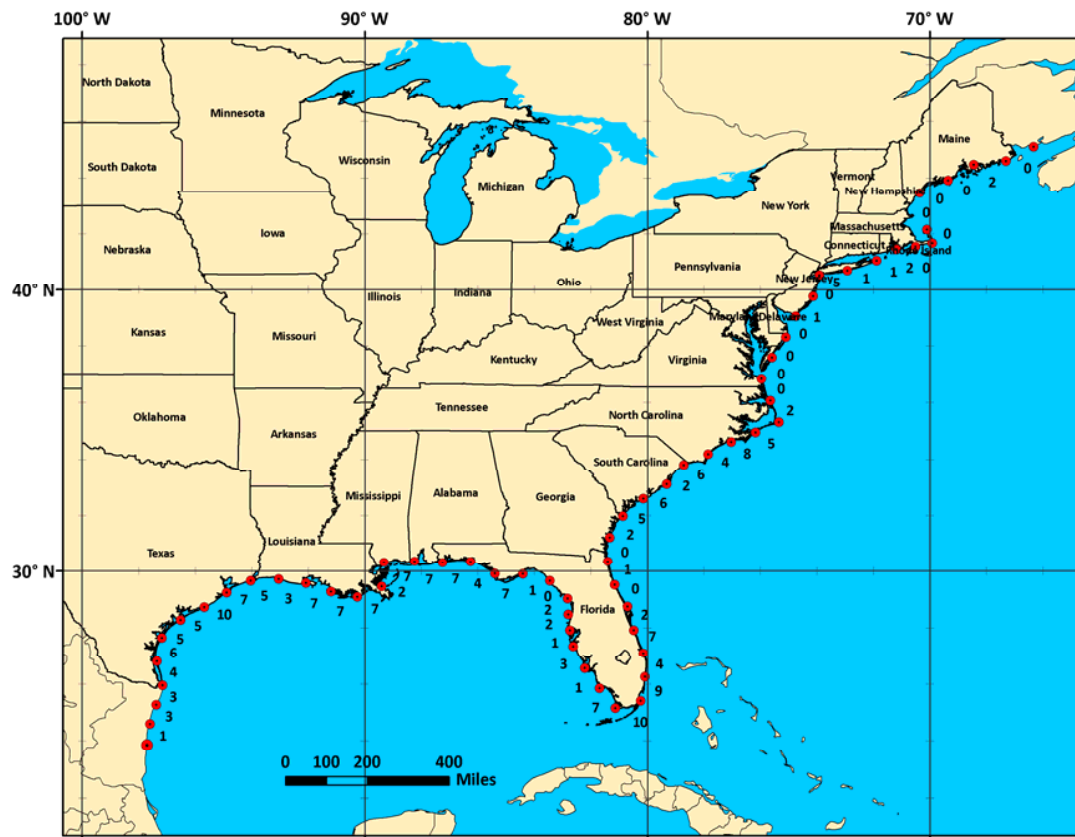
not used in the AIR U.S. Hurricane Model for loss estimation, the differences in categorization methods do not affect the loss estimates generated by the AIR U.S. Hurricane Model.

Landfall Location. Because the values of property exposures vary along the coast, loss estimates can also vary greatly depending on where a hurricane makes landfall. The AIR U.S. Hurricane Model identifies sixty-two 50 nautical mile segments of coastline in order to develop a cumulative probability distribution of landfall locations. After tabulating the actual number of historical hurricanes for each 50 nautical mile segment, the actual number of occurrences for each segment is smoothed using a statistical smoothing method derived from NOAA Technical Report NWS 23. The smoothing is needed because of the relative scarcity of historical data, which can result in discontinuities between adjacent segments that have no meteorological explanation. Meteorological judgment is then applied to adjust the smoothing because, in some locations, there may exist legitimate geographic and climatological explanations for the discontinuities. For these segments, therefore, some modification to the smoothing algorithm is required to preserve legitimate discontinuities.

The figure below shows the number of hurricanes that have made landfall at each of the sixty-two 50 nautical mile segments along the Gulf and East coasts for the period 1900-2008. Note that the first three landfall segments are in northern Mexico, and half of the last segment is located in Canada. The smoothed frequency distribution ensures that each coastal segment has a non-zero probability of hurricane occurrence. Therefore, the fact that no hurricane has made landfall at a particular segment in the past does not mean that the AIR U.S. Hurricane Model will simulate no hurricanes for such a segment.

Accordingly, the AIR U.S. Hurricane Model allows for the possibility of a hurricane making landfall anywhere along the U.S. Gulf and East coasts, including areas where the losses resulting from such hurricane would be likely to result in a loss in excess of the applicable Attachment Level for each Class of Notes.

Figure 1: Number of Hurricanes Making Landfall in the U.S. Gulf and East Coasts, 1900-2008⁽¹⁾



(1) Source: AIR.

Once a landfall location is generated for the simulated storm, values are generated for each of the storm's key meteorological characteristics at landfall. For purposes of estimating the probability distributions of these other variables, the coastline from Texas to Maine has been divided into thirty-one 100 nautical mile segments, and each geographic segment has a distinct distribution associated with each variable. The parameters associated with these probability distributions are estimated from the historical storm data corresponding to each of these segments (along with adjacent segments). These distributions are then used to generate values for each of the simulated storm's key meteorological characteristics, which are as follows:

Central Barometric Pressure. This variable is the lowest sea level barometric pressure at the center of the hurricane. It is the primary determinant of hurricane wind speed. Wind speeds typically increase as the central barometric pressure decreases or, more precisely, as the difference between central pressure and peripheral pressure increases.

Radius of Maximum Winds. The strongest winds in a hurricane are typically found at some distance from the center of the storm. This distance is known as the "radius of maximum winds," and it can range from 5 to over 50 nautical miles. Very intense storms typically have a small radius of maximum winds. A storm making landfall at higher latitudes will typically have a larger radius of maximum winds than one making landfall at lower latitudes.

Forward Speed. This is the rate at which a hurricane moves from point to point. Faster moving storms typically go further inland and are therefore likely to result in losses over a larger area. On the other hand, a faster moving storm will subject any given building to high wind speeds for a shorter duration. In some areas, particularly along the coast, this can lead to lower losses than might otherwise be the case. Both effects are taken into account in the AIR U.S. Hurricane Model.

Storm Track. This is the path the storm takes before and after landfall. The post-landfall track is important in determining the properties and structures that will be affected by a hurricane. AIR has developed a methodology to generate simulated storm tracks that involve the use of conditional probability matrices to model changes in track direction. The tracks generated using this procedure are realistic and closely resemble the curving and recurving tracks that have been observed historically.

Multiple Landfalling Hurricanes

The simulation process for the AIR U.S. Hurricane Model generates a sample of over 19,000 events, each one related to a single landfall and incorporating stochastic values for the meteorological parameters noted above. In order to accurately model the behavior and effects of hurricanes that make multiple landfalls, the AIR U.S. Hurricane Model selects a subset of storm tracks based on relative values of certain storm parameters and joins them statistically. As a result, the total number of simulated hurricanes, counting multiple landfalling storms only once, is about 17,200 hurricanes.

Bypassing Hurricanes

In addition to landfalling hurricanes, the AIR U.S. Hurricane Model also accounts for bypassing hurricanes that may cause property damage even though they do not make landfall. Simulated bypassing hurricanes are generated in accordance with the location and frequency of bypassing storms in the historical record from 1900 to 2008.

Seasonality

The Atlantic hurricane season is typically described as lasting from June 1st through November 30th for a calendar year. The AIR U.S. Hurricane Model further captures the effect of seasonality within the season, as shown in the table below.

Table 3: Modeled Frequency of Hurricanes by Month

Calendar Month	Frequency (%)
January	0.0
February	0.0
March	0.0
April	0.0
May	0.3
June	3.6
July	12.5
August	28.7
September	34.6
October	18.3
November	2.0
December	<0.1
Total	100.0

Wind Speed Estimation

Once the AIR U.S. Hurricane Model generates the storm characteristics and point of landfall, it propagates the simulated storm along a path characterized by the track direction and forward speed. As the storm moves inland at the forward speed generated as described above, wind speeds begin to diminish due to filling (see “Filling Equations” below) and surface terrain effects. In order to estimate the property losses resulting from the simulated storms, the AIR U.S. Hurricane Model first generates a time profile of wind speeds at each location affected by the storm.

Wind field generation requires the following steps:

Maximum Wind Speed. The maximum 1-minute, 10-meter over-water wind speed is calculated for each simulated hurricane.

Asymmetry Factor. An asymmetry factor, which results from the combined effects of the counter-clockwise motion of hurricane winds and the storm's forward speed, is added to the winds on the right of the hurricane track, and subtracted from the winds on the left of the track.

Filling Equations. After a hurricane makes landfall, the pressure in the eye of the storm begins to increase, or "fill," causing wind speeds to dissipate. The filling equations in the AIR U.S. Hurricane Model are a function of geographic region, distance from the coast, and time since landfall. The wind speed at the eye of the storm at any point in time is dependent upon the number of hours since landfall.

Adjustment of Wind Speeds for Surface Friction. Each location is assigned an adjustment factor, or friction coefficient, to account for the effects of the local terrain. The horizontal drag force of the earth's surface reduces wind speeds. The addition of obstacles such as buildings further degrades winds. Friction coefficients are based on digital land use/land cover data and directionality.

Calculation of Hurricane Damages before Storm Surge

Once the peak wind speeds and duration are estimated for each location, damages are estimated for various distinct construction, occupancy and height classifications. Damages are also estimated separately by each line of business and coverage.

To estimate damages, mathematical relationships are utilized that incorporate the engineering relationships between wind speed, duration, and property damage. As wind speeds increase, the damage rate accelerates. Minor damage begins to occur when wind speeds exceed 40 mph. At wind speeds of 75 mph, damage is still minor to most types of properties. As wind speeds approach 100 mph, damage becomes extensive, and as wind speeds exceed 150 mph, damage to most types of residential properties is severe.

The effects of duration are also relevant to the estimates of damages in that the longer a property experiences severe wind speeds, the greater the damage that is likely to result.

The hurricane damageability relationships contained in the AIR U.S. Hurricane Model are unique and have been derived and refined over a period of close to 20 years. Damageability, also called vulnerability relationships reflect construction types and practices unique to the respective regions. They incorporate engineering studies published by wind engineers and other experts both within and outside of AIR. These damageability relationships are validated and calibrated using the results of post-hurricane field surveys performed by AIR and other structural engineers as well as detailed analyses of actual loss data provided by AIR's client companies. AIR also attempts to account for the effectiveness of the local building codes in the damage estimation process.

Storm Surge of Hurricanes

Storm surge is the water forced ashore by a hurricane. Virtually every hurricane is accompanied by a surge of some magnitude. AIR's storm surge module is a fully probabilistic component of the AIR U.S. Hurricane Model. It was calibrated using historical observation data and output from NOAA's SLOSH (Sea, Lake, and Overland Surges from Hurricanes) model. The AIR storm surge module does not consider flooding that occurs from the heavy rains that typically accompany a hurricane, nor does it consider flooding from dam failures or levee breaks (e.g. Hurricane Katrina flooding sections of New Orleans) that might occur as the result of a hurricane.

Surge modeling is based on the key meteorological variables of simulated hurricanes, such as central barometric pressure, radius of maximum winds and forward speed. In addition, it incorporates detailed databases of coastal elevation, orientation, tide height and bathymetry.

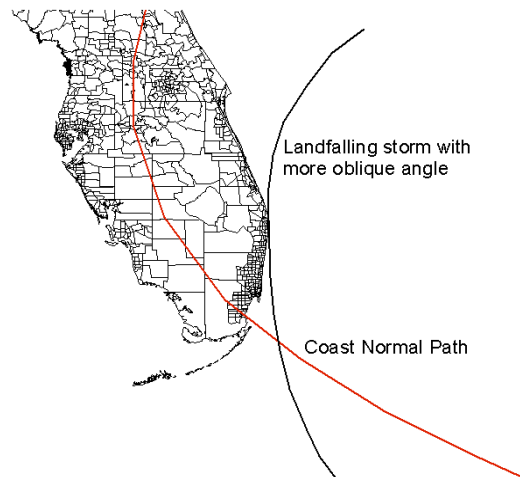
Forward Speed and Track Angle at Landfall

Storm surge is not only caused by low barometric pressure in the eye, but also by winds pushing the ocean's surface ahead of the storm. Friction of ocean water with the ocean floor inhibits the water from moving around and out of the way of the oncoming winds. Water begins to pile up in a dome on the right side of the storm track. The faster the forward speed of the storm, the more pronounced this effect will be.

Storm surge forms primarily on the right side of the storm track because the counterclockwise circulating winds of the hurricane and the steering winds that determine the storm's forward speed are moving in the same direction. Thus

hurricanes that make landfall perpendicular to the coastline, sometimes termed “coast-normal” tracks, cause greater levels of surge than hurricanes that make landfall at more oblique angles or skirt along the coast.

Figure 2: A “coast-normal” track, subjects the coast to the full brunt of the stronger, right-hand side of the storm and its accompanying storm surge



Bathymetry (Water Depth)

Another factor that significantly affects the potential for destructive storm surge is the angle of the continental shelf. The shallower the angle the easier it is for significant storm surges to be formed. Friction with the ocean floor increases and the level of storm tide increases correspondingly. Storm surge simulation in the AIR U.S. Hurricane Model incorporates an extensive bathymetry database.

Tide Height

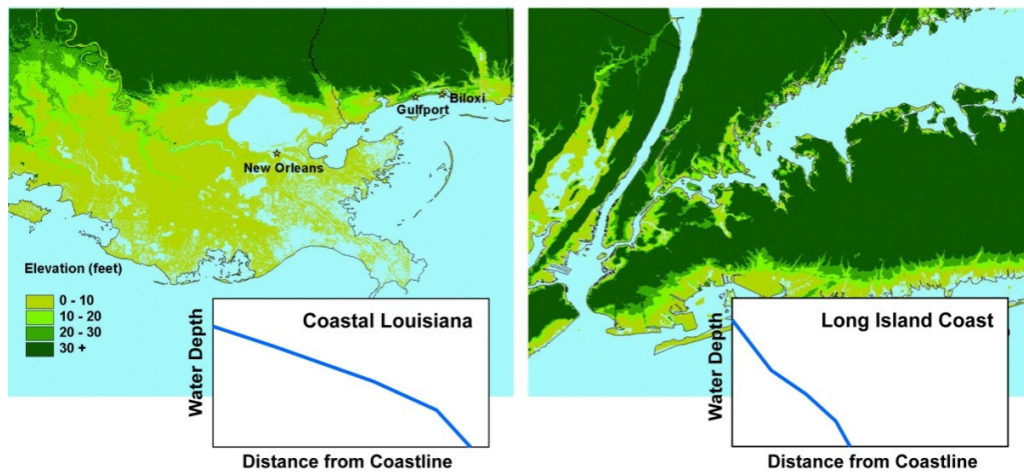
The higher the tide the greater is the sea-level elevation. This is the reason why some minor hurricanes have had associated high surge levels reported.

The variables above dictate the likely maximum storm surge generated from the hurricane. Those below are used directly in the loss calculation.

Overland Elevation and Distance to Coast

The total depth of inundation at any location is the difference between the peak surge, defined as the sum of tide and storm surge, and the ground elevation at the location of interest. In addition, the surge attenuates as it travels over land. Steeper slopes lead to more rapid attenuation (loss of momentum) of the surge, as does rougher terrain; gradual slopes and smoother terrain lead to slower attenuation, allowing the surge to propagate great distances inland. The AIR U.S. Hurricane Model also applies a factor for distance to coast from any given location.

Figure 3: Elevation and Surge Attenuation Relationships



Damage Calculation

The levels of damage caused by surge are evaluated by construction type for each class of occupancy. Damage is caused by the momentum, or force, of the water pushed onshore, damage due to the water itself, and, at the component level, damage due to the corrosive effects of salt. Observation data available from FEMA and the Army Corps of Engineers and AIR's post-disaster surveys was used in the development of the surge damage functions. The height of the surge is the main parameter used in the loss calculation.

AIR's estimates of industry losses include 10% of separately modeled storm surge losses to residential exposure to account for the potential for inclusion of surge damage during claim settlement for wind losses, 10% of separately modeled storm surge losses to commercial and industrial exposures to account for an assumed take-up rate for flood coverage, and 100% of separately modeled storm surge for automobiles.

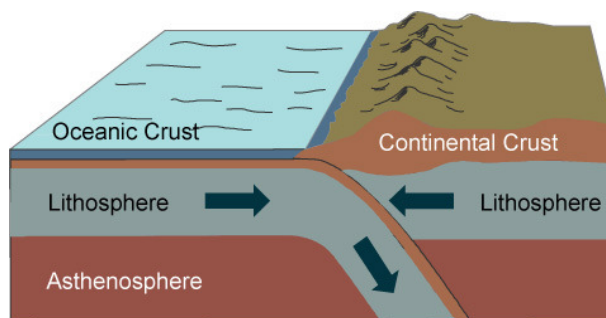
U.S. EARTHQUAKES

Introduction to Earthquakes

An earthquake is the rapid relative displacement of the rock on either side of a fracture, or fault, in the interior of the solid earth. The energy released by a sudden slip along a fault plane produces seismic waves that radiate outward in all directions from the initial point of rupture and that cause the ground to shake at the earth's surface. Surface ground motion can range from barely perceptible trembling to violent shaking.

The geological understanding of earthquakes was revolutionized in the second half of the twentieth century by the theory of plate tectonics. In broad terms, the theory describes the earth's lithosphere — which extends from the earth's surface down to approximately 100-200 kilometers — as consisting of several large and fairly stable slabs of rigid rock called plates. These plates are in motion relative to each other above the asthenosphere — the underlying region of hotter and less rigid materials. Over time the asthenosphere materials behave as a viscous fluid, transferring heat from the interior to the surface of the earth. This convection of materials in the asthenosphere causes the plates of the lithosphere to move. Plates come into contact with each other at their edges, leading to enormous tectonic forces that cause physical deformation of the earth's surface. Most of the earth's seismic energy is released at these plate boundaries.

Figure 4: The Earth's Layers at a Subduction Zone (Source: AIR)



There are three types of plate boundaries. The first is known as the convergent type, in which plates move toward one another. An example of a convergent plate boundary is the continent-continent collision zone between the Indian Subcontinent and Asia, which has resulted in the formation of the Himalayan Mountains. The most common manifestation of this type of boundary, however, is the subduction zone (see figure above), where oceanic and continental crusts collide and the oceanic plate is thrust under the continental plate, due to the oceanic plate's higher density. More than 90% of the earth's seismic energy is released along these zones.

The second type of plate boundary is known as the transform type. In this case, plates slide past one another through strike-slip faulting. A well-known example of this type of plate boundary is the San Andreas Fault in California.

The third type is known as the divergent plate boundary, along which plates move away from one another. Examples are the Mid-Atlantic Ridge and the East-Pacific Rise. In this type of plate boundary, volcanic processes create new oceanic crust, and the insertion of this new crust causes the plates to diverge, or move away from one another. These plate boundaries occur almost exclusively deep in the ocean, and therefore present a negligible seismic hazard with respect to earthquake damage.

While some faults rupture the surface of the earth creating visible scars such as the San Andreas Fault in California and the ones caused by the 1995 Southern Hyogo Prefecture earthquake in Japan, many do not rupture the surface and can only be identified through their seismic activity or by using subsurface sounding techniques. Still other faults are only inferred from historical seismicity and it is likely that other, as yet unknown, faults exist throughout the world.

While the majority of earthquakes occur where plate boundaries converge, they also can occur within the interior of plates. Geologists believe that such areas are characterized by traces of ancient geological deformations or by

variations in temperature and strength of the lithosphere. Earthquakes that occur in such areas are referred to as "intraplate" earthquakes. Examples of areas where intraplate earthquakes are a hazard in the United States include the New Madrid Seismic Zone in the central United States, the Intermountain Region of the western United States, and the Northeast.

Measuring Earthquake Severity

The severity of an earthquake can be measured in a variety of ways. An earthquake's *magnitude* represents earthquake strength in terms of maximum ground motion, energy released, or other measures of the amplitude of the seismic wave of the earthquake. Several measures of earthquake magnitude have been defined, among them: moment magnitude, or " M_w ," Richter magnitude, or " M_L ," body wave magnitude, or " M_b ," and surface wave magnitude, or " M_s ." Moment magnitude is a widely used measure and is uniformly applicable to all sizes of earthquakes in all locations. The moment magnitude scale is based on seismic moment, which is equal to the product of the average relative displacement (slip), the rupture area and the stiffness of the surrounding material. Magnitude scales, in general, are logarithmic, which means that an increase of one point represents an approximately 10-fold increase in the amplitude of the seismic waves. That, in turn, corresponds to a more than 30-fold increase in the amount of energy released. The largest earthquake ever recorded occurred in Chile, in 1960, and was a 9.5 M_w event.

Earthquake *intensity*, on the other hand, represents the earthquake's potential for damaging the infrastructure, as well as residential, commercial, and industrial structures, at the location of such structures. An earthquake will have one unique magnitude of a particular type, but its intensity is dependent upon the location at which the observations are being made, and will vary according to distance from the rupture, local soil conditions, local construction and other factors.

Earthquake Modeling and Loss Estimation

The AIR earthquake modeling technology uses stochastic modeling techniques to estimate the probability distribution of losses resulting from earthquakes. The earthquake occurrence module uses simulation techniques to generate a synthetic catalog of earthquake events that is generally consistent with the historical record and other geological and paleoseismic information. The shake damage module uses numerical techniques to calculate the distribution of losses for typical buildings of different kinds and portfolios of buildings, given the characteristics of each simulated event. Together, these techniques allow AIR to estimate a wide range of information about potential earthquake losses in the United States.

Data from various sources were analyzed and synthesized in the development of AIR's U.S. Earthquake Model. What follows are brief discussions of modeling procedures and the data sources used for the analysis.

Data Sources

Data on historical earthquakes is relied upon for modeling the important earthquake characteristics. Historical earthquake catalogs may include events from hundreds or perhaps thousands of years ago. The consistency of reporting, however, varies by magnitude. Data on large magnitude events are usually complete for longer time periods because they are more likely to have been noticed and documented. On the other hand, the sensitivity to and recording of smaller earthquakes has improved significantly during the twentieth century through the introduction of better and more extensive instrumentation. The completeness of the historical catalogs, therefore, is a function of time and magnitude, since larger earthquakes are more likely to be included earlier in the historical record. One of the primary tasks of AIR seismologists is to test each of the available historical catalogs for statistical completeness. Only the complete portions of the catalog for each magnitude range is used for statistical modeling in order to prevent bias in parameter estimates.

For the AIR U.S. Earthquake Model, the most important data source is the United States Geological Survey ("**USGS**"). Other sources include the Working Group on California Earthquake Probabilities ("**WGCEP**"), the National Geophysical Data Center ("**NGDC**"), the Southern California Earthquake Center ("**SCEC**"), the Multidisciplinary Center for Earthquake Engineering Research ("**MCEER**"), the California Department of Mines and Geology ("**CDMG**"), and the Seismological Society of America ("**SSA**").

Seismicity Components of the AIR Earthquake Models

The first step of the AIR U.S. Earthquake Model is to generate the frequency, magnitude and spatial distribution of simulated earthquakes. This section provides a general description of these and other seismological components, or parameters, of the AIR U.S. Earthquake Model.

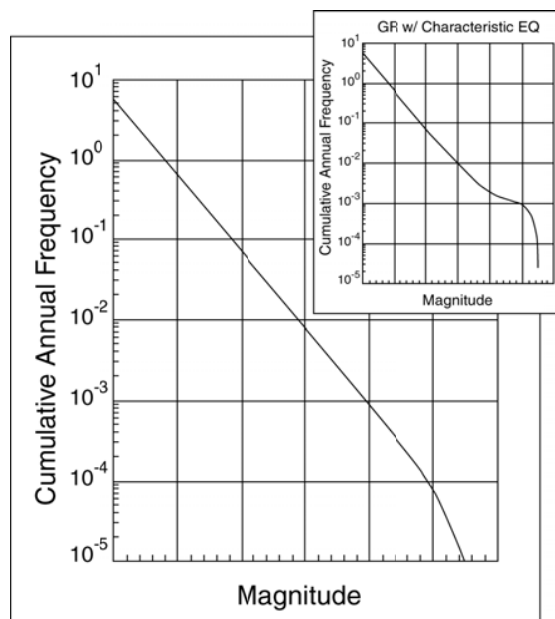
Depending on the region and the extent of scientific knowledge about the seismicity in the region, seismic sources are modeled as a combination of faults, area sources and/or gridded background seismicity, all of which are described below.

Frequency-Magnitude Distribution. Seismologists typically fit historical data on the frequency and magnitude of earthquakes to an exponential distribution called the Gutenberg-Richter (“**GR**”) relationship. The GR relationship applies globally and allows an extrapolation from the limited historical record to estimate a more complete picture of seismicity in an area.

The AIR U.S. Earthquake Model simulates earthquakes of magnitude 5.0 and greater because damage is very unlikely for smaller events. Even moment magnitude 5.0 earthquakes usually cause only minimal damage. However for model development purposes, particularly for fitting GR frequency-magnitude distributions, smaller magnitude events are used to provide more data for parameter estimation.

The GR relationship holds over a wide range of magnitudes and can be described by two parameters: an occurrence rate of earthquakes of magnitude greater than or equal to some reference magnitude, characterized by the so-called “a-value” (the y-intercept in the graph below); and a “b-value” representing the rate at which the log of the cumulative annual frequency of earthquakes decreases as the magnitude increases (the slope). Scientists usually truncate this relationship at a limiting magnitude above which the probability of occurrence is zero. Each of these three parameters depends upon the geology of the seismic zone under consideration.

Figure 5: A Sample Gutenberg-Richter Distribution



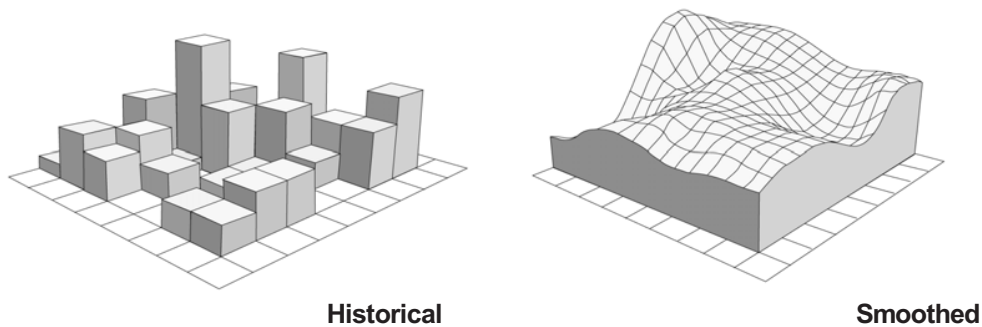
Characteristic Earthquakes. While the GR relationship holds on a regional or global scale, it may not hold for individual faults. For some seismic zones, there exists evidence that earthquakes of a certain magnitude occur with a frequency that is not consistent with the rate predicted by the GR relationship. Scientists now believe that many faults tend to produce repeated earthquakes of a size that is “characteristic” of that particular fault or fault segment. It is from

both the GR distribution and the estimated recurrence rate of characteristic earthquakes that the number of earthquakes that occur in each simulated year and their magnitudes are modeled.

Smoothed Gridded Seismicity. The AIR earthquake models combine a fault-based model with smoothed, gridded seismicity. In so doing, the model allows earthquakes to occur, with some probability, in locations other than on known faults and where they have occurred previously.

This smoothing begins by analyzing the historical earthquake catalog data on a grid (measuring 0.1-degree by 0.1-degree latitude/longitude in the U.S.). The corresponding event rates are spatially smoothed using two-dimensional Gaussian probability distributions. This formulation assumes a positive correlation between the spatial distribution of past and future earthquakes. That is, the spatial distribution of the gridded seismicity generally reflects the historical distribution of earthquake epicenters. However, by smoothing the historical distribution, the model allows future earthquakes to occur at locations where they have not been observed in the past. The result is a smoothed, but non-uniform distribution of seismicity based on the historical record. Parameters of the GR relationship are estimated for each grid cell based on this smoothed distribution.

Figure 6: Historical and Smoothed Gridded Distributions



Uniform Background Zones. In contrast to the smoothed gridded seismicity, which results in a nonuniform distribution of historically-based seismicity, background zones distribute seismicity uniformly across broad regions defined based on geological or geodetic criteria. Background zones provide a hazard “floor” and account for the possibility that future earthquakes will occur in areas with little or no historical seismicity.

It should be noted that depending on the extent of scientific knowledge about individual faults, the AIR earthquake models may incorporate time-dependent rupture probabilities. Time-independent models do not attempt to adjust annual earthquake occurrence probabilities on individual faults based on the time elapsed since the last such earthquake. That is, they only consider the annual probability of occurrence for a given seismic source, without adjustment for the timing of the last rupture on that fault. Conversely, time-dependent models assume that the annual probability of occurrence of an earthquake on a given fault or source zone increases with the time elapsed since the occurrence of the previous earthquake on that fault or zone.

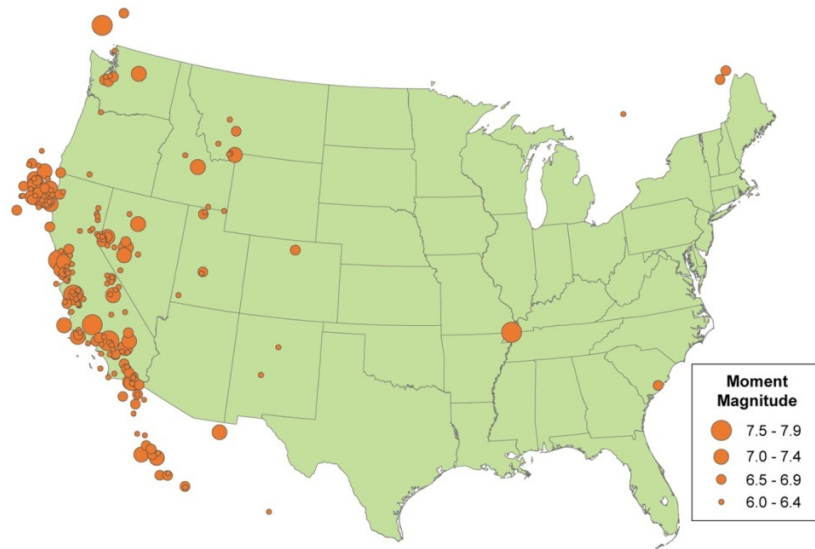
Estimating time-dependent rupture probabilities for individual faults requires good information on such things as the historical recurrence rates of characteristic earthquakes, and information on the specific fault, such as fault slip rate, the mean recurrence interval and its variance, and the elapsed time since the last occurrence.

For the analysis included herein, time-dependent rupture probabilities are incorporated in the AIR U.S. Earthquake Model for those faults in California, Washington, and Oregon for which such information is available. The probabilities are based on a report published in 2008 by the Working Group on California Earthquake Probabilities, a multidisciplinary group organized by the USGS and the Southern California Earthquake Center. For all other states, no assumptions are made with respect to time dependence. That is, the AIR U.S. Earthquake Model estimates long-term probabilities of occurrence, irrespective of when previous earthquakes occurred.

Seismicity Components of the AIR U.S. Earthquake Model - Continental United States

The figure below shows the locations of earthquakes of moment magnitude greater than 6.0 in the continental United States from the USGS historical catalog. This catalog dates back to the 1800s, and the map shows events of magnitude 6.0 and greater, as measured by the moment-magnitude scale discussed above. It should be noted that the USGS catalog is not complete for the entire historical record. Before the introduction of seismographic instruments, many earthquakes, particularly low-magnitude events, were not reported.

Figure 7: Historical Seismicity in the Continental United States, 1800-2006 ($M_w \geq 6.0$) (Source: USGS)



As the figure indicates, most of the seismicity occurs along the West Coast of the United States, at the transform and subduction-zone boundaries between the North American and Pacific plates. However, intraplate seismicity is also evident in the New Madrid Seismic Zone of the central United States, the region around Charleston, South Carolina, and the Northeast.

The table below lists the moment magnitude 6.0 and greater earthquakes that have occurred in the United States during the period from 1800 to 2006.

Table 4: Earthquakes of Moment Magnitude 6.0 or Greater Occurring in the Continental United States, 1800 to 2006 ⁽¹⁾

Region ⁽²⁾	Magnitude Range							Total
	6.0 to 6.4	6.5 to 6.9	7.0 to 7.4	7.5 to 7.9	8.0 to 8.4	8.5 to 8.9	9.0 to 9.5	
Northern California	53	17	11	2	0	0	0	83
Southern California	27	11	5	2	0	0	0	45
Pacific Northwest	6	4	1	1	0	0	0	12
Intermountain	19	7	5	0	0	0	0	31
New Madrid ⁽³⁾	0	0	0	1	0	0	0	1
South Carolina	0	0	1	0	0	0	0	1
Other	0	0	0	0	0	0	0	0
Total	105	39	23	6	0	0	0	173

(1) Source: USGS 2008 earthquake catalog.

(2) Regions: Northern California comprises the counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Yolo, and Yuba.

Southern California comprises the counties of Imperial, Inyo, Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, and Ventura.

The Pacific Northwest region comprises the States of Oregon and Washington.

The Intermountain region comprises the States of Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming.

New Madrid comprises the States of Arkansas, Illinois, Indiana, Kentucky, Louisiana, Missouri, Mississippi, and Tennessee.

The Other region comprises the remainder of the continental United States not listed in the previous regions, namely: Alabama, Connecticut, Delaware, Florida, Georgia, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Dakota, Texas, Vermont, Virginia, West Virginia, Wisconsin, and the District of Columbia.

- (3) The New Madrid earthquake sequence of 1811-1812 consisted of three earthquakes, the magnitudes of which are a matter of scientific debate, ranging approximately from 7.1 to 8.0. In this table the 1811-1812 earthquake sequence is represented by a single earthquake with a moment magnitude corresponding to the estimated total energy released by the three. However, it should be noted that, in accordance with the USGS's 2008 update of the National Seismic Hazard Maps, the AIR U.S. Earthquake Model also considers future scenarios in which the New Madrid seismic zone ruptures in sequences of three earthquakes, as it did in 1811-1812.

For purposes of modeling seismic risk in the continental United States, the country is divided into two broad regions based on geological criteria. These two regions can be roughly categorized as corresponding to the plate boundary zone of the western United States (which, of the regions defined in the table above, includes northern and southern California, and the Pacific Northwest and Intermountain regions) and the intraplate zone of the central and eastern United States (which includes New Madrid and South Carolina). To determine the frequency-magnitude distributions for earthquakes in different seismic zones, AIR scientists use all available information for each specific region. This includes historical earthquake catalogs and auxiliary geological data such as fault slip rates, paleoseismic data, geophysically derived moment rates, and tsunami records.

Western United States

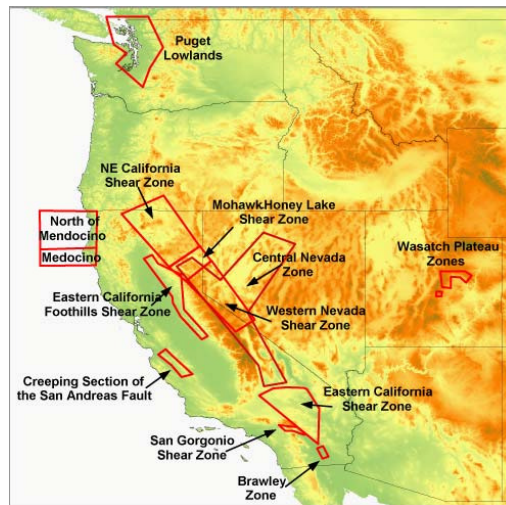
For the western United States, historical events of moment magnitude 4.0 and greater are used to parameterize the model, along with information on more than 550 faults. This fault data is available from the USGS's Documentation for the 2008 Update of the National Seismic Hazard Maps: USGS Open-File Report 2008-1128 and from the WGCEP. The extent of the fault data varies by fault, but may include slip rate and/or recurrence rates, fault length, dip angle, the expected magnitude of characteristic events, and the amount of displacement from characteristic events.

The modeling methodology implemented for the western United States generally follows the framework embodied by reports including the 2008 USGS Open-File Report referenced above, along with the WGCEP's 2008 report titled Uniform California Earthquake Rupture Forecast, Version 2 (UCERF 2): USGS Open-File Report 2007-1437. The USGS reports explicitly recognize that different interpretations of the available data can lead to different, but still reasonable views of how the earth's crust is deforming. These multiple views are accounted for by incorporating various possible scenarios that represent different combinations of characteristic magnitude and recurrence interval, but weighted according to their probability of occurrence. The AIR U.S. Earthquake Model adopts this approach in accordance with USGS recommendations.

The AIR U.S. Earthquake Model also incorporates the most recent information from the USGS on the propensity of faults in California to rupture in "cascades." Faults cascade when two or more adjacent fault segments rupture as one unit, resulting in earthquakes with larger magnitudes and longer rupture lengths than would be expected from the rupture of single segments. The impact on loss estimates of allowing fault segments to rupture in cascades is to increase the frequency of larger-magnitude earthquakes and lower the overall frequency of earthquakes generated by the separate segments.

Apart from fault sources in the western United States, smoothed gridded seismicity is employed to account for the potential for earthquakes to occur in locations other than on known faults. In addition, several special source zones are defined based on variations in catalog completeness, maximum magnitude, and b-value. For each, simulated earthquakes are generated from truncated GR distributions, the parameters of which are zone-specific.

Figure 8: Special Seismic Zones in the Western United States



Finally, five uniform background zones are defined based on geologic and seismic characteristics to allow future earthquakes to occur where there has been little or no historical seismicity.

Central and Eastern United States

The source of seismicity in the intraplate regions of the central and eastern United States is less well understood. Scientists now believe that such areas are characterized by traces of ancient geological deformations. For example, scientists define the New Madrid Seismic Zone, an area of significant seismic activity in the central United States, as that region coincident with the Reelfoot Rift, a relic from the Precambrian Era representing the failed attempt, more than 600 million years ago, of the North American plate to split apart.

The modeling methodology implemented for the central and eastern United States generally follows the framework embodied in the Documentation for the 2008 Update of the National Seismic Hazard Maps: USGS Open-File Report 2008-1128.

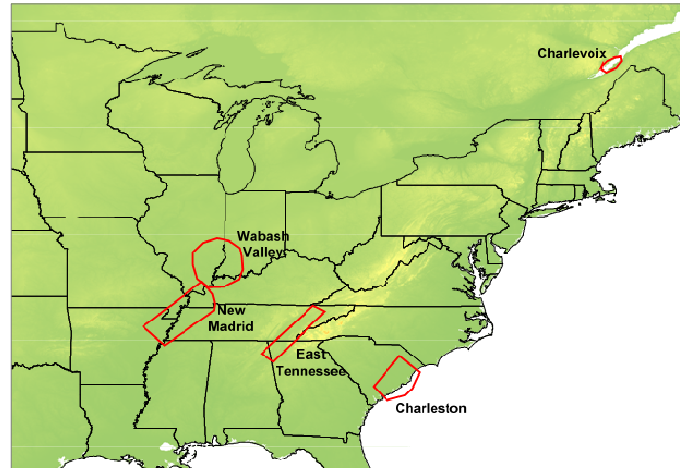
There is very little surface expression of causative faults in the region and the locations of faults can therefore only be inferred from recorded historical seismicity. The USGS identifies four fault sources in the central and eastern United States. In estimating the return times and magnitudes for characteristic events for fault sources in the central and eastern United States, scientists rely on auxiliary data including evidence from exhumed liquefaction sites left by prehistoric earthquakes ("**paleoliquefaction**"). See "Local Intensity Estimation" for a discussion of liquefaction. Assigning magnitudes to prehistoric events requires locating contemporaneous paleoliquefaction sites, estimating the total liquefied area, and converting this area to a magnitude. USGS estimates of the magnitude of these events have been incorporated into the AIR U.S. Earthquake Model.

It should be noted that in the latest National Seismic Hazard Maps, the USGS conducted a major review of the fault sources within the New Madrid Seismic Zone and accordingly introduced important changes to the formulation of the seismicity for this zone based on the earthquakes of 1811-1812. The New Madrid earthquake sequence of 1811-1812 consisted of three earthquakes, the magnitudes of which ranged approximately from 7.1 to 8.0. In the past, the USGS has treated these three earthquakes as a single event with a moment magnitude corresponding to the estimated total energy released by the three. Based on new research, however, which shows evidence that prehistoric earthquakes in this zone have also occurred in sequences of three as they did in 1811-1812, the USGS now considers scenarios in which clusters of three large earthquakes occur in close temporal proximity. In accordance with the USGS, the AIR U.S. Earthquake Model also includes such scenarios.

Apart from fault sources in the central and eastern United States, smoothed gridded seismicity is employed to account for the potential for earthquakes to occur in locations other than on known faults. In addition, several special source zones are defined based on variations in catalog completeness, maximum magnitude, and b-value. These include the New Madrid Seismic Zone surrounding the fault sources discussed above, the nearby Wabash Valley

Seismic Zone; Charleston, South Carolina; eastern Tennessee; and the Charlevoix zone in eastern Canada. For each, simulated earthquakes are generated from truncated GR distributions, the parameters of which are zone-specific.

Figure 9: Special Seismic Zones in the Central and Eastern United States



Finally, four uniform background zones are defined based on geologic and seismic characteristics to allow future earthquakes to occur where there has been little or no historical seismicity.

Other Parameters Used in AIR Earthquake Models

Hypocenter. The place in the earth where rock first breaks or slips at the time of an earthquake. The hypocenter is a single point on the surface of a ruptured fault. The epicenter is the location on the surface of the earth directly above the hypocenter.

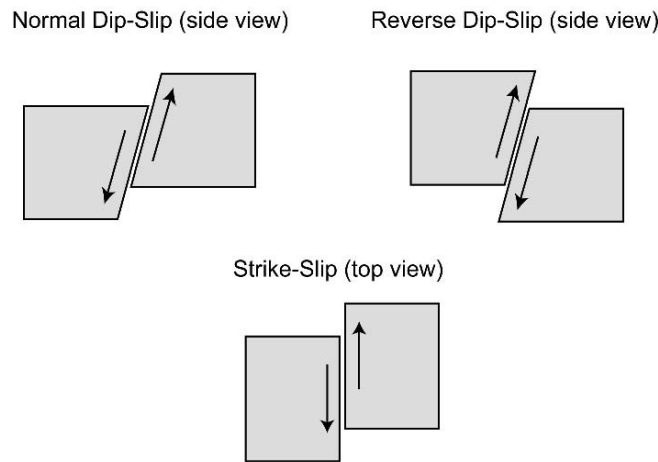
Focal Depth. This is the depth below the surface of the earth at which the rupture originates. It is generally measured relative to mean sea level. Because seismic waves are attenuated as they travel through the crust, deeper earthquakes typically cause less damage because there is more crust through which the waves must travel. Parameters of the distribution governing focal depth are functions of earthquake magnitude and the thickness of the seismogenic zone of the individual regions. The seismogenic zone is the brittle upper crust within which earthquakes occur, and can vary considerably in depth from one region to another.

Rupture Length. This is the length of the fault segment that ruptures during an earthquake. Rupture length is modeled as a function of the magnitude and type of the event. The relationship between rupture length and magnitude has been determined using empirical equations.

Azimuth and Dip Angle. These are parameters that define the geometry of a fault. The azimuth is the clockwise angle from true north to the line that represents the intersection between an extension of the rupture plane and the surface of the earth. The dip angle is the angle between the horizontal and the surface of the fault, or the rupture plane.

Fault Type. There are three types of faults, normal dip-slip, reverse dip-slip, and strike slip, as shown in the figure below. The type of fault affects the radiation of seismic waves and thus the amplitude of ground motion.

Figure 10: Three Types of Fault Mechanism



Local Intensity Estimation

After the model generates the source parameters of each simulated earthquake according to the seismic hazard module, it calculates the shaking intensity at each location affected by the event. This ground motion depends on the magnitude of the event, distance from the rupture, geological characteristics of the region, and local site conditions. The AIR U.S. Earthquake Model uses relationships called attenuation functions to model shaking intensity. An attenuation equation describes earthquake ground motion in terms of magnitude, source-to-site distance, faulting mechanism and site condition. The attenuation characteristics of different regions can vary significantly, thereby having a significant effect on loss estimates.

Local Intensity Estimation in the AIR U.S. Earthquake Model

Attenuation in the western United States is much higher than in the central and eastern United States because of, among other things, the younger and more fractured rock in that region. Therefore, although the western United States is more seismically active, the seismic energy from earthquakes dissipates more rapidly compared to the seismic energy from earthquakes in the central and eastern United States. An earthquake of a given magnitude will, accordingly, affect a smaller area in the western United States compared to an equivalent earthquake in the central and eastern United States. The model incorporates attenuation relationships that are appropriate for each region.

Damage Estimation

Once the AIR U.S. Earthquake Model estimates the ground motion intensity at each location, it generates damage estimates for the exposed assets.

Shake Damage

Buildings are damaged when they undergo intense relative deformation caused by ground shaking. The response of a building to ground shaking varies dramatically, however, depending on its structural configuration and its natural period, or the time it takes the building to complete an entire cycle of motion.

The AIR U.S. Earthquake Model uses nonlinear dynamic analysis to quantify the response of structural and nonstructural building components to the combined effects of the natural period of the building and the frequency content of seismic waves.

In nonlinear dynamic analysis, computer representations of buildings are subjected to large numbers of historical ground motion records of varying intensities that are input into the software. These computer representations, or

"virtual" buildings, are then mathematically shaken just as under actual earthquake conditions. Building deformation at each story is computed.

For purposes of estimating building damage, the AIR U.S. Earthquake Model uses spectral displacement as a measure of earthquake intensity. Spectral displacement is a measure of the maximum horizontal displacement (relative to the ground) experienced by a building during an earthquake. When displacement occurs, that is, when a building begins to move, it and its component parts become deformed; it is this deformation that causes damage. The mean damage ratio of individual components is calculated and, around each mean, a complete probability distribution is estimated.

Damage functions for structural, nonstructural, and MEP (mechanical, electrical, plumbing) components are developed based on experimental data as documented in published reports. Using these damage functions, component damage ratios are estimated for each level of intensity.

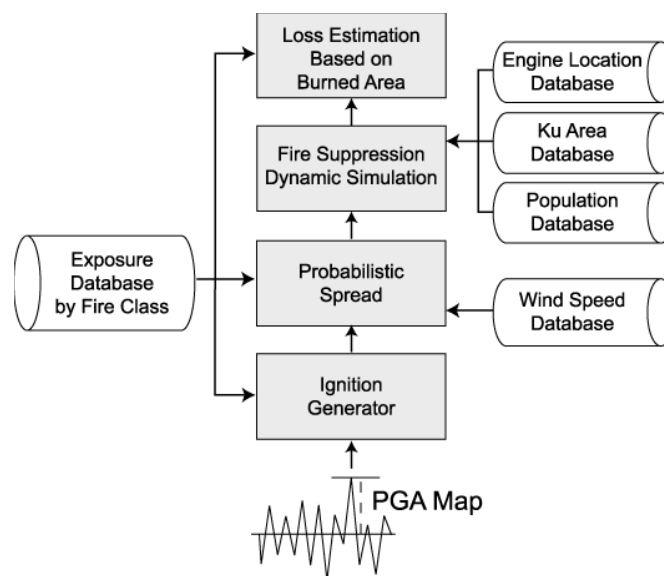
Just as physical damage is estimated at the component level, so too are monetary damages. The AIR U.S. Earthquake Model employs cost models based on regional price indices, construction practices, and appropriate repair strategies to estimate the repair cost of each damaged component given its damage ratio. Estimates of the monetary damage to each individual component are probabilistically combined to achieve an estimate of the monetary damage, or cost of repair, to the building as a whole. The AIR damage functions have been calibrated to and validated against both experimental and actual loss data, and have been peer reviewed.

Contents damage is based on the spectral acceleration of each floor and on building damage as determined by spectral displacement. Contents damage is also a function of occupancy class. Different occupancy classes are associated with different kinds of typical contents with, in turn, different vulnerabilities to shake damage. Time-element damage is derived from building damage. Modeled business-interruption losses include both direct losses from building damage and indirect losses that may result from actions taken by civil authorities, loss of business income from dependent properties, utility service interruption or damage to transportation infrastructure.

Fire Following

A separate dynamic simulation is used to estimate losses from fires following earthquakes derived in the AIR U.S. Earthquake Model. The components of this damage-estimation module are illustrated in the figure below.

Figure 11: Primary Model Components in Fire Damage Estimation



Fire Ignition

The AIR U.S. Earthquake Model features a completely stochastic fire ignition algorithm, which has been developed based on historical fire-following ignition data from a variety of sources.

Fire ignitions are typically caused by the overturning and breakage of building contents (ignitions due to open flame or chemical reactions, for example), structural deflections resulting in damage and short-circuiting of electrical wiring, and ruptured gas lines. As such, there is a generally positive correlation between the number of ignitions and earthquake intensity. Higher levels of ground motion tend to produce higher ignition rates. Thus, the ignition rate, in ignitions per million square feet of building floor area, is a function of PGA.

Adjustments are made to account for the observation that different fire classes exhibit noticeably different ignition rates. For example, there is a lower probability of fire ignition in a million square feet of commercial high-rise property than there is in a million square feet of single-family residential property. Commercial high-rise buildings typically adhere to more stringent building codes.

Fire Spread and Fire Suppression – AIR U.S. Earthquake Model

The spread rate is, in part, a function of local wind speed. AIR researchers have gathered data on annual mean wind speed and variability from the National Weather Service for 680 weather stations in the continental United States. These have been fit to Weibull distributions. For each simulated earthquake, a wind speed is drawn from a probability distribution appropriate for the affected area. The probability distribution used corresponds to the weighted average mean historical wind speed from surrounding weather stations. The weighting factor for each weather station is $1/r^2$, where r is the distance from the station to the ignition centroid. The ignition centroid is the mean longitude and latitude of all the simulated ignitions for the simulated earthquake.

The spread of fire is modeled both within and between fire blocks, which are defined as discrete groups of buildings much like a city block. A fire's further advance then depends on the probability that the fire will jump to an adjacent fire block. Conceptually this is analogous to the likelihood that a fire will "jump" across a street and begin burning buildings on the next city block. This process is modeled probabilistically, with the crossing probability a function of street width, wind speed, and the presence of fire suppression activities.

Finally, fire response and suppression are simulated. The AIR U.S. Earthquake Model incorporates distributions of fire discovery and report times that are based on historical data. Discovery time in occupied buildings (which account for 85% of fire ignitions) is, on average, five minutes. In unoccupied buildings, the time it takes for a fire to be discovered ranges between three and 10 minutes. Forty percent of fires are reported within one minute of their discovery, 50 percent between one and five minutes, and 10 percent between five and 20 minutes. Report time generally increases as intensity increases, as a result of, among other things, interruptions in telephone service.

Fire suppression is modeled as a dynamic process. Each fire is probabilistically assigned a discovery and report time and one or more fire engines are assigned to the fire. The engine arrival time is also computed for each engine, taking into account reduced accessibility following larger earthquakes. The time it takes to suppress the fire is a function of the size of the fire and the number of engines undertaking suppression activities at the site. As fires are suppressed, engines are rerouted to other fires.

Fire Damage Estimation

Fire losses are computed for each fire by taking the burned area and multiplying by an estimate of construction cost per square foot of the affected construction class. That cost is then multiplied by a scaling factor for each fire class, which models differences in vulnerability between construction classes. Maximum burn ratios are assigned to each construction class. Total losses for each fire class in a U.S. ZIP code are capped by the maximum exposure in that ZIP code for that fire class.

Europe Windstorms

Introduction

Extratropical cyclones in Europe, also known as Europe Windstorms, are atmospheric disturbances, often severe, that form in the mid-northern latitudes when several different meteorological conditions interact. Extratropical cyclones originate in the jet stream through a process called cyclogenesis, which is fueled by the interaction between the cold air masses from the poles and the warmer air masses that are influenced by temperatures at the equator. When these two air masses come into contact cold-center low-pressure disturbances are created along the fronts (gradients in temperature, pressure, and dew point) that form between them. The interaction between the cold and warm air masses pushes the lighter, warm air flow northwards where it comes into contact with even more cold air, thereby creating additional disturbances. The continuing reaction between the two air masses causes the pressure to decrease further, and the surrounding air flow is pulled more vigorously into the area of low pressure.

As the air continues to flow into the low pressure area, the Coriolis force caused by the earth's rotation deflects this flow, establishing a counterclockwise air movement around the low pressure disturbance. If the warm air flowing into this depression is moist, it condenses as it mixes with colder air, releasing a tremendous amount of energy that pushes the air masses higher and further decreases the pressure at the initial disturbance. As a result, air flows more rapidly towards the center of the low pressure area, potentially developing into a powerful extratropical cyclone. As the storm continues to develop, the cold front moves faster than the warm front and eventually merges with it to create an occluded front. At this point the warm air mass is lifted above the heavier cold air mass, and extratropical cyclone reaches its maximum intensity due to the ensuing low pressure center.

Extratropical cyclones typically do not achieve the high wind speeds of tropical cyclones; however, an extratropical cyclone can affect tens of thousands of square kilometers as it moves across a region. Individual locations can be struck by several extratropical cyclones in rapid succession and often experience relentless gale-force winds for several days. The wind footprint of an extratropical cyclone, which can extend over a large area, is affected by a number of factors. Downdrafts and the drag on airflow associated with rainfall can enhance wind speeds at lower elevations. The size of the footprint also depends heavily on the atmospheric conditions at the time the storm strikes land.

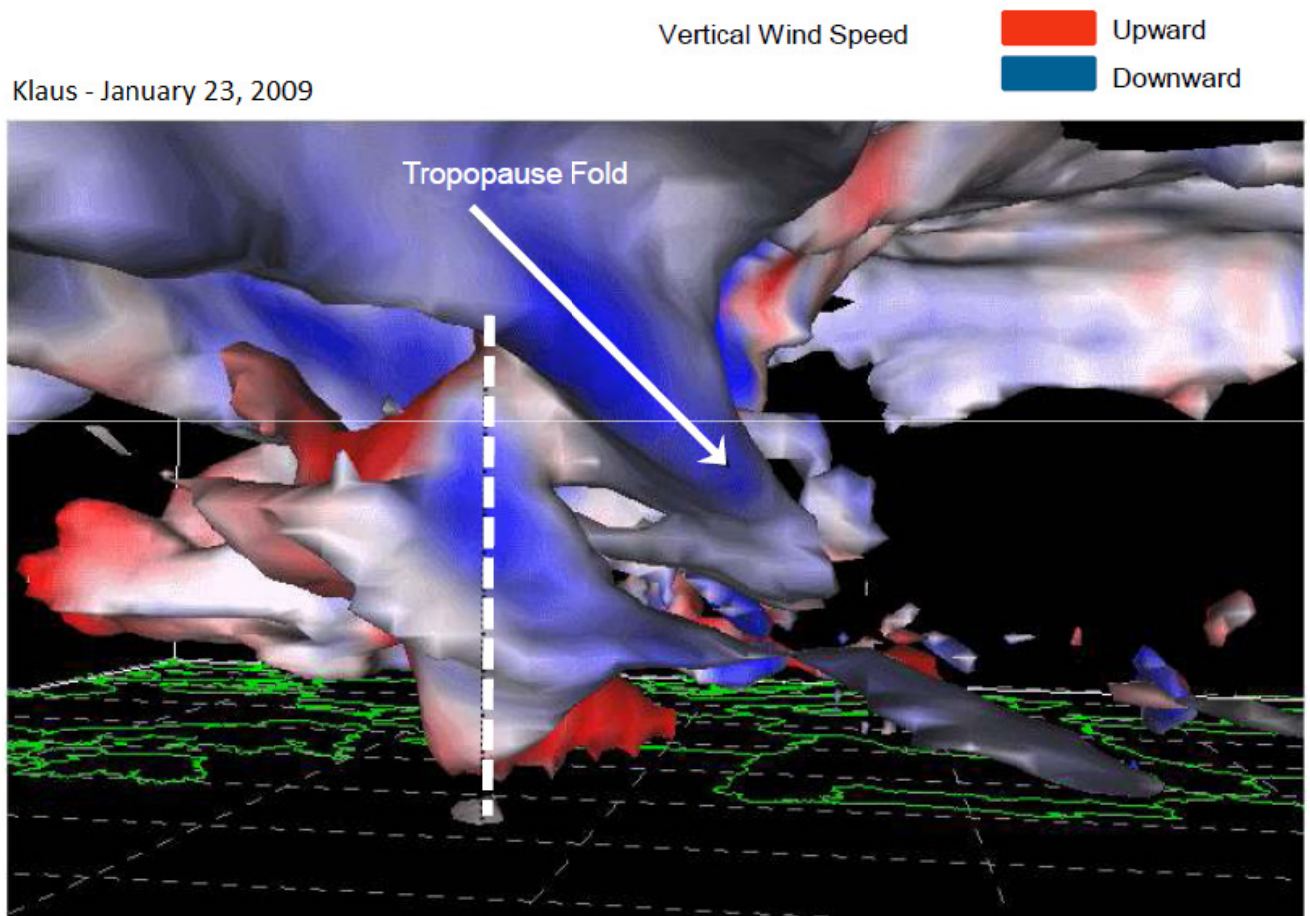
To capture the structural complexity of extratropical cyclones, AIR's modeling of Europe Windstorms incorporates Numerical Weather Prediction ("NWP") models with detailed wind observations. NWP models at the regional scale, also known as mesoscale models, utilize global four dimensional (three spatial and one temporal) environmental data including sea surface temperatures, air temperature, wind speed, water content and pressure. Using the known physical laws of the atmosphere translated into mathematical equations, the regional NWP model uses NCEP/NCAR reanalysis data from the National Centers for Environmental Prediction ("NCEP") and the National Center for Atmospheric Research ("NCAR") as initial and boundary conditions to model the evolution of complex circulation patterns over Europe at a finer scale (spatially and temporally) than the underlying reanalysis data. The resulting higher resolution output from the NWP model (i.e., a refined version of the reanalysis data set) can then be used as the basis for identifying storms over Europe. Regional mesoscale models are therefore an ideal tool for obtaining a complete set of historical storms that are a true representation of the storm patterns that affect Europe.

NWP techniques and models have been developed by government meteorological offices over the last 50 years. The equivalent of billions of U.S. dollars have been invested in this development, which has included satellites, radar facilities and other computational and research expenses, and the rate of investment is increasing. NWP has become the core operational forecasting technology for meteorological offices worldwide.

Tropical Cyclone and Extratropical Cyclone Comparison

Extratropical cyclones are more complex than tropical cyclones, which derive their energy from warm ocean water and are characterized by large but contained areas of relatively constant pressure displayed in a clear cyclonic circulation. In contrast, the conditions that cause extratropical cyclones are numerous and varied; again, there is an area of low pressure, but also a high pressure ridge, a low pressure trough, constantly interacting warm and cold fronts, and a strong upper-level jet stream. Within the storm, air flows both up and down, and surface winds can be enhanced by a number of substructures, including sting jets (damaging winds that are created when rapidly descending cool dry air comes into contact with warmer moist air) and gravity waves (disturbances that occur when gravity restores air that is vertically displaced causing localized changes in weather conditions such as heavy precipitation and strong winds). The figure below shows an example of such complexity for Klaus.

Figure 12: Structural Complexity of Klaus⁴



⁴ Source: www.ukweatherworld.co.uk

The table below illustrates some of the key differences between tropical cyclones and extratropical cyclones.

Table 5: Windstorm Comparisons

Characteristic	Tropical Cyclones	Extratropical Cyclones
Genesis (initiation)	Over warm ocean water, tropical latitudes	Middle and high latitudes over land or water
Location		
Seasons	Late summer and autumn	All year (typically strongest between the late fall and early spring). Often called winterstorms for this reason.
Energy Source	Heat and moisture transfer from ocean water	Three-dimensional pole-to-equator atmospheric temperature contrast
Intensity Over Land	Dissipates over land	Can maintain strength or even intensify over land
Footprint (Size)	250 to 1,000 square kilometers	2,500 to >10,000 square kilometers
Shape	Large, circular and contained system of damaging winds that forms a spiral shape around a central core known as the “eye.” The system is somewhat symmetrical around a vertical line extending through the eye.	Complex pattern, where the most damaging winds usually occur to the right (south) of the track. The shape varies and shifts around the center of low pressure.
Observed Peak Gusts	Typically 350 kilometers/hour (217.5 miles/hour)	Typically 200 kilometers/hour (“km/h”)
AIR Modeling Technique	Set of parameters varied statistically to produce stochastic catalog of potential storms	Numerical Weather Prediction (NWP) technology scientifically evolves each simulated storm in three-dimensional space over time

Windstorms in Europe

On average about seventy or more storms affect Europe each year during the winter months, although most are too weak to cause widespread damage. Out of these storms, approximately five on average are powerful enough to retain enough force to pose a significant risk to property as they move across Europe. Storm clusters may also occur when two or more powerful storms ravage the area in close succession. During the winters of 1990 and 1999, several deadly storms of comparable intensity struck the same regions of Europe within days of each other, collectively causing enormous amounts of damage.

Notable Historical Storms

Capella (1976)

During January 2–4, 1976, winter storm Capella struck several countries in Europe, particularly those that border the North Sea. Capella was the result of a very strong temperature gradient that began to form during the last days of December, between the 20° and 50° northern latitudes. Temperatures were 16° C in the Azores and met air masses coming from the southeast of Greenland with temperatures of -24° C. Early on January 2, the central pressure of the disturbance was slightly below 1,000 millibars (“mb”) and by evening of that day, when the system passed over Scotland, it had dropped to 972 mb and powerful winds began to sweep southwards along the east coast of Great Britain. The strongest wind gusts were seen at Birmingham Airport on January 2 and were reported as high as 133 km/h. In eastern England, at Wittering Airfield, winds were measured at nearly 170 km/h.

By January 3, the storm had reached Denmark with a central pressure of 968 mb. In Højer, Denmark, the tide reached nearly 5 m above normal and at Vlissingen, Netherlands, waters were 4 m above normal levels. Later that day

the storm reached Berlin where strong winds remained for over 17 hours, with gusts measured at about 97 km/h. Massive flooding occurred in many areas, including Germany where 10,000 people along the Bight coastland and Elbe River had to be evacuated from their homes.

The amount of damage from this storm is comparable to the storm clusters of 1990 and 1999. The entire eastern coastline of the North Sea was not put on alert again until 2007 when a series of storms struck Europe including Britta, Hanno (Per), Franz, and Kyrill.

The Great Storm of 1987

The Great Storm of 1987 (sometimes called 87J) impacted southern England, northern France, Norway, and Denmark from October 15–16 of that year. It originated in the Bay of Biscay and by noon on October 15, the central pressure was at 970 mb. On October 16, the storm reached the island of Ushant, France with a pressure of 948 mb, causing waves to reach as high as 16 meters. Wind speeds at Brest were recorded at 148 km/h and, as the storm crossed Brittany, gusts of 187 km/h were recorded at Quimper, 200 km/h at Ouessant, and 220 km/h at la pointe de Penmarch.

Shortly after it left the coast of northern France, the storm reached Cornwall where it made landfall with a central pressure of 953 mb. From there it moved along a northeasterly path towards the Midlands and went out to sea from England's east coast, at the Wash. It continued to move northeastward alongside the western coastal countries and up the entire length of Norway's coast.

As the storm traveled across England, wind gusts of 190 km/h were recorded in the Essex and Kent regions of southern England, and the highest recorded wind speed of 196 km/h was recorded at Gorleston in Norfolk.

By the evening of October 16, the storm had reached southern Norway where it impacted the southern and western areas of the country, including Oslo, with violent winds and also drenched the area with 11 cm of rain, which fell in just 48 hours.

Daria (1990)

Daria, which hit Europe from January 25–26, struck the area after a series of storms had already passed through, and was itself followed in February by storms Herta, Wiebke, and Vivian. By itself, Daria caused significant damage in six countries. Most of the damage was in the United Kingdom (where the storm is also known as the Burns' Day storm).

Daria formed out of a cold front over the northern Atlantic on January 23 and within 24 hours had a central pressure of 992 mb. After making landfall in Northern Ireland on January 25, the storm moved towards Ayrshire, Scotland and by the time it reached Edinburgh, it had its lowest pressure of 949 mb.

As the storm moved across the Netherlands and Belgium towards Denmark, it caused major property damage, mostly due to strong winds, which reached 110–120 km/h, with gusts of 170 km/h. However severe flooding also occurred, particularly in England and western Germany.

Vivian and Wiebke (1990)

During February 26–28, 1990, Vivian and Wiebke both struck Europe as the last of the series of storms that affected Europe that year. These two storms alone, which arrived in Europe just four weeks after Daria, created an amount of damage that was greater than the damage seen by Lothar and Martin nearly a decade later. Homes, automobiles, and many forests in the Alpine regions of Germany, Switzerland, and Austria were particularly hard hit by Wiebke.

On February 25, 1990, Vivian formed over the Atlantic as a very deep low-pressure system. By the following day, the pressure was at 949 mb and Vivian was moving over Ireland, the United Kingdom, and was active in the North Sea, affecting much of the coastline. Meanwhile, Wiebke had developed off the southeastern coast of Iceland and on February 28, reached Ireland with a central pressure of 984 mb. Wiebke continued to move across central England and the North Sea, and by March 1 had reached Germany where it continued through the following day.

Throughout these areas, and particularly in Germany, fallen trees damaged many transmission wires which disrupted electricity and communication. Due to its large footprint, Wiebke caused more damage in Germany than was seen nine years later when Lothar hit the region. Industrial properties and greenhouses in the Netherlands were also hit hard.

Anatol (1999)

Anatol hit northern Europe on December 3, and was followed a few weeks later by Lothar and Martin. This storm cluster paralyzed much of Europe. Anatol (known in Denmark as Adam) had wind gusts of up to 185 km/h when it reached the German Bight and southern Denmark.

Anatol developed rapidly over the northeastern Atlantic on December 3 and, as it approached Great Britain, its pressure was measured at 990 mb. The pressure dropped steeply as extremely cold air between Greenland and Norway mixed with warmer air to the south. When the storm reached the North Sea the pressure was at 957 mb, dropping to 955 mb as it moved towards Denmark. The lowest pressure was recorded in Jutland, Denmark, at 953 mb. The storm regained pressure (i.e., weakened) very slowly and was at 970 mb when it reached Latvia.

The storm was particularly damaging in Denmark, southern Sweden, and northern Germany, but strong winds were also felt throughout Ireland, northern England, Wales, and the coastal areas of southern England.

Lothar and Martin (1999)

On December 26, the storm Lothar, which had formed over the northern Atlantic the day before, hit the Brittany coast and just nine hours later had created a path of destruction across northern France. The storm continued on to cause even more damage in southern Germany and Switzerland.

Lothar's winds attained their maximum velocities along the French coast and sustained their speed as the storm moved farther inland. Wind gusts at Orly airport and in Paris were recorded at 170-180 km/h, and gusts of 215 km/h were recorded at the top of the Eiffel Tower. The storm traveled in a semicircular path, moving across the English Channel, through Paris, and continued into Alsace, Germany's Black Forest, and northern Switzerland, before finally weakening as it moved into Austria. In Switzerland, gusts of 50–100 km/h were recorded in the flatlands, while they reached 200 km/h at the Jungfrau peak.

On December 27, one day after Lothar tore through Europe, areas about 200 km south of Lothar's path were struck by Martin, which battered areas near Bordeaux, Biarritz, and Toulouse. Martin was larger and somewhat weaker than Lothar; however, Martin's wind speeds reached 140 km/h in Carcassonne, 160 km/h in Vichy, and 130 km/h in northern Spain. The damage caused by Lothar and Martin added to significant damage already sustained from Anatol. France in particular was hit very hard and heavy damage also occurred in northern Spain, northern Italy, parts of Switzerland, and Corsica.

Erwin (2005)

The storm Erwin (known in Norway as Gudrun) struck northern Europe during January 7–9, 2005, packing sustained wind speeds of 126 km/h. In Hanstholm, Denmark, wind gusts as high as 165 km/h were reported. From Ireland to Russia, severe flooding and damaging winds from this storm caused severe property damage, disrupted all modes of transportation, and disrupted power for more than 500,000 people.

Erwin formed in the Atlantic just west of Ireland and on January 7, its central pressure was around 995 mb. Over the next twelve hours, as the storm moved across Ireland and the United Kingdom, the pressure dropped nearly 25 mb as the cold air mass from Greenland collided with the warmer and very moist air farther south. As a result, damaging winds accompanied by downpours swept across the entire British Isles.

When the storm reached Norway around noon on January 8, the pressure had dropped to 960 mb and the dramatic fall in pressure formed a sting jet, which was responsible for much of the damage done to Denmark and southern Sweden. Particularly hard hit among the Scandinavian countries was the forest industry in southern Sweden, which lost over 75 million cubic meters of trees creating the world's largest stockpile of lumber.

Kyrill (2007)

The winter of 2006–2007 had an unusually large number of strong extratropical cyclones including Britta, Karla, Lotte, Hanno (also known as Per), and Franz. The worst storm during this season, in terms of wind speed and damage, was Kyrill, which made landfall on January 18 just four days after Hanno struck Sweden. Kyrill's minimum central pressure was 965 mb as it approached the United Kingdom. As the storm moved across England and the North Sea into Denmark it showed maximum wind gusts of 137 km/h, which were lower than Lothar's but affected an unusually large area for a single storm. Significant damage was sustained in Germany and the United Kingdom, while the Netherlands, Belgium, Austria, and the Republic of Ireland were also severely affected.

Flooding and wind damage was severe in many parts of Germany, including Berlin. Windows and walls were damaged due to flying debris, sometimes including tree limbs and billboards. Railway service throughout Germany was delayed or shut down altogether. Power was shut off to 100,000 homes in northern France, 15,000 in Austria, and to millions of homes in Germany and the United Kingdom. The German states of Brandenburg and Saxony were especially hard hit and the Siegen-Wittgenstein district was put under a state of emergency due to blocked roads and power outages.

Klaus (2009)

Klaus made landfall on January 24, 2009, in the Bordeaux region in southwestern France, from where it proceeded across the southern part of the country. The storm formed two days earlier in an area west of the Azores Islands and strengthened rapidly, exhibiting explosive cyclogenesis. Its central pressure was about 1,000 mb on the evening of January 22, and by January 24 it had decreased to 967 mb.

Klaus caused a notable amount of damage in southwestern France and northern Spain. Winds at 161 km/h were recorded in Bordeaux when the storm made landfall, although damage in that area was minimal. A few buildings in the city center suffered some damage due to falling trees while in the residential areas the damage was mostly limited to roof tiles and chimneys.

Southwest of Bordeaux however, in Gujan-Mestras, and farther south at Saguinet, the damage to buildings was much worse due to falling trees, most of which were uprooted due to water-saturated soils; very few were snapped or broken from the wind. Along the Aquitaine coast, older buildings suffered more damage than newer ones. Churches in particular were vulnerable to wind damage due to their age, height, and slender structure.

Wind speeds up to 177 km/h were recorded at Saint-Paul de Fenouillet, which is on top of a hill in the Pyrénées. As a result, the damage in this area was higher with more severe roof damage, which occurred on several commercial buildings. High winds were also recorded near Perpignan; however, only minimal damage was incurred there due to well-maintained buildings in this popular tourist town.

Undine, Wera, and Xynthia (2010)

During February 2010, Europe was struck by a cluster of three storms, Undine, Wera, and Xynthia, which reached Europe within a few days of each other. Xynthia, which reached the northern areas of Spain and Portugal on February 27, moved northeast over the Biscayan Sea into France, causing damage to parts of France, Belgium, and Germany, as well as to parts of Spain. Xynthia's track was farther south than those of Undine and Wera, and therefore made contact with warmer air and unseasonably warm sea surface temperatures of 14°C, enhancing the amount of moisture for the storm.

The hardest hit country was France, where a national catastrophe was declared. Xynthia's wind speeds, which were comparable to those of Herta (1990), were strong enough to cause considerable damage to buildings in the affected areas of France, many of which are unreinforced masonry. Damage to roofs, chimneys and windows was widespread and some buildings showed structural damage as well. The storm also uprooted trees and damaged roofs in Germany, particularly in Düsseldorf and Cologne as well as in large parts of Rheinland-Pfalz and Baden-Württemberg.

Xynthia struck during high tide and France's aging sea walls, including those near the Île de Ré, could not hold up against the sea level. The sea rose over a meter above normal, generating waves up to 8m in the Vendée and Charente-Maritime areas. At the coastal village of L'Aiguillon-sur-Mer, a sea wall that was several hundred years old collapsed and devastated a mobile home park that was situated nearby. The damage to sea walls caused many areas to remain vulnerable to sea surge even after the storm had subsided.

The AIR Europe Windstorm Model

The AIR Europe Windstorm Model creates a catalog of simulated, stochastic events derived from historical seed storms, calculates the wind field produced by each event and determines damages at each affected location.

Data Sources and Analysis

The AIR Europe Windstorm Model uses a physical model based on Numerical Weather Prediction ("NWP") in combination with detailed wind observations to establish a database of historical storms.

The primary sources of data for this model include:

- World Meteorological Organization (WMO)

- National Climate Data Center (NCDC)
- U.S. National Center for Atmospheric Research (NCAR)
- U.S. National Centers for Environmental Prediction (NCEP)
- UK Meteorological Office (UKMO)
- Risø Laboratory, Copenhagen, Denmark
- Building Research Establishment (BRE)
- Météo France
- Swiss Federal Office of Meteorology and Climatology (Meteo Swiss)
- MDA Federal, Incorporated
- Deutscher Wetterdienst (DWD) (German Weather Service)
- Danish Meteorological Institute (DMI)
- Royal Netherlands Meteorological Institute (KNMI)

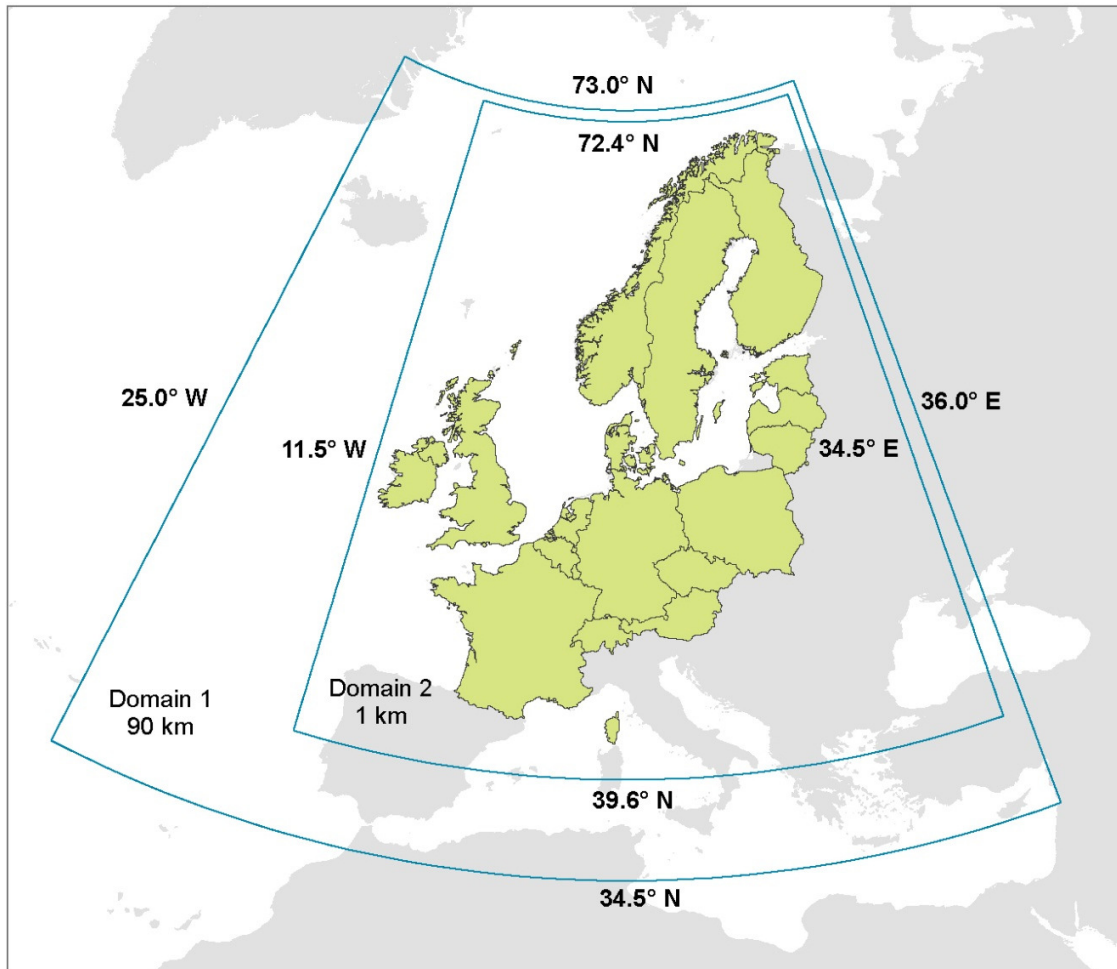
Using the known physical laws of the atmosphere translated into mathematical equations, the regional NWP model uses NCEP/NCAR reanalysis as initial and boundary conditions to model the evolution of complex circulation patterns over Europe at a finer scale (spatially and temporally) than the underlying reanalysis data.

The NCEP/NCAR reanalysis data provides a complete four-dimensional representation of the atmosphere from 1948 to the present. It should be noted that AIR's storm tracking starts with the year 1958. The time period from 1948 and 1957 is not used due to fact that the reporting times of observational data was different during that time period and the process resulted in a loss of precision.

Model Domain

The AIR Europe Windstorm Model is contained within two domains, shown in the figure below. Domain 1 is used for storm detection. It uses global reanalysis data refined to hourly intervals and to a resolution of 90 km, with a mesoscale model developed by Pennsylvania State University and NCAR, known as MM5. Domain 2 defines the area where detailed analysis of individual storms and potential damage is conducted using a resolution of 1 km x 1 km.

Figure 13: Domains of the AIR Europe Windstorm Model



Identifying Historical Storms and Storm Clusters

Due to the complex structure of the wind field, separate storms occurring in close proximity to one another may appear to function as one very large storm. In recent years, new techniques have been developed that allow scientists to make a more accurate distinction between separate storms that may be temporally and spatially clustered rather than treating them as a single large system. This new method of identifying storms allows scientists to analyze the behavior of each storm separately and therefore provide a more detailed analysis on their potential effects, both as separate storms and the cumulative effect as a cluster.

The refined output of the MM5 model was used to identify storms by determining locations of each storm's vortex center. The paths of these vortex centers were tracked to locate any number of vortices that form within the model domain during any winter season between 1958 and 2009. Each vortex is treated as a separate storm. By using this tracking method, approximately 4,000 events that occurred between the 1958-1959 winter season and the 2008-2009 winter season were identified. This set of historical storms varies in intensity and location, and therefore provides a basis for generating stochastic catalog events. The set accurately reflects records of historical events including reported temporal storm clusters, which occur when multiple storms affect a given area within a short time period.

Stochastic Catalog Generation

To generate the stochastic event set, AIR researchers applied perturbation techniques to the wind field and track parameters of these 4,000 historical seed storms. Using storm energy and track perturbation from historical data, AIR researchers were able to capture the complete range of potential annual extratropical cyclones for each area. In addition, this technique ensures full spatial coverage, ultimately producing realistic and accurate loss estimates.

Stochastic Wind Field Generation

Wind fields for stochastic storms are generated from the seed storms. To obtain a stochastic perturbation from a historical storm, AIR meteorologists generate a perturbed hourly wind field of an historical event that is similar to, but still distinct from, the wind field of the original historical event. Restrictions are applied to the storm factor modifications to account for inherent physical limits. By accounting for these restrictions, the AIR Europe Windstorm Model generates physically realistic events with corresponding intensities that evolve over time. From this time evolution of the intensity, the final footprint of a storm is computed by finding the maximum wind speed at any location during the storm's time window.

A reasonable number of these storms are of moderate intensity and a few represent the "perfect" storms that are the result of a simultaneous combination of extremes in storm intensity, vertical transfer of energy, and the strength and position of the jet stream. Some events are more extreme than any that have occurred historically; yet each is realistic and physically possible. The representation of these extreme storms in the stochastic catalog is in accordance with their probability of occurrence according to AIR's expert view. As observed in the historical record, most of the simulated storms in the catalog are of minimal intensity and cause little damage. After researchers eliminated the events that do not reach damage potential, they produced the final 10,000-year stochastic catalog, which contains 53,046 simulated storms.

Stochastic Storm Track Generation

In addition to determining the evolution of intensity for stochastic storms from historical seed storms, the paths of the new stochastic storms are generated using the historical track properties. The historical storm tracks were used to create a continuous background of storm track acceleration values. This background covers the entire modeled region, with the simulated track exhibiting the appropriate forward speed and direction of storm center for that region.

Annual and Intra-Seasonal Storm Frequency – Block Bootstrapping

The final part of the stochastic catalog generation involves the temporal placement of newly created storms within a simulated season. This is done using block bootstrapping, a method to model the frequency of storm occurrence by building off the frequency of historical storms. In addition to providing a realistic storm occurrence pattern, block bootstrapping also allows the model to maintain the annual and intra-seasonal frequency of storms observed historically.

Although these storms can occur at any time during the year, the most significant and damaging ones usually take place between the late fall and early spring, and tend to be most frequent during the winter months when the temperature contrast between the air masses is greatest. In light of this, the AIR stochastic catalog captures windstorm risk in the months of October through March, as seen in the table below.

Table 6: Modeled Frequency of Europe Windstorms by Month

Calendar Month	Frequency (%)
January	25.9
February	16.6
March	11.6
April	0.0
May	0.0
June	0.0
July	0.0
August	0.0
September	0.0
October	10.9
November	13.9
December	21.1
TOTAL	100.0

Local Wind Intensity Calculation

The AIR Europe Windstorm Model takes into account the characteristics of the land in the vicinity as well as the generated properties of the storm to determine the local wind intensity for given locations. In the AIR Europe Windstorm Model, the measure of intensity is 10-meters above ground, 3-second wind gusts.

Land use/Land cover. The AIR Europe Windstorm Model uses land cover data at 1 km x 1 km resolution to incorporate the detailed effects of the land on wind flow, such as the transition from a rural to an urban environment or those of the sea to land. This includes ridging, which is the acceleration of wind speed produced by mountain ridges, typically beginning halfway up the slope; sheltering, which is the reduction of wind speed on the lee side of a mountain slope; and channeling, which is the acceleration of wind speed on entering a narrowing channel and deceleration of wind speed on entering a widening channel.

Gustiness Effects on Surface Winds. Just as surface roughness exerts a frictional drag on winds, so too can it enhance gustiness, which is a measure of how the wind speed near the earth's surface varies as a function of time. Winds near the surface generally undergo oscillations due to eddies, which are generated from different types of land use and land cover. These eddies are of different sizes and can cause temporary changes in the strength and duration of wind gusts. Wind gusts range from the very extreme, which last only several seconds, to weaker ones which may last several minutes. Typically, very rough surfaces can increase gustiness, while smooth surfaces are associated with low levels of gustiness. Scientists at AIR have accounted for the gustiness effects on winds not only across different types of surfaces, but also from different directions across those surfaces.

Downscaling. The downscaling process allows the AIR Europe Windstorm Model to determine wind speeds at the surface (a height of 10 meters) based on winds aloft. Nearer to the ground, wind flow becomes impeded due to roughness in the terrain (which results from different types of land use and land cover, including buildings), which exerts horizontal drag forces. The properties of the land that alter the wind flow and speed are captured in the downscaling process. The process includes the effects of elevation and terrain roughness on wind speed, allowing for higher wind speeds at the tops of hills and accounts for terrain roughness at a resolution that is finer than can be achieved by NWP alone.

Vulnerability

The vulnerability module of the AIR Europe Windstorm Model estimates damage caused by wind to residential, commercial, and industrial assets as well as automobiles, agricultural buildings, greenhouses (building and non-plant contents), and in Scandinavian countries forestry (trees). Further, the model supports distinct combinations of building construction classes and occupancy types. Building height is also accounted for.

The variation in wind and climate that exists throughout Europe contributes to varying building practices and, consequently, to differences in building vulnerability in different areas. Over time, each of the modeled countries has developed its own construction techniques and building practices that reflect the different hazard levels experienced in each region. This regional variability in building vulnerability is reflected in the AIR Europe Windstorm Model.

To ensure that buildings meet certain safety requirements and set minimum standards for performance when subjected to damaging events, the European Committee for Standardization has developed Eurocodes, which are structural design codes developed for each country in the European Union. Under the Eurocode directive, design wind loads are based on winds with an annual probability of exceedance of 2%; that is, they correspond to winds with a return period of 50 years, on average. However, each country is responsible for its own basic design wind speed map. AIR engineers used these design wind speeds from each country when determining the regional vulnerability within each of the modeled countries.

A wind damage function is a relationship between the intensity of the wind and the percentage of the replacement cost of the asset that is needed to repair the damage. This fraction is known as the mean damage ratio. Separate damage functions exist for buildings with different characteristics (construction class, occupancy type and height), as well as for different coverages, that is, building, contents and time element. Damage function for a given building type and coverage provides estimates of the mean, or expected, damage ratio, however, due to the uncertainty in the underlying hazard intensity as well as the uncertainty in building's resistance based on factors such as workmanship, construction practices, aging, etc., the damage ratio is not a deterministic quantity given the hazard intensity. Accordingly, AIR Europe Windstorm Model uses a probability distribution to fully characterize the damage ratio with the

mean provided from the underlying damage function. This distribution changes by building characteristics as well as hazard intensity.

Damage to Buildings. Construction type is a primary feature that affects a building's vulnerability. Masonry buildings perform well when exposed to heavy wind loads and windborne debris, especially in comparison with wood frame buildings. However, for residential buildings, reinforced concrete generally performs better than masonry structures when exposed to heavy wind loads. Reinforced concrete also generally performs better than steel when used for commercial structures, while light metal is the least wind resistant of any of these materials. For any structure, the ability to withstand high winds is also affected greatly by other parameters such as building height and occupancy type. High-rise buildings are generally well engineered and perform better than low-rise buildings. For the same height and construction type apartment buildings generally sustain more damage as compared to commercial buildings due to structural characteristics such as balconies, soffits and over-hangs.

Damage to Contents. In the AIR Europe Windstorm Model, contents damageability is modeled as a function of building damage and occupancy class. Higher building damage gives rise to higher content damage. The type of occupancy can be used to determine what contents are most likely to be present, and their potential vulnerability. Office buildings for instance usually have a large amount of electronic equipment and can incur heavy losses if window breakage allows rain to enter the interior.

Business Interruption. Similar to contents damage, the AIR Europe Windstorm Model estimates business interruption losses based on building damage and occupancy class. Downtime, or the number of days before a business can return to full operation, is the primary parameter for estimating business interruption (BI) losses. The methodology used for estimating BI losses utilizes an event tree approach, incorporating the latest research and findings from an extensive analysis of claims data. For each step, a probability is assigned to two possible outcomes: continued operations or cessation of operations at the location. If operations cannot continue at the location, a probability is assigned to whether the company will relocate. These probabilities vary by occupancy.

ANNEX B

AIR RISK ANALYSIS RESULTS

AIR loss files consist of estimates of the U.S. Hurricane County PCS Loss and U.S. Earthquake County PCS Loss for the Class A Notes and the Europe Windstorm PERILS Loss for the Class B Notes resulting from the events simulated within the AIR Models. To create the loss file for a given peril, the AIR Models estimate the impact of the peril by applying event characteristics to industry-wide exposure data (as opposed to data for a specific insurer). AIR's U.S. Industry Exposure Database and Augmented¹ PERILS Industry Exposure Database in the respective Covered Area for commercial, residential, and auto properties are entered into these models, and thousands of years of potential event activity are simulated. For the analysis reflected herein, 10,000 such years were simulated. For each year of the simulation, a set of events is generated and estimated U.S. Hurricane County PCS Losses, U.S. Earthquake County PCS Losses and Europe Windstorm PERILS Losses, as applicable, are modeled. These analyses produce loss files which consist of the modeled losses for each type of exposure, for each simulated event and for each year of simulated events.

AIR's Industry Exposure Databases

AIR has developed databases of estimated numbers, types and values of properties for various lines of business in all regions of the world for which it develops models. These databases have been constructed from a wide range of data sources and reflect the estimated total replacement cost of property exposures. They are used to estimate total insurable property losses. Insurable loss estimates are based on assumptions as to the level of deductibles and how many of the total properties are insurable. Assumptions specifically regarding insurance policies and trends are based on insurance industry sources, including clients, industry organizations and government studies. Insured industry loss estimates are derived from the insurable industry through the application of area- and peril-specific insurance take-up rates. The property value databases are developed, maintained and enhanced through an ongoing process of data collection, synthesis and analysis.

AIR's U.S. Industry Exposure Database is modeled as a proxy for the PCS lines of personal (made up of residential and mobile home exposure), commercial (made up of commercial and industrial exposure), and automobiles. AIR's industry exposure database in Puerto Rico also covers personal, commercial, and automobile exposure. Much of the information required to develop the estimated values is acquired each year from governmental statistical agencies and private firms that specialize in this type of information. For example, primary data sources in the United States include the U.S. Census Bureau, Dun & Bradstreet, Claritas, ISO, the Insurance Information Institute and R.S. Means. The AIR U.S. Industry Exposure Database is as of December 31, 2011. The AIR industry exposure database for the Caribbean region, which includes Puerto Rico, is as of December 31, 2009.

Many data sources supply updated information on a regular basis. While such data sources contain extensive information, AIR has developed internal procedures that select and transform collected data into the required exposure data estimates. These procedures include combining the data from multiple sources and performing appropriate allocations or aggregations of data. AIR, however, makes no representation as to the accuracy of these data sources and has not conducted any independent investigation as to their accuracy. These sources sometimes change their methodologies and these changes may materially impact the resulting estimates.

Table 1, Table 2, and Table 3 summarize the insured exposure in AIR's U.S. Industry Exposure Database by AIR line of business in the respective Covered Area. Note that values are rounded.

¹ Using AIR's industry exposure database in Europe. For a description of modifications made to the PERILS Industry Exposure Database, see "Modeling the PERILS Industry Exposure Database" of this Annex.

Table 1: Summary of the AIR Industry Exposure for the United States and Puerto Rico (Hurricanes)
(USD billions) ⁽¹⁾⁽²⁾

State	Residential	Mobile Home	Commercial / Industrial	Automobile	Total ⁽³⁾
Alabama	430	19	455	46	950
Arkansas	238	10	259	27	534
Connecticut	418	1	425	25	868
Delaware	99	2	99	8	208
District of Columbia	61	0	197	2	261
Florida	1,805	51	1,706	155	3,718
Georgia	939	22	901	90	1,951
Illinois	1,276	8	1,619	101	3,005
Indiana	652	9	603	63	1,327
Kentucky	365	14	368	43	791
Louisiana	348	15	427	39	829
Maine	139	4	131	12	286
Maryland	679	2	581	44	1,306
Massachusetts	698	1	806	47	1,552
Mississippi	224	11	229	27	491
Missouri	579	11	608	62	1,259
New Hampshire	133	2	124	12	272
New Jersey	984	2	1,095	59	2,140
New York	1,573	12	2,801	109	4,494
North Carolina	901	35	821	98	1,854
Ohio	1,203	12	1,161	97	2,473
Oklahoma	338	9	313	38	698
Pennsylvania	1,422	15	1,321	101	2,859
Puerto Rico	124	0	185	22	331
Rhode Island	89	0	110	8	207
South Carolina	390	22	403	41	856
Tennessee	596	16	569	55	1,237
Texas	2,080	43	2,283	229	4,636
Vermont	65	1	68	6	140
Virginia	903	11	772	73	1,759
West Virginia	173	8	141	17	339
TOTAL⁽³⁾	19,925	370	21,581	1,758	43,634

(1) U.S. data is from AIR's U.S. Industry Exposure Database as of December 31, 2011.

(2) Puerto Rico data is from AIR's industry exposure database for the Caribbean region as of December 31, 2009.

(3) Totals may not add due to rounding.

**Table 2: Summary of the AIR U.S. Industry Exposure Database in the U.S. Earthquake Covered Area as of December 31, 2011 (Earthquake Shake)
(USD billions)**

Region	Residential	Mobile Home	Commercial	Automobile	Total ⁽⁷⁾
Northern California ⁽¹⁾	253	1	413	118	786
Southern California ⁽²⁾	423	3	697	167	1,290
New Madrid ⁽³⁾	1,700	39	1,671	809	4,219
West Coast ⁽⁴⁾	338	6	340	145	829
Northeast ⁽⁵⁾	243	2	354	434	1,032
Other ⁽⁶⁾	416	14	404	970	1,804
TOTAL⁽⁷⁾	3,373	66	3,879	2,642	9,960

**Table 3: Summary of the AIR U.S. Industry Exposure Database in the U.S. Earthquake Covered Area as of December 31, 2011 (Earthquake Fire Following)
(USD billions)**

Region	Residential	Mobile Home	Commercial / Industrial	Automobile	Total ⁽⁷⁾
Northern California ⁽¹⁾	1,689	13	1,467	118	3,287
Southern California ⁽²⁾	2,181	18	2,231	167	4,597
New Madrid ⁽³⁾	8,406	163	8,724	809	18,102
West Coast ⁽⁴⁾	1,430	29	1,455	145	3,059
Northeast ⁽⁵⁾	6,360	43	7,759	434	14,596
Other ⁽⁶⁾	9,878	243	9,501	970	20,592
TOTAL⁽⁷⁾	29,944	508	31,138	2,642	64,233

(1) Northern California comprises the counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Yolo, and Yuba.

(2) Southern California comprises the counties of Imperial, Inyo, Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, and Ventura.

(3) New Madrid comprises the States of Alabama, Arkansas, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Missouri, Mississippi, Ohio, Oklahoma, Tennessee, and Wisconsin.

(4) The West Coast region comprises the States of Idaho, Nevada, Oregon, and Washington.

(5) The Northeast region comprises the States of Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

(6) The Other region comprises the States of Arizona, Colorado, Florida, Georgia, Minnesota, Montana, Nebraska, New Mexico, North Carolina, North Dakota, South Carolina, South Dakota, Texas, Utah, Virginia, West Virginia, and Wyoming.

(7) Totals may not add due to rounding.

Modeling the PERILS Industry Exposure Database

PERILS publishes total sums insured data by buildings value, contents value, and business interruption value, for each CRESTA Zone and line of business in the following European countries Belgium, Denmark (including Jutland, Sjælland, Fyn, Lolland, Bornholm, and the Faroe Islands), Mainland metropolitan France and Corsica (excluding Départements d'Outre Mer and Territoires d'Outre Mer), Germany, the Republic of Ireland, Luxembourg, The Netherlands (excluding Aruba and the Netherlands Antilles), Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland (excluding overseas dependencies but including the Isle of Man and Channel Islands). In Norway (excluding Jan Mayen), PERILS publishes total sums insured data by buildings value, contents value, and business interruption value for each county and line of business. The total sums insured for Norway were then allocated to each CRESTA Zone and line of business.² Please refer to www.cresta.org³ for more information on CRESTA Zones.

Table 4 summarizes Initial PERILS Industry Exposure Database by each country of the Europe Windstorm Covered Area:

**Table 4: Summary of the Initial PERILS Industry Exposure Database
in the Covered Area as of January 1, 2012⁽¹⁾
(EUR billions)**

Country	Total Insurable Value
Belgium	1,678
Denmark	1,367
France	10,969
Germany	12,500
Ireland	761
Luxembourg	151
Netherlands	2,715
Norway	1,829
Sweden	2,195
Switzerland	3,105
United Kingdom	9,130
TOTAL	46,400

(1) Totals may not add due to rounding. Initial FX Conversion Factors as shown in Table 5 were applied to local currency amounts.

In order to perform a detailed modeling of the PERILS Industry Exposure Database, the total insured values within each CRESTA Zone and line of business must be attributed to the specific mix of construction, occupancy, and height characteristic of that CRESTA Zone and line of business. Accounting for the specifics of the building stock and local construction practices allows for a better simulation of the vulnerability of the exposure within each CRESTA Zone. Because CRESTA Zones can cover large geographical areas with an uneven geographical distribution of built-up areas and, within each built-up area, an uneven distribution of exposure between lines of business, the exposure must also be distributed geographically within each CRESTA Zone, in line with the distribution of exposure specific to each line of business. Both the building stock (construction, occupancy, height) and geographical distributions of the PERILS exposure within each CRESTA Zone and line of business are performed by mirroring such distributions within AIR's

² Any extension of PERILS' services to other jurisdictions will not impact the Europe Windstorm Covered Area. For avoidance of doubt, Svalbard is covered by PERILS as part of Norway, but not included in the Europe Windstorm Covered Area.

³ The contents of this website are not incorporated by reference into this Offering Circular and should not be relied upon in connection with any decision to invest in the Notes.

industry exposure database in Europe. For some countries the PERILS exposure is broken out into residential, commercial, industrial, and agricultural lines of business, whereas in other countries the exposure may be aggregated into only two or three lines of business.

Loss distributions developed based on modeling catastrophic events are highly dependent on the environment in which the exposure is located and the exposure's physical characteristics. To accurately assess the risk from catastrophic events, it is important to model the most detailed exposure available. To perform detailed modeling, AIR disaggregated the PERILS Industry Exposure Database using AIR's proprietary database of insured industry exposure in Europe. The paragraphs that follow detail the disaggregation methodology. **It is important to note that the disaggregation methodology did not alter the CRESTA Zone-level sums insured totals originally provided by PERILS.**

In some instances, PERILS grouped multiple lines of business together following the prevailing granularity of exposure information available from the various data providers. In the case of the United Kingdom, Ireland, and Luxembourg, the PERILS "Commercial" line of business grouped together commercial, industrial and agricultural exposure. In Denmark, the "Commercial" line of business includes both commercial and industrial exposure. In Germany, the "Commercial" line of business includes both commercial and agricultural exposure. In these instances of grouped exposure, AIR used its industry exposure database in each respective CRESTA Zone to distribute the exposure to each individual lines of business. For instance if PERILS states that the combined "Commercial/Industrial/Agricultural" exposure in a given CRESTA Zone has a value of €10 billion, and AIR's insured industry exposure database shows that the exposure is split 50% commercial, 30% industrial and 20% agricultural in that CRESTA Zone, €5 billion of exposure will be assigned to commercial, €3 billion to industrial, and €2 billion to agricultural.

Once the PERILS exposure was distributed to each of the residential, commercial, industrial, and agricultural lines of business in each CRESTA Zone, AIR used its insured industry exposure database to distribute the exposure in each CRESTA Zone and line of business by its relative distribution of construction/occupancy/height combination. For instance, if PERILS states that commercial buildings in a given CRESTA Zone have a value of €5 billion and AIR's insured industry exposure database shows that commercial insured values in that CRESTA Zone are split evenly between reinforced concrete and steel construction, then the PERILS data is split evenly, €2.5 billion in both reinforced concrete and steel for the purpose of modeling. This is then further split to reflect the mix of occupancies associated with each construction, and further by height within each construction/occupancy combination.

Once the PERILS exposure has been distributed to each construction/occupancy/height mix within each CRESTA Zone and line of business, AIR used its insured industry exposure database to distribute the exposure to 1 km x 1 km gridpoints within each CRESTA Zone, to respect the relative geographical distribution of each construction/occupancy/height mix within a CRESTA Zone. For instance, if a given CRESTA Zone has an area of heavy concentration of residential exposure (such as a city) and another area with heavy concentration of industrial exposure (such as an industrial park), this relative distribution will be respected, allowing for the exposure to be realistically distributed within each CRESTA Zone.

There are two situations when PERILS provides sums insured data where AIR's database of insured industry exposure does not have exposure data. The first situation is residential business interruption exposure. To determine the breakdown of residential business interruption exposure by construction/occupancy/height combination, AIR applied a breakdown based on the sum of buildings value and contents value. Second, PERILS provides agricultural data in three urban CRESTA Zones where AIR does not: Paris (France), 'S-Graven (Netherlands) and Leeuwarde (Netherlands). In each case, the country wide agricultural breakdown by construction was used to disaggregate the PERILS value.

PERILS data also includes a range of possible deductible percentage, as well as a "best estimate" deductible percentage of average total sums insured by CRESTA Zone and line of business. AIR modeled the "best estimate" deductible as a site percentage, which covers all coverage types, including buildings value, contents value and business interruption value.

Modeling Europe Windstorm Storm Surge

The Europe Windstorm PERILS Loss is inclusive of all losses resulting from wind and ensuing perils, following the coverage of the underlying property policies. This can include losses caused by storm surge. AIR currently models storm surge losses in the United Kingdom only. AIR uses a hydrodynamic model to simulate fluid flow in time and

space. The model incorporates detailed offshore bathymetry (water depth) and coastal topography (land elevation) to estimate flood volumes over land.

The AIR U.K. storm surge model accepts CRESTA Zone-level insured exposure values by line of business. Modeled loss estimates for United Kingdom storm surge were generated using CRESTA Zone and line of business-specific insured exposure provided by PERILS, and deductible assumptions present in the AIR industry database for the United Kingdom.

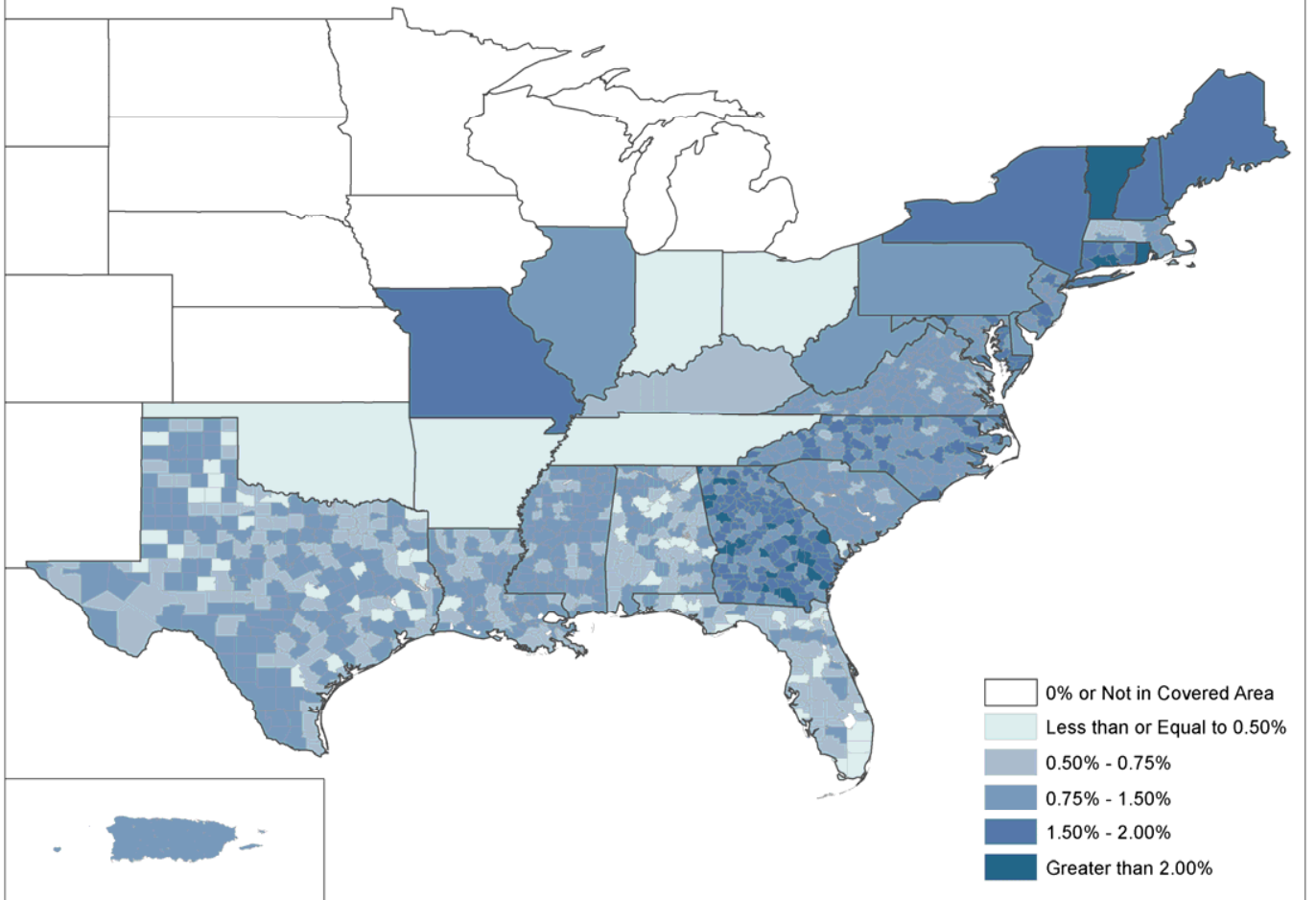
The AIR U.K. storm surge model is distinct from the AIR Europe Windstorm model. In order to estimate the combined wind and surge damage from individual Europe Windstorm Events, AIR identified Europe Windstorms whose track and associated wind field were capable of forcing water against the eastern coast of the U.K. and causing storm surge damage (such events may or may not also cause substantial wind damage on land). AIR then identified U.K. storm surge events occurring within the same time period.

Storm surge losses were not modeled for historical storms.

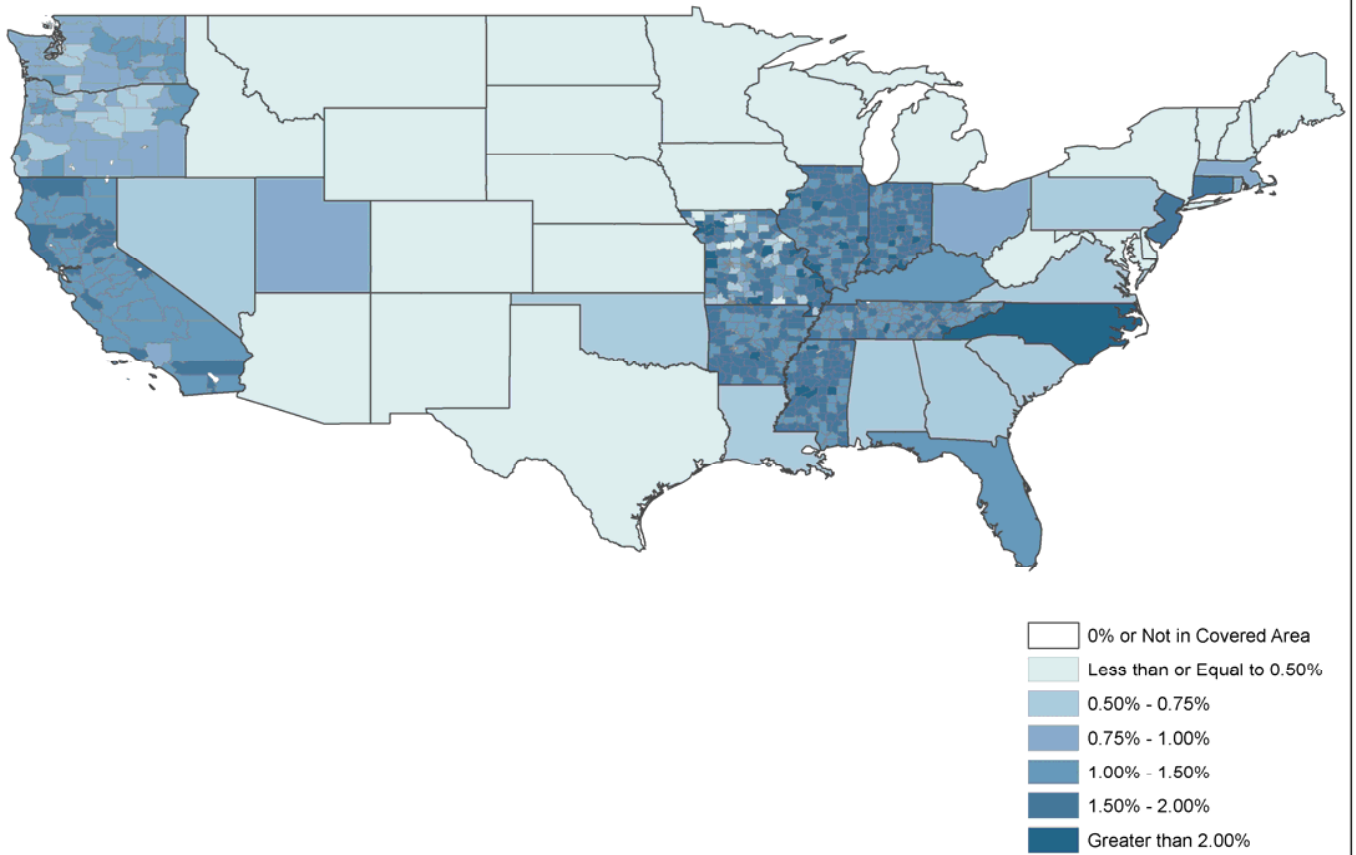
Data Used For Analysis

The initial exposures modeled for the Class A Notes analysis consisted of 100% of the insured U.S. Industry Exposure Database residential (including mobile homes) and commercial property, and automobile values in the U.S. Hurricane Covered Area and U.S. Earthquake Covered Area as of December 31, 2011 (with the exception of Puerto Rico, which is as of December 31, 2009). The U.S. Hurricane County Payout Factors and U.S. Earthquake County Payout Factors were then applied across all lines of business.

U.S. Hurricane State and County Payout Factors



U.S. Earthquake State and County Payout Factors



The initial exposures modeled for the Class B Notes analysis consisted of 100% of the insured Augmented PERILS Industry Exposure Database of residential and commercial property (including industrial and agricultural) in the Europe Windstorm Covered Area. The Augmented PERILS Industry Exposure Database consists of information contained in the PERILS Industry Exposure Database as of January 1, 2012 (as released on April 1, 2012) as augmented using AIR's industry exposure database in Europe as of December 31, 2011. The Europe Windstorm Payout Factors were then applied across all lines of business.

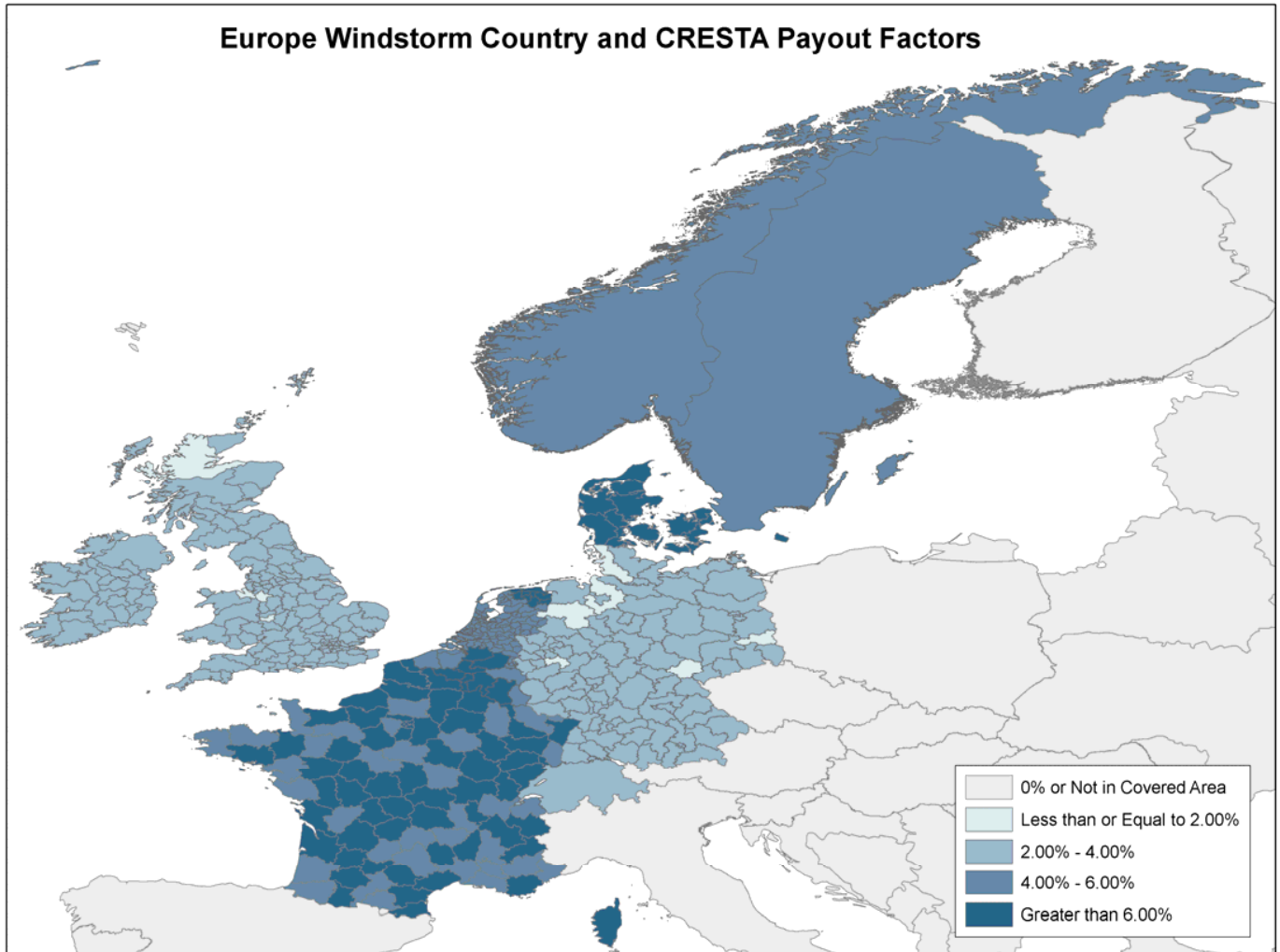


Table 5: Initial FX Conversion Factors

Currency	Exchange Rate versus € ⁽¹⁾
CHF	1.20
DKK	7.46
NOK	7.41
SEK	8.70
GBP	0.80

(1) where EUR = 1.3149399757385254 USD

Results of AIR's Modeling

The information presented below represents AIR's modeling results based on the AIR U.S. Hurricane Model and AIR U.S. Earthquake Model and input data regarding the Initial U.S. Industry Exposure Database as described above, and the AIR Europe Windstorm Model and input data regarding the Initial Augmented PERILS Industry Exposure Database.

The statistical simulation models generate large samples (10,000 annual scenarios of potential events), which provide an estimate of the underlying probability distribution of estimated losses. The results of AIR's modeling are subject to limitations and qualifications set forth under "Limitations of AIR Analysis Included Herein."

Table 6 and Table 7 provide the estimated annual loss to the Class A Notes and Class B Notes (Initial One Year Expected Loss), with corresponding probabilities of having a non-zero loss level (Initial One Year Attachment Probability) and having a full principal payout amount (Initial One Year Exhaustion Probability).

Table 6: Initial One Year Modeled Statistics for the Class A Notes

	U.S. Hurricane	U.S. Earthquake	Total ⁽¹⁾
Initial One Year Attachment Probability	1.45%	0.67%	2.09%
Initial One Year Exhaustion Probability	1.09%	0.53%	1.64%
Initial One Year Expected Loss	1.27%	0.58%	1.86%

(1) Totals may not add due to rounding

Table 7: Initial One Year Modeled Statistics for the Class B Notes

	Europe Windstorm
Initial One Year Attachment Probability	1.75%
Initial One Year Exhaustion Probability	1.30%
Initial One Year Expected Loss	1.50%

Table 8 details a sample of the annual aggregate loss distribution for the Class A Notes. The losses presented in the table represent estimates for aggregate modeled U.S. Hurricane and U.S. Earthquake Index Values, as well as the associated annual exceedance probability and corresponding modeled Principal Reduction to the Class A Notes. The modeled Loss Period Index Values are inclusive of the applicable Initial Index Deductible of 45.00 index points.

Table 8: Modeled Annual Aggregate and Occurrence Loss Distribution for the Class A Notes

	Modeled Annual Exceedance Probability⁽¹⁾	Modeled Loss Period Index Value (index points)	Annual Occurrence Loss⁽²⁾ (index points)	Number of Events⁽³⁾	Class A Notes Principal Reduction
Class A Initial Exhaustion Level	1.62%	790.44	717.65	1	100%
	1.63%	788.11	715.23	1	100%
	1.64%	785.86	709.49	2	100%
Class A Initial Attachment Level	1.65%	781.83	705.02	1	97%
	1.66%	781.56	704.25	2	97%
	1.67%	781.17	703.63	4	96%
	1.70%	771.95	694.75	1	87%
	1.73%	761.00	685.34	1	76%
	1.76%	755.76	683.67	2	71%
	1.79%	744.19	679.66	3	59%
	1.82%	737.22	675.21	3	52%
	1.85%	736.28	673.17	1	51%
	1.88%	734.62	663.99	1	50%
	1.91%	732.61	660.14	1	48%
	1.94%	725.57	656.91	1	41%
	1.97%	711.78	644.83	2	27%
	2.00%	703.01	637.35	2	18%
	2.03%	696.16	624.13	3	11%
	2.06%	689.14	622.23	2	4%
	2.07%	688.62	622.20	3	4%
	2.08%	686.91	621.92	1	2%
	2.09%	685.34	619.94	1	<1%
	2.10%	684.54	619.33	1	0%
	2.11%	684.16	618.96	1	0%
	2.12%	682.54	616.81	6	0%

(1) The modeled annual exceedance probability is an estimate of the likelihood that the level of losses associated with a given event or aggregation of events will be exceeded in any given simulated year.

(2) The annual occurrence loss is obtained by selecting the single largest modeled loss occurrence in a simulated year. This information is provided for illustrative purposes only and is not related to the Initial Attachment Level or Initial Exhaustion Level of the Class A Notes. The annual occurrence loss for each Modeled Annual Exceedance Probability is calculated independently of the Modeled Loss Period Index Value.

(3) Number of Events indicates the number of events in the simulated year that have a non-zero Modeled Event Index Value.

Table 9 represents estimates for annual aggregate losses to the Class A Notes and the corresponding probability distribution of such losses to the Notes.

**Table 9: Aggregate Modeled Results for Illustrative Probabilistic Simulation
Years for the Class A Notes**

Modeled Annual Exceedance Probability ⁽¹⁾	Peril	Landfall / Epicenter County	Saffir-Simpson Category / Magnitude	Modeled Total Insured Industry Loss in the Covered Area ⁽²⁾ (USD billion)	Modeled Event Index Value (index points)	Modeled Loss Period Index Value (index points)	Class A Notes Cumulative Principal Reduction
0.50%	EQ	Los Angeles, CA	7.0	127.40	1,253.94	1,253.94	100%
	HU	Jefferson, LA	3	6.07	14.08	1,268.03	100%
	HU	Miami-Dade, FL	3	13.26	1.66	1,269.69	100%
1.10%	EQ	Lincoln, OR	8.6	97.05	757.58	757.58	73%
	HU	Okaloosa, FL	4	20.13	175.52	933.10	100%
1.21%	EQ	Salt Lake, UT	6.5	8.73	41.40	41.40	0%
	HU	Hancock, MS	4	70.69	699.98	741.38	56%
	HU	St. Lucie, FL	4	34.47	151.75	893.13	100%
1.64%	HU	Pinellas, FL	4	132.55	722.18	722.18	37%
	HU	Mobile, AL	3	13.05	63.68	785.86	100%
1.67%	EQ	Alameda, CA	7.1	55.47	597.80	597.80	0%
	HU	Hyde, NC; Suffolk, NY	3, 1	6.32	37.19	635.00	0%
	HU	Monroe, FL; Carteret, NC	4, 1	50.85	133.49	768.49	83%
	EQ	Riverside, CA	6.7	3.63	12.68	781.17	96%
2.09%	HU	Matagorda, TX	5	94.12	685.34	685.34	<1%
2.12%	HU	St. Mary, LA	4	16.46	84.66	84.66	0%
	HU	Indian River, FL; St. Mary, LA	3, 5	21.24	107.78	192.44	0%
	HU	Chatham, GA	2	4.34	17.15	209.59	0%
	HU	Horry, SC	2	3.86	1.35	210.95	0%
	EQ	Alameda, CA	6.2	15.01	141.44	352.38	0%
	EQ	Orange, CA	7.1	34.25	330.15	682.54	0%

(1) The modeled annual exceedance probability is an estimate of the likelihood that the level of losses associated with a given event or aggregation of events will be exceeded in any given simulated year.

(2) Modeled total insured industry loss includes losses from personal lines, commercial lines, and automobile lines of business prior to the application of the U.S. Hurricane County Payout Factors and U.S. Earthquake County Payout Factors.

Table 10 details a sample of the annual occurrence loss distribution for the Class B Notes. The losses presented in the table represent estimates for occurrence modeled Europe Windstorm Event Index Values, as well as the associated annual exceedance probability and corresponding modeled Principal Reduction to the Class B Notes.

Table 10: Modeled Annual Occurrence Loss Distribution for the Class B Notes

	Modeled Annual Exceedance Probability ⁽¹⁾	Countries Impacted ^{(2),(3)}	Modeled Europe Windstorm PERILS Loss in the Covered Area ⁽⁴⁾ (EUR billion)	Modeled Event Index Value (index points)	Class B Notes Principal Reduction
Class B Initial Exhaustion Level	1.28%	CH FR DE UK DK	16.12	681.74	100%
	1.29%	FR DE LT LV UK	11.40	679.94	100%
	1.30%	CH FR DE AT UK	17.00	675.49	100%
Class B Initial Attachment Level	1.31%	DK SW NO DE PL	9.25	670.28	95%
	1.32%	FR PL UK DE CZ	11.05	664.99	90%
	1.33%	DE DK NL FR UK	11.04	663.23	88%
	1.36%	CH FR DE AT	15.78	656.21	81%
	1.39%	UK NO DK IE NL	26.37	650.46	75%
	1.42%	NL BE FR UK IE	11.28	637.76	63%
	1.45%	DE CH AT FR UK	17.92	632.58	58%
	1.48%	FR BE UK CH	9.69	627.46	52%
	1.51%	FR DE NL UK BE	12.17	621.80	47%
	1.54%	DK SW NO DE UK	9.12	620.14	45%
	1.57%	NL BE DE UK FR	12.96	609.20	34%
	1.60%	DE DK NL SW NO	12.74	602.95	28%
	1.63%	FR DE CH NL BE	12.42	601.00	26%
	1.66%	NL DE BE FR PL	13.20	597.87	23%
	1.69%	UK IE FR	23.86	590.38	15%
	1.73%	DE UK FR BE NL	16.18	581.51	7%
	1.74%	DE CH FR BE AT	17.48	577.12	2%
	1.75%	DE BE NL FR LU	11.79	575.73	1%
	1.76%	UK FR NO BE NL	14.53	574.95	0%
	1.77%	FR UK CH IE	9.43	574.76	0%
	1.78%	UK SW DK NO IE	21.49	574.08	0%

- (1) The modeled annual exceedance probability is an estimate of the likelihood that the level of losses associated with a given event or aggregation of events will be exceeded in any given simulated year.
- (2) Country abbreviations: AT = Austria, BE = Belgium, CZ = Czech Republic, DK = Denmark, FI = Finland, FR = France, DE = Germany, IE = Ireland, LU = Luxembourg, NL = Netherlands, NO = Norway, PL = Poland, SW = Sweden, CH = Switzerland, UK = United Kingdom. For avoidance of doubt, AT, CZ, and PL are not part of the Europe Windstorm Covered Area. They are only shown to provide a more complete picture of the simulated storm tracks.
- (3) Top 5 countries ranked in order of losses by Country based on modeled industry losses using the Initial Augmented PERILS Industry Exposure Database
- (4) Modeled Europe Windstorm PERILS Loss was generated using the Initial Augmented PERILS Industry Exposure Database without application of payout factors for all countries in the Covered Area but with applicable Initial FX Conversion Factors as shown in Table 5.

Table 11 and Table 12 provide the estimated annual expected loss to the Class A Notes and the Class B Notes respectively, with corresponding annual probabilities of having a non-zero loss level (Attachment Probability) and having a full principal payout amount (Exhaustion Probability).

Table 11: Annual Probabilities for the Class A Notes

	Risk Free Period⁽¹⁾	First Loss Period	Second Loss Period	Third Loss Period	Annualized⁽²⁾
Attachment Probability	0.00%	2.09%	2.06%	2.02%	1.95%
Exhaustion Probability	0.00%	1.64%	1.61%	1.59%	1.53%
Expected Loss	0.00%	1.86%	1.83%	1.80%	1.73%

Table 12: Annual Probabilities for the Class B Notes

	Risk Free Period⁽¹⁾	Year 1	Year 2	Year 3	Annualized⁽³⁾
Attachment Probability	0.00%	1.75%	1.73%	1.70%	1.64%
Exhaustion Probability	0.00%	1.30%	1.28%	1.27%	1.22%
Expected Loss	0.00%	1.50%	1.48%	1.46%	1.40%

(1) The Risk-Free Period covers the time from November 1, 2012 through December 31, 2012.

(2) Annualized probabilities are calculated as the sum of the Risk Free Period, the First Loss Period, the Second Loss Period and the Third Loss Period divided by 3.167123 (3 years + 61 days/365)

(3) Annualized probabilities are calculated as the sum of the Risk Free Period and years 1, 2 and 3 divided by 3.167123 (3 years + 61 days/365).

Contribution Analysis by Peril, State and Line of Business

Table 13 provides a detailed breakdown of the Initial One Year Expected Loss by peril, state and line of business to the Class A Notes from modeled Covered Events resulting in losses to the Notes arising in the 10,000 annual scenarios of potential U.S. Hurricane and U.S. Earthquake activity that were simulated. All contribution exhibits are based on an annual risk period.

Table 13: Modeled Contribution to the Class A Notes Initial One Year Expected Loss by Peril, State and Line of Business

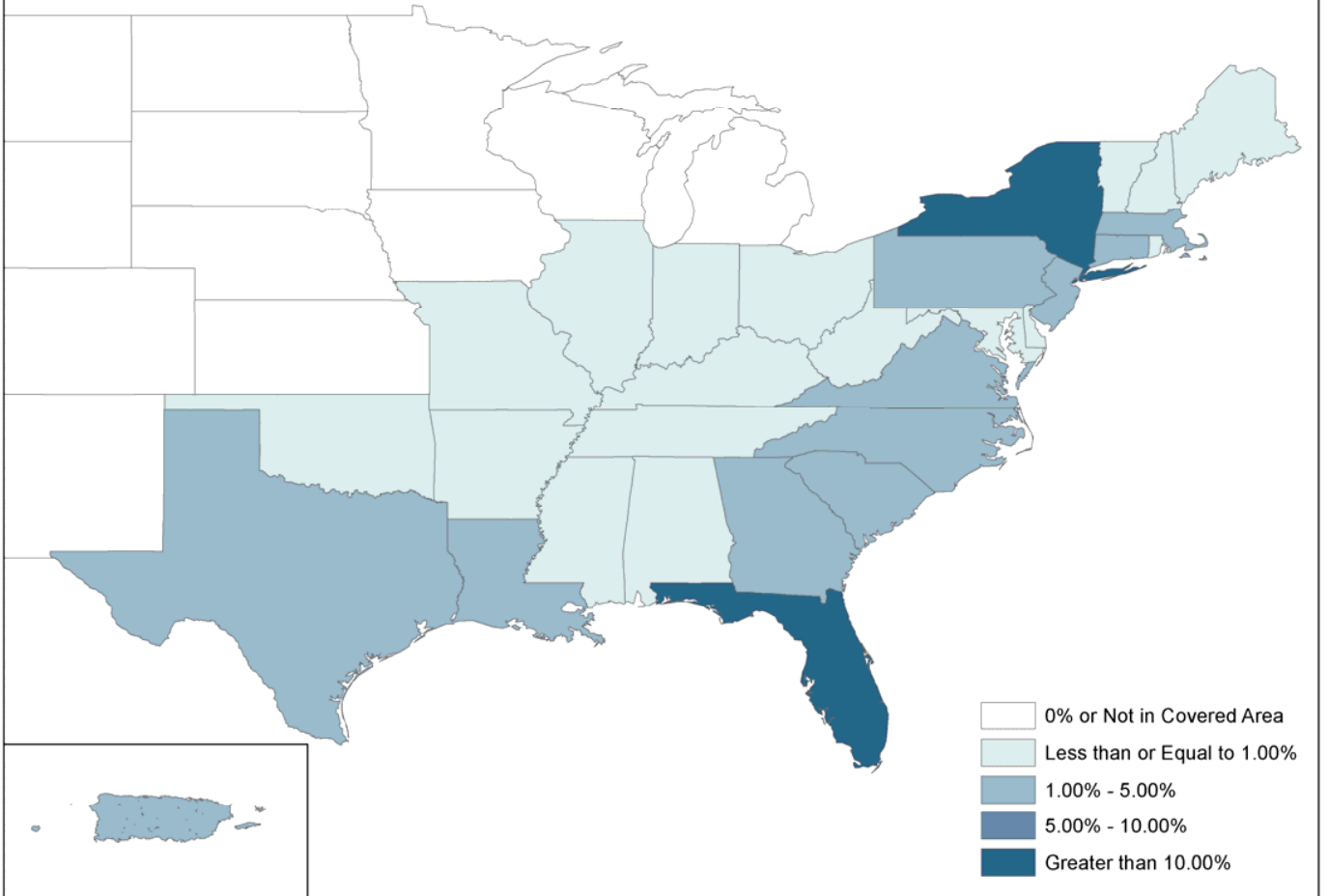
Hurricane					Earthquake				
State	Personal	Commercial	Auto	Total ⁽¹⁾	State	Personal	Commercial	Auto	Total ⁽¹⁾
Florida	11.5%	9.1%	1.0%	21.6%	California	6.2%	11.6%	0.2%	18.0%
New York	5.0%	5.9%	0.2%	11.1%	Tennessee	2.2%	1.6%	< 0.1%	3.8%
Texas	2.6%	2.0%	0.2%	4.8%	Missouri	0.9%	1.1%	< 0.1%	2.0%
New Jersey	2.6%	2.0%	0.1%	4.6%	Arkansas	0.9%	0.7%	< 0.1%	1.6%
Puerto Rico	0.8%	3.7%	0.1%	4.6%	Oregon	0.6%	1.0%	< 0.1%	1.6%
Connecticut	2.1%	1.5%	0.1%	3.7%	Washington	0.6%	0.8%	< 0.1%	1.4%
North Carolina	2.4%	1.1%	0.1%	3.6%	Kentucky	0.4%	0.3%	< 0.1%	0.8%
South Carolina	1.7%	1.3%	0.1%	3.1%	Illinois	0.4%	0.3%	< 0.1%	0.8%
Louisiana	1.1%	0.9%	0.1%	2.1%	Mississippi	0.4%	0.2%	< 0.1%	0.6%
Massachusetts	1.0%	0.7%	< 0.1%	1.7%	New Jersey	0.2%	0.1%	< 0.1%	0.3%
Georgia	0.8%	0.4%	< 0.1%	1.2%	New York	< 0.1%	0.2%	< 0.1%	0.2%
Virginia	0.7%	0.4%	< 0.1%	1.2%	Indiana	0.1%	0.1%	< 0.1%	0.2%
Pennsylvania	0.7%	0.4%	< 0.1%	1.2%	South Carolina	< 0.1%	< 0.1%	< 0.1%	0.1%
Mississippi	0.5%	0.4%	< 0.1%	0.9%	North Carolina	< 0.1%	< 0.1%	< 0.1%	< 0.1%
Rhode Island	0.4%	0.3%	< 0.1%	0.7%	Connecticut	< 0.1%	< 0.1%	< 0.1%	< 0.1%
Maryland	0.4%	0.2%	< 0.1%	0.6%	Pennsylvania	< 0.1%	< 0.1%	< 0.1%	< 0.1%
Other ⁽²⁾	1.1%	0.7%	< 0.1%	1.8%	Other ⁽³⁾	< 0.1%	< 0.1%	< 0.1%	< 0.1%
Total⁽¹⁾	35.2%	31.2%	2.1%	68.5%	Total⁽¹⁾	13.1%	18.1%	0.3%	31.5%

(1) Totals may not add due to rounding.

(2) Other U.S. Hurricane states include Alabama, Arkansas, Delaware, Dist. Of Columbia, Illinois, Indiana, Kentucky, Maine, Missouri, New Hampshire, Ohio, Oklahoma, Tennessee, Vermont, and West Virginia.

(3) Other U.S. Earthquake states include Alabama, Arizona, Colorado, Delaware, Dist. Of Columbia, Florida, Georgia, Idaho, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Dakota, Ohio, Oklahoma, Rhode Island, South Dakota, Texas, Utah, Vermont, Virginia, West Virginia, Wisconsin, and Wyoming.

Modeled Contribution to the Class A Notes Initial One Year Expected Loss by State - Hurricane



Modeled Contribution to the Class A Notes Initial One Year Expected Loss by State - Earthquake

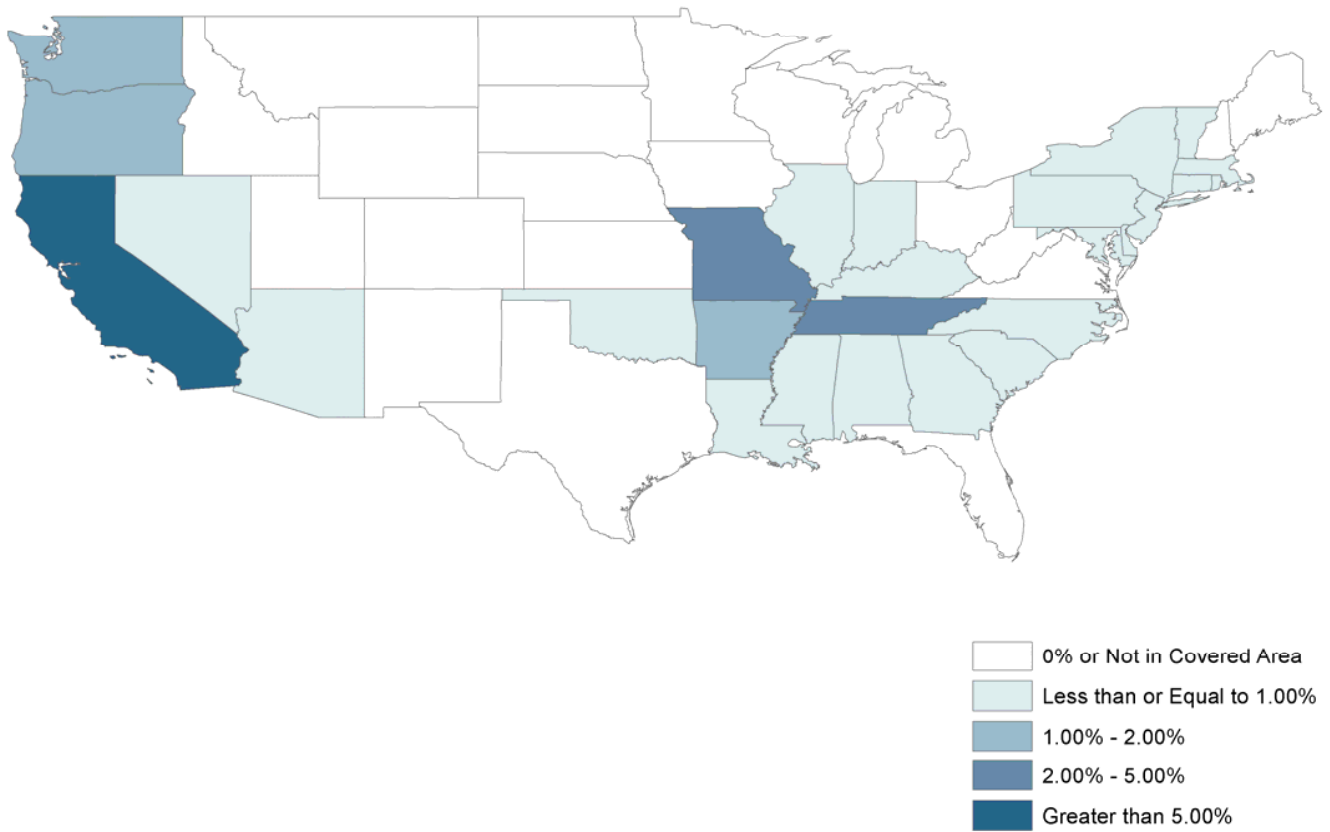


Table 14 provides a breakdown of the Initial One Year Expected Loss to the Class A Notes by peril and county for the top twenty (20) loss causing counties from modeled Covered Events resulting in losses to the Notes arising in the 10,000 annual scenarios of potential U.S. Hurricane and U.S. Earthquake activity that were simulated. All contribution exhibits are based on an annual risk period.

Table 14: Modeled Contribution to the Class A Notes Initial One Year Expected Loss by Peril and County for the Top Twenty Loss Causing Counties

Hurricane			Earthquake		
State	County	Total	State	County	Total
New York	Suffolk	3.1%	California	Los Angeles	7.1%
Florida	Palm Beach	2.8%	Tennessee	Shelby	2.8%
Texas	Harris	2.8%	California	San Francisco	2.2%
Florida	Pinellas	2.6%	California	Alameda	1.6%
Florida	Miami-Dade	2.3%	California	San Mateo	1.6%
Florida	Broward	2.2%	California	Santa Clara	1.5%
Florida	Hillsborough	1.8%	California	San Bernardino	1.0%
New York	Nassau	1.7%	Washington	King	0.7%
New York	New York County	1.6%	California	Orange	0.7%
Florida	Lee	1.6%	California	Contra Costa	0.7%
New York	Kings	1.5%	Arkansas	Craighead	0.5%
Connecticut	Fairfield	1.4%	Oregon	Multnomah	0.5%
New York	Queens	1.1%	Missouri	St. Louis	0.5%
Connecticut	New Haven	1.0%	California	Riverside	0.4%
South Carolina	Charleston	1.0%	California	Sonoma	0.4%
Florida	Sarasota	0.9%	California	Marin	0.4%
South Carolina	Horry	0.9%	Mississippi	De Soto	0.3%
Florida	Collier	0.9%	Kentucky	McCracken	0.3%
Louisiana	Jefferson	0.8%	Arkansas	Mississippi	0.3%
Texas	Galveston	0.8%	Missouri	Scott	0.3%
All Other Counties		35.6%	All Other Counties		7.9%
Total⁽¹⁾		68.5%	Total⁽¹⁾		31.5%

(1) Totals may not add due to rounding.

Table 15 provides a detailed breakdown of the Initial One Year Expected Loss by country and line of business to the Class B Notes from modeled Covered Events resulting in losses to the Notes arising in the 10,000 annual scenarios of potential Europe Windstorm activity that were simulated. All contribution exhibits are based on an annual risk period.

Table 15: Modeled Contribution to the Class B Notes Initial One Year Expected Loss by Country and Line of Business ⁽¹⁾

Europe Windstorm			
Country	Personal	Commercial, Industrial and Agricultural	Total⁽¹⁾
France	25.2%	14.7%	39.8%
United Kingdom	6.0%	6.6%	12.6%
Netherlands	9.1%	3.0%	12.0%
Denmark	5.4%	4.5%	9.9%
Belgium	6.7%	2.8%	9.5%
Germany	5.7%	3.2%	8.8%
Switzerland	2.8%	1.8%	4.6%
Sweden	1.3%	0.3%	1.7%
Luxembourg	0.4%	0.1%	0.5%
Norway	0.3%	0.2%	0.5%
Ireland	< 0.1%	< 0.1%	0.1%
Total⁽¹⁾	62.9%	37.1%	100.0%

(1) Totals may not add due to rounding.

Modeled Contribution to the Class B Notes Initial One Year Expected Loss by Country

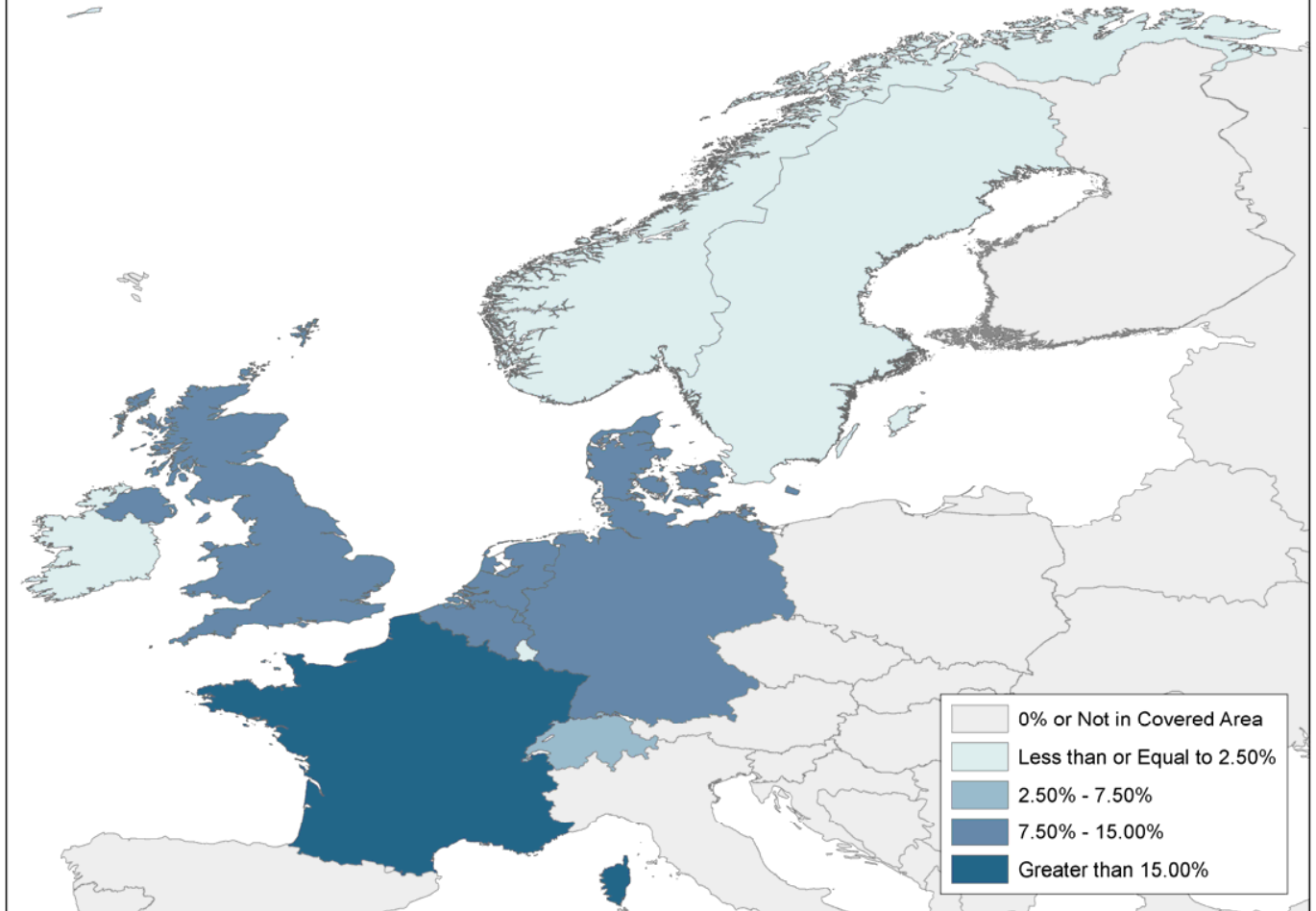


Table 16 provides a detailed breakdown of the Initial One Year Expected Loss to the Class B Notes by CRESTA Zone for the top twenty (20) loss causing CRESTA Zones from modeled Covered Events resulting in losses to the Notes arising in the 10,000 annual scenarios of potential Europe Windstorm activity that were simulated. All contribution exhibits are based on an annual risk period.

Table 16: Modeled Contribution to the Class B Notes Initial One Year Expected Loss by CRESTA Zone for the Top Twenty Loss Causing CRESTA Zones

Country	CRESTA Zone	Total
France	Z59: Nord	3.0%
Denmark	Z03:Jylland East	2.0%
France	Z75: Ville-de-Paris	1.9%
France	Z62: Pas-de-Calais	1.9%
France	Z13: Bouches-du-Rhône	1.9%
Belgium	Z02:Anvers, Mechelen	1.7%
United Kingdom	Hull	1.7%
France	Z93: Seine-Saint-Denis	1.6%
Belgium	Z03:Louvain, Tienen, Hasselt	1.5%
France	Z95: Val-d'Oise	1.5%
France	Z91: Essonne	1.5%
Belgium	Z01:Bruxelles	1.5%
France	Z92: Hauts-de-Seine	1.4%
France	Z73: Savoie	1.4%
United Kingdom	Peterborough	1.4%
France	Z78: Yvelines	1.3%
United Kingdom	Norwich	1.3%
France	Z77: Seine-et-Marne	1.3%
France	Z94: Val-de-Marne	1.3%
Belgium	Z09:Gent	1.2%
All Other CRESTA Zones		67.5%
Total⁽¹⁾		100.0%

(1) Totals may not add due to rounding.

Historical Analysis

The modeled loss figures shown in Table 17 represent select events in AIR's historical U.S. Hurricane and Earthquake catalogs and their impact on the Class A notes. The modeled loss figures shown in Table 18 represent the events in AIR's historical Europe Windstorm catalog that, based on AIR modeling results, would have resulted in the greatest amount of losses had the listed events impacted the relevant Initial Industry Exposure Data.

The historical loss information set forth is either modeled on historical information or estimated information based, in part, on historical information, and is presented solely for illustrative purposes. It is not a prediction of the possibility of loss or the range of possible losses that may occur in the future. Larger losses are possible. For example, U.S. Hurricanes and U.S. Earthquakes, or Europe Windstorms of larger force than those shown below, or U.S. Hurricanes and U.S. Earthquakes, and Europe Windstorms of similar or lesser force that affect more populated areas, or areas with higher value dwellings, could produce a larger amount of losses than those shown. No assurance can be given that U.S. Hurricanes and U.S. Earthquakes, and Europe Windstorms will not occur during a Loss Period of sufficient force in the applicable Covered Area to result in a Loss Amount in excess of the applicable Attachment Level. See "Risk Factors" and "Description of the Notes".

Table 17: Aggregate Modeled Results for Select Historical Years to the Class A Notes

Date	Peril	Event Name	Saffir-Simpson Category / Magnitude	Landfall / Epicenter State	Modeled Total Insured Industry Loss in the Covered Area ⁽¹⁾ (USD billion)	Modeled Event Index Value (index points)	Modeled Loss Period Index Value (index points)	Class A Notes Cumulative Principal Reduction
15-Dec-1811	EQ	New Madrid - S. Segment	7.3	MO	38.87	567.65	567.65	0%
23-Jan-1812	EQ	New Madrid - N. Segment	7.1	MO	18.30	252.70	252.70	0%
7-Feb-1812	EQ	New Madrid - M. Segment	7.5	MO	43.75	639.61	892.31	100%
19-Apr-1906	EQ	San Francisco	7.8	CA	93.01	1,019.05	1,019.05	100%
26-Sep-1906	HU	NoName6	1	MS	1.40	0.00	1,019.05	100%
17-Sep-1926	HU	NoName6	4, 3	FL, MS	125.43	453.06	453.06	0%
20-Sep-1938	HU	NoName4	3	NY	33.32	528.33	528.33	0%
31-Jul-1989	HU	Chantal	1	TX	0.10	0.00	0.00	0%
21-Sep-1989	HU	Hugo	4	SC	14.97	128.88	128.88	0%
18-Oct-1989	EQ	Loma Prieta	6.9	CA	6.54	29.35	158.24	0%
28-Jun-1992	EQ	Landers	7.3	CA	0.18	0.00	0.00	0%
24-Aug-1992	HU	Andrew	5, 3	FL, LA	56.70	125.70	125.70	0%
17-Jan-1994	EQ	Northridge	6.7	CA	23.13	187.66	187.66	0%
17-Nov-1994	HU	Gordon		Bypassing (NC)	0.23	0.00	187.66	0%
3-Aug-2004	HU	Alex		Bypassing (NC)	0.02	0.00	0.00	0%
13-Aug-2004	HU	Charley	4, 1	FL, SC	8.71	13.15	13.15	0%
29-Aug-2004	HU	Gaston	1	SC	0.09	0.00	13.15	0%
5-Sep-2004	HU	Frances	1	FL	7.26	0.00	13.15	0%
16-Sep-2004	HU	Ivan	3	AL	10.59	37.61	50.75	0%
26-Sep-2004	HU	Jeanne	2	FL	5.54	0.00	50.75	0%
5-Jul-2005	HU	Cindy	1	LA	0.20	0.00	0.00	0%
9-Jul-2005	HU	Dennis	3	FL	1.25	0.00	0.00	0%
28-Aug-2005	HU	Katrina	1, 3	FL, LA	45.03	404.94	404.94	0%
14-Sep-2005	HU	Ophelia		Bypassing (NC)	0.44	0.00	404.94	0%
23-Sep-2005	HU	Rita	3	TX	6.38	0.00	404.94	0%
23-Oct-2005	HU	Wilma	3	FL	13.90	4.10	409.04	0%
23-Jul-2008	HU	Dolly	2	TX	0.50	0.00	0.00	0%
1-Sep-2008	HU	Gustav	2	LA	2.12	0.00	0.00	0%
13-Sep-2008	HU	Ike	3	TX	12.20	44.34	44.34	0%

(1) Modeled total insured industry loss includes losses from personal, commercial, and automobile lines of business prior to the application of the U.S. Hurricane County Payout Factors and U.S. Earthquake Payout Factors.

Table 18: Occurrence Modeled Results for Select Historical Events to the Class B Notes

Date	Event Name	Countries Impacted ^{(1),(2)}	Modeled Europe Windstorm PERILS Loss in the Covered Area ⁽³⁾ (EUR billion)	Modeled Event Index Value (Index points)	Class B Notes Principal Reduction
26-Dec-1999	Lothar	FR CH DE UK LU	9.5	550.22	0%
25-Jan-1990	Daria	UK NL BE FR DE	11.0	402.55	0%
3-Dec-1999	Anatol	DK SW UK DE NL	3.6	292.58	0%
15-Oct-1987	87J	UK FR NO NL DK	5.8	201.21	0%
26-Feb-1990	Vivian	UK DE NL BE FR	4.0	169.51	0%
2-Jan-1976	Capella	DE NL UK BE IE	4.0	142.86	0%
27-Dec-1999	Martin	FR CH DE UK	2.1	132.04	0%
18-Jan-2007	Kyrill	DE UK NL BE FR	3.3	107.98	0%
3-Feb-1990	Herta	FR DE BE NL LU	1.8	96.78	0%
8-Jan-2005	Erwin	DK SW UK NO DE	1.6	90.27	0%
24-Jan-2009	Klaus	FR CH DE BE NL	1.3	79.12	0%
27-Feb-2010	Xynthia	FR DE BE NL LU	1.5	70.99	0%
28-Feb-1990	Wiebke	DE FR UK BE NL	1.8	66.99	0%
26-Oct-2002	Jeanette	DE UK NL FR BE	1.8	65.09	0%
13-Dec-1981	Storm O	DK SW UK DE NL	0.6	49.14	0%

- (1) Country abbreviations: BE = Belgium, CH = Switzerland, CZ = Czech Republic, DE = Germany, DK = Denmark, FI = Finland, FR = France, IE = Ireland, LU = Luxembourg, NL = Netherlands, NO = Norway, SW = Sweden, UK = United Kingdom.
- (2) Top 5 countries ranked in order of losses by Country based on modeled industry losses using the Initial Augmented PERILS Industry Exposure Database.
- (3) Modeled Europe Windstorm PERILS Loss was generated using the Initial Augmented PERILS Industry Exposure Database without application of payout factors for all countries in the Covered Area but with applicable Initial FX Conversion Factors.

Sensitivity Analysis on Hurricane Frequency

Catastrophe models combine the latest scientific and engineering knowledge with computer simulation technology to develop probability distributions of long-run potential losses. They are not forecasting tools.

Forecasting hurricane activity on a short term time horizon, such as a year or a few years ahead, is very difficult because of the many climatological factors that influence hurricane activity—and landfall activity in particular—in the North Atlantic. There are several important mechanisms within the earth's environment that are reported to affect hurricane activity. These mechanisms are correlated with a variety of climate signals, which are measurements of the natural feedback systems of the earth in its effort to maintain equilibrium. Climate signals are typically presented as a measurement of anomalies.

For example, the energy source of the hurricane “engine” is heat and moisture from the ocean's surface. The warmer the ocean, the more heat energy is available to tropical storms. Scientists have observed that sea surface temperatures (“SSTs”) in the North Atlantic undergo fluctuations above and below their long run average values in phases that can last multiple decades. Their cause is the subject of considerable scientific debate.

Other climate signals that have an impact on hurricane activity include:

El Niño Southern Oscillation ENSO, which measures sea surface temperature anomalies in the Pacific Ocean off the coast of Peru. These SSTs alternate over an approximate three- to eight-year cycle with an opposite cold phase known as “La Niña.” Certain researchers have concluded that the presence of El Niño has a mitigating effect on the frequency of hurricane activity in the Atlantic and the opposite effect in the Pacific.

North Atlantic Oscillation NAO, a pressure pattern between the high pressure system near the Azores and the low pressure system near Iceland. Scientists have observed that the large-scale general circulation associated with the NAO steers North Atlantic tropical cyclones in a characteristic pattern to the west and eventually to the north. Informally known as the “Bermuda High,” when it is in a more southwesterly position, hurricanes are more likely to make landfall than when it is further north and east, off the northern African Coast. The position and strength of the Bermuda High changes many times within a single hurricane season.

Quasi-Biennial Oscillation QBO, a signal tracking the direction of the equatorial winds in the stratosphere. One theory hypothesizes that when these winds blow from west to east, they have a positive impact on hurricane formation. The QBO has an approximate two-year cycle.

In addition to the large scale climate influences noted above, secondary factors can also play a role, such as particles from dust storms over the Sahara Desert that are transported over the Atlantic Ocean, blocking sunlight and cooling the ocean below. Dust from the Saharan windstorms can also inhibit the formation of clouds and precipitation in tropical cyclones.

ENSO has a period that is too short to make it very useful for estimating hurricane activity in upcoming seasons, while the periodicity of the NAO is too short and too irregular to be useful. The QBO has a regular period, but has the weakest correlation with hurricane activity in the Atlantic. The influence of Saharan dust storms cannot be forecast more than weeks ahead. For these reasons, of the signals identified above, many scientific researchers have focused on SSTs as the best predictor of hurricane risk.

Since 1995, SSTs in the North Atlantic have been in a warm phase characterized by elevated SSTs and above-normal hurricane activity. However, quantifying the time horizon and magnitude of this elevated risk and its impact on landfall frequency and insured losses is too uncertain to incorporate into the standard AIR U.S. Hurricane Model, which represents the long-term view of the probabilities of losses of different sizes. Therefore, AIR has performed a sensitivity analysis to provide a measure of uncertainty arising from the possible impact of SST anomalies on hurricane activity.

While recognizing the challenges of forecasting hurricane activity over a several year horizon based on limited data characterized by significant uncertainty, AIR has reviewed current scientific research and conducted extensive internal analyses. Based on this research, AIR has developed an alternative catalog of simulated hurricanes (Warm Sea Surface Temperature Conditioned Catalog) that incorporates the impact of elevated SSTs on hurricane activity. AIR has used this catalog to perform the sensitivity case analysis Sensitivity Case.

Statistical analyses were performed to assess the impact of warm SST anomalies in the North Atlantic on hurricane landfall frequency and intensity. Although this analysis shows that the correlation between SST anomalies and landfall hurricane frequency is relatively weak, a ratio of mean frequency of hurricanes under warm SST anomalies relative to mean frequency of hurricanes in all years is defined. The ratio has been developed by hurricane intensity and

for four regions along the U.S. coastline. The ratios are guided by statistical assessment of the impact of SSTs and a physical understanding of the varying regional impact warm SST anomalies have along the coastline.

The ratios developed by AIR were used to develop a revised landfall frequency distribution by coastal segment, which ultimately results in a warm sea surface temperature conditioned stochastic catalog. The Warm Sea Surface Temperature Conditioned Catalog assesses hurricane risk based on years in which SSTs were above the long term, or climatological, mean.

The tables below present sensitivity analysis results. They are provided as one view of the uncertainty in a warm sea surface temperature environment. However, the interaction of other shorter-term climate fluctuations, such as those listed above (ENSO, QBO and NAO), can affect the likelihood that hurricanes will make landfall in any given year. This sensitivity analysis is limited by a number of other additional factors, including but not limited to:

- Uncertainty in forecasting SST conditions;
- Fewer years of data from periods of warm SST conditions compared to more than 100 years of data used in creating the standard catalog; and
- Random events that influence climate (for example, volcanic eruptions) and that cannot be predicted or accounted for.

Table 19 provides a summary of the loss analysis for both the base case and sensitivity case for the Class A Notes.

Table 19: Sensitivity Analysis Results for the Class A Notes

	Initial One Year Modeled Statistic	
	Base Case ⁽¹⁾	Sensitivity Case
Initial One Year Attachment Probability	2.09%	2.29%
Initial One Year Exhaustion Probability	1.64%	1.79%
Initial One Year Expected Loss	1.86%	2.03%

(1) Base case represents probabilities of losses using AIR's standard hurricane catalog.

Table 20 provides the estimated annual expected loss to the Class A Notes for the sensitivity case, with corresponding annual probabilities of having a non-zero loss level (Attachment Probability) and having a full principal payout amount (Exhaustion Probability).

Table 20: Sensitivity Analysis - Annual Probabilities for the Class A Notes

	Annual Modeled Statistics – Sensitivity Case				
	Risk Free Period ⁽¹⁾	First Loss Period	Second Loss Period	Third Loss Period	Sensitivity Case Annualized ⁽²⁾
Attachment Probability	0.00%	2.29%	2.25%	2.21%	2.13%
Exhaustion Probability	0.00%	1.79%	1.76%	1.73%	1.67%
Expected Loss	0.00%	2.03%	1.99%	1.96%	1.89%

(1) The Risk-Free Period covers the time from November 1, 2012 through December 31, 2012.

(2) Annualized probabilities are calculated as the sum of the Risk Free Period, the First Loss Period, the Second Loss Period and the Third Loss Period divided by 3.167123 (3 years + 61 days/365).

ANNEX C

DESCRIPTION OF ISO, PCS AND PCS DATA

Background of PCS and ISO

The following sets forth general information regarding PCS and certain historical insured property loss estimates made by PCS or its predecessors. This information has been provided by ISO at the request of Atlas Reinsurance VII Limited for use in the Offering Circular.

ISO is a Delaware stock corporation organized on September 25, 1997. On October 1, 1997, ISO purchased the assets of American Insurance Services Group, Inc. ("**AISG**") which was a not-for-profit Delaware corporation providing services to the property/casualty insurance industry since 1984. PCS, formerly a division of AISG, is a division of ISO. ISO is a wholly owned subsidiary of ISO Investment Holdings, Inc. which itself is a subsidiary of Insurance Services Office, Inc., a for-profit Delaware stock corporation that is the leading provider of information about property/casualty insurance, including statistical information, actuarial analyses, standardized policy language, and a variety of insurance rating and underwriting services. In October 2009, Insurance Services Office, Inc. became a wholly-owned subsidiary of Verisk Analytics, Inc. ("**Verisk**"). Verisk closed its initial public offering on October 9, 2009 and is now publicly traded on the NASDAQ Global Select Market under the ticker symbol "VRSK."

General

PCS performs a variety of services of interest to the property/casualty industry, principally relating to catastrophes affecting the industry. PCS services include weather monitoring, catastrophe identification, monitoring judicial decisions relating to property insurance issues, and monitoring proposed and actual regulations relating to property claims handling. PCS provides a series of bulletins, monthly previews, reports and news to its subscribers concerning the foregoing information and other issues of interest to the property/casualty industry.

From its inception in 1984 and continuing under the auspices of ISO Services, Inc., PCS has maintained a program under which it designates and numbers sequentially as catastrophes various natural or man-made events and prepares estimates of total insured property damage believed to have been caused by each such event. A similar program was carried out by predecessor organizations, the National Board of Fire Underwriters and American Insurance Association, from 1949 until the establishment of AISG. PCS has a staff of four professionals with experience of up to 31 years and one support person. The loss of any of these professionals could have an adverse impact on PCS' ability to develop such estimates.

Catastrophe Identification

When PCS, in its sole judgment, estimates that a natural or man-made event within the United States, the U.S. Virgin Islands, or Puerto Rico is likely to cause \$25,000,000 or more in total insured property losses and determines that such event is likely to affect a significant number of policyholders and property/casualty insurance companies, PCS identifies the event as a catastrophe and assigns it a catastrophe serial number ("**PCS Identified Catastrophe**"). The types of insured "perils" that have caused insured losses deemed catastrophic by PCS and its predecessors include, without limitation, tornadoes, hurricanes, storms, floods, ice and snow, freezing, wind, water damage, hail, earthquakes, fires, explosions, volcanic eruptions and civil disorders. Terrorism and workers compensation bodily injury are recently added perils. The assigned serial number is generally released to subscribers within 24-48 hours after the occurrence of a PCS Identified Catastrophe.

The designation of an official date(s) of occurrence of a PCS Identified Catastrophe is also a matter within PCS' judgment and sole discretion. In making these judgments, PCS may consider factors such as meteorological, seismological and/or other scientific data, as well as information provided by national and local authorities as it deems appropriate in the particular circumstances.

Geographic Areas

In defining PCS Identified Catastrophes, PCS includes only those events judged to have occurred within the United States, the U.S. Virgin Islands and Puerto Rico. Those states or territories, in PCS' judgment, that were affected by a PCS Identified Catastrophe are identified in the Catastrophe Bulletin released to subscribers.

Additional states or territories may be added to the defined PCS Identified Catastrophe in subsequent releases to subscribers if PCS determines that events, such as weather fronts related to the defined PCS Identified Catastrophe, have continued to affect additional areas.

The designation of a geographic area or territories affected by a PCS Identified Catastrophe is also a matter within PCS' judgment and sole discretion. In making these judgments, PCS may consider factors such as meteorological, seismological and/or other scientific data, as well as information provided by national and local authorities or insurance industry sources, as it deems appropriate in the particular circumstances.

Insured Loss Estimates

In fashioning its estimates, PCS generally seeks to include losses covered under personal and commercial property insurance policies covering real property, contents, time element losses (so-called "business interruption" and "additional living expense"), vehicles, boats and property insured under certain inland marine and specialty coverages. PCS estimates also typically include amounts paid to insureds by state wind pools, joint underwriting associations and certain other residual market mechanisms. PCS loss estimates will include, as applicable, estimates of each line of business separately: personal property, commercial property, vehicle and workers compensation.

In determining its estimate of insured property losses, PCS generally takes into account coverage limits, coinsurance, deductible clauses and other factors that may result in certain property losses not being eligible for insurance coverage. PCS estimates also do not include damage to uninsured property, including uninsured publicly-owned property and utilities; loss involving agriculture or aircraft; property insured under the national flood insurance program, write-your-own program or certain specialty lines (such as ocean marine); or loss adjustment expenses.

Because the scope of property/casualty coverage varies by insurance carrier, policy type, line of insurance, claims adjustment variation and also changes over time, there is a significant measure of imprecision and variability in determining whether any particular loss will be covered and thus should be included in overall estimations of insured property loss.

As a result of such imprecision, variability and the exclusions described above, as well as the inherently judgmental nature of the estimating process, PCS estimates may be materially different from the actual insured property losses experienced by the industry.

Multiple Events

PCS also determines in its sole discretion whether various insured property losses occurring close in time to one another are to be considered the result of a single or multiple and separate PCS Identified Catastrophes.

In making this judgment with respect to hurricanes and tropical storms, PCS typically consolidates insured property loss estimates by reference to the names assigned to such storms by the U.S. National Hurricane Center, considering all resultant insured property losses to have been caused by a single PCS Identified Catastrophe.

In other cases, for instance when two separate weather fronts may cause insured property losses at or near the same time in the same geographic area, PCS' judgment may be more complex.

In determining whether one or more PCS Identified Catastrophes have occurred, PCS staff may, in the exercise of their judgment, analyze the geographic and temporal proximity of the events; review meteorological,

seismological and other scientific data concerning the event; and/or consider factors such as an inability on the part of field adjusters to distinguish the damage caused by the various events.

Preliminary Loss Estimates

Typically, within two weeks after the occurrence of a PCS Identified Catastrophe, PCS compiles the loss estimates reported by participating insurers, and calculates and releases to subscribers a preliminary estimate (“**Preliminary Estimate**”) of anticipated industry-wide insured losses. In certain relatively rare circumstances, PCS may prepare and release in advance of the Preliminary Estimate certain aggregate components of such Preliminary Estimate. For instance, it released the estimated total losses for Hurricane Andrew in the state of Florida some days before the overall Preliminary Estimate for that particular PCS Identified Catastrophe (which also included the state of Louisiana) was released.

Resurvey Loss Estimates

If PCS considers it appropriate it may conduct additional surveys of property/casualty insurance companies from time to time concerning insured property losses resulting from a PCS Identified Catastrophe and, if PCS deems it appropriate in the exercise of its judgment, it may issue adjusted estimates (“**Resurvey Estimate**”). PCS generally resurveys PCS Identified Catastrophes that, based upon its Preliminary Estimate, appear to have caused more than \$250 million of insured damage or that, because of their infrequency or other unusual characteristics, appear to PCS to warrant additional inquiry. PCS usually releases the initial Resurvey Estimate to subscribers approximately 60 days after the Preliminary Estimate is issued. PCS may continue the resurvey process and publish additional Resurvey Estimates approximately every 60 days after the then previous Preliminary Estimate or Resurvey Estimate until it believes that the industry insured loss has been reasonably approximated.

Generally, PCS completes such Resurvey Estimates and releases a final Resurvey Estimate to subscribers within six months of the occurrence of a PCS Identified Catastrophe. However, the resurvey process could last for a longer period in connection with certain PCS Identified Catastrophes where the amount and type of insured losses may be relatively more difficult to estimate or become known more slowly than usual. For example, PCS did not disseminate its final insured property loss estimate for the 1994 Northridge, California earthquake until approximately 20 months after the event. Resurvey Estimates may result (and have resulted historically) in the then previous Preliminary Estimate or Resurvey Estimate being adjusted upward or downward. For severe events, like Hurricane Katrina, the time periods between Resurvey Estimates may be extended for 120 days.

Loss Estimate Reporting

Preliminary Estimates and Resurvey Estimates are officially disseminated by PCS to PCS subscribers via ISOnet PCS, an Internet service, with limited distribution by electronic mail or facsimile transmission. In addition to publishing Preliminary Estimates and Resurvey Estimates, PCS also releases to subscribers via ISOnet PCS a variety of textual reports, bulletins and updates regarding PCS Identified Catastrophes. ISO makes subscriptions to ISOnet PCS available to any organization or individual seeking such subscription at then current subscription rates. Certain of PCS’ other electronic services are available only to insurance companies and certain other organizations and are not available to individuals or other non-insurance industry organizations.

Methodology

PCS’ methodology for estimating the insured property losses resulting from a PCS Identified Catastrophe is highly dependent on the exercise of the professional judgment of PCS’s staff and varies significantly depending on the nature of the PCS Identified Catastrophe under consideration. PCS staff typically undertakes one or more of the following steps as they deem appropriate in the exercise of their judgment in preparing an insured property loss estimate with respect to a PCS Identified Catastrophe for the property/casualty industry as a whole:

- survey of a number of insurers, agents and adjusters to ascertain actual and projected loss and claim experiences for individual reporting property/casualty insurers (PCS endeavors to preserve the

confidentiality of information reported by individual insurers, releasing only industry-wide or other aggregated estimates to subscribers or others);

- review of market share data from various sources for each affected state to identify the position of one insurance company relative to another in an effort to evaluate and extrapolate from reported data in light of possible variations in insurer coverage within a specific state and by type of coverage (for example, homeowner versus commercial writings);
- limited inspection, on the ground or occasionally by means of a fly-over, of the geographic areas where a PCS Identified Catastrophe has occurred to develop information regarding the types and estimated rate of damage and average size loss for various types of buildings in the affected geographic area;
- informal interview of a small number of selected affected homeowners, local agents and Federal Emergency Management Agency personnel; and
- comparison of certain data gathered through insurer, agent, adjuster and on-site surveys with data in ISO's proprietary database, the National Insurance Risk Profile, which contains an estimated inventory of buildings and insured vehicles in counties and zip code areas throughout the United States, derived in part from U.S. census data and state motor vehicle data. The database is used to evaluate data gathered through insurer, agent, adjuster and on-site surveys.

All insurance companies and individual agents and adjusters that participate in PCS' surveys do so voluntarily. There is no industry, legal or contractual requirement that insurers, agents or adjusters participate in PCS data collection efforts. Moreover, PCS does not independently verify or audit the accuracy of reported loss data as part of its estimation methodology. Thus, there can be no assurance that the data provided to PCS has been, is or will be accurate, timely or complete. Moreover, since PCS does not simply sum up the loss data reported by those it surveys, but instead applies subjective judgments to and makes extrapolations from the data it has gathered and considered in the exercise of its judgment, ISO and PCS do not guarantee that the PCS estimates have accurately reflected actual industry insured property losses in the past or will do so in the future.

In order to preserve its flexibility to adjust to external circumstances and enhance the quality of its estimates, PCS may, in its sole discretion, change its general loss estimation methodology at any time and modify application of its methodology in connection with any particular catastrophe.

Historical Information

Hurricanes

The following table sets forth historical data compiled by PCS and its predecessors showing estimated insured property losses caused by hurricanes identified by PCS or its predecessors as catastrophes during the period 1950-2012 (up to October 3, 2012). Such historical data is derived from PCS' database, which includes extensive information on a wide range of catastrophes dating back to 1950. PCS' database is available to PCS subscribers to allow users to conduct customized analyses on the following fields: specific catastrophe, date of occurrence, geographic area, peril, and loss estimate. The insured property loss estimates in the following tables reflect in each case the latest or final Resurvey Estimate by PCS or its predecessor for each included catastrophe. PCS usually publishes additional Resurvey Estimates approximately every 60 days. However, for severe events, like Hurricane Katrina, the time period between Resurvey Estimates may be extended to 120 days.

**SELECTED HURRICANES CAUSING INSURED PROPERTY LOSSES
IN THE COVERED AREA
IDENTIFIED BY PCS AND ITS PREDECESSORS
1950-2012 (up to October 3, 2012)**

Catastrophe				Estimated Insured Property Losses
(by PCS catastrophe serial number, date and hurricane name)				PCS
				(\$ in thousands)⁽¹⁾
#56	Oct 15-16	1954	Hurricane Hazel.....	122,000
#14	Sep 9-11	1960	Hurricane Donna	91,000
#16	Aug 17-18	1969	Hurricane Camille	166,000
#18	Sep 17-22	1989	Hurricane Hugo	4,195,000
#27	Aug 24-26	1992	Hurricane Andrew ⁽²⁾	15,500,000
#54	Oct 4-5	1995	Hurricane Opal	2,100,000
#88	Sep 5-8	1996	Hurricane Fran.....	1,600,000
#97	Sep 14-17	1999	Hurricane Floyd.....	1,960,000
#26	Aug 13-14	2004	Hurricane Charley ⁽³⁾	7,475,000
#28	Sep 3-9	2004	Hurricane Frances ⁽³⁾	4,595,000
#30	Sep 15-21	2004	Hurricane Ivan ⁽³⁾	7,110,000
#29	Sep 15-29	2004	Hurricane Jeanne ⁽³⁾	3,655,000
#47	Jul 9-11	2005	Hurricane Dennis ⁽³⁾	1,115,000
#49	Aug 25-30	2005	Hurricane Katrina ⁽³⁾	41,100,000
#50	Sep 14-16	2005	Hurricane Ophelia	35,000
#51	Sep 20-26	2005	Hurricane Rita ⁽⁴⁾	5,627,200
#54	Oct 24	2005	Hurricane Wilma ⁽³⁾	10,300,000
#53	Jul 23-27	2008	Hurricane Dolly	525,000
#58	Aug 31-Sep3	2008	Hurricane Gustav	2,150,000
#60	Sep12-14	2008	Hurricane Ike.....	12,500,000
#59	Aug 26-28	2011	Hurricane Irene	4,300,000
#87	Aug 26-31	2012	Hurricane Isaac ⁽⁵⁾	1,000,000

- (1) The threshold aggregate insured property loss required for classification as a Catastrophe was increased in 1982 from \$1 million to \$5 million, and in 1997 from \$5 million to \$25 million. Historical figures have not been adjusted to reflect inflation or other changes over time. See the discussion following the next table for further information.
- (2) The Florida Department of Insurance ("FL DOI") issued a data call after Hurricane Andrew, which struck southern Florida in August 1992. Based on information available to the department in late 1992, the FL DOI estimated the insured loss from the storm to be \$15.018 billion.
- (3) The FL DOI did conduct data calls in the aftermath of each Hurricanes Charley, Frances, Ivan and Jeanne, which were completed in the latter part of 2005, and also Dennis, Katrina, and Wilma.
- (4) The Texas Department of Insurance reported in March 2007 that the cost of claims from Hurricane Rita in both Louisiana and Texas came to \$5.8 billion.
- (5) PCS is still conducting resurveys regarding the insured loss related to Hurricane Isaac. This estimate is not final.

The PCS estimates of insured property damage in the affected areas from Hurricanes Katrina, Andrew, and Charley developed in the following sequence (PCS did not introduce the formal resurvey process used today until 1994):

**PROPERTY CLAIM SERVICES
ESTIMATE DEVELOPMENT REPORT: HURRICANES KATRINA, ANDREW, & CHARLEY**

Cat ID	Period		State(s)	Perils	Storm Family	Estimated Loss⁽¹⁾ (\$ in millions)
27	Aug 24-26	1992	FL, LA	Flooding, Hurricane, Tornadoes, Wind	Hurricane Andrew	15,500
	Sep 1	1992				FL - 7,300
	Sep 2	1992				LA - 500
	Oct 21	1992				FL - 10,700
	Feb 23	1993				FL, LA - 15,500
26	Aug 13-14	2004	FL, NC, SC	Flooding, Hurricane, Tornadoes, Wind	Hurricane Charley	7,475
	Aug 24	2004				6,800
	Nov 1	2004				6,800
	Jan 11	2005				7,475
	Mar 10	2005				7,475
	Jun 13	2005				7,475
	Oct 12	2005				7,475
49	Aug 25-26	2005	AL, FL, GA, LA, MS, TN	Flooding, Hurricane, Tornadoes, Wind	Hurricane Katrina	41,100
	Oct 4	2005				34,358
	Dec 6	2005				38,111
	Apr 5	2006				38,111
	Jun 5	2006				40,579
	Aug 4	2006				40,579
	Oct 9	2006				40,579
	Dec 8	2006				40,679
	Feb 9	2007				40,679
	Apr 9	2007				40,679
	Jun 8	2007				41,100
	Aug 8	2007				41,100

(1) Historical figures have not been adjusted to reflect inflation or other changes over time. See the discussion below.

The foregoing historical data has not been adjusted in any manner. Such data reflects only the dollar value of insured property losses estimated by PCS or its predecessors at the time of the relevant catastrophe, not the dollar value of the insured property losses that would have resulted from such catastrophes were they to occur today. For example, the foregoing historical data has not been adjusted to reflect inflation.

The foregoing historical data also does not take into account other changes between the date of occurrence of a particular catastrophe and the present time that would be expected to affect the dollar value of insured property losses resulting from a particular catastrophe identified by PCS or its predecessors. These factors include: population growth and other demographic trends (including increases in population density in areas prone to natural disasters); commercial and residential development; increased insurance penetration rates; and changes in insurance coverage by virtue of changes in consumer buying preferences, legal coverage requirements or other factors.

Inflation in building costs and in the prices of automobiles and other types of personal property would have the effect of increasing the absolute U.S. Dollar value of insured property subject to damage or destruction as a result of a catastrophic event, if damage estimates were adjusted to reflect current circumstances. Increases in the number of people living in the U.S. and increases in population density, particularly in Florida and other areas prone to natural disasters, and related commercial and residential development can be expected to have the correlative effect of increasing the number and aggregate value of commercial and residential buildings, automobiles and other types of personal property that are subject to damage or destruction as a result of a catastrophic event.

There has been an increase in catastrophe insurance coverage, possibly due to an increase in the population density of areas having a higher exposure to natural catastrophes, along with other factors such as increases in average disposable income and changing consumer preferences with respect to asset protection products. In addition, from time to time insurance regulators in various states have sought to expand the availability of coverage for catastrophic events, for example, by mandating that insurers writing homeowners coverage or other types of insurance coverages in a particular state must offer riders or separate policies providing coverage for losses resulting from earthquakes, hurricanes or other natural catastrophes. In addition, certain states (particularly those located in areas prone to natural disasters) have created, and may be expected to continue to create in the future, compulsory wind pools, joint underwriting associations or other residual market mechanisms that have the effect of increasing the aggregate amount of property insurance coverage that otherwise might be voluntarily written by insurers in such states. In general, these regulatory initiatives also can be expected to have increased the amount of catastrophe insurance coverage and the aggregate face amount of outstanding catastrophe coverage.

The utility of the historical data presented above for assessing the likelihood of future insured property insurance losses from catastrophic events is limited for other reasons. First, the foregoing historical data was generated at various times between 1950-2012 solely by the staff of PCS (and its predecessors) and at no time has such data been reviewed or audited by any independent actuarial or accounting firm. Second, the historical data presented is significantly limited by the short time span for which such data exists (1950-2012). Catastrophes are infrequent events of potentially extreme severity. If data as to catastrophic losses were available for a longer period of time, it is quite possible that such data would demonstrate historical occurrence of catastrophic losses more frequently and with greater losses (perhaps significantly more so) than shown during the 1950-2012 period.

Earthquakes

The following table sets forth historical data compiled by PCS and its predecessors showing estimated insured property losses in the Covered Area caused by Earthquakes identified by PCS or its predecessors as catastrophes during the period 1950-2012 (up to October 3, 2012). Such historical data is derived from the PCS catastrophe history database (“**Database**”), which includes extensive information on a wide range of catastrophes dating back to 1950. The Database is available to PCS subscribers to allow users to conduct customized analyses on the following fields: specific catastrophe, date of occurrence, geographic area, peril, and loss estimate. The insured property loss estimates in the following tables reflect in each case the final Resurvey Estimate by PCS or its predecessor for each included catastrophe.

**Earthquakes Causing Insured Property Losses in the Covered Area
Identified by PCS and its Predecessors
1950-2012 (up to October 3, 2012)**

Catastrophe		PCS Estimated Insured Property Losses
(by PCS catastrophe serial number, location and date)		(\$ in millions)
#78	(Northridge) January 17, 1994 ⁽²⁾	\$12,500
#20	(Loma Prieta) October 17, 1989 ⁽³⁾	960
#37	(Nisqually) February 28, 2001	305
#40	(Whittier) October 1, 1987	71
#22	(Yucca Valley/Big Bear) June 28, 1992	40
#43	(San Fernando) February 9, 1971	32
#83	(Sierra Madre) June 28, 1991	25
#92	(Coalinga) May 2, 1983	10
#36	(San Jose) April 24, 1984	10
#33	(Calexico) October 15, 1979	2.5
#29	(Bakersfield) August 22, 1952	1
#27	(Tehachapi) July 21, 1952	1
#25	(Ventura County) February 21, 1973	1

- (1) The threshold aggregate insured property loss required for classification as a Catastrophe was increased in 1982 from \$1 million to \$5 million, and in 1997 from \$5 million to \$25 million.
- (2) The California Department of Insurance (“CA DOI”) issued two data calls to insurers related to this earthquake. Based on information available to the CA DOI in May 1996, it reported that the earthquake’s estimated cost to the insurance industry was \$12.3 billion.
- (3) The CA DOI conducted two data calls among insurers in the aftermath of this earthquake. In its final report, dated July 9, 1991, the CA DOI reported that the direct losses incurred by insurers totaled \$901,762,236.

For the Northridge earthquake, which occurred on January 17, 1994, PCS declared the earthquake a catastrophe on January 18, 1994. The PCS estimates of insured damage caused by the earthquake developed in the following sequence (including automobile losses):

<u>Date</u>	<u>Estimate Type</u>	<u>Estimate Amount (\$ millions)</u>
February 7, 1994.....	Preliminary	2,500
April 8, 1994.....	Revised	4,500
June 7, 1994.....	Revised	5,500
August 4, 1994.....	Revised	7,200
October 5, 1994	Revised	9,000
January 5, 1995.....	Revised	10,400
March 13, 1995.....	Revised	11,200
May 11, 1995.....	Revised	11,700
July 11, 1995	Revised	12,500
September 11, 1995	Final	12,500

The foregoing historical data has not been adjusted in any manner. Such data reflects only the dollar value of insured property losses estimated by PCS or its predecessors at the time of the relevant catastrophe, not the dollar value of the insured property losses that would have resulted from such catastrophes were they to occur today. For example, the foregoing historical data has not been adjusted to reflect inflation.

The foregoing historical data also does not take into account other changes between the date of occurrence of a particular catastrophe and the present time that would be expected to affect the dollar value of insured property losses resulting from a particular catastrophe identified by PCS or its predecessors. These factors include: population growth and other demographic trends (including increases in population density in areas prone to natural disasters); commercial and residential development; increased insurance penetration rates; and changes in insurance coverage by virtue of changes in consumer buying preferences, legal coverage requirements or other factors, such as the introduction of the CEA mini-policy.

Inflation in building costs and in the prices of automobiles and other types of personal property would have the effect of increasing the absolute dollar value of insured property subject to damage or destruction as a result of a catastrophic event, if damage estimates were adjusted to reflect current circumstances. Increases in the number of people living in the United States and increases in population density, particularly in California and other areas prone to natural disasters, and related commercial and residential development can be expected to have the correlative effect of increasing the number and aggregate value of commercial and residential buildings, automobiles and other types of personal property that are subject to damage or destruction as a result of a catastrophic event.

There has been an increase in catastrophe insurance coverage, possibly due to an increase in the population density of areas having a higher exposure to natural catastrophes, along with other factors such as increases in average disposable income and changing consumer preferences with respect to asset protection products. In addition, from time to time insurance regulators in various states have sought to expand the availability of coverage for catastrophic events, for example, by mandating that insurers writing homeowners coverage or other types of insurance coverages in a particular state must offer riders or separate policies providing coverage for losses resulting

from earthquakes, hurricanes or other natural catastrophes. In addition, certain states (particularly those located in areas prone to natural disasters) have created, and may be expected to continue to create in the future, compulsory wind pools, joint underwriting associations or other residual market mechanisms that have the effect of increasing the aggregate amount of property insurance coverage that otherwise might be voluntarily written by insurers in such states. In general, these regulatory initiatives also can be expected to have increased the amount of catastrophe insurance coverage and the aggregate face amount of outstanding catastrophe coverage.

The utility of the historical data presented above for assessing the likelihood of future insured property insurance losses from catastrophic events is limited for other reasons. First, the foregoing historical data was generated at various times between 1950-2012 (up to October 3, 2012) solely by the staff of PCS (and its predecessors) and at no time has such data been reviewed or audited by any independent actuarial or accounting firm. Second, the historical data presented is significantly limited by the short time span for which such data exists (1950-2012). Catastrophes are infrequent events of potentially extreme severity. If data as to catastrophic losses were available for a longer period of time, it is quite possible that such data would demonstrate historical occurrence of catastrophic losses more frequently and with greater losses (perhaps significantly more so) than shown during the 1950-2012 (up to October 3, 2012) period. For example, the most significant earthquakes to occur in the United States in recent history are generally believed to be the New Madrid earthquake of 1811 and the San Francisco earthquake of 1906, neither of which is included in the historical data presented.

ANNEX D

DESCRIPTION OF PERILS

Background of PERILS

PERILS AG (“**PERILS**”) was incorporated on January 26, 2009 in Zurich, Switzerland as a joint stock company. The company registration number is CH-020.3.033.447-4. The principal office of the company is located in Zurich, Canton of Zurich, Switzerland. PERILS was established to prepare and make available aggregated anonymous insurance data, to develop business-relevant catastrophe insurance industry loss estimates and to provide related services to interested parties.

PERILS is operated as an independent company. Its shareholders, with equal interests in PERILS, are Allianz SE, Assicurazioni Generali S.p.A., AXA, Groupama Investissements, Guy Carpenter & Company LLC, Munich Re, Partner Reinsurance Company Ltd., Swiss Reinsurance Company Ltd. and Zurich Insurance Company. The independent nature of PERILS is supported by, among other things, its governance structure reflected in its organizational documents, employment contracts with PERILS personnel, PERILS license agreements with its subscribers (including shareholders), and a purpose-built IT system with highly restrictive access used to carry out data processing, quality control and industry event loss estimation. For more information regarding restrictions on access to data received by PERILS, see “*Company Data Processing*” below.

Mission of PERILS

PERILS’ principal aim is to grant access to catastrophe insurance data to all interested parties, thereby contributing to the transparency and understanding of catastrophe insurance risk.

Human Resources

PERILS has a staff of internationally experienced (re)insurance professionals with educational backgrounds in geo-sciences, mathematics, civil engineering, finance and business administration. The combined industry experience is over 50 years. Currently, PERILS employs four professionals and one support staff. Non-core administrative activities such as office IT management, IT system development, accounting and human resources services are outsourced to third parties.

Transparency

PERILS strives for full transparency while always respecting the confidentiality agreements with its data providers as well as competition and antitrust regulations.

Source of Data

PERILS receives data, including industry exposure information (insured values) and ultimate gross event loss data (i.e., the total of paid, outstanding and incurred-but-not-reported losses) regarding natural catastrophe insurance losses, from certain insurance companies underwriting business in the territories covered by PERILS. PERILS has entered into data provider agreements with these companies, which represent a broad set of insurance companies from small, local operations to large, multinational organizations. These data provider agreements govern, among other things, the scope of data to be provided to PERILS, the reporting schedule, the data processing within PERILS, and the highly confidential treatment of the data provided to PERILS. Due to applicable competition and antitrust laws and regulations and pursuant to contractual agreements with the data providing companies, PERILS cannot make public the identity of the insurance companies providing data or any other information that might lead to the disclosure of the identity of such companies such as the total coverage by market of such companies. PERILS believes, however, that it has sufficient total market coverage (defined as more than 40% of market property premium) in order to be able to produce industry exposures and loss estimates.

Each data providing insurance company, or their authorized intermediary, has an on-line account with PERILS, which has been created specifically for the purpose of delivering exposure and loss data to PERILS.

Access is password protected with the site using SecurID technology. After receiving a request from PERILS to provide data, data providing insurance companies log into their user account and upload the requested data in a pre-defined format. This step is followed by a standardized data format validation procedure allowing the data providing company to validate their uploaded data. After successful validation, the data providing company confirms the data submission and delivers it to PERILS for further data processing and aggregation.

Type of Data

Insured values and ultimate gross industry event loss data (i.e., the total of paid, outstanding and incurred-but-not-reported losses) are provided to PERILS on a per covered territory basis and on a per covered line of business basis. The geographical aggregation units used to report the data are, where feasible, 786 CRESTA zones. The occupancy aggregation units used to report the data are, where feasible, residential property, commercial property, industrial property and agricultural property. Reported windstorm loss data includes losses resulting from windstorm and ensuing perils as well as allocated loss adjustment expenses and other additional loss costs.

Event Identification

PERILS, in its professional judgment and sole discretion, identifies and designates a natural catastrophe event start and end date as well as a unique PERILS event identification number. In making these judgments, PERILS considers factors such as objective scientific data, event identification by governmental or scientific authorities, as well as information received from the data providing insurance companies.

PERILS also determines, in its sole discretion, whether various insured losses occurring close in time to one another are to be considered the result of a single event or multiple (and separate) events. For example, in making this judgment with respect to European windstorm, PERILS typically aggregates insured loss data by reference to the names assigned to such storms by the Institute of Meteorology at the Free University of Berlin, Germany. In determining whether one or more events have occurred, PERILS may also consider factors such as the inability on the part of insurance companies to distinguish the damage caused by the various events.

Company Data Processing

Data provided by insurance companies includes exposure data (sums insured) by property sub-lines, CRESTA zone and by country, property premium data by country, and ultimate gross event loss data by property sub-lines, CRESTA zone and by country. This company data is made anonymous upon receipt by PERILS and is tested for quality and completeness using standardized data quality and completeness checks. If the quality and/or completeness of company data is deemed unsatisfactory by PERILS, PERILS will reject the data submission and make a new request for data to the data providing company. If company data quality and completeness is deemed adequate, the provided data is accepted by PERILS and is added to the data which has been already accepted within the identical aggregation units (per country, CRESTA zone and property sub-line) in the PERILS database. The original raw company data is deleted by PERILS at this stage in compliance with applicable antitrust and competition laws. None of the shareholders of PERILS have access to the data that is reported to PERILS by the data providing companies, and, within PERILS, only two employees have access to such data prior to its deletion as described above.

Although PERILS performs 28 standardized data quality control tests in the course of company data processing and industry event loss estimation, PERILS does not independently verify or audit the accuracy of provided loss data as part of its methodology. As a result, there can be no assurance that the data provided to PERILS has been, is or will be accurate or complete.

Industry Exposure and Event Loss Index Calculation

Aggregated company data within the identical aggregation units is extrapolated to industry-level (i.e., market-level) using published market property premium information. For the first two loss declarations, aggregated company event loss data per country is used to extrapolate to industry-level. For all subsequent loss declarations as well as for the extrapolation of exposure data, the property market premium is broken down into individual aggregation units using population data and other proxy data such as land use or census data. Aggregated company

property premium data is broken down into individual aggregation units using average rates as derived from provided sums insured and premium data. The relationship between aggregated company premium and market premium then provides the market coverage per aggregation unit. The latter is used to extrapolate the aggregated exposure and event loss data per aggregation unit to industry-level (i.e., market-level). If market coverage is deemed to be insufficient to calculate a reliable industry exposure and event loss index, PERILS may apply its professional judgment in its sole discretion to adjust the calculated industry exposure and event loss data. In making these judgments, PERILS may consider factors such as meteorological and/or other scientific data, as well as information provided by national and local authorities or insurance industry sources, as it deems appropriate in the particular circumstances.

In order to preserve its flexibility to adjust to external circumstances and enhance the quality of its estimates, PERILS may, in its sole discretion, change its general estimation methodology at any time and modify application of its methodology in connection with any particular catastrophe.

Covered Perils, Territories and Business Lines

PERILS currently collects exposure and loss data for windstorm events and ensuing perils in the following jurisdictions: Belgium, Denmark (including Jutland, Sjælland, Fyn, Lolland, Bornholm and the Faroe Islands), mainland Metropolitan France and Corsica (excluding Départements d’Outre Mer and Territoires d’Outre Mer), Germany, Luxembourg, The Netherlands (excluding Aruba and the Netherlands Antilles), Norway (excluding Jan Mayen), the Republic of Ireland, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland (excluding overseas dependencies but including the Isle of Man and Channel Islands) (“**PERILS Covered Territories**”). PERILS collects data for the following lines of business: residential property insurance, commercial property insurance, industrial property insurance and agricultural property insurance. PERILS may collect data for other perils, territories and business lines in the future.

Loss Reporting Threshold

PERILS will only report loss information if PERILS determines, in its sole discretion, that a particular event has resulted in €200,000,000 or more in total insured property losses in the relevant covered territories. For loss events below this reporting threshold, PERILS will not report any loss information.

Loss Reporting Schedule

PERILS makes industry event loss data available to a licensee in the form of a PERILS event loss declaration pursuant to a license that is specific to the relevant insurance-linked securitization transaction and in accordance with the following schedule:

- (1) First PERILS event loss declaration (loss information at country level only): expected no later than six weeks after the event start date.
- (2) Second PERILS event loss declaration (loss information at country level only): resurvey of industry event loss, expected no later than three months after the event start date.
- (3) Third PERILS event loss declaration (loss information at CRESTA zone and line of business level): resurvey of industry event loss, expected no later than six months after the event start date.
- (4) Fourth PERILS event loss declaration (loss information at CRESTA zone and line of business level): resurvey of industry event loss, expected no later than twelve months after the event start date.

After the twelve-month update, PERILS generally declares the event loss reporting period closed and declares its final estimate, unless there are substantial grounds to provide additional updates, which would occur at subsequent six month intervals. Event loss reporting shall be closed, in any case, thirty-six (36) months after the event start date.

Loss Reporting Currency

PERILS delivers its loss estimate data to each of its licensees in currencies as specified in the transaction-specific PERILS' agreement with such licensee.

PERILS collects exposure and loss data in local currencies (EUR, GBP, CHF, SEK, NOK, DKK).

PERILS reports exposure and loss data in local currencies and in EUR and USD based OANDA FXDaily® rates (www.oanda.com).

For the exposure data, the conversion to EUR and USD is based on market rates for the in-force date. The market rates used come from Oanda.

For the loss data, the conversion to EUR and USD is based on market rates at the event start date. The market rates used come from Oanda.

In the case that one of the countries covered by PERILS that is currently using the Euro (Benelux states, France, Germany, Ireland) should abandon the Euro monetary union and no longer use the Euro, but another currency, market exchange rates for the newly adopted currency to the EUR and USD will be applied, using identical data sources and conversion dates as described above. If these are not available for the dates described above, exit exchange rates as made available by independent sources, such as relevant Central Banks or Oanda, will be applied.

For outstanding transactions using PERILS data in Euro, in the event the Euro ceases to exist and is not traded anymore, PERILS would continue to report data in Euro, using exit exchange rates as made available by independent sources, such as relevant Central Banks or Oanda.

Loss Communication

PERILS delivers its loss estimates in the form of a PERILS event loss declaration via email and registered post to its respective licensee pursuant to a license. The PERILS event loss declaration contains event information such as the event name, the event start date, the event end date, the PERILS unique event identification number and the ultimate gross property event loss estimates for the territories and occupancy types, as specified in such license.

Exclusions from Loss Reporting

Losses covered under government schemes and self-insurance losses are excluded from PERILS industry event loss estimations.

Business Continuity Planning

The PERILS system and data are stored on secure servers located at high security hosting locations with multiple internet connections. The hosting provider is approved by the Swiss Federal Banking Commission SFBC and is certified by ISO 27001. It operates multiple locations at distances greater than 50 km. Data and server backups are created daily and are stored in different secure locations. A recovery system can be up and running within 24 hours.

Description of PERILS Industry Exposure Database

The PERILS Industry Exposure Database is based on data directly collected from insurance companies writing property business in the covered territories. Extrapolation of collected exposure (sums insured) information to industry level is based on property premium market share per aggregation unit (country, CRESTA zone, property occupancy type) of data providing companies.

The PERILS Industry Exposure Database contains the following:

- **Covered Territories:** Belgium, Denmark, France (excluding French overseas territories), Germany, Luxembourg, The Netherlands, Norway, Republic of Ireland, Switzerland, Sweden, United Kingdom.
- **Occupancy Types:** residential property, commercial property, industrial property, agricultural property.
- **Coverage Types:** buildings values, contents values and business interruption values.

PERILS Industry Exposure Database is updated on a yearly basis with access available on an annual subscription basis.

PERILS European Windstorm Industry Exposure Insured Values as of January 1, 2012

Country	Property Total Sum Insured (EUR in billions)
Belgium	1,678
Denmark	1,373
France	10,969
Germany	12,500
Ireland	761
Luxembourg	151
The Netherlands	2,715
Norway	1,752
Sweden	2,142
Switzerland	3,063
United Kingdom	8,769
Total	45,873

Exchange rates as at January 1, 2012 based on OANDA FXDaily®. Exchanges rates differ from the FX Conversion Factors which are used to calculate the Event Index Value.

Historical Information for Windstorms Captured by PERILS (as of October 5, 2012)

The PERILS estimates of ultimate gross event losses resulting from Windstorm Klaus in January 2009 in the PERILS Covered Territories developed in the following sequence:

<u>Windstorm Klaus, Jan. 24, 2009</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
March 7, 2009	1 st PERILS Event Loss Declaration	1,650
April 24, 2009	2 nd PERILS Event Loss Declaration	1,550

July 24, 2009	3 rd PERILS Event Loss Declaration	1,487
January 24, 2010	Final PERILS Event Loss Declaration	1,574

The PERILS estimates of ultimate gross event losses resulting from Windstorm Xynthia in February 2010 in the PERILS Covered Territories developed in the following sequence:

<u>Windstorm Xynthia, Feb. 28, 2010</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
April 12, 2010	1 st PERILS Event Loss Declaration	1,280
May 28, 2010	2 nd PERILS Event Loss Declaration	1,270
August 28, 2010	3 rd PERILS Event Loss Declaration	1,303
February 28, 2011	Final PERILS Event Loss Declaration	1,320

The PERILS estimates of ultimate gross event losses resulting from Windstorm Joachim in December 2011 in the PERILS Covered Territories developed in the following sequence:

<u>Windstorm Joachim, Dec. 15, 2011</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
January 26, 2012	1 st PERILS Event Loss Declaration	300
March 15, 2012	2 nd PERILS Event Loss Declaration	289
June 15, 2012	3 rd PERILS Event Loss Declaration	285

The PERILS estimates of ultimate gross event losses resulting from Windstorm Andrea in January 2012 in the PERILS Covered Territories developed in the following sequence:

<u>Windstorm Andrea, Jan 4, 2012</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
February 15, 2012	1 st PERILS Event Loss Declaration	267
April 4, 2012	2 nd PERILS Event Loss Declaration	309
July 4, 2012	3 rd PERILS Event Loss Declaration	337

ANNEX E

REQUEST FOR ACCESS TO INFORMATION FORM

Atlas Reinsurance VII Limited
4th Floor
25/28 Adelaide Road
Dublin 2
Ireland
Attn: Directors

[Date]

Pursuant to the Offering Circular dated October 25, 2012 (the “**Offering Circular**”) of Atlas Reinsurance VII Limited (the “**Issuer**”), requests for Available Information and Rule 144A Information may be made in writing by submitting this Request for Access to Information Form to the Issuer. Capitalized terms used and not defined herein shall have the respective meanings set forth in the Offering Circular.

The undersigned hereby requests the Issuer to grant access to all Available Information and Rule 144A Information currently being provided to Noteholders of the relevant Class of Notes via a secure internet site maintained by Marsh Management Services (Dublin) Limited as Workspace Administrator.

In order to access IntraLinks, please provide:

- Name of Noteholder/prospective holder (entity): _____
- First Name of contact person: _____
- Last Name of contact person: _____
- Email address of contact person: _____
- Telephone number of contact person: _____

The undersigned hereby certifies that it is: (i) a holder, or a prospective holder, of the Issuer’s Class _____ Notes; (ii) a Qualified Institutional Buyer that, with respect to a U.S. Person, is also a Qualified Purchaser; and (iii) a resident of, and purchasing in, a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction.

As a condition to access Available Information or Rule 144A Information on IntraLinks, the undersigned agrees that it shall not disclose any such information to third parties other than as required by applicable law, including U.S. federal and state securities laws or, in connection with the potential resale of its Notes, to a prospective purchaser that is a permitted transferee. Information posted on IntraLinks may not be used for any purpose other than an analysis of an investment in the Notes by a Noteholder or a prospective purchaser.

[NOTEHOLDER/PROSPECTIVE HOLDER]

By: _____

ANNEX F

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ANNEX G

DATA FILE

The accompanying Data File (“**Data File**”), which forms part of this Offering Circular, contains information relating to the Notes. The information in the Data File is a part of, and must be considered together with, the AIR Expert Risk Analysis Reports contained in this Offering Circular. Accordingly, you should review the information in the Data File together with the AIR Expert Risk Analysis Reports and the other information in this Offering Circular. All of the information contained in the Data File is subject to the same limitations and qualifications, including the disclaimers and risk factors, as any information set forth in this Offering Circular. You should read this Offering Circular in its entirety before reading the Data File. To the extent there is any discrepancy between the information in the Data File and this Offering Circular, the information in this Offering Circular shall control. Accordingly, in no event should information in the Data File be relied on in making an investment decision.

The Data File sets forth (i) the Initial U.S. Hurricane County Payout Factors, (ii) the Initial U.S. Earthquake County Payout Factors, (iii) the Initial Europe Windstorm Payout Factors, (iv) the Base Case Exceedance Probability Curve for the Class A Notes, (v) the Sensitivity Case Exceedance Probability Curve for the Class A Notes, (vi) the Exceedance Probability Curve for the Class B Notes and (vii) sample simulated event losses for the Class A Notes and for the Class B Notes (collectively, the “**Data File Information**”).

Investors are advised that the Data File Information is provided for illustrative purposes only, and you should make your own determination and calculations before making an investment decision. In particular, you should not rely on the Data File Information as an indication of the likelihood of a Principal Reduction following the occurrence of one or more Covered Events or for any reason in connection with any decision to purchase or sell any security, including the Notes.

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PRINCIPAL OFFICE OF THE ISSUER

Atlas Reinsurance VII Limited.
c/o Marsh Management Services (Dublin) Limited
4th Floor
25/28 Adelaide Road
Dublin 2
Ireland

LEGAL ADVISORS

To the Issuer as to Irish Law:

Walkers Ireland
The Anchorage
17/19 Sir John Rogerson's Quay
Dublin 2, Ireland

*To the Issuer as to certain matters
of New York and U.S. Federal Law:*

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019
U.S.A

*To the Ceding Reinsurer as to certain
matters of New York and U.S. Federal Law:*

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019
U.S.A.

*To the Issuer and the Ceding Reinsurer as to certain
matters of English Law:*

Willkie Farr & Gallagher (UK) LLP
City Point
1 Ropemaker Street
London, England
EEC2Y 9HT

*To the Initial Purchasers as to certain
matters of U.S. Federal Law:*

Cadwalader, Wickersham & Taft LLP
One World Financial Center
New York, New York 10281
U.S.A.

*To the Initial Purchasers as to certain
matters of English Law:*

Cadwalader, Wickersham & Taft LLP
Dashwood House, 69 Old Broad Street
London, England
EC2M 1QS

MANAGER OF THE ISSUER

Marsh Management Services (Dublin) Limited
4th Floor
25/28 Adelaide Road
Dublin 2
Ireland

INDENTURE TRUSTEE AND PRINCIPAL PAYING AGENT

The Bank of New York Mellon
One Canada Square
London, England
E14 5AL

CALCULATION AGENT

AIR Worldwide Corporation
131 Dartmouth Street
Boston, MA 02116

LISTING AGENT

Walkers Listing & Support Services Limited
The Anchorage
17/19 Sir John Rogerson's Quay
Dublin 2, Ireland

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Atlas Reinsurance VII Limited

\$60,000,000 Class A Principal-at-Risk Variable Rate Notes due January 7, 2016
€130,000,000 Class B Principal-at-Risk Variable Rate Notes due January 7, 2016

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Sole Structuring Agent and Joint Bookrunner

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