

# **SECURITIES NOTE**

## **TRANSALP 1 SECURITIES PLC**

*(A special purpose limited liability company incorporated in Ireland)*

**EUR 6,500,000 Limited Recourse Secured Reference Asset Linked Notes due 2028  
Series 2014-1 referencing the Republic of Bulgaria (the "Notes")**

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

*The Notes are secured by EUR 6,500,000 in principal amount of a EUR 156,000,000 Assignable Loan Agreement (Schuldscheindarlehensvertrag) under which the Republic of Bulgaria is the Borrower*

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

*Dealer*

**UniCredit Bank AG**

The date of this Securities Note is 6 October 2014

## GENERAL

This Securities Note under which the EUR 6,500,000 Limited Recourse Secured Reference Asset Linked Notes due 2028 Series 2014-1 referencing the Republic of Bulgaria (the "**Notes**") are described is issued in conjunction with the Registration Document dated 28 April 2014 (the "**Registration Document**") relating to the EUR 10,000,000,000 TransAlp Structured Note Programme (the "**Programme**") of TransAlp 1 Securities plc (the "**Issuer**"). It should be read together with the Registration Document as one document. To the extent that the Registration Document is inconsistent with this Securities Note this Securities Note shall prevail. Terms defined in the Registration Document shall, unless the context otherwise requires, bear the same meanings in this Securities Note.

Save as disclosed herein there has been no significant change and no new matter relating to the Issuer has arisen since publication of the Registration Document.

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

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

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

This Securities Note constitutes a securities note for the purposes of the Prospectus Directive 2003/71/EC and in conjunction with the Registration Document constitutes a prospectus for the purposes of the Prospectus Directive 2003/71/EC. This Securities Note has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Directive 2003/71/EC. The Central Bank only approves this Securities Note as meeting the requirements imposed under Irish and EU law pursuant to Directive 2003/71/EC. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. No assurance can be given as to whether or not or when such application for listing and admission to trading will be approved.

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

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

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

This Securities Note is drawn up in the English language. In case there is any discrepancy between the English text and the German text (in Schedule 4) the English text stands approved for the purposes of approval under the Prospectus (Directive 2003/71/EC) Regulations 2005.

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

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

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## RISK FACTORS

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

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

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

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

### **Return on the Notes and exposure to the Charged Assets**

Before making an investment decision, prospective purchasers should inform themselves about, and make a detailed evaluation of, the nature and financial position of the obligor of the Charged Assets, the economic, social and political conditions of the Republic of Bulgaria and the terms and conditions of the Charged Assets based upon publicly available information. None of the Issuer, the Dealer, Arranger, Trustee nor any party referred to herein has had any access to the obligor of the Charged Assets for the purposes of conducting any investigation and no such person makes any representations as to the financial conditions, creditworthiness or any other matter related to the obligor of the Charged Assets for the purposes of the issuance of the Notes. In addition, prospective purchasers should consider the nature and financial position of the Issuer of the Notes as well as the Conditions (as defined herein) of the Notes and the other related transaction documents described in this document.

The return on an investment in the Notes will be dependent upon, inter alia, the value and performance of the Charged Assets. Investors in the Notes will only receive payments of interest and principal scheduled to be paid in respect of the Notes to the extent that the Issuer receives amounts under the the Charged Assets that are sufficient to pay such scheduled interest and principal amounts after application of the Security Ranking Basis.

In addition, the Issuer is dependent upon the payment by the Counterparty of the Party A Fixed Amounts (as defined in the Swap Agreement) after the Party B Fixed Amounts (as defined in the Swap Agreement) have already been paid by the Issuer to the Counterparty.

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

The Charged Assets comprise an assignable loan agreement (*Schuldscheindarlehensvertrag*), a copy of which is attached as Schedule 4 hereto. The Charged Assets are expressed to be governed by German law and although an English language text is provided, this is non-binding and solely the German language

version is binding. Investors should therefore be in a position to assess the Charged Assets based on an understanding of the German language and German law.

### **Early Redemption following a Risk Event**

If a Risk Event occurs, the Notes will be redeemed early. Upon the occurrence of such an event, the Calculation Agent on behalf of the Issuer will hold an auction in respect of the Charged Asset, and if firm bids are received for the Charged Asset the Noteholders will receive a redemption amount calculated as a pro rata share of the sale proceeds of the Charged Asset less any amount that the Issuer is required to pay to the Counterparty pursuant to the Swap Agreement. If no firm bids are obtained by the Issuer during the auction, the sale proceeds will be zero and Noteholders may not receive any return on their principal investment.

### **Investor Suitability**

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

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

### **Issuer's Note Obligations**

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

### **No Due Diligence**

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

### **Modifications to the Conditions of the Notes**

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

### **Independent review and advice**

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

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

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

### **Limited recourse**

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

The Notes are direct, limited recourse obligations of the Issuer alone and not in any way the obligations of the officers, members, directors, employees or administrator of the Issuer, the Trustee, the Agents, the Counterparty or the obligor of the Charged Assets or their respective successors or assigns. Furthermore, they are not obligations of, or guaranteed in any way by, the Dealer.

### **No secondary market**

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

### **Business relationships**

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

### **Taxation**

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. The Issuer will

not be obliged to pay any additional amounts to Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or any Paying Agents or suffered by the Issuer in respect of its payments under the Charged Agreement (including the deduction of tax from such payments) or any tax, assessment or charge suffered by the Issuer except as provided for in the Issue Terms.

### **Provision of information**

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

### **Legal opinions**

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

### **Legality of purchase**

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

### **Preferred creditors under Irish law and floating charges**

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

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

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

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



Furthermore, when applying the proceeds of assets subject to floating security which may have been realised in the course of a liquidation or receivership, the claims of a wider category of preferential creditors will take priority over the claims of creditors holding floating security and over unsecured creditors. In this case, preferred claims include taxes, such as income tax and corporation tax payable before the date of appointment of the liquidator or receiver and arrears of VAT, together with accrued interest thereon and claims of employees.

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

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

Floating charges have certain weaknesses, including the following:

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

### **Examination**

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

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

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

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

especially if such proposals included a writing down to the value of amounts due by the Issuer to the Noteholders. The primary risks to the Noteholders if an examiner were to be appointed to the Issuer are as follows:

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

### **Trustee Indemnity**

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

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

## ISSUE TERMS

### **Terms of EUR 6,500,000 Limited Recourse Secured Reference Asset Linked Notes due 2028 Series 2014-1, referencing the Republic of Bulgaria (the "Notes").**

The Notes have the terms as set out in these Issue Terms, which will complete and modify the Bearer Notes Base Conditions which are incorporated by reference into these Issue Terms (together, the "**Conditions**"). The Conditions are further modified and supplemented in the Special Conditions set out in Annex 1 hereto.

1. Issuer: TransAlp 1 Securities plc
2. Description of the Notes: EUR 6,500,000 Limited Recourse Secured Reference Asset Linked Notes due 2028 Series 2014-1, referencing the Republic of Bulgaria
3. Principal Amount of the Notes: EUR 6,500,000
4. (a) Issue Date: 6 October 2014  
(b) Issue Price: 101.20 per cent. of the aggregate principal amount

### **PROVISIONS RELATING TO INTEREST**

5. Interest:
  - (a) Interest Rate Basis: As set out below
  - (b) Interest Payment Dates: The fifth Business Day following each Expected Charged Asset Interest Payment Date (as set out in Annex 1 hereto), provided that no interest shall accrue or be payable following the occurrence of a Risk Event.
  - (c) Interest Amount:
    - (i) in respect of the Interest Payment Date in December 2014, EUR 48,541.64;
    - (ii) in respect of each Interest Payment Date from and including December 2015, to and including December 2023, EUR 268,450; and
    - (iii) in respect of each Interest Payment Date from and including December 2024 to and including December 2028, EUR 299,000,

*provided, however, that the Issuer's obligation to make any payment of interest shall be subject to the Issuer having received an equivalent amount from the Counterparty or from the obligor of the Charged Assets, as applicable.*
  - (d) Interest Commencement Date: The Issue Date
  - (e) Business Day Convention: Following Business Day Convention

## PROVISIONS RELATING TO REDEMPTION

6. Maturity Date: Five Business Days following the Scheduled Charged Asset Maturity Date, unless the Notes are otherwise redeemed, purchased or cancelled prior to such date. The Maturity Date is expected to be 18 December 2028.
7. Final Redemption Amount: 100 per cent. of the Principal Amount, subject to receipt of an equivalent amount in respect of the Charged Assets from the obligor thereof
8. Credit Linked Provisions: Not Applicable
9. Charged Assets Events of Default: Not Applicable.

## PROVISIONS RELATING TO SECURITY

10. Charged Assets: A *Schuldscheindarlehensvertrag* (Assignable Loan)
- Primary Obligor/Borrower: The Republic of Bulgaria
- Charged Asset Principal Amount: EUR 6,500,000
- Scheduled Charged Asset Maturity Date: 11 December 2028
- Coupon: 4.60 per cent. per annum
- Documentation: *Schuldscheindarlehensvertrag* (Assignable Loan) as attached in Schedule 4 to the Securities Note
- Lender of Record: The Issuer
- Payments: Payments will be scheduled to be made by the Borrower directly to the following account of the Issuer (as Lender of Record):
- Acc name: TRANSALP 1 2014-01 Collection ACC  
Acc number: 24761303  
IBAN: GB27DEUT40508124761303
11. Substitution of Charged Assets under Condition 4(b): Not Applicable
12. Charged Agreements:
- (a) Counterparty: UniCredit Bank AG, Arabellastraße 12, 81925 Munich, Germany
- (b) Swap Agreement: A 1992 ISDA Master Agreement and Schedule (in the form of the Swap Schedule Terms Module, April 2014 Edition) as constituted by the Trust Instrument (as set out in Schedule 2 to the Securities Note) (the "**Master Agreement**"), as supplemented by a confirmation (comprising an interest rate swap transaction) dated the Issue Date between the Issuer and the Counterparty (as set out in Schedule 3 to the Securities Note) (the "**Swap Confirmation**" and together the Master Agreement and the Swap Confirmation, the "**Swap Agreement**").

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

13. Security:

- (a) Security Ranking Basis: The net proceeds of realisation of, or enforcement with respect to, the security constituted by the Trust Instrument shall be applied:
- (i) first, in payment or satisfaction of all amounts due and unpaid under clause 16 (Remuneration and Indemnification of Trustee) and/or clause 17(K) (Supplement to the Trustee Acts 1925 and 2000) of the Trust Terms Module and/or under any Additional Charging Document to the Trustee and/or any Appointee (which shall include any taxes required to be paid, the costs of realising the Security Interests and the Trustee's remuneration);
  - (ii) secondly, to pay when due any reasonably necessary taxes, fees, costs, duties, liabilities and expenses payable (or reasonably expected to become due and payable) that are reasonably incurred by the Issuer (including to its professional advisers) and/or its Agents in connection with the issuance of the Notes and the Issuer's and Agents' ongoing obligations thereunder and under the Transaction Documents entered into by it;
  - (iii) thirdly, in meeting the claims of the Counterparty under the Charged Agreement;
  - (iv) fourthly, in meeting claims of the Noteholders under the Notes on a *pari passu* and *pro rata* basis; and
  - (v) fifthly, in payment of the balance (if any) to the Issuer.
- (b) Instructing Creditor: For the purposes of these Notes only, the Instructing Creditor shall be the Counterparty.
- (c) Additional Charging Document: A German law pledge over the Charged Asset in favour of the Trustee dated as of 6 October 2014

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

14. Transfer Restrictions: Not Applicable
15. Form of Notes: Notes in bearer form to be represented on issue by a Temporary Bearer Global Note.
- The Temporary Bearer Global Security is exchangeable for a Permanent Bearer Global Security, which is exchangeable for Bearer Securities in definitive form only upon an Exchange Event.
16. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D applicable

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|-----|---|---|
| 17. | Currency of Issue:  | Euro (" <b>EUR</b> ")   |
| 18. | Specified Denomination:   | EUR 100,000   |
| 19. | Whether the Issuer is able to purchase any of the Notes pursuant to Condition 9 ( <i>Purchases</i> ): | No  |
| 20. | Rating:   | The Notes will not be rated.  |
| 21. | Listing:  | This Securities Note has been approved by the Central Bank of Ireland (the " <b>Central Bank</b> "). The Central Bank only approves this Securities Note as meeting the requirements imposed under Irish and EU law pursuant to the Directive 2003/71/EC. Application has been made to the Irish Stock Exchange plc (the " <b>ISE</b> ") for the Notes to be listed to the Official List and traded on the ISE's regulated market. The listing of the Notes will be subject to approval by the ISE and no assurances can be given that such approval will be forthcoming. Listing is not a condition precedent to settlement. |
| 22. | Security Codes:   |   |
|     | (a) ISIN:   | XS1095728538  |
|     | (b) Common Code:  | 109572853   |
| 23. | Payments:   | As per Condition 10 ( <i>Payments</i> ).  |
| 24. | Additional Agreement:   | None  |
| 25. | Governing Law:  | English law   |

#### **AGENTS AND OTHER PARTIES**

- |     |                                   |  |
|-----|-----------------------------------|--|
| 26. | Parties and specified offices:    |  |
|     | (a) Trustee:                      | Deutsche Trustee Company Limited, Winchester House, 1 Great Winchester Street, London EC2N 2DB |
|     | (b) Principal Paying Agent:       | Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB  |
|     | (c) Agent Bank:                   | UniCredit Bank AG, Arabellastraße 12, 81925 Munich, Germany                                    |
|     | (d) Registrar and Transfer Agent: | Not Applicable   |
|     | (e) Vendor:                       | UniCredit Bank AG, Arabellastraße 12, 81925 Munich, Germany                                    |
|     | (f) Selling Agent:                | UniCredit Bank AG, Arabellastraße 12, 81925 Munich, Germany                                    |
|     | (g) Dealer:                       | UniCredit Bank AG, Arabellastraße 12, 81925 Munich, Germany                                    |
|     | (h) Calculation Agent:            | UniCredit Bank AG, Arabellastraße 12, 81925 Munich, Germany                                    |

- (i) Issuer's process agent: UniCredit Bank AG, London Branch, Moor House, 120  
London Wall, London EC2Y 5ET

## ANNEX 1

### SPECIAL CONDITIONS

#### Part I – Amendments to the Conditions

Condition 8(b) (*Redemption for Taxation Reasons*) and Condition 8(c) (*Mandatory Redemption*) shall be deleted in their entirety in respect of the Notes and replaced by the following:

"(b) **Redemption Upon Occurrence of Risk Events**

If at any time the Calculation Agent determines that a Risk Event has occurred, it shall, acting on behalf of the Issuer, notify the Noteholders in accordance with Condition 15 (*Notices*) as soon as reasonably practicable (such notice, a **"Risk Event Notice"**). As soon as reasonably practicable following the delivery of a Risk Event Notice, the Calculation Agent on behalf of the Issuer shall procure the sale of the Charged Asset or any Substitute Asset Entitlement (as the case may be) in accordance with the procedure set out in the definition of "Charged Asset Auction Proceeds" below and shall take any steps required to terminate the Swap Agreement. Thereafter the Notes shall be redeemed on the Acceleration Redemption Date by payment to the Noteholders of the Acceleration Redemption Amount in accordance with the Security Ranking Basis. The amounts received by the Noteholders pursuant to this provision shall satisfy all obligations of the Issuer to the Noteholders in respect of the Notes and no further amounts shall be due from the Issuer to the Noteholders in respect thereof.

The Trustee shall have no obligation to monitor for the occurrence of a Risk Event.

For the purposes of this Condition 8(b), the following terms shall have the following meanings:

**"Acceleration Conditions"** means the delivery of a Risk Event Notice by the Calculation Agent on behalf of the Issuer to the Noteholders that is effective during the Risk Event Notice Period;

**"Acceleration Redemption Amount"** means an amount in respect of each Specified Denomination equal to:

- (a) the Specified Denomination multiplied by the Charged Asset Auction Value; *minus*
- (b) the Swap Settlement Amount divided by the result of:
  - (i) the aggregate principal amount of Notes outstanding; *divided by*
  - (ii) the Specified Denomination.

**"Acceleration Redemption Date"** means a Business Day falling as soon as practicable after the Calculation Agent has determined the Acceleration Redemption Amount;

**"Cashflow Discrepancy"** means the occurrence at any time during the term of the Notes, as determined by the Calculation Agent, of a cash flow shortfall in an aggregate amount not less than the Material Amount, caused by the failure of the Charged Asset, for any reason, to pay cash flows exactly corresponding to the Scheduled Charged Assets Interest Amount or the Scheduled Charged Assets Redemption Amount (as of the Issue Date) to be paid to the Issuer on any Scheduled Charged Asset Interest Payment Date or the Scheduled Charged Asset Maturity Date, provided that the determination of the occurrence of such cash flow shortfall shall be made without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to the Charged Asset;

**"Change in Law or Change in Tax Law"** means, following the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs after the Issue Date, the Calculation Agent determines that such event has had a material effect on the Issuer, the Notes or the Charged Assets or the respective obligations of the parties thereunder;



**"Charged Asset Auction Proceeds"** means an amount received from the Quoting Dealer who has submitted the highest firm bid quotation in respect of all (and not part) of the Charged Asset (including any Substitute Asset Entitlement (if applicable)) (the **"Winning Dealer"**) through the following auction procedure: (a) at a time selected by the Calculation Agent in its discretion (acting in a commercially reasonable manner) on a Business Day falling no later than 5 Business Days after the day on which the Acceleration Conditions are met (the **"Auction Date"**), the Calculation Agent shall attempt to obtain firm bid quotations from at least 3 Quoting Dealers in accordance with prevailing market practice at the applicable time for all (and not part) of the Charged Asset (including any Substitute Asset Entitlement (if applicable)); (b) the Calculation Agent shall select the Quoting Dealer who has submitted the highest firm bid quotation in respect of all (and not part) of the Charged Asset (including any Substitute Asset Entitlement (if applicable)) as the Winning Dealer and shall sell all (and not part) of the Charged Assets (or any Substitute Asset Entitlement (if applicable)) to the Winning Dealer provided that if two or more Quoting Dealers have submitted an identical firm bid quotation and any of those quotations on their own would entitle the submitting Quoting Dealer to be the Winning Dealer, the Calculation Agent shall select one of those Quoting Dealers in its discretion (acting in a commercially reasonable manner) to be the Winning Dealer and shall sell all (and not part) of the Charged Asset (or any Substitute Asset Entitlement (if applicable)) to such Quoting Dealer; (c) the settlement date for the sale of all (and not part) of the Charged Asset (or any Substitute Asset Entitlement (if applicable)) to the Winning Dealer shall be a Business Day determined by the Calculation Agent in accordance with prevailing market practice on the Auction Date. If the Calculation Agent receives no firm bid quotations from any Quoting Dealers in respect of all (and not part) of the Charged Asset (or any Substitute Asset Entitlement (if applicable)), the Charged Asset Auction Proceeds shall be zero;

**"Charged Asset Auction Value"** means the Charged Asset Auction Proceeds expressed as a percentage of the Charged Asset Principal Amount;

**"Failure to Pay"** means, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to the Charged Asset, or any Obligation, the failure by the Reference Entity to make, when and where due, any payments under the Charged Asset or under one or more of its Obligations in an aggregate amount not less than the Material Amount (individually or collectively) in accordance with the terms of the Charged Asset or such Obligation at the time of such failure;

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

**"Material Amount"** means EUR 1,000;

**"Obligation"** means (a) with respect to the Reference Entity any obligation, either directly or as provider of a guarantee (which term shall include, but is not limited to any arrangement structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement), for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit), provided that the Charged Asset will always be an Obligation;

**"Obligation Acceleration"** means the Charged Asset or any Obligation have become due and payable before it would otherwise have been due and payable as a result of, or on the basis of, the occurrence of default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of such Charged Asset or any Obligation;

**"Quoting Dealer"** mean each dealer (which may include any Noteholder or its affiliates) in obligations of the type similar to those of the Charged Asset (including any Substitute Asset Entitlement (if applicable)) as of the Auction Date as selected by the Calculation Agent in good faith and in a commercially reasonable manner;

**"Reference Entity"** means the Republic of Bulgaria;

**"Repudiation/Moratorium"** means that an authorized officer of the Reference Entity or a Governmental Authority (A) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, the Charged Asset or any of its Obligations or (B) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to the or any of its Obligations;

**"Restructuring"** means, with respect to the Charged Asset or any of the Reference Entity's Obligations, any one or more of the following events occurs in a form that binds all holders of such Charged Asset (in addition to the Issuer), is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Charged Asset or such Obligation to bind all holders of such Charged Asset or such Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of the Charged Asset or such Obligation, and such event is not expressly provided for under the terms of the Charged Asset or such Obligation in effect as of the later of the Issue Date and the date as of which the Charged Asset is issued or incurred:

- (a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (b) a reduction in the amount of principal or premium payable at maturity;
- (c) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
- (d) a change in the ranking in priority of payment of the Charged Asset or any of the Obligations, causing a subordination of the Charged Asset or such Obligation to any other Obligation; or
- (e) any change in the currency or composition of any payment of interest or principal to any currency;

**"Risk Event"** means the occurrence of any one or more of the following, as determined by the Calculation Agent: Cashflow Discrepancy, Change in Law or Change in Tax Law, Failure to Pay, Obligation Acceleration, Repudiation/Moratorium, Restructuring, Tax Event and Unscheduled Redemption;

**"Risk Event Notice Period"** means the period from and including the Issue Date to and including the Maturity Date;

**"Scheduled Charged Assets Interest Amount"** means, in respect of the Interest Payment Date falling in December 2014, EUR53,816.67, and in respect of each subsequent Interest Payment Date, EUR299,000;

**"Scheduled Charged Assets Redemption Amount"** means EUR6,500,000;

**"Securities Note"** means the securities note dated 6 October 2014 in relation to the Notes;

**"Substitute Asset Entitlement"** means cash, securities, rights and/or other assets (whether tangible or otherwise) (in each case, whether of the relevant Reference Entity or of a third party) that the Issuer receives or becomes entitled to receive in connection with an Unscheduled Redemption;

**"Swap Settlement Amount"** means on any date and at any time:

- (a) the sum of all Party B Fixed Amounts (as defined in the Swap Agreement), *minus*
- (b) the sum of all Party A Fixed Amounts (as defined in the Swap Agreement),

in each case as they are or would become due and payable on or after such date to and including the Scheduled Termination Date, as determined by the Calculation Agent;

**"Tax"** means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of this issuance including stamp, registration, documentation or similar tax.

**"Tax Event"** means on or after the Issue Date due to (A) any action taken by a taxing authority or brought to a court of competent jurisdiction or (B) a Change in Tax Law, the Issuer will, or there is a substantial likelihood that it will (1) be required to pay any Tax or (2) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax without (for reasons for which the Issuer is not responsible) obtaining a full tax relief within 3 months from the end of the tax period in which the tax was withheld or deducted; and

**"Unscheduled Redemption"** means the occurrence of any of the following events at any time during the term of the Notes: (i) the Charged Asset is redeemed, retired, cancelled (in whole or in part) whether in accordance with the terms of the Charged Asset or not or (ii) exchanged to a Substitute Asset Entitlement in whole or in part on or prior to the Scheduled Charged Asset Maturity Date, or (iii) any other event which has substantially the same effects as any of the foregoing events (or any combination thereof), other than a redemption in full of the Charged Asset on the Scheduled Charged Asset Maturity Date;

(c) **Mandatory Redemption – Termination of Charged Agreement**

If the Charged Agreement is terminated (in whole but not in part) for any reason (other than as a consequence of the operation of Condition 8(b)) the Issuer shall give notice thereof to the Trustee, the Principal Paying Agent, the Counterparty, the Noteholders and the Calculation Agent. Thereupon, the Calculation Agent on behalf of the Issuer shall procure the sale of the Charged Asset or any Substitute Asset Entitlement (as the case may be) in accordance with the procedure set out in the definition of "Charged Asset Auction Proceeds" in Condition 8(b) (*Redemption Upon Occurrence of Risk Events*). Thereafter the Issuer shall pay to the Counterparty any amount due in respect of the termination of the Charged Agreement and the Notes shall be redeemed on the Acceleration Redemption Date (as defined in Condition 8(b)) by the payment to Noteholders on a pro rata basis the Charged Asset Auction Proceeds less any amounts payable to the Counterparty (if positive) in respect of the termination of the Charged Agreement, in accordance with the Security Ranking Basis. The amounts received by the Noteholders pursuant to this provision shall satisfy all obligations of the Issuer to the Noteholders in respect of the Notes and no further amounts shall be due from the Issuer to the Noteholders in respect thereof."

**Part II – Expected Charged Asset Interest Payment Dates**

<b>Expected Charged Asset Interest Payment Dates</b>	<b>Expected Interest Payment Dates</b>
11-Dec-14	18-Dec-14
11-Dec-15	18-Dec-15
12-Dec-16	16-Dec-16
11-Dec-17	18-Dec-17
11-Dec-18	18-Dec-18
11-Dec-19	18-Dec-19
11-Dec-20	18-Dec-20
13-Dec-21	17-Dec-21
12-Dec-22	16-Dec-22

11-Dec-23	18-Dec-23
11-Dec-24	18-Dec-24
11-Dec-25	18-Dec-25
11-Dec-26	18-Dec-26
13-Dec-27	17-Dec-27
11-Dec-28	18-Dec-28

**SCHEDULE 1**  
**BEARER NOTES BASE CONDITIONS**

**BEARER NOTES BASE CONDITIONS MODULE**

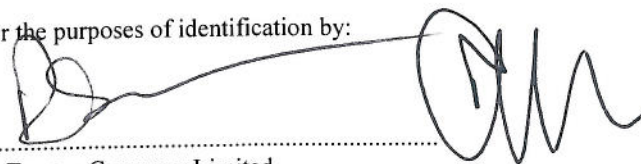
**APRIL 2014 EDITION**

**to be incorporated by reference into the Trust Instrument**

**for an issue of Notes arranged by**

**UNICREDIT BANK AG**

Signed for the purposes of identification by:

A handwritten signature in black ink, consisting of a large, stylized 'D' followed by a series of loops and a long horizontal stroke extending to the right.

.....  
Deutsche Trustee Company Limited

Dated: 28 April 2014

## BEARER NOTES BASE CONDITIONS MODULE

**This Bearer Notes Base Conditions Module sets out the basic terms and conditions for Notes governed by English law and will apply separately and independently in respect of all Series of Notes issued in bearer form. Other Conditions Modules will apply in addition, as specified in the Issue Terms. The terms and conditions contained in this Bearer Notes Conditions Module may be modified by the terms and conditions set out in the relevant Issue Terms in respect of a Series of Notes.**

### 1. FORM, DENOMINATION AND TITLE

- (a) Bearer Notes are serially numbered and in the Specified Denomination(s) set out in the Issue Terms. Title to Bearer Notes and (if applicable) the related Coupons will pass by delivery.
- (b) Bearer Notes will either:
  - (i) initially be represented by a Temporary Bearer Global Note; or
  - (ii) be represented on issue by a Permanent Bearer Global Note,as specified in the Issue Terms.

The Temporary Bearer Global Note or Permanent Bearer Global Note, as the case may be, will be deposited on or before the Issue Date with the Common Depositary.

Beneficial interests in a Temporary Bearer Global Note will be exchangeable in whole or in part for either beneficial interests in a Permanent Bearer Global Note or definitive Bearer Notes, as provided in the Temporary Bearer Global Note. A Temporary Bearer Global Note may be exchanged on or after the Exchange Date upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations.

A Permanent Bearer Global Note will be exchangeable, in whole but not in part, for definitive Bearer Notes only upon the occurrence of an Exchange Event, as provided in the Permanent Bearer Global Note.

- (c) No beneficial owner of an interest in a Global Note will be able to exchange or transfer that interest, except in accordance with the applicable procedures of the Clearing Systems and in accordance with and subject to the terms of such Global Note.
- (d) With respect to definitive Bearer Notes, the holder thereof means the bearer of such definitive Bearer Notes. For so long as any of the Notes is represented by a Bearer Global Note held by a Common Depositary, each person who is for the time being shown in the records of the Clearing Systems as entitled to a particular nominal amount of Notes shall be deemed to be the holder of such nominal amount of Notes for all purposes other than with respect to the payment of principal, premium (if any), or interest or other amount on such Notes. With respect to such payment, such Common Depositary shall be deemed to be the holder of such nominal amount of Notes in accordance with and subject to the terms of the relevant Global Note. Any certificate or other document issued by the Clearing Systems as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.
- (e) Subject to paragraph (d) above, the Issuer, the Counterparty (if any), the Trustee and the Agents may deem and treat the holder of any Bearer Note as the owner thereof for all purposes. Except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, each Counterparty, the Trustee and the Agents shall not be affected by any notice to the contrary, whether or not the Note shall be overdue and notwithstanding any notation of ownership or other writing thereon. All payments made to any such holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for the moneys payable upon such Notes.

## 2. STATUS

The Notes are secured, limited recourse obligations of the Issuer, secured in the manner described in Condition 3 (*Security*) and recourse in respect of which is limited in the manner described in Condition 12 (*Enforcement*). The Notes rank and will rank, unless otherwise specified in the Issue Terms, *pari passu* without any preference among themselves.

## 3. SECURITY

The Notes are constituted and secured by the security interests created under the terms of a Trust Instrument.

Unless otherwise specified in the Issue Terms, the Issuer's obligations under the Notes and the Charged Agreement(s) (if any) will be secured by the following security:

- (a) a first ranking assignment by way of security of all of the Issuer's Rights under the Agency Agreement;
- (b) a first fixed charge over the Charged Assets and all Rights and sums derived therefrom;
- (c) a first ranking assignment by way of security of all of the Issuer's Rights to the Charged Assets;
- (d) a first ranking assignment by way of security of the Issuer's Rights under the Charged Agreement(s) (other than in respect of the Issuer's obligations under the Charged Agreement(s)), the Issuer's Rights under the Sale Agreement and the Issuer's Rights under any Additional Agreement; and
- (e) a first ranking assignment by way of security of all of the Issuer's Rights to any of its relevant bank accounts in respect of the Series of Notes including, without limitation, the Deposit Account (but excluding, for the avoidance of doubt, the Issuer's bank account containing the paid up ordinary share capital of the Issuer).

The secured creditors of each Series of Notes of the Issuer will also be secured under the Trust Instrument executed in respect of such Series by a first floating charge over the Secured Property, both present and future, in respect of such Series which is not the subject of a fixed security interest which will become enforceable upon the appointment of a receiver in relation to the Issuer or a petition being lodged with the court for a winding-up in relation to the Issuer.

The Issue Terms will specify whether any other security interest will be created under the Trust Instrument and/or under an Additional Charging Document.

## 4. CHARGED ASSETS

### (a) Initial Charged Assets

Unless otherwise specified in the Issue Terms, the Vendor will procure that the initial Charged Assets as specified in the Issue Terms (the "**Initial Charged Assets**") are delivered to the Custodian on the Issue Date, to the extent that such Charged Assets are capable of being delivered. With effect from such delivery, the Charged Assets will be held by the Custodian on behalf of the Issuer, subject to the Security Interests.

### (b) Substitution of Charged Assets

#### (i) *Substitution at direction of Counterparty*

The Issue Terms will specify whether the Charged Assets may be substituted from time to time for alternative charged assets and, if substitution is applicable, whether such substitution is on the Nominal Basis or the Market Value Basis. Where such substitution is applicable, the Counterparty (if any) may, from time to time, at its cost and subject to the Trust Instrument, by giving not less than 3 Business Days' (or such other period of notice as may be specified in the Issue Terms) notice (a "**Substitution Notice**") in writing to the Issuer and the Trustee require that any securities or other assets for the time being comprising the Charged Assets be replaced by Eligible Investments and the Trustee shall accordingly release the Charged Assets from the Security Interests in accordance with the Trust Terms Module to enable such substitution.



A substitution may occur **provided that**:

- (A) upon any release of the substituted Charged Assets from the Security Interests, the replacement Charged Assets are secured by the Issuer on the same terms (*mutatis mutandis*) as the substituted Charged Assets;
- (B) all requirements of any relevant Stock Exchange or competent authority are complied with; and
- (C) any other conditions specified in the Issue Terms (including Rating Agency requirements, (if any)) are complied with.

Upon receipt of a Substitution Notice, the Issuer shall notify the Principal Paying Agent, the Custodian, the Calculation Agent, the Noteholders and, in the case of Notes that are rated, the relevant Rating Agencies.

The Counterparty shall bear and pay, and shall indemnify the Issuer and the Trustee against, all costs, expenses and taxes (including, without limitation, stamp duty) payable in connection with a substitution.

(ii) ***Substitution at the request of Noteholders***

In the case of Credit Linked Notes, unless otherwise specified in the Issue Terms, if no Credit Event or event under Condition 8(b), 8(c) or 11 has occurred, on the first Business Day which falls three calendar months after the Issue Date (or if there is no corresponding day in such month, the last Business Day in such month) and every first Business Day three calendar months thereafter (or as aforesaid), any Noteholder may, by delivering a written request (a "**Sale Request**", any such Noteholder delivering such request, a "**Requesting Noteholder**") to the Principal Paying Agent, request the Issuer to sell the Charged Assets and reinvest the proceeds thereof in cash or one or more Eligible Assets identified by such Noteholder in the Sale Request (the "**Replacement Assets**") in accordance with this Condition 4(b)(ii).

If the Principal Paying Agent receives a Sale Request it shall, within three Business Days of such receipt, forward a copy of the Sale Request to each Noteholder in accordance with Condition 15 (*Notices*) and the Issuer, copied to the Custodian, the Trustee, the Selling Agent and the Counterparty, asking the Noteholders if they consent to such sale and replacement; **provided that** the Principal Paying Agent shall not forward such request to the Noteholders if the Replacement Assets have been purchased pursuant to a prior Sale Request within the prior three months.

If within five Business Days' following the Principal Paying Agent's delivery of a copy of the Sale Request to the Noteholders, the Required Minimum Noteholders notify the Principal Paying Agent in writing (copied to the Trustee, the Selling Agent, the Counterparty and the Custodian) that they consent to such sale of the Charged Assets and reinvestment in the Replacement Assets, and that they agree to pay all costs incurred in connection with the sale of the then Charged Assets and the purchase of the Replacement Assets (including, without limitation, any Swap Adjustment Costs and Charged Assets Top Up Costs (each as defined below) as well as legal fees in amending any of the documents relating to the Notes to accommodate such change and the documents in respect of the new issue (together, the "**Restructure Documents**")), the Principal Paying Agent shall inform the Selling Agent and the Trustee. The Selling Agent will, upon release of the security by the Trustee, sell such principal amount of the Charged Assets, rounded down to the nearest denomination of such Charged Assets (the "**Liquidation Assets**") as bears the same proportion to the then total principal amount of the outstanding Charged Assets as the principal amount of the Notes held by the Noteholders which have consented to the sale of the Charged Assets (the "**Consenting Holders**") bears to the then total Outstanding Principal Amount of the Notes.

The Selling Agent shall solicit bids for the purchase of the Charged Assets from at least two bidders (other than UniCredit Bank AG or any of its Affiliates) and shall then arrange for the sale of the Charged Assets to the person which has made the higher or highest, as applicable, firm bid for such securities; **provided however, that** if two or more bidders have the same

highest bid, then the Selling Agent may elect to sell such securities to any such bidder; **provided, further, that** notwithstanding anything to the contrary herein, the Selling Agent may sell the Charged Assets to itself or an Affiliate if it or its Affiliates, as applicable, elects to match such higher or highest bid, as applicable. The Issuer shall then, through the Selling Agent, purchase the Replacement Assets with the proceeds (the "**Liquidation Proceeds**") of the Liquidation Assets or, if such proceeds are not sufficient to make such purchase, with such proceeds and the amount, which must be contributed by the Consenting Holders, equal to the amount of such deficiency (the "**Charged Assets Top Up Costs**").

Notwithstanding the foregoing, the Issuer shall not sell any Charged Assets in connection with its receipt of a Sale Request unless the following conditions have been met:

- (A) The Replacement Assets must (i) be readily available and eligible for purchase by the Issuer, (ii) satisfy the requirements for Eligible Assets, (iii) mature on or before the Maturity Date or, if earlier, the Scheduled Termination Date and (iv) (if such substitution is on the Nominal Basis) be in an aggregate principal amount at least equal to the principal amount of the Charged Assets for which they are Replacement Assets (or its equivalent in the currency of the relevant Replacement Assets);
- (B) If the cashflows payable on the Replacement Assets are different from the cashflows payable on the Liquidation Assets, the Consenting Holders must pay to the Principal Paying Agent for distribution to the Counterparty, an amount (the "**Swap Adjustment Cost**"), as notified to the Principal Paying Agent by the Counterparty, sufficient to compensate the Counterparty for amending or executing a swap transaction with the Issuer:
  - (x) (in the case where the relevant Swap Agreement does not contain an interest rate and/or cross currency transaction) to ensure that the cashflows available to the Issuer to make payments of interest on each Interest Payment Date are equal to the aggregate interest amounts payable on the Notes, if applicable and any additional costs incurred by the Counterparty in establishing any swap such that the aggregate Interest Amounts remain the same; or
  - (y) (in the case where the relevant Swap Agreement does contain an interest rate and/or cross currency transaction) any loss which will be incurred by the Counterparty as a result of the reduction in the payments to be made to the Counterparty under such interest rate and/or cross-currency swap transaction.
- (C) If the purchase price of a principal amount of the Replacement Assets equal to the principal amount of the Liquidation Assets is less than the amount of the Liquidation Proceeds, the amount of such excess proceeds shall be applied to purchase additional Replacement Assets (such amount to be converted to the currency of the Replacement Assets, if necessary).
- (D) If the Notes are rated, the relevant Rating Agency or Rating Agencies must confirm to the Issuer, the Counterparty and the Trustee, in writing on or before the date of any replacement of the Charged Assets, that the replacement of the Charged Assets with the Replacement Assets will not cause a downgrade in their rating of the Notes and that the New Series of Notes (as defined below) shall have the same rating as the Notes.
- (E) All the Restructure Documents have been duly executed by all parties.

Prior to selling any Charged Assets in connection with a replacement as described herein, the Issuer and the Counterparty may require that the Consenting Holders make a cash deposit with the Issuer sufficient to cover all costs which are to be borne by the Consenting Holders as described herein.

If the consent of the Required Minimum Noteholders has been obtained but less than all of the Noteholders are Consenting Holders, the Issuer, the Counterparty and the Trustee shall deem the Consenting Holders as having exchanged their Notes for a new series of Notes (the "**New**

**Series of Notes**") which will be secured on the Replacement Assets (but not any of the then Charged Assets which have not been liquidated) and a new Swap Agreement (the "**Replacement Swap**") which the Issuer will enter into with the Counterparty on the date of purchase of the Replacement Assets. The Replacement Swap will be structured in a manner similar to the existing Swap Agreement but will be adjusted to take account of the change in the cash flows for the Replaced Assets.

All parties, at the expense of the Consenting Holders, will enter into any amendments to the other transaction documents and any documentation required to amend the Notes and to effect the New Series of Notes and will ensure that the Notes as amended and the New Series of Notes preserve the economic equivalence of the Notes prior to such replacement. Upon the Issuer's purchase of any Replacement Assets as described in the preceding paragraphs such Replacement Assets shall constitute Charged Assets for the New Series of Notes.

All Noteholders are deemed to have accepted Condition 4(b)(ii) and to be bound by the terms thereof even if not Consenting Noteholders.

(iii) ***Substitution with Cash Collateral***

- (A) In the event the Vendor does not deliver to the Issuer on the Issue Date all or any part of the Initial Charged Assets pursuant to the Sale Agreement, the Issuer shall, on the Issue Date, deposit the Cash Collateral into the Cash Deposit Account. The Cash Collateral shall form part of the Charged Assets and shall be subject to the security interest in favour of the Trustee created pursuant to the Trust Instrument. If the Notes are rated by a Rating Agency, the terms of the Cash Deposit Account will, on the date on which the Cash Deposit Account is opened, include any rating downgrade triggers specified by the relevant Rating Agency at such time.
- (B) The Vendor will use reasonable endeavours to pursue delivery of the Initial Charged Assets (whether or not such Charged Assets are subject to default (howsoever described)) to the Issuer in accordance with normal market practice pursuant to the Sale Agreement. In the event the Vendor delivers the Initial Charged Assets (or part thereof) to the Issuer after the Issue Date, the Issuer shall substitute the Initial Charged Assets (or part thereof) for an amount of cash held in the Cash Deposit Account equal to an amount which is the product of (1) the principal amount of such Initial Charged Assets divided by the aggregate principal amount of the Initial Charged Assets multiplied by (2) the Price. Such Initial Charged Assets shall be deposited with the Custodian in the Custodian's account pursuant to the Agency Agreement. From the time of such deposit, such amounts removed from the Cash Deposit Account will be released from the security constituted by the Trust Instrument by the Trustee and will not form part of the Charged Assets.
- (C) The Issuer's ability to deposit cash on the Issue Date shall be for the purposes of ensuring that the Notes are fully secured. Any interest earned on the Cash Deposit Account shall be paid by the Issuer to the Counterparty under the Swap Agreement. For the avoidance of doubt, any substitution pursuant to this Condition 4(b)(iii) shall not affect the payments by the Counterparty to the Issuer under the Swap Agreement.

(iv) ***Substitution following maturity of the Charged Assets***

If any securities or other assets comprising all or part of the Charged Assets are redeemed prior to the Maturity Date or other date for final redemption of the Notes ("**Maturing Charged Assets**") and it is provided in the Issue Terms that this Condition 4(b)(iv) applies to the Notes, the proceeds of redemption received in respect of such Maturing Charged Assets shall be applied by the Issuer:

- (A) in the purchase of Eligible Investments; and/or
- (B) for the depositing in an interest bearing account in the name of the Custodian (the "**Deposit Account**") opened by the Custodian with a bank or other financial institution (which shall be the Custodian unless otherwise specified in the Issue Terms) on terms

that the funds standing to the credit of such Deposit Account shall earn the rate or rates of interest (which may be a floating rate or rates) specified in the Issue Terms or, if no rate is so specified, such rate or rates as may be determined from time to time by the bank or other financial institution with which the Deposit Account is opened. The Custodian shall, if directed by the Issuer, from time to time apply the funds standing to the credit of the Deposit Account in the purchase of Eligible Investments. Subject to any such application by the Custodian, the Issuer and the Custodian will procure that funds standing to the credit of the Deposit Account from time to time (including interest accrued thereon) shall be debited from the Deposit Account on or before the Maturity Date or other date for redemption of the Notes to be applied by the Issuer in connection with such redemption, as specified in the Trust Instrument.

Not later than the date of each such substitution pursuant to this Condition 4(b)(iv), the Issuer shall give a notice to the Counterparty, the Trustee, the Principal Paying Agent, the Custodian, the Calculation Agent, the Noteholders (in accordance with Condition 15 (*Notices*)) and, in the case of Notes that are rated, the relevant Rating Agencies, specifying, *inter alia*, the details of any Eligible Investments so purchased and the proposed date of such purchase. Such notice, once given by the Issuer, shall be conclusive and binding on such persons so notified by the Issuer.

Notwithstanding the foregoing, a substitution pursuant to this Condition 4(b)(iv) may only be made if:-

- (x) the Eligible Investments so purchased are secured by the Issuer on the same terms (*mutatis mutandis*) as the Maturing Charged Assets;
- (y) all requirements of any relevant Stock Exchange or competent authority are complied with; and
- (z) any other conditions specified in the Issue Terms (including Rating Agency requirements (if any)) are complied with.

All determinations of the availability of Eligible Investments for purchase, and all determinations and calculations of the purchase price and applicable date for purchase thereof shall be made by the Counterparty in accordance with the Trust Instrument and all such determinations and calculations shall be binding on the Issuer, the Trustee, the Noteholders and all other persons. The Trustee shall not be liable to the Issuer, the Noteholders or any other person nor shall the Issuer be liable to the Trustee or any Noteholder for any loss arising from any arrangement referred to in any notice given under this Condition 4(b)(iv) or for the purchase price of the Eligible Investments so purchased or otherwise from the operation of this Condition 4(b)(iv).

(v) ***Limitations on the Substitution of Charged Assets***

Unless otherwise specified in the Issue Terms, a substitution of Charged Assets and their replacement with Eligible Investments under the terms of Condition 4(b)(i) to (iv) above shall not be permitted unless the Calculation Agent confirms that the aggregate principal amount of any Charged Assets which have been sold by the Issuer (not taking into account any sales conducted for the purpose of securing the volume, the duration and the risk structure of the Charged Assets) during the most recent Substitution Period to occur (or if such substitution is to take place during the First Substitution Period, during the period from (and including) the Issue Date to (but excluding) the date of the proposed substitution and replacement) does not exceed 20 per cent. of the total aggregate principal amount of all Charged Assets held by the Issuer as at the beginning of such Substitution Period. Where: "**Substitution Period**" means each of (A) the period beginning on (and including) the Issue Date of the Notes to (but excluding) the first anniversary date of the Issue Date (which shall be the "**First Substitution Period**"); and (B) each successive twelve month period after such anniversary date of the Issue Date.

(c) **Realisation of Charged Assets upon early redemption of the Notes or Event of Default**

If the Security Interests over the Charged Assets become enforceable following an early redemption of the Notes or an Event of Default, the Trustee may in its discretion and, if requested by an Instructing Creditor, shall (subject to being indemnified to its satisfaction) realise such Charged Assets and/or take such action as may be permitted under applicable laws against any obligor in respect of such Charged Assets. The Trustee will not have any liability as to the consequence of such action and will not have regard to the effect of such action on individual Noteholders or the Counterparty. On the occurrence of any such event, each Charged Agreement will terminate in accordance with its terms. For the avoidance of doubt, all rights of replacement and/or substitution of Charged Assets under Condition 4(b) shall cease forthwith upon the Security Interests over the Charged Assets becoming enforceable whether in whole or in part.

5. **APPLICATION OF PROCEEDS**

(a) **Application of Realisation Amount**

The Trust Instrument provides for the application of the Realisation Amount in accordance with the relevant Security Ranking Basis.

The Issue Terms will specify the **Security Ranking Basis** in accordance with which the Realisation Amount will be applied, being one of the following (or otherwise as specified in the Issue Terms):

(A) If **Noteholder Priority Basis** is specified in the Issue Terms, the Trustee shall apply the Realisation Amount:

- (i) *first*, in payment or satisfaction of all amounts due and unpaid under clause 16 (*Remuneration and Indemnification of the Trustee*) and/or clause 17(K) (*Supplement to the Trustee Acts 1925 and 2000*) of the Trust Terms Module and/or under any Additional Charging Document to the Trustee and/or any Appointee (which shall include any taxes required to be paid, the costs of realising the Security Interests and the Trustee's remuneration);
- (ii) *secondly*, to pay when due any reasonably necessary taxes, fees, costs, duties, liabilities and expenses payable (or reasonably expected to become due and payable) that are reasonably incurred by the Issuer (including to its professional advisers) in connection with the issuance of the Notes and the Issuer's ongoing obligations thereunder and under the Transaction Documents entered into by it;
- (iii) *thirdly*, in meeting claims of the Noteholders under the Notes on a *pari passu* and *pro rata* basis;
- (iv) *fourthly*, in meeting the claims of the Counterparty (or if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s); and
- (v) *fifthly*, in payment of the balance (if any) to the Issuer.

(B) If **Pari Passu** Basis is specified in the Issue Terms, the Trustee shall apply the Realisation Amount:

- (i) *first*, in payment or satisfaction of all amounts due and unpaid under clause 16 (*Remuneration and Indemnification of the Trustee*) and/or clause 17(K) (*Supplement to the Trustee Acts 1925 and 2000*) of the Trust Terms Module and/or under any Additional Charging Document to the Trustee and/or any Appointee (which shall include any taxes required to be paid, the costs of realising the Security Interests and the Trustee's remuneration);
- (ii) *secondly*, to pay when due any reasonably necessary taxes, fees, costs, duties, liabilities and expenses payable (or reasonably expected to become due and payable) that are reasonably incurred by the Issuer (including to its professional advisers) in

connection with the issuance of the Notes and the Issuer's ongoing obligations thereunder and under the Transaction Documents entered into by it;

- (iii) *thirdly*, in meeting the claims of the Noteholders and the Counterparty (or if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s) on a *pari passu* and *pro rata* basis; and
  - (iv) *fourthly*, in payment of the balance (if any) to the Issuer.
- (C) If **Counterparty Priority Basis** is specified in the Issue Terms, the Trustee shall apply the Realisation Amount:
- (i) *first*, in payment or satisfaction of all amounts due and unpaid under clause 16 (*Remuneration and Indemnification of the Trustee*) and/or clause 17(K) (*Supplement to the Trustee Acts 1925 and 2000*) of the Trust Terms Module and/or under any Additional Charging Document to the Trustee and/or any Appointee (which shall include any taxes required to be paid, the costs of realising the Security Interests and the Trustee's remuneration);
  - (ii) *secondly*, to pay when due any reasonably necessary taxes, fees, costs, duties, liabilities and expenses payable (or reasonably expected to become due and payable) that are reasonably incurred by the Issuer (including to its professional advisers) in connection with the issuance of the Notes and the Issuer's ongoing obligations thereunder and under the Transaction Documents entered into by it;
  - (iii) *thirdly*, in meeting the claims of the Counterparty (or, if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s);
  - (iv) *fourthly*, in meeting the claims of the Noteholders on a *pari passu* and *pro rata* basis; and
  - (v) *fifthly*, in payment of the balance (if any) to the Issuer.

**provided that**, if the realisation or enforcement of the Security Interests constituted by or pursuant to the Trust Instrument and/or any Additional Charging Document has arisen as a result of any Event of Default (as defined in the Swap Agreement) relating to the Counterparty, then the Trustee shall apply the Realisation Amount on the basis of "*Pari Passu* Basis" which shall be deemed to apply (for all purposes) instead of Counterparty Priority Basis.

(b) **Issuer's expenses**

Prior to the realisation or enforcement of the Security Interests constituted by or pursuant to the Trust Instrument and/or any Additional Charging Document, notwithstanding any other Condition, on any date on which amounts are payable by the Issuer to Noteholders (including under Condition 7 and Condition 8), the Issuer shall have the right to deduct from such amounts and to pay when due any reasonably necessary taxes, fees, costs, duties, liabilities and expenses payable (or reasonably expected to become due and payable) that are reasonably incurred by the Issuer (including to its professional advisers) in connection with the issuance of the Notes and the Issuer's ongoing obligations thereunder and under the Transaction Documents entered into by it.

6. **SHORTFALL AFTER APPLICATION OF PROCEEDS**

- (a) All payments to be made by the Issuer in respect of the Notes and the Charged Agreement(s) (if any) will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of the Secured Property in accordance with the Security Ranking Basis specified in the Issue Terms.
- (b) To the extent that such sums are less than the amount which the Noteholders and the Counterparty (if any) may have expected to receive (the difference being referred to as a "**shortfall**"), such shortfall will

be borne by such Noteholders and by the Counterparty (if any) in accordance with the Security Ranking Basis specified in the Issue Terms.

- (c) Each holder of Notes, by subscribing for or purchasing such Notes, and each Counterparty (if any) will be deemed to accept and acknowledge that it is fully aware that:
- (i) the Noteholders and the Counterparty (if any) shall look solely to the sums referred to in paragraph (a) of this Condition 6 (*Shortfall after Application of Proceeds*), as applied in accordance with paragraphs (a) and (b) above (the Relevant Sums), for payments to be made by the Issuer in respect of the Notes and the Charged Agreement(s) (if any);
  - (ii) the obligations of the Issuer to make payments in respect of the Notes and the Charged Agreement(s) (if any) will be limited to the Relevant Sums and the Noteholders and the Counterparty (if any) shall have no further recourse to the Issuer in respect of the Notes and the Charged Agreement(s) (if any), respectively;
  - (iii) without prejudice to the foregoing, any right of the Noteholders and the Counterparty (if any) to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and
  - (iv) the Noteholders and the Counterparty (if any) shall not be able to petition for the winding up of, or the appointment of an examiner to, the Issuer as a consequence of any such shortfall.

Non-payment of any shortfall shall not constitute an Event of Default under Condition 11 (*Events of Default*) nor entitle the Counterparty (if any) to terminate the remainder of the Charged Agreement(s) in respect of such Series in the case of a partial termination and in any event, in respect of any other Series.

None of the Trustee, the Principal Paying Agent, the shareholders of the Issuer, any Dealer or any Counterparty has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes.

## 7. TYPES OF NOTES

### (a) Fixed Rate Notes

Each Fixed Rate Note bears interest on its Outstanding Principal Amount as on the first day of a Fixed Interest Period (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date (as specified in the Issue Terms) to (but excluding) the Maturity Date at the rate(s) per annum equal to the Rate(s) of Interest, subject to any cessation of interest in circumstances as set out in the Issue Terms.

Interest will be payable in arrear on the Interest Payment Date(s) in each year as specified in the Issue Terms, subject as aforesaid.

Interest pursuant to this Condition 7(a), whether for a Fixed Interest Period or a period other than a Fixed Interest Period, shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Fixed Day Count Fraction, and shall be rounded in accordance with Condition 7(e) below.

### (b) Floating Rate Notes and Indexed Interest Notes

#### (i) *Interest Payment Dates*

Each Note which is a Floating Rate Note or Indexed Interest Note bears interest on its Outstanding Principal Amount as on the first day of an Interest Period (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date to (but excluding) the Maturity Date, subject to any cessation of interest in circumstances as set out in the Issue Terms.

Such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the Issue Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the Issue Terms, each date which falls the number of months or other period specified as the Specified Period in the Issue Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date,

each an Interest Payment Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

(ii) ***Rate of Interest***

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Indexed Interest Notes will be determined in the manner specified in the Issue Terms.

(A) ***ISDA Determination for Floating Rate Notes***

Where ISDA Determination is specified in the Issue Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Issue Terms) the Margin (if any).

For the purposes of this sub-paragraph (A), ISDA Rate for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent Bank under an interest rate swap transaction if the Agent Bank were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions and under which:

- (1) the Floating Rate Option is as specified in the Issue Terms;
- (2) the Designated Maturity is a period specified in the Issue Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**") for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the Issue Terms.

For the purposes of this sub-paragraph (A), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the 2006 ISDA Definitions.

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent Bank or the Calculation Agent, as the case may be, will be deemed to have discharged its obligations under Condition 7(b)(iv) (*Types of Notes – Floating Rate Notes and Indexed Interest Notes*) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) ***Screen Rate Determination for Floating Rate Notes***

Where Screen Rate Determination is specified in the Issue Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,



(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the relevant Interest Determination Date plus or minus (as indicated in the Issue Terms) the Margin (if any), all as determined by the Agent Bank. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent Bank for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the Issue Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the Issue Terms.

(iii) ***Minimum and/or Maximum Interest Rate***

If the Issue Terms specify a Minimum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of sub-paragraph (ii) above is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate.

If the Issue Terms specify a Maximum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of sub-paragraph (ii) above is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

(iv) ***Determination of Rate of Interest and Interest Amounts***

The Agent Bank (in the case of Floating Rate Notes) or the Calculation Agent (in the case of Indexed Interest Notes) will, on or as soon as practicable after each time at which the Rate of Interest is to be determined, but in any event no later than the second Business Day thereafter, determine and notify the Issuer, the Trustee, the Counterparty (if any) and the Principal Paying Agent of (i) the Rate of Interest for the relevant Interest Period and (ii) the amounts payable in respect of the Notes of each Specified Denomination (the "**Interest Amounts**") pertaining to such Interest Period.

The Interest Amounts shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying each such sum by the applicable Floating Day Count Fraction and shall be rounded in accordance with Condition 7(e) below.

(v) ***Publication of Rate of Interest and Interest Amounts***

The Principal Paying Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to any Stock Exchange upon which the Notes are (as specified in the Issue Terms) listed and to be published in accordance with relevant provisions relating to notices as soon as possible after their determination, but in any event no later than the fourth Business Day thereafter. The Interest Amounts and Interest Payment Date so published may subsequently be amended with the consent of the Trustee (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified as aforesaid to each Stock Exchange on which the relevant Floating Rate Notes or Indexed Interest Notes are for the time being listed and to the Noteholders.

(vi) ***Determination or calculation by Trustee***

If the Agent Bank or, as the case may be, the Calculation Agent at any material time defaults in its obligation to determine the Rate of Interest or the Interest Amounts in accordance with sub-paragraphs (ii) and (iv) above, the Trustee shall (i) determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in sub-paragraph (ii) above but subject always to sub-paragraph (iii) above), it shall deem fair and reasonable in all the circumstances and (ii) calculate the Interest Amounts in the manner specified in sub-paragraph (iv) above. Such determination and calculation shall be deemed to be a determination and calculation by the Agent Bank or, as the case may be, the Calculation Agent.

(vii) ***Notifications to be final***

All notifications, opinions, determinations, calculations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions summarised under this Condition whether by the Agent Bank, the Calculation Agent or the Trustee, will (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Counterparty, the Agent Bank, the Calculation Agent, the Trustee, the Paying Agents and all Noteholders, as applicable, and (subject as aforesaid) no liability to the Noteholders shall attach to the Agent Bank, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to this Condition.

(c) **Partly Paid Notes**

If the Issue Terms specify that the Notes are Partly Paid Notes, the amount of each payment comprising the issue price, the date on which each payment is to be made and the consequences (if any) of failure to make any such payment will be as set out in the Issue Terms.

Other than Partly Paid Notes which are Zero Coupon Notes, interest will accrue on the paid-up nominal amount of such Notes and as specified in the Issue Terms.

(d) **Principal Protected CDO Notes**

If the Issue Terms specify that the Notes are Principal Protected CDO Notes, unless otherwise specified therein:

- (i) the Notes will not bear a pre-determined Rate of Interest;
- (ii) in the event that distributions are made by, or payments of interest and/or principal and/or any fixed amount are made by, the obligor of the relevant Charged Assets and/or Counterparty of the Charged Agreement specified in the Issue Terms, such sums will be paid to the Noteholders within two Business Days (or such other number of days as may be specified in the Issue Terms) of receipt thereof from time to time by or on behalf of the Issuer or the Trustee; and
- (iii) the Issue Terms will set out the expected dates of any such distributions or payments.

(e) **Rounding in respect of all Notes**

All amounts resulting from any calculations referred to in these provisions will be rounded downwards to the nearest unit or sub-unit of currency or as described in the Issue Terms.

(f) **Cessation of interest**

In the case of Credit Linked Notes, unless otherwise specified in the Issue Terms, notwithstanding any other terms of these Conditions, if (i) an Event of Default in relation to the Notes occurs or the Notes are redeemed early (other than as a result of a Credit Event), (ii) an event of default (as defined in the relevant documentation) in relation to the Charged Assets occurs or any of the Charged Assets are redeemed early or (iii) the Notes are redeemed pursuant to a termination under the Swap Agreement (other than as a result of a Credit Event), the interest on the Notes will cease to accrue from, and including, the Interest Payment Date immediately preceding the date on which any of the events referred to in (i) to (iii) above have occurred (or in the case of the first Fixed Interest Period or, as the

case may be, Interest Period, the Interest Commencement Date). Following the occurrence of a Credit Event in relation to any Credit Linked Notes, Condition CL4 (*Interest*) shall apply.

(g) **Default interest**

Subject to Conditions 7(f) and 9(c), each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, any amount due in respect of the Notes is improperly withheld or refused, in which case interest shall accrue as provided in the Trust Instrument at the rate specified for the purpose in the Issue Terms (or if no such rate is specified, the rate shall be deemed to be zero). References to any payment due or owing in respect of the Notes shall be deemed to include any interest which may be payable under this Condition 7 (*Types of Notes*).

8. **REDEMPTION**

(a) **Final redemption**

Each Note will be redeemed by the Issuer on the Maturity Date at its Final Redemption Amount or as otherwise specified in the Issue Terms, unless such Note has been redeemed, purchased or cancelled prior to such date.

(b) **Redemption for taxation reasons**

(i) If:

- (A) the Issuer, on the occasion of the next payment due in respect of the Notes, would be required by law to withhold or account for tax or would suffer tax in respect of its income in respect of the Charged Assets or receipt of payments under any Charged Agreement (including the deductions of tax from such payments) so that it would be unable to make payment of the full amount payable on the Notes without recourse to further sources of funding, or
- (B) the Issuer, on the occasion of the next payment due in respect of any Charged Agreement, would be required by law to withhold or account for tax or would suffer tax in respect of its income in respect of the Charged Assets (including the deductions of tax from such payments) so that it would be unable to make payment of the full amount payable under such Charged Agreement without recourse to further sources of funding, or
- (C) the Issuer would be required to account for any tax or suffer tax in respect of its income in respect of the Charged Assets or receipt of payments (whether actual or deemed) under any Charged Agreement as a result of the then accounting treatment, as certified by the Issuer's auditors,

then the Issuer shall so inform the Trustee, the Principal Paying Agent, the Calculation Agent and the Counterparty in writing in a certificate signed by two Directors of the Issuer.

The date on which any such withholding or deduction is suffered or such increased amount is payable is referred to as the "**Shortfall Date**". The Issuer shall use all reasonable endeavours to arrange the substitution as the principal debtor of the Notes of another company, approved by the Trustee (in the case of Notes that are rated subject to Rating Agency Confirmation) incorporated in another jurisdiction wherein such withholding would not be applicable, or such tax would not be accountable or suffered and, in any such case, the company concerned would not be in any worse position following the substitution than the Issuer was in before the event occurred which resulted in the Issuer being obliged to use all reasonable endeavours to substitute a new principal debtor in accordance with this provision.

- (ii) If, having used all reasonable endeavours, the Issuer is unable to arrange such substitution before the relevant Shortfall Date, in the case of Condition 8(b)(i)(A) where there is a Charged Agreement, the Counterparty shall have the right, but not the obligation, exercisable prior to the Shortfall Date in its sole discretion, under any Charged Agreement to pay to the Issuer such amounts as will enable it (after any such withholding, accounting or suffering) to pay (and in

such event, the Issuer will be obliged to pay) to the Noteholders the amounts which they would have received in the absence of such withholding, accounting or suffering.

If, having used all reasonable endeavours, the Issuer is unable to arrange such substitution before the relevant Shortfall Date in the case of Condition 8(b)(i)(B), the Counterparty shall have the right, but not the obligation, exercisable prior to the Shortfall Date in its sole discretion, under any such Charged Agreement to accept a lesser payment from the Issuer in respect of the Charged Assets (after any such withholding or accounting or suffering of tax by the Issuer in respect of the Charged Assets).

If, having used all reasonable endeavours, the Issuer is unable to arrange such substitution before the relevant Shortfall Date, in the case of the events referred to in Condition 8(b)(i)(C) and where there is a Charged Agreement, the Counterparty shall have the right, but not the obligation, before the Shortfall Date, to make additional payments to the Issuer so that the Issuer would not be in any worse position as a result of the occurrence of such event.

- (iii) If the Issuer is unable to arrange such substitution and the Counterparty does not exercise such rights as are referred to in paragraph (ii) above, any such Charged Agreement will be terminated and the Notes redeemed as follows. The Selling Agent shall arrange for, and administer the sale of, the Charged Assets in accordance with the Agency Agreement. Upon the sale of the Charged Assets and receipt of the Realisation Amount, the Issuer shall give notice as soon as reasonably practicable to the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 15 (Notices) (which notice shall be irrevocable) of the date on which the Notes will be redeemed at the Early Redemption Amount together with any interest accrued to but excluding the date fixed for redemption.
- (iv) Notwithstanding the foregoing, if the requirement to withhold or account for any of the taxes referred to in this Condition arises:
  - (A) owing to any connection of any Noteholder with the taxing jurisdiction to which the Issuer is subject to otherwise than by reason only of the holding of any Note or receiving principal, premium or interest in respect thereof; or
  - (B) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax; or
  - (C) where such withholding or deduction is imposed on payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (D) (if applicable) which could have been avoided if the relevant Noteholder presented the relevant Note to another Paying Agent in a Member State of the European Union,

then to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such Noteholder and the provisions of the preceding paragraphs shall not apply. Any such deduction shall not constitute an Event of Default under Condition 11 (Events of Default).

- (v) Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the US Internal Revenue Service ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

(c) **Mandatory Redemption**

- (i) Following Payment Default under the Charged Assets, termination of a Charged Agreement or a Charged Assets Event of Default

Subject to Condition 4(b)(iii)(*Charged Assets – Substitution with Cash Collateral*), if:

- (A) there has been a payment default in respect of the Charged Assets, or any one or more of the securities or other assets comprising the Charged Assets in respect of the Notes, as the case may be (having taken into account any applicable grace period);
- (B) the Charged Agreements are terminated (in whole but not in part but excluding any termination or reduction in notional amounts thereunder as a consequence of a credit event in respect of a reference entity) for any reason other than as a consequence of the operation of any specific Conditions relating to redemption of the Notes; or
- (C) the Issue Terms specify that one or more Charged Assets Events of Default are applicable and the Calculation Agent determines that one or more of such Charged Assets Events of Default (as defined in Condition 8(c)(iv) below) has occurred,

the Issuer shall give notice thereof to the Trustee, the Principal Paying Agent, the Counterparty, the Noteholders and the Selling Agent.

Thereupon, the Selling Agent shall arrange for, and administer the sale of, all of the Charged Assets in accordance with the Agency Agreement. Upon the sale of all of the Charged Assets and receipt of the Realisation Amount, the Issuer shall give notice as soon as reasonably practicable to the Noteholders, the Principal Paying Agent, the Counterparty and the Trustee (which notice shall be irrevocable) of the Realisation Amount and of the date on which the Notes will be redeemed at the Early Redemption Amount together with any interest accrued to but excluding the date fixed for redemption. In the event of a payment default in respect of the Initial Charged Assets prior to the delivery by the Vendor of all or any part of the Initial Charged Assets, any undelivered Initial Charged Assets shall be deemed to have been delivered by the Vendor to the Issuer and sold by the Selling Agent in accordance with the Agency Agreement. In the event that the deemed proceeds of the sale of such undelivered Initial Charged Assets are less than the amount of cash held in the Cash Deposit Account at such time, any such difference shall be paid to the Vendor as soon as reasonably practicable thereafter.

- (ii) ***Following Early Redemption of the Charged Assets***

- (A) In the event of an early unscheduled redemption of the Initial Charged Assets prior to their stated date of maturity (other than by reason of a payment default) prior to the delivery by the Vendor of all or any part of the Initial Charged Assets, any undelivered Initial Charged Assets shall be deemed to have been delivered by the Vendor to the Issuer and sold by the Selling Agent in accordance with the Agency Agreement. In the event that the deemed proceeds of the sale of such undelivered Initial Charged Assets are less than the amount of cash held in the Cash Deposit Account at such time, the Selling Agent, on behalf of the Issuer, shall pay any such difference to the Vendor as soon as reasonably practicable thereafter. Each Note will thereafter be redeemed on a *pro rata* basis of the aggregate amount allocated to the Noteholders.
- (B) Subject to Condition 4(b)(iii)(*Charged Assets – Substitution with Cash Collateral*), where any one or more of the Charged Assets in relation to a Series of Notes are

redeemed pursuant to an early unscheduled redemption of such Charged Assets prior to their stated date of maturity (other than by reason of a payment default), the Issuer shall give notice as soon as reasonably practicable to the Trustee, the Noteholders, Principal Paying Agent and Counterparty and the Selling Agent (which notice shall be irrevocable) of the date on which the net redemption proceeds of such Charged Assets shall be applied as specified in Condition 5 (*Application of proceeds*). In such circumstances, in relation to any Charged Assets not so redeemed, the Selling Agent shall arrange for, and administer the sale of, such Charged Assets (and the Issuer shall give notice of the Realisation Amount relating thereto in accordance with the provisions set out in Condition 8(c)(i) above, which, for the avoidance of doubt, shall be applied on the same date as, and together with, the net redemption proceeds received in relation to the redeemed Charged Assets as specified in Condition 5 (*Application of Proceeds*)).

(iii) **General**

Once the net proceeds of sale or redemption of the Charged Assets have been applied in accordance with this Condition and the Security Ranking Basis specified in the Issue Terms, failure to make any further payment due in respect of a redemption of the principal amount of the Notes or interest thereon or any termination payment under any Charged Agreement shall not constitute an Event of Default. To the extent that the net proceeds of sale or redemption of the Charged Assets, together with any other sums recovered by or on behalf of the Issuer or the Trustee in respect of the Secured Property, are less than the amount which the Noteholders and the Counterparty (if any) may have expected to receive, such shortfall will be borne by such Noteholders and the Counterparty (if any) in accordance with the Security Ranking Basis specified in the Issue Terms and the Noteholders and the Counterparty shall have no further recourse to the Issuer in respect of the Notes and the Charged Agreement(s) (if any).

(iv) **Charged Assets Event of Default**

If the Calculation Agent determines that a Charged Assets Event of Default has occurred, it shall give notice thereof in writing to the Issuer as soon as reasonably practicable.

**"Charged Assets Acceleration"** means any event or circumstance which may with the giving of notice by the noteholders of the Charged Assets (or the relevant quorum of noteholders of the Charged Assets) or the lapse of time or both, result in the Charged Assets becoming due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (howsoever described) according to the terms and conditions of the Charged Assets.

**"Charged Assets Event of Default"** means any of (i) a Charged Assets Repudiation/Moratorium, (ii) a Charged Assets Restructuring, or (iii) a Charged Assets Acceleration, as specified in the Issue Terms.

**"Charged Assets Issuer"** means the issuer of the Charged Assets.

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

**"Charged Assets Restructuring"** means that any one or more of the following events occurs in a form that binds all holders of the Charged Assets is agreed between the Charged Assets Issuer or a Governmental Authority and a sufficient number of holders of the Charged Assets to bind all holders of the Charged Assets or is announced (or otherwise decreed) by a Charged Assets Issuer or a Governmental Authority in a form that binds all holders of the Charged Assets, and such event is not expressly provided for under the terms of the Charged Assets in effect as of the date as of which the Charged Assets are issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
- (iv) a change in the ranking in priority of payment of the Charged Asset, causing the Subordination of the Charged Assets to any other obligation of the Charged Assets Issuer; or
- (v) either (A) any change in the currency or composition of any payment of interest or principal to any currency or (B) if Permitted Currency is specified as applicable in the Issue Terms, any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

**"Governmental Authority"** means any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Charged Assets Issuer or of the jurisdiction of organisation of a Charged Assets Issuer.

**"Permitted Currency"** means (a) the legal tender of any Group of 8 country (or any country that becomes a member of the Group of 8 if such Group of 8 expands its membership); or (b) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by S&P, Aaa or higher assigned to it by Moody's or AAA or higher assigned to it by Fitch.

**"Subordination"** means, with respect to an obligation (the **"Subordination Obligation"**) and another obligation of the Charged Assets Issuer to which such obligation is being compared (the **"Senior Obligation"**), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Charged Assets Issuer, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Charged Assets Issuer at any time that the Charged Assets Issuer is in payment arrears or is otherwise in default under the Senior Obligation. **"Subordinated"** will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall not be taken into account where the Charged Assets Issuer is a Sovereign.

**"Sovereign"** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof.

(d) **Redemption at the option of the Issuer**

- (i) The Issue Terms may specify that the Issuer has the option to redeem all or some of the Notes on the Optional Call Redemption Date(s) at the Optional Call Redemption Amount together with interest to (but excluding) the date of redemption.
- (ii) The Issuer may only exercise such option by giving irrevocable notice to the Noteholders, the Trustee, the Counterparty and the Principal Paying Agent within the Issuer's Option Period (as specified in the Issue Terms).

- (iii) In the case of a partial redemption of the Notes, the Notes to be redeemed will be selected individually by lot (where the Notes are in definitive form) or in accordance with the rules of the Clearing Systems (where the Notes are in global form), in such place as the Trustee shall approve and in such manner as the Trustee shall deem to be appropriate and fair, not more than 60 days prior to the date fixed for redemption and the Issuer shall give a notice of the Notes called for redemption and the date fixed for redemption and the redemption price in respect of such Notes not less than 30 days prior to such redemption date in accordance with Condition 15 (*Notices*).

(e) **Redemption at the option of the Noteholders**

- (i) The Issue Terms may specify that the Issuer shall, at the option of the Noteholders (either individually or acting together, subject to a minimum percentage of all the Noteholders, as specified in the Issue Terms), redeem all or some of the Notes on the Optional Put Redemption Date at the Optional Put Redemption Amount, together with interest to (but excluding) the date of redemption.
- (ii) A Noteholder may only exercise such option by giving notice to the Issuer within the Noteholder's Option Period (as specified in the Issue Terms). If the Notes are in definitive form, the Noteholder must deposit the relevant Note together with unmatured related Coupons (if any) and unexchanged Talons (if any) appertaining thereto at the specified office of a Paying Agent together with a duly completed and signed notice of exercise (the "**Put Notice**"). If the Notes are represented by a Global Note, to exercise the right to require redemption of the Note the Noteholder must, within the notice period, give notice of such exercise in accordance with the standard procedures of the Clearing Systems (which may include notice being given on his instruction by the Clearing Systems or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to the Clearing Systems from time to time and, at the same time, present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.
- (iii) Any Put Notice shall be irrevocable except where, prior to the due date of redemption, an Event of Default shall have occurred and be continuing and the Trustee shall have declared the Notes due and repayable. In such event, a Noteholder may, at its option, elect to withdraw the Put Notice.

(f) **Redemption of Zero Coupon Notes**

- (i) For the purpose of this Condition 8 (*Redemption*) and Condition 11 (*Events of Default*), each Zero Coupon Note will be redeemed at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Amortised Face Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the Issue Terms.

- (ii) If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to this Condition 8 (*Redemption*) or upon its becoming due and repayable as provided in Condition 11 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in sub-paragraph (i) above as though the references therein to the date



fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*).

(g) **Cancellation**

All Notes redeemed early or purchased by the Issuer pursuant to the Issue Terms (together with the relative Coupons and Talons) shall be cancelled and may not be reissued or resold.

(h) **Redemption in excess of Outstanding Principal Amount**

In the case only of an Issuer incorporated in the Republic of Ireland, in relation to any early redemption of the Notes, the amounts to be delivered and/or paid in redemption of such Notes which are in excess of the Outstanding Principal Amount shall be paid net of any relevant taxes.

(i) **Redemption following Valuation Event**

- (i) If the Issue Terms specify that Valuation Event applies:
  - (A) the Calculation Agent shall, as soon as reasonably practicable following a request from the Counterparty, determine whether a Valuation Event exists;
  - (B) upon occurrence of a Valuation Event, the Calculation Agent shall promptly notify the Issuer, the Counterparty, and the Trustee thereof;
  - (C) the Charged Agreement will provide that upon occurrence of a Valuation Event (regardless of whether such Valuation Event is continuing) the Counterparty may, by notice to the Issuer, the Trustee, the Noteholders and the Principal Paying Agent within 20 Business Days of being notified by the Calculation Agent of the Valuation Event, designate an Early Termination Date (as defined in the Charged Agreement) in respect of the Charged Agreement.
- (ii) Following delivery of the notice by the Counterparty pursuant to paragraph 8(i)(C) above:
  - (A) the relevant Charged Agreement shall be terminated and payments made thereunder in accordance with its terms; and
  - (B) the Selling Agent shall as soon as practicable arrange for, and administer the sale of, the Charged Assets in accordance with the Agency Agreement. Upon the sale of the Charged Assets and receipt of the Realisation Amount, the Issuer shall give notice as soon as reasonably practicable to the Trustee, the Principal Paying Agent and the Noteholders (which notice shall be irrevocable) of the date on which the Notes will be redeemed at the Early Redemption Amount together with any interest accrued to but excluding the date fixed for redemption.
- (iii) In this condition 8(i):
  - (A) "**Market Value**" means, in respect of any day and in respect of the Charged Assets, the firm bid price in respect of the Charged Assets as of such day obtained by the Calculation Agent from three dealers (one of whom may be the Counterparty) as it may in its discretion select (or, if more than one firm bid is obtained, the arithmetical average of such prices, disregarding, if more than three bids are obtained, the highest and lowest quotes) or, if less no such bid prices are obtained by the Calculation Agent, the market value of the Charged Assets calculated by the Calculation Agent as of such

day in such other manner as it shall determine in good faith and in a commercially reasonable manner;

- (B) **"Swap Mark-to-Market"** means, in respect of any day, the amount (if any), in the Currency of Issue (unless otherwise specified in the Issue Terms) that would be payable by the Issuer to the Counterparty in respect of the early termination of all the transactions under the Charged Agreement if an Early Termination Date under that Charged Agreement had occurred on that day, as determined by the Calculation Agent on the basis of a hypothetical swap agreement, without taking into account the consequences of the occurrence of the relevant Valuation Event; and
- (C) **"Valuation Event"** means, in respect of any day, the determination by the Calculation Agent that the Market Value of the Charged Assets as of such day does not exceed the Swap Mark-to-Market as of such day by at least an amount equal to the Valuation Buffer indicated in the Issue Terms.

## 9. PURCHASES

- (a) Unless otherwise provided in the Issue Terms, **provided that** no Event of Default has occurred and is continuing and subject to receipt by the Issuer of an amount (whether by sale of the Charged Assets (or, in the case of a purchase of some only of the Notes, by sale of a proportion of the Charged Assets whose par value corresponds to the par value of the Notes to be purchased) or otherwise) which, plus or minus any termination payment payable to or by the Issuer from or to the Counterparty on the termination (or, as the case may be, partial termination) of the Charged Agreement(s) (if any), is sufficient to fund the purchase price of the Notes payable by the Issuer, the Issuer may purchase Notes (**provided that** all unmatured Coupons (if any) and unexchanged Talons (if any) appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price. The Issuer shall not purchase any definitive Bearer Note unless it purchases all unmatured Coupons (if any) in respect of such Bearer Note.
- (b) On any such purchase the Charged Agreement(s) (or a proportionate part thereof which corresponds to the Notes to be purchased) will be terminated. The Trust Instrument provides that the Security Interests over the Secured Property (or a proportionate part thereof) will be released against receipt by the Trustee of the net proceeds of the realisation of such Secured Property.
- (c) No interest will be payable with respect to a Note purchased under this Condition in respect of the period from the Issue Date or the previous Interest Payment Date, as the case may be, to the date of such purchase.
- (d) On a purchase under this Condition of a proportion of the Notes, the Calculation Agent shall, without the consent of any other person but, if the Notes are rated by a Rating Agency, with prior written notice to the Rating Agency, make such amendments as are necessary to preserve the economic equivalence of the remaining Notes, including, without limitation, any consequential amendments to the Notional Amount.
- (e) If, pursuant to the Swap Agreement, the Counterparty directs the issuer to purchase an amount of Notes, the Issuer will, on the Redemption Purchase Date (as such term is defined in the Swap Agreement) or such other date determined pursuant to the Swap Agreement, redeem such Notes and in exchange deliver to the Counterparty a principal amount of the Charged Assets that corresponds to the principal amount of Notes being redeemed, in accordance with the Swap Agreement, and Conditions 9 (b), (c) and (d) above shall apply. If there is any discrepancy between this Condition 9 and the Swap Agreement, the provisions of the Swap Agreement shall prevail.

## 10. PAYMENTS

- (a) Payments of principal and premium (if any) and interest due otherwise than on an Interest Payment Date in respect of Bearer Notes or a Bearer Global Note will be made at the specified office of any of the Paying Agents against surrender (or, in the case of partial payment, endorsement) of the Bearer Notes or the Bearer Global Note, as the case may be. Payments of interest, if applicable, in respect of Bearer Notes or a Bearer Global Note due on an Interest Payment Date will be made at the specified office of any of the Paying Agents outside the United States (which expression, as used herein, means

the United States of America (including the States thereof, the District of Columbia and the territories, possessions and other areas subject to the jurisdiction of the United States of America)), subject as provided in sub-paragraph (c) below, against surrender (or, in the case of partial payment, endorsement) of the relevant Coupons or, as applicable, against endorsement of the Bearer Global Note.

Such payments shall be made by a cheque payable in the Currency of Issue drawn on, or, at the option of the holder, by transfer to an account denominated in the Currency of Issue with, a bank in the city specified in the Issue Terms as the place of payment, or, in the case of the euro, a city in which banks have access to the Target System, subject in all cases to any fiscal or other laws and regulations applicable in the place of payment.

The Paying Agent to which a Bearer Global Note shall have been presented for payment shall endorse on such Bearer Global Note a record of each payment made, distinguishing between any payment of principal, any payment of premium and any payment of interest. Such record shall be *prima facie* evidence that the payment in question has been made.

As long as Bearer Notes are represented by one or more Bearer Global Note(s), each of the persons shown in the records of the Clearing Systems as the holder of a Bearer Note must look solely to the Clearing Systems for his share of each payment so made by the Issuer to the bearer of the Bearer Global Note, subject to and in accordance with the respective rules and procedures of the Clearing Systems. Such persons shall have no claim directly against the Issuer in respect of payments due on the Bearer Notes for so long as the Bearer Global Note is outstanding. The Issuer will be discharged by payment to the bearer of the Bearer Global Note in respect of each amount so paid. Notwithstanding the foregoing, payments on a Temporary Bearer Global Note due prior to the Exchange Date will only be made upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. No payments due after the Exchange Date will be made on the Temporary Bearer Global Note unless exchange is improperly withheld following certification as to non-U.S. beneficial ownership.

- (b) Each Bearer Note should be presented for payment together with, if applicable, all related unmatured Coupons. If any Bearer Note in respect of a Fixed Rate Note is presented for payment without, if applicable, all unmatured related Coupons (not being a Talon), the full amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount in the Currency of Issue of such missing unmatured Coupon which the sum of principal so paid bears to the total amount of principal due) will be deducted from the principal amount due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time thereafter but before the expiry of a period of 10 years from the Relevant Date (as defined in Condition 13 (*Prescription*)) for the payment of such principal (whether or not such Coupon would otherwise have become void pursuant to Condition 13 (*Prescription*)) or, if later, 5 years from the date for payment stated on such Coupon, but not thereafter. Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof. Upon the date on which any Floating Rate Note or Indexed Interest Note in definitive form becomes due and repayable prior to its stated Maturity Date, unmatured Coupons (if any) and Talons (if any) appertaining thereto (whether or not attached to the relative Bearer Note) shall become void upon the date on which such Bearer Note becomes due and repayable and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.
- (c) No payments of principal and/or interest in respect of Bearer Notes denominated in U.S. dollars will be made at the specified office of any Paying Agent in the United States. Notwithstanding the foregoing, such payments of principal and/or interest will be made at the specified office of any Paying Agent in the United States if:
  - (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on such Notes in the manner provided above when due;
  - (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer (after any consultation with any legal or tax advisers which it considers necessary), adverse tax consequences to the Issuer.

If no appointment of a Paying Agent with a specified office in the United States is then in effect, the Issuer shall appoint a Paying Agent with a specified office in New York City at which such payments will be made. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of the Paying Agents will be given to the Noteholders in accordance with Condition 15 (*Notices*).

- (d) Subject to (b) above, after all the Coupons attached to or issued in respect of a definitive Bearer Note have matured, further Coupons and, where applicable, one further Talon will (subject to Condition 13 (*Prescription*)) be issued against surrender of the relevant Talon at the specified office of any Paying Agent.
- (e) If the due date for payment of any amount of principal, premium (if any) or, if applicable, interest in respect of any Note is not a Payment Day, the holder of such Note shall not be entitled to payment until the next following Payment Day and shall not be entitled to any further interest or other payment in respect of any such delay. If a Note is presented for payment at a time when, as a result of differences in time zones, it is not practicable to transfer the relevant amount to an account for value on the date of presentation, the Issuer shall not be obliged so to do but shall be obliged to transfer the relevant amount to such account for value on the first practicable date after the date of presentation.
- (f) Subject as provided in this Condition 10 (*Payments*):
  - (i) payments in a Currency of Issue other than euro will be made by credit or transfer to an account in the relevant Currency of Issue (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Currency of Issue drawn on, a bank in the principal financial centre of the country of such Currency of Issue (which, if the Currency of Issue is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
  - (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable to such payments in the place of payment.

- (g) Unless otherwise specified in the Issue Terms, any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:
  - (i) any additional amounts which the Counterparty may elect to pay to the Issuer with respect to principal under Condition 8(b) (*Redemption for taxation reasons*);
  - (ii) the Final Redemption Amount of the Notes;
  - (iii) the Early Redemption Amount of the Notes;
  - (iv) the Optional Call Redemption Amount(s) (if any) or Optional Put Redemption Amount (s) of the Notes;
  - (v) in relation to Zero Coupon Notes, the Amortised Face Amount; and
  - (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which the Counterparty may elect to pay with respect to interest under Condition 8(b) (*Redemption for taxation reasons*).

## 11. EVENTS OF DEFAULT

Upon the occurrence of an Event of Default, the Trustee at its discretion may, and, if requested in writing by the Instructing Creditor, shall (subject to being indemnified and/or secured to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly immediately become, due and repayable at the Early Redemption Amount together with interest accrued in accordance with the Trust Instrument and the security shall become enforceable (as provided in the Trust Instrument) and the proceeds of realisation of such security shall be applied as specified in Condition 5 (*Application of Proceeds*).

"**Event of Default**" means any of the following events:

- (a) if, subject to Condition 6, default is made for a period of 14 days or more in the payment of any sum due in respect of the Notes or any of them; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Notes or the Trust Instrument, the breach of which obligation the Trustee shall have certified to be in its opinion materially prejudicial to the interests of the Noteholders and except where, in the opinion of the Trustee, such failure is incapable of remedy, such failure continues for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer other than for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangements on terms approved by the Instructing Creditor; or
- (d) if an examiner is appointed in respect of the Issuer.

## 12. ENFORCEMENT

At any time after all or part of the Notes shall have become immediately due and repayable and have not been repaid, the Trustee may, at its discretion at any time and without further notice, and if requested in writing by the Instructing Creditor shall (subject to being indemnified and/or secured to its satisfaction), institute such proceedings against the Issuer as it may think fit to enforce repayment thereof and to enforce the provisions of the Trust Instrument.

No Noteholder shall be entitled to proceed against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable time and such failure is continuing. After realising the security which has become enforceable and distributing the Realisation Amount in accordance with Condition 5 (*Application of Proceeds*), the obligations of the Issuer with respect to the Trustee, the Counterparty and the Noteholders shall be satisfied.

Neither the Trustee nor the Counterparty nor any Noteholder may take any further steps against the Issuer to recover any further sums in respect thereof, and the right to receive any such sums shall be extinguished. In particular, neither the Trustee nor the Counterparty nor any Noteholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of, or the appointment of an examiner to, the Issuer nor shall any of them have any claim in respect of the Secured Property for any other Series.

The Relevant Sums (as defined in Condition 6(c)(i)) may be insufficient to pay all amounts due to, among others, the Trustee, the Counterparty and the Noteholders. The other assets (if any) of the Issuer including, in particular, assets securing other Series of Notes will not be available to make up any shortfall.

## 13. PRESCRIPTION

Subject to Condition 10(b), claims under the Bearer Notes and, if applicable, the Coupons (which for this purpose shall not include Talons) will be prescribed and become void unless the same are presented for payment within a period of 10 years in the case of principal or premium (if any) and 5 years in the case of interest from the Relevant Date relating thereto. Talons may not be exchanged for Coupons which would be void on issue.

For this purpose, the "**Relevant Date**" means the date on which the payment in respect of the Note or the Coupon first becomes due and payable. However, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the "**Relevant Date**" means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Noteholders in accordance with Condition 15 (*Notices*).

14. **REPLACEMENT OF NOTES**

If any Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and Stock Exchange or other relevant authority rules or regulations, at the specified office of the Principal Paying Agent (or such other place of which notice shall have been given in accordance with Condition 15 (*Notices*)). Such replacement is subject to payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

15. **NOTICES**

All notices regarding Bearer Notes will be valid if published (i) in one leading London daily newspaper or, if this is not possible, in one other English language daily newspaper approved by the Trustee with general circulation in Europe and (ii) if and for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, in one daily newspaper published in Luxembourg approved by the Trustee.

All notices regarding Notes represented by a Bearer Global Note will be valid if published as described above or if delivered to the Clearing Systems for communication by them to the Noteholders. Any notice delivered to a Clearing System as aforesaid shall be deemed to have been given on the day of such delivery.

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other Stock Exchange on which the Notes are for the time being listed.

Any notice published in a newspaper as aforesaid shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication in all required newspapers. If publication is not practicable in any such newspaper as is mentioned above, notice will be valid if given in such other manner, and shall be deemed to have been given on such date, as the Trustee shall determine.

16. **AGENTS**

The Issue Terms will specify the relevant Agents for an issue of a Series of Notes. The duties of each of the Agents shall be as specified in the Trust Instrument and in the Issue Terms in respect of the Notes.

The Issuer reserves the right, subject to the prior written approval of the Trustee and the Counterparty, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents **provided that** it will at all times maintain Agents as specified in the Issue Terms.

17. **EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 13 (*Prescription*).

18. **RESTRICTIONS**

So long as any of the Notes remains outstanding, the Issuer will not, without the written consent of the Trustee (which may only be given if the Trustee is so directed by the Instructing Creditor (if the Instructing Creditor is the Noteholders, by the holders of more than 20 per cent. of the aggregate

Outstanding Principal Amount of the Notes then outstanding or by an Extraordinary Resolution of such Noteholders)) and the Trustee shall have been indemnified and/or secured to its satisfaction) and the Counterparty (if any):

- (a) engage in any activity or do anything whatsoever, except:
  - (i) issue or enter into Notes and/or, as the case may be, Alternative Investments (the terms of which may be governed by a law or laws other than English law) subject to a maximum aggregate principal amount outstanding at any time of EUR 10,000,000,000 (or its equivalent in other currencies);
  - (ii) acquire and own Charged Assets or any assets used to secure any Debt Investments and exercise its rights and perform its obligations in respect thereof;
  - (iii) enter into and perform its obligations under the Transaction Documents;
  - (iv) enforce any of its rights under the Transaction Documents, any Notes or the Secured Property relating to any Series;
  - (v) as permitted by sub-paragraph (b) below; and
  - (vi) perform any act incidental to or necessary in connection with any of the above, including without limitation, entering into any swap, option or forward foreign exchange agreement in connection with the issue of Notes;
- (b) have any Subsidiaries except, if the Issuer has issued rated Notes, after having given prior written notice to the relevant Rating Agency and, in any event, only Subsidiaries:
  - (i) which are wholly owned by the Issuer;
  - (ii) whose share capital is fully paid up by the Issuer;
  - (iii) whose activities are limited to the same extent as those of the Issuer under the Trust Instrument (including, without limitation, the terms of any Notes or other debt instruments issued or loans entered into, by such Subsidiary being required to be on substantially the same terms as those of the Notes); and
  - (iv) in respect of whose activities the Issuer will have no liability;
- (c) subject to sub-paragraph (a) above, dispose of any of its property or other assets or any part thereof or interest therein (otherwise than in accordance with Condition 9 (*Purchases*));
- (d) create or permit within its control to subsist any charge, mortgage, lien or other encumbrance over the Secured Property other than the Security Interests in respect of all Series of Notes of the Issuer;
- (e) have any employees;
- (f) declare any dividends or make any distributions of any other kind;
- (g) issue any further shares;
- (h) commingle its assets with the assets of any other person or entity;
- (i) in respect of any Series of Notes, enter into any cross default or cross collateralisation arrangements referencing any other Series of Notes;
- (j) take any action which would lead to the dissolution, liquidation or winding up of, or the appointment of an examiner to, itself or to the amendment of its constitutional documents;
- (k) acquire, directly or indirectly, the obligations of any of its shareholders;
- (l) in the case of Notes that are rated, subject to such requirements (if any) as are specified in the Trust Instrument of notification to and confirmation from the Rating Agency or Rating Agencies (if any)

specified in the Issue Terms, consolidate or merge with any other person, or convey or transfer its properties or assets substantially as an entirety to any person;

- (m) acquire any assets other than "financial assets" within the meaning of section 110 of the Irish Taxes Consolidation Act 1997; or
- (n) perform such other activities as are expressly restricted in the Trust Instrument.

19. **MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

The Trust Instrument contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Issue Terms or any of the provisions of the Trust Instrument. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in Outstanding Principal Amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. in Outstanding Principal Amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Noteholders whatever the Outstanding Principal Amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Issue Terms or the Trust Instrument (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes) the quorum shall be one or more persons holding or representing not less than two-thirds in Outstanding Principal Amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in Outstanding Principal Amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of Noteholders or in the form of a written resolution (as described in the Trust Instrument) will be binding on all Noteholders, whether or not they are present or represented at the meeting and whether or not voting.

The Trustee may agree, without the consent of the Noteholders (but, in the case of Notes which are rated, with prior notification to the relevant Rating Agency), to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Issue Terms or any other Transaction Document, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest or proven error. No such modification, waiver or authorisation shall be effective without the consent of the Counterparty (such consent not to be unreasonably withheld or delayed). Notwithstanding the foregoing, the Trustee shall, without any such consent from the Noteholders as aforesaid, agree to make any modification (whether or not it may be materially prejudicial to the Noteholders) requested by the Dealer(s) in respect of the Notes if, and to the extent that, such modification is to correct an error in the Issue Terms arising from a discrepancy between the Issue Terms and the final termsheet, as certified by the relevant Dealer(s), the Issuer and the Counterparty, in form and content satisfactory to the Trustee. Any modification, waiver or authorisation made pursuant to the provisions of this paragraph shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

Subject as provided in the Trust Instrument, the Trustee, if it is satisfied that it would not be materially prejudicial to the interests of the Noteholders, may agree, without the consent of the Noteholders (but, in the case of Notes which are rated, subject to Rating Agency Confirmation), to the substitution in place of the Issuer (or of any previous substitute under this Condition) as principal debtor under the Notes, the Trust Instrument and the Transaction Documents of another company. No such substitution shall be effective without the consent of the Counterparty (such consent not to be unreasonably withheld or delayed). Pursuant to Condition 8(b)(i), the Issuer shall use all reasonable endeavours to arrange the substitution as principal debtor of another company incorporated in another jurisdiction upon the occurrence of one of the events referred to in Condition 8(b)(i) (*Redemption for taxation reasons*).



The Trustee may, but shall not be obliged to, execute any such modification, waiver, authorisation, determination and/or substitution which affects the Trustee's own rights, duties, discretions, authorities, powers, immunities or protections and under each Trust Instrument or otherwise.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions, (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders, whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, any substitute Issuer, the Counterparty, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon any individual Noteholders except to the extent already provided for in Condition 8(b) and/or any undertaking given in addition to, or in substitution for, Condition 8(b) pursuant to the Trust Instrument.

Any such modification, waiver, authorisation or substitution shall be binding on the Counterparty and all Noteholders and, unless the Trustee agrees otherwise, shall be notified to the Noteholders in accordance with Condition 15 (*Notices*) by the Issuer as soon as practicable thereafter.

## 20. FURTHER ISSUES

The Issuer shall be at liberty from time to time, without the consent of the Noteholders (but subject to the consent of the Counterparty (if any) in the case of (a) below and subject to Rating Agency Confirmation), to create and issue further notes either:

- (a) so as to be consolidated and form a single Series with the Notes (such further Notes, the "**Further Fungible Notes**"), **provided that** the Issuer provides additional Charged Assets as security for the original issue of Notes and any Further Fungible Notes either on a Nominal Basis or a Market Value Basis as specified in the Issue Terms and enters into an additional or supplemental Charged Agreement(s) (if applicable) (and references to "**Notes**", "**Charged Assets**", "**Charged Agreements**" and "**Transaction Documents**" shall thereafter be deemed to be references to the terms of the original Notes and Transaction Documents as amended to take into account the further issue); or
- (b) to form a separate Series from the Notes upon such terms as to security, interest, premium, redemption and otherwise as the Issuer may, in its absolute discretion, at the time of the issue thereof determine **provided that** such further notes are secured on assets other than the Charged Assets relating to the existing Notes and on terms in substantially the form of these Conditions which provide for the extinguishment of all claims in respect of such further Notes after application of the sums received or recovered from time to time by or on behalf of the Trustee in respect of the assets upon which such further Notes are secured.

Any such notes shall be constituted in accordance with the Trust Instrument. The Trust Instrument contains provisions for convening a single meeting of the Noteholders and the holders of securities of other Series in certain circumstances where the Trustee so decides.

In addition, such further securities, when issued, shall preserve the economic equivalence of the existing Notes and the Calculation Agent shall, subject to Rating Agency Confirmation but without the consent of any other person, make such amendments as are necessary, including, without limitation, any consequential amendments to the Notional Amount.

## 21. LIABILITIES AND INDEMNIFICATION OF THE TRUSTEE

The Trust Instrument contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings or any other action under the Transaction Documents unless indemnified and/or secured to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, the Counterparty, any obligor in respect of the Charged Assets or any of their subsidiary or associated companies without accounting for any profit resulting therefrom.

The Trustee is exempted from any liability in respect of any loss or theft of the Secured Property, from any obligation to insure the Secured Property and from any claim arising from the fact that the Secured Property is held in a clearing system or in safe custody by a bank or other custodian. The Trust Instrument also provides that the Trustee shall accept without investigation, requisition or objection such right, benefit, title and interest, if any, as the Issuer may have in and to any of the Secured Property and is not bound to make any investigation into the same or into the Secured Property in any respect.

The Trustee shall not be bound or concerned to make any investigation into the creditworthiness of any obligor in respect of the Secured Property, the validity of any such obligor's obligations under or in respect of the Secured Property or any of the terms of the Charged Assets (including, without limitation, whether the cashflows from the Charged Assets and the Notes are matched) or to monitor the value of any Charged Assets.

22. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

23. **GOVERNING LAW**

The Trust Instrument, the Notes and the Charged Agreement(s) and any non-contractual obligations arising out of or in connection with them are governed by English law.

24. **JURISDICTION**

The Issuer has, in the Trust Instrument, irrevocably agreed for the exclusive benefit of the Trustee, the Counterparty and the Noteholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Instrument, the Notes and the Charged Agreement(s) and that accordingly any suit, action or proceedings arising out of or in connection therewith (including a dispute relating to the existence, validity or termination of the Trust Instrument, the Notes or the Charged Agreement(s) or any non-contractual obligation arising out of or in connection with them) or the consequences of their nullity (together referred to as "**Proceedings**") may be brought in such courts.

The Issuer has, in the Trust Instrument, irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum or that any other courts are more appropriate or convenient. The Issuer has further irrevocably agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and may be enforced in the courts of any other jurisdiction.

The Issuer has in the Trust Instrument appointed an agent in London for service of process in England in respect of any Proceedings and has undertaken that in the event of such person ceasing so to act it will appoint such other person as the Trustee may approve.

25. **DEFINITIONS**

Capitalised terms used in these Conditions have the meanings given to them in the Definitions Module as modified and supplemented by the relevant Trust Instrument and/or Issue Terms.

26. **ADJUSTMENTS BY THE CALCULATION AGENT**

If the Issuer adheres to any protocol published by ISDA after the Issue Date ( the "**Protocol**"), or any other event occurs which affects the terms of the Swap Agreement, then the Calculation Agent on behalf of the Issuer may adjust such terms of the terms and conditions of the Notes as it deems appropriate to reflect some or all of the provisions of such Protocol taking into account the Issuer's hedging arrangements in respect of the Notes. Nothing in this Condition 26 should be taken as requiring the Issuer to follow the terms of any Protocol.

**GENERAL DEFINITIONS MODULE**

**APRIL 2014 EDITION**

**to be incorporated by reference into the Trust Instrument**

**for an issue of Notes arranged by**

**UNICREDIT BANK AG**

Signed for the purposes of identification by:

.....  
Deutsche Trustee Company Limited

Dated: 28 April 2014

## 1. GENERAL DEFINITIONS

The following capitalised terms used in the Issue Terms and/or the Trust Instrument in respect of a Series of Notes into which this General Definitions Module is incorporated shall have the meanings set out below, except where the context otherwise requires or as may be modified and/or supplemented by the Issue Terms and/or Trust Instrument in respect of such Notes:

**"2006 ISDA Definitions"** means, in relation to a Series of Notes, the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of such Notes.

**"Additional Agreement"** means, in relation to a Series of Notes, any agreements entered into by the Issuer other than the Trust Instrument, Agency Agreement, Charged Agreement(s), Sale Agreement, Placing Agreement and any Additional Charging Document.

**"Additional Charging Document"** means, in relation to a Series of Notes, any non-English law governed security document entered into by the Issuer for the purposes of granting security over or in respect of any part of the Secured Property for such Series.

**"Affiliate"** has the meaning given to such term in the Swap Agreement.

**"Agency Agreement"** means, in relation to a Series of Notes, the agency agreement entered into by, among others, the relevant Issuer, the Trustee and the Agents in respect of such Series by execution of the relevant Trust Instrument and into which the terms of the Agency Terms Module are incorporated by reference, as the same may be modified and supplemented by the Trust Instrument.

**"Agency Terms Module"** means the module (April 2014 Edition) containing the standard agency and custodian provisions for an issue of Notes.

**"Agent Bank"** means, in relation to a Series of Notes, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms.

**"Agents"** means, in relation to a Series of Notes, each of the agents of the Issuer appointed under the Agency Agreement and as specified in the Issue Terms.

**"Alternative Investments"** means any indebtedness in respect of moneys borrowed or raised by the Issuer (other than in the form of Notes) on terms similar to the Notes (in particular as to limited recourse and extinguishment of claims), the terms of which may be governed by a law or laws other than English law, and includes, without limitation, loans, loan certificates, certificates and Schuldscheine.

**"Appointee"** means any attorney, manager, agent, delegate, receiver or other person appointed by the Trustee or by another Appointee under the Trust Instrument.

**"Arranger"** means UniCredit Bank AG.

**"Auditors"** means, in relation to an Issuer, the auditors (if any) for the time being of such Issuer or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of the Trust Instrument, such other firm of accountants as may be nominated or approved by the Trustee.

**"Bearer Global Note"** means a Temporary Bearer Global Note and/or a Permanent Bearer Global Note, as the context may require.

**"Bearer Notes"** means those Notes which are for the time being in bearer form.

**"Bearer Notes Base Conditions Module"** means the module (April 2014 Edition) containing the base conditions for an issue of Bearer Notes.

**"Business Day"** means a day which is both:

- (a) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Dublin, and London and any Additional Business Centre specified in the Issue Terms; and
- (b) either (i) in relation to interest payable in a Currency of Issue other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Currency of Issue (if other than Dublin, London and any Additional Business Centre and which, if the Currency of Issue is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Target System is open.

**"Business Day Convention"** means one of the following, as specified in the Issue Terms:

- (a) **"FRN Convention"** means that, in any case where Specified Periods are specified in the Issue Terms, the date subject to such convention (i) if there is no numerically corresponding day in the calendar month in which a date subject to such convention should occur, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) if any date subject to such convention would otherwise fall on a day which is not a Business Day, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such date subject to such convention shall be brought forward to the immediately preceding Business Day and (B) each subsequent date subject to such convention shall be the last Business Day in the month which falls the Specified Period after the preceding applicable date subject to such convention occurred; or
- (b) **"Following Business Day Convention"** means that, if any date subject to such convention would otherwise fall on a day which is not a Business Day, such date subject to such convention shall be postponed to the next day which is a Business Day; or
- (c) **"Modified Following Business Day Convention"** means that, if any date subject to such convention would otherwise fall on a day which is not a Business Day, such date subject to such convention shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date subject to such convention shall be brought forward to the immediately preceding Business Day; or
- (d) **"Preceding Business Day Convention"** means that, if any date subject to such convention would otherwise fall on a day which is not a Business Day, such date subject to such convention shall be brought forward to the immediately preceding Business Day.

**"C Rules"** means U.S. Treas. Reg. section 1.163-5(c)(2)(i)(C).

**"Calculation Agent"** means, in relation to a Series of Notes, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms.

**"Cash Collateral"** means, in relation to a Series of Notes, (a) the Price (as defined in the Sale Agreement) payable by the Issuer to the Vendor in respect of the sale of the Initial Charged Assets multiplied by (b) the principal amount of the Initial Charged Assets not delivered by the Vendor on the Completion Date (or the date thereafter agreed by the Issuer and the Vendor) divided by the total principal amount of the Initial Charged Assets specified in the Issue Terms.

**"Cash Deposit Account"** means, in relation to a Series of Notes and as further described in the Issue Terms, the segregated account established in the name of the Issuer with Deutsche Bank AG, London Branch or any of its affiliates.

**"Charged Agreement(s)"** means, in relation to a Series of Notes, the Swap Agreement(s) (including any Credit Support Annex thereto) and any other agreement specified to be a Charged Agreement in the Issue Terms.

**"Charged Assets"** means, in relation to a Series of Notes, the benefits, interest, right and title in and to the bonds, notes, securities, cash deposits denominated in any currency, loans, Schuldscheine, equity interests (including shares and participating income notes), contractual or other rights (including, without limitation, with respect to sub-participations or swap, option, exchange and hedging arrangements (but, for the avoidance of doubt, excluding Charged Agreements)), or other assets as specified in the Issue Terms and, where applicable, the instruments and other documents representing, evidencing, acknowledging and/or transferring or otherwise relating to the same. The term Charged Assets shall include the Initial Charged Assets and any substitute or replacement Charged Assets.

**"Charged Assets Acceleration"** means any event or circumstance which may with the giving of notice by the noteholders of the Charged Assets (or the relevant quorum of noteholders of the Charged Assets) or the lapse of time or both, result in the Charged Assets becoming due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (howsoever described) according to the terms and conditions of the Charged Assets.

**"Charged Assets Event of Default"** shall have the meaning given to it in the Bearer Notes Base Conditions Module.

**"Charged Assets Issuer"** shall have the meaning given to it in the Bearer Notes Base Conditions Module.

**"Charged Assets Repudiation/Moratorium"** shall have the meaning given to it in the Bearer Notes Base Conditions Module.

**"Charged Assets Restructuring"** shall have the meaning given to it in the Bearer Notes Base Conditions Module.

**"Clearing System Business Day"** means a day on which each clearing system for which the relevant Global Certificate is being held is open for business.

**"Clearing Systems "** means, in relation to a Series of Notes, any of Euroclear, Clearstream, Luxembourg or any additional or alternative clearing system or clearing systems as specified in the Issue Terms, being a recognised clearing system for the purposes of Section 64 of the Irish Taxes Consolidation Act 1997.

**"Clearstream, Luxembourg"** means Clearstream Banking, *société anonyme*.

**"Collateral Top Up Costs"** has the meaning given to it in Condition 4(b)(ii) (*Charged Assets - Substitution at the request of Noteholders*).

**"Common Depositary"** means a common depositary on behalf of Euroclear and Clearstream, Luxembourg.

**"Conditions"** means, in relation to a Series of Notes, the provisions of the Conditions Modules incorporated by reference into the relevant Issue Terms as the same may be modified and/or supplemented by such Issue Terms.

**"Conditions Modules"** means the modules containing terms and conditions which will apply to a Series of Notes to the extent incorporated into the Issue Terms (including, without limitation, the Bearer Notes Base Conditions Module, the Registered Notes Conditions Module, the Credit Linked Notes Conditions Module and/or such other modules as may be proposed by UniCredit Bank AG as the arranger from time to time).

**"Consenting Holders"** has the meaning given to it in Condition 4(b)(ii) (*Charged Assets – Substitution at the request of Noteholders*).

**"Counterparty"** means, in relation to a Series of Notes, the entity or entities designated as the counterparty or counterparties in the Issue Terms.

**"Counterparty Account"** means, in relation to a Series of Notes, the account of the Counterparty from time to time designated for such purpose, which account being initially as set out in the Issue Terms.

**"Counterparty Priority Basis"** means first, in meeting the claims of the Counterparty (or if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s) and, thereafter, in meeting the claims of the Noteholders on a *pari passu* and *pro rata* basis.

**"Couponholders"** means the several persons who are for the time being holders of the Coupons.

**"Coupons"** means the bearer interest coupons appertaining to the Bearer Notes in definitive form (other than in the case of Zero-Coupon Notes) or, as the context may require, a specific number thereof and includes any replacements for Coupons issued pursuant to Condition 14 (*Replacement of Notes*) and, where the context so permits, the Talons.

**"Credit Linked Notes Conditions Module"** means the Credit Linked Notes Conditions Module (2003 Definitions) April 2014 Edition except as otherwise specified in the Issue Terms.

**"Credit Linked Notes Definitions Module"** means the Credit Linked Notes Definitions Module (2003 Definitions) April 2014 Edition except as otherwise specified in the Issue Terms.

**"Credit Support Annex"** means (i) any credit support annex to any Swap Agreement entered into with respect to any Series of Notes, or (ii) any 1995 Credit Support Annex (Transfer – English Law) entered into by the Issuer and the Counterparty by the execution of the relevant Trust Instrument into which the Credit Support Annex Terms Module has been incorporated.

**"Credit Support Annex Terms Module"** means the module containing the standard terms of a 1995 Credit Support Annex (Transfer – English Law) in relation to a Series of Notes.

**"Currency of Issue"** means, in relation to a Series of Notes, the currency in which the Issue Terms of such Notes specify that the principal, premium (if any) and/or interest, if any, and all other amounts are payable by the Issuer.

**"Custodian"** means, in relation to a Series of Notes, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms and, if applicable, any sub-custodian of, or any other entity appointed by, the Custodian.

**"Custodian Account"** means, in relation to a Series of Notes, the account designated as the Custodian Account in the Issue Terms.

**"D Rules"** means U.S. Treas. Reg. section 1.163-5(c)(2)(i)(D).

**"Dealer"** means, in relation to a Series of Notes, the entity or entities designated as dealer in the Issue Terms.

**"Debt Investments"** means the Notes and/or Alternative Investments that may be issued by, or entered into by, an Issuer pursuant to the Programme.

**"Definitions Modules"** means the General Definitions Module and, as the case may be, the Credit Linked Notes Definitions Module and/or such other modules as may be proposed by UniCredit Bank AG as the arranger from time to time.

**"Deposit Account"** has the meaning given to it in Condition 4(b)(iv) (*Charged Assets - Substitution following maturity of the Charged Assets*).

**"Determination Date"** means, in relation to a Series of Notes, the dates as set out in the Issue Terms, if applicable.

**"Determination Period"** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

**"Distribution Compliance Period"** means the period commencing on the later of the first date the Notes are offered to the public or the settlement date for the Notes, and ending on the day that is 40

calendar days thereafter, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part.

**"Early Redemption Amount"** means, in relation to a Series of Notes, the Realisation Amount available for distribution to the Noteholders in accordance with the relevant Security Ranking Basis, as apportioned *pro rata* amongst all the Notes or as may otherwise be specified in the Issue Terms.

**"Eligible Assets"** means cash deposits or any debt securities that meet the following criteria:

- (a) of any Group of 8 country (or any country that becomes a member of the Group of 8 if such Group of 8 expands its membership);
- (b) which have the same credit rating as the Initial Charged Assets at the Issue Date or better;
- (c) which are non-amortising; and
- (d) such other criteria (if any) specified in the Issue Terms.

**"Eligible Investments"** means securities or other assets of the type or types specified as such in the relevant Issue Terms.

References to **"euro"** and **"EUR"** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

**"Euroclear"** means Euroclear Bank S.A./N.V. as operator of the Euroclear System.

**"EURIBOR"** means Euro-zone inter-bank offered rate.

**"Event of Default"** means, in relation to the Notes of any Series, any of the conditions, events or acts provided in Condition 11 (*Events of Default*) to be events upon the occurrence of which the Notes of such Series would, subject only to notice by the relevant Trustee as therein provided, become immediately due and repayable.

**"Exchange Act"** means the United States Securities Exchange Act of 1934, as amended.

**"Exchange Date"** means, where applicable, the date which is 40 days after the date on which the Temporary Bearer Global Note is issued.

**"Exchange Event"** means that (i) an Event of Default has occurred and is continuing, (ii) Euroclear and Clearstream, Luxembourg have been closed for business or the Issuer has been notified of such closure of Euroclear and Clearstream, Luxembourg, and no successor clearing system is available or (iii) the Issuer or, as the case may be, the Counterparty has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by Bearer Notes in definitive form.

**"Extraordinary Resolution"** has the meaning set out in paragraph 20 of the Third Schedule to the Trust Terms Module.

**"Final Redemption Amount"** means, in relation to a Series of Notes, the Final Redemption Amount set out in the Issue Terms.

**"Fitch"** means Fitch Ratings Ltd. or any successor to the rating business thereof.

**"Fixed Day Count Fraction"** means, in respect of the calculation of an amount of interest for any Fixed Interest Period:

- (a) if "Actual/Actual (ISMA)" is specified in the Issue Terms:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **"Accrual Period"**) is equal to or shorter than the Determination Period during which the Accrual



Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the Issue Terms) that would occur in one calendar year; or

- (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
  - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; and
  - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; and
- (b) if "30/360" is specified in the Issue Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

**"Fixed Interest Period"** means, in relation to Fixed Rate Notes, the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

**"Fixed Rate Notes"** means an issue of Notes in respect of which interest accrues at a fixed rate as stated in the Issue Terms applicable to such Notes.

**"Floating Day Count Fraction"** means, in respect of the calculation of an amount of interest for any Interest Period:

- (a) if "Actual/365" or "Actual/Actual" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if "Actual/365 (Fixed)" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 365;
- (c) if "Actual/365 (Sterling)" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (d) if "Actual/360" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 360;
- (e) if "30/360", "360/360" or "Bond Basis" is specified in the Issue Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (f) if "30E/360" or "Eurobond Basis" is specified in the Issue Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on the Maturity Date, the

Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

**"Floating Rate Option"** means, in respect of a Series of Floating Rate Notes, the option (which may, but need not, be provided in the ISDA Definitions) which is specified in the Issue Terms relating to such Notes.

**"Floating Rate Notes"** means an issue of Notes in respect of which interest at a floating rate is determined in accordance with the Issue Terms relating to such Notes.

**"FSA"** means the Financial Services Authority.

**"FSA Rules"** means the rules and regulations as amended or varied from time to time, of the FSA, including its Conduct of Business Rules, established under or pursuant to the FSMA by which the Custodian is regulated in the conduct of its investment brokers or any successor bodies.

**"FSMA"** means the Financial Services and Markets Act 2000.

**"Further Fungible Notes "** has the meaning given to it in Condition 20 (*Further Issues*).

**"General Definitions Module"** means the module (April 2014 Edition) containing general definitions for an issue of Notes.

**"Global Certificate"** means a registered global note in the form or substantially in the form set out in Part 3-A of the First Schedule to the Trust Terms Module with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Registered Notes of the same Series issued by the Issuer pursuant to the Trust Instrument.

**"Global Note"** means a Temporary Bearer Global Note and/or a Permanent Bearer Global Note and/or a Global Certificate, as the context may require.

**"Governmental Authority"** has the meaning given to it in the Bearer Notes Base Conditions Module.

**"Group of 8"** means the forum that is comprised of the governments of Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States (as such forum expands or contracts its membership from time to time).

**"Indexed Interest Notes"** means an issue of Notes in respect of which the amount payable in respect of interest is calculated by reference to an index and/or a formula in accordance with the relevant Issue Terms.

**"Individual Certificates"** means Registered Notes issued in physical definitive form and registered in the name of the holder thereof.

**"Initial Charged Assets"** has the meaning given to it in Condition 4 (*Charged Assets*) and in respect of each Series of Notes, as specified in the Issue Terms.

**"Initial Tranche"** means, if the Notes of a Series are, in accordance with the terms of the Trust Instrument relating to such Series, to be issued in tranches, the initial tranche specified in the Trust Instrument in respect of that Series.

**"Instructing Creditor"** means, in relation to a Series of Notes, either: (a) the Counterparty only; or (b) the Noteholders only, as specified in the Issue Terms. Where the Instructing Creditor is the Noteholders, the Instructing Creditor may (where specified) request the Trustee to take actions pursuant to the Conditions by means of a request in writing of the holders of at least 1/5 of the aggregate Outstanding Principal Amount of the Notes of such Series then outstanding or by means of an Extraordinary Resolution of such Noteholders.

**"Interest Amount"** has the meaning set out in Condition 7(b)(iv) (*Types of Notes - Floating Rate Notes and Indexed Interest Notes*).

**"Interest Determination Date"** means, in relation to a Series of Notes, the date(s) set out in the Issue Terms where Screen Rate Determination is specified as applicable.

**"Interest Payment Date"** means, in relation to a Series of Notes, the date(s) set out in the Issue Terms.

**"Interest Period"** has the meaning set out in Condition 7(b)(i) (*Types of Notes - Floating Rate Notes and Indexed Interest Notes*).

**"Irish Stock Exchange"** means the Irish Stock Exchange Limited.

**"ISDA Definitions"** means the 2006 ISDA Definitions or such other definitions as may be specified in the Issue Terms as the ISDA Definitions.

**"Issue Date"** means, in relation to a Tranche of Notes, the date specified in the Issue Terms relating to such Notes as such, being the date on which such Notes are constituted.

**"Issue Terms"** means, the issue terms (or where a series is to be listed on a regulated market (as defined under Directive 2003/71/EC), the series prospectus filed with the relevant competent authority under Directive 2003/71/EC) in relation to a Series of Notes or Alternative Investments and in the case of a Series of Notes, the issue terms set out in the Trust Instrument relating to such Notes, including the terms of the Conditions Modules and Definitions Modules incorporated by reference, as the same may be modified and/or supplemented.

References to **"Japanese Yen"**, **"Yen"** and **"¥"** are to the lawful currency of Japan.

**"Liability"** means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis.

**"LIBOR"** means London inter-bank offered rate.

**"Liquidation Assets"** has the meaning given to it in Condition 4(b)(ii) (*Charged Assets – Substitution at the request of Noteholders*).

**"Liquidation Proceeds"** has the meaning given to it in Condition 4(b)(ii) (*Charged Assets – Substitution at the request of Noteholders*).

**"Luxembourg Stock Exchange"** means The Luxembourg Stock Exchange.

**"Management Commission"** has the meaning ascribed to it (if any) in the Trust Instrument.

**"Margin"** means, in relation to a Series of Floating Rate Notes, the margin (if any) set out in the Issue Terms.

**"Market Value Basis"** means:

- (i) in the case of substitution of Charged Assets, the assets required to be provided by the Issuer shall be equal to the Market Value of the then subsisting Charged Assets on the date on which notice is given of any such substitution in accordance with the Issue Terms. For these purposes, **"Market Value"** shall mean the firm bid price obtained by the Calculation Agent from three dealers (one of whom may be the Counterparty) in such assets as it may in its discretion select (or, if more than one, the arithmetical average of such prices, disregarding the highest and lowest quotes) or, if less than two such bid prices are quoted by or available to such Calculation Agent, it shall be calculated by the Calculation Agent in such other manner as it shall determine in good faith and in a commercially reasonable manner; and
- (ii) in the case of the issue of Further Fungible Notes, the additional assets required to be provided by the Issuer in respect of the Further Fungible Notes shall be calculated in accordance with a formula that takes into account the Market Value of the Charged Assets and the replacement costs of the Charged Agreement(s), if any, all as more fully described in the Issue Terms.

**"Maturing Charged Assets"** has the meaning given to in Condition 4(b)(iv) (*Charged Assets - Substitution following maturity of the Charged Assets*).

**"Maturity Date"** means, in relation to a Series of Notes, the final date on which the Notes are expressed to be redeemable as specified in the Issue Terms (which date may in certain circumstances be extended in accordance with the Issue Terms).

**"Maximum Interest Rate"** means, in relation to a Series of Notes, if applicable, such rate as is specified as the Maximum Interest Rate in the Issue Terms.

**"Minimum Interest Rate"** means, in relation to a Series of Notes, if applicable, such rate as is specified as the Minimum Interest Rate in the Issue Terms.

**"Moody's"** means Moody's Investors Service Inc. or any successor to the rating business thereof.

**"Nominal Basis"** means:

- (i) in the case of substitution of Charged Assets, the assets required to be provided by the Issuer shall be of a nominal amount equal to the nominal amount of the Charged Assets being substituted; and
- (ii) in the case of the issue of Further Fungible Notes, the additional assets required to be provided by the Issuer shall be in a nominal amount which bears the same proportion to the nominal amount of the Further Fungible Notes as the proportion which the nominal amount of such assets forming part of the Secured Property for the existing Notes of such Series bears to the nominal amount thereof as at such date.

**"Notes"** means the bonds, notes or other securities of a Series, howsoever described, constituted by the Trust Instrument and for the time being outstanding or, as the context may require, a specific number thereof, such Notes being denominated in the Currency of Issue and:

- (i) having such maturity as may be specified in the Issue Terms and, in any case, such minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Currency of Issue;
- (ii) having such minimum denomination as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Currency of Issue; and
- (iii) if sold within the United States or to a U.S. person, having an a minimum denomination of U.S.\$ 250,000 or greater, or the equivalent of such denomination in other Currencies of Issue;

and reference to **"Notes"** shall be deemed to include Coupons in the case of Bearer Notes in definitive form and Further Fungible Notes unless the context otherwise requires.

**"Noteholders"** means the several persons who are for the time being holders of the Notes (being, in the case of Bearer Notes, the bearers thereof and, in the case of Registered Notes, the several persons whose names are entered in the register of holders of the Registered Notes as the holders thereof) save that, in respect of the Notes of any Series, for so long as such Notes or any part thereof are represented by a Bearer Global Note deposited with a depositary for Euroclear and/or Clearstream, Luxembourg each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of the Notes of such Issue shall be deemed to be the holder of such nominal amount of such Notes (and the holder of the relevant Global Note shall be deemed not to be the holder) for all purposes of the Trust Instrument other than with respect to the payment of principal, premium (if any) or interest (if any) on such Notes, the right to which shall be vested, as against the relevant Issuer and the relevant Trustee, solely in such depositary and for which purpose such depositary or its nominee shall be deemed to be the holder of such nominal amount of such Notes in accordance with and subject to its terms and the provisions of the Trust Instrument and the expressions **"Noteholder"**, **"holder of Notes"** and related expressions shall be construed accordingly.

**"Noteholder Priority Basis"** means, first, in meeting claims of the Noteholders under the Notes on a *pari passu* and *pro rata* basis and, thereafter, in meeting the claims of the Counterparty (or if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s).

**"Optional Call Redemption Amount"** in relation to a Series of Notes shall have the meaning set out in the Issue Terms.

**"Optional Call Redemption Date"** in relation to a Series of Notes shall have the meaning set out in the Issue Terms.

**"Optional Put Redemption Amount"** in relation to a Series of Notes shall have the meaning set out in the Issue Terms.

**"Optional Put Redemption Date"** in relation to a Series of Notes shall have the meaning set out in the Issue Terms.

**"outstanding"** means, in relation to a Series of Notes, all the Notes of that Series issued (or, in the case of Partly Paid Notes, the paid up amount thereof) other than:

- (a) those Notes to the extent that they shall have been redeemed in part pursuant to the relevant Issue Terms;
- (b) those Notes which have been redeemed in full pursuant to the relevant Issue Terms;
- (c) those Notes in respect of which the date for redemption in accordance with the relevant Issue Terms has occurred and the redemption moneys (including all premium (if any) and interest (if any) payable thereon) have been duly paid to the Trustee, the Registrar and/or the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*)) and remain available for payment against presentation of the Notes;
- (d) those Notes which have been purchased and cancelled in accordance with Condition 9 (*Purchases*);
- (e) those Notes in respect of which claims have become void under Condition 13 (*Prescription*);
- (f) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 14 (*Replacement of Notes*);
- (g) (for the purpose only of ascertaining the nominal amount of the Notes of that Series outstanding and without prejudice to the status for any other purpose of the Notes) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 14 (*Replacement of Notes*); and
- (h) any Temporary Global Note to the extent that it shall have been exchanged for definitive Bearer Notes or a Permanent Bearer Global Note and any Permanent Bearer Global Note to the extent that it shall have been exchanged for definitive Bearer Notes in each case pursuant to its provisions; and

**PROVIDED THAT** for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Noteholders or any of them;
- (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Conditions 11 (*Events of Default*) and 12 (*Enforcement*) and paragraphs 2, 5, 6 and 9 of the Third Schedule to the Trust Terms Module;
- (iii) any discretion, power or authority (whether contained in the Trust Instrument or vested by operation of law) which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders or any of them; and
- (iv) the determination by the Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders or any of them,

those Notes (if any) which are for the time being held by, for the benefit of, or on behalf of, the Issuer, the Counterparty, the Swap Guarantor (if any) or any Subsidiary of the Issuer, the

Counterparty or the Swap Guarantor (if any) shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

**"Outstanding Principal Amount"** means in relation to a Note, the principal amount of such Note outstanding from time to time.

**"Pari Passu Basis"** means, in meeting the claims of the Noteholders and the Counterparty (or if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s), on a *pari passu* and *pro rata* basis.

**"Partly Paid Notes"** means Notes which are issued on a partly paid basis.

**"Paying Agents"** means, in relation to a Series of Notes, the entities (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms and includes, for the avoidance of doubt, the Principal Paying Agent.

**"Payment Day"** means any day which (subject to Condition 13 (*Prescription*)) is:

- (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation;
  - (B) London; and
  - (C) any Additional Financial Centre specified in the Issue Terms; and
- (ii) either (1) in relation to any sum payable in a Currency of Issue other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Currency of Issue (if other than the place of presentation, London and any Additional Financial Centre and which if the Currency of Issue is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Target System is open.

**"Permanent Bearer Global Note"** means a permanent bearer global note in the form or substantially in the form set out in Part 2 of the First Schedule to the Trust Terms Module with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Bearer Notes of the same Issue, issued by the Issuer pursuant to the Trust Instrument either on issue of the Notes or in exchange for the whole or part of the Temporary Bearer Global Note issued in respect of such Bearer Notes (all as indicated in the Issue Terms).

**"Permitted Currency"** shall have the meaning given to it in the Bearer Notes Base Conditions Module.

**"Physical Settlement"** means settlement for a cash amount, which is then satisfied by way of transfer of the relevant underlying assets.

**"Placing Agreement"** means, in relation to a Series of Notes, the placing agreement entered into by the Issuer and the Dealer(s) in respect of such Series by execution of the relevant Trust Instrument and into which the terms of the Placing Terms Module are incorporated by reference as the same may be modified and/or supplemented by the Trust Instrument.

**"Placing Terms Module"** means the module (April 2014 Edition) containing the provisions relating to the purchase and/or placing of Notes.

**"Potential Event of Default"** means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Event of Default.

**"Principal Paying Agent"** means, in relation to a Series of Notes, the entity appointed as such under the Agency Agreement and as specified in the Issue Terms.

**"Programme"** means the EUR10,000,000,000 Structured Note Programme of the Issuer.

**"Programme Proposal Agreement"** means the programme proposal agreement entered into between the relevant Issuer and the Arranger from time to time (as amended, restated or supplemented from time to time).

**"Put Notices"** has the meaning given to it in Condition 8(e) (*Redemption - Redemption at the option of the Noteholders*).

**"Rate of Interest"** means, in relation to a Series of Notes, the Rate of Interest set out in the Issue Terms.

**"Rating Agency"** means, in relation to a Series of Notes that is rated, each rating agency specified in the Issue Terms.

**"Rating Agency Confirmation"** means, in relation to a Series of Notes that is rated the notification of the relevant event specified in the Issue Terms to the Rating Agency and confirmation from the Rating Agency that there has been no adverse change to the credit rating granted by such Rating Agency in respect of such Notes.

**"Realisation Amount"** means the net proceeds of realisation of, or enforcement with respect to, the Security Interests over the Secured Property (following payment of all amounts due to the Trustee or, as the case may be, the Selling Agent, including any costs, expenses and taxes incurred in connection with such realisation or enforcement).

**"Record Date"** means, (i) in relation to a payment in respect of Individual Certificates, the Business Day falling, or falling nearest to but before, 15 days prior to the date on which the relevant payment is due; or (ii) in relation to a payment in respect of a Global Certificate, the Clearing System Business Day before the date on which the relevant payment is due.

**"Reference Banks"** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Principal Paying Agent or as specified in the Issue Terms.

**"Reference Rate"** means, in relation to a Series of Notes, the Reference Rate set out in the Issue Terms where Screen Rate Determination is specified as applicable.

**"Register"** means a register on which shall be entered the names and addresses of the subscribers of the Registered Notes or, as the case may be, of the latest transferees of the same notified to the Registrar in accordance with Condition 1.3 of the Registered Notes Conditions Module (*Transfer of Registered Notes*), together with the particulars of the Registered Notes held by them respectively and of all transfers of Registered Notes.

**"Registered Notes"** means those of the Notes which are for the time being in registered form.

**"Registered Notes Conditions Module"** means the module (April 2014 Edition) containing the provisions relating to an issue of Registered Notes and provisions additional to or instead of provisions in the Bearer Notes Base Conditions Module.

**"Registrar"** means, in relation to a Series of Notes (being, or which are exchangeable for, Registered Notes), the entity appointed as such under the Agency Agreement and as specified in the Issue Terms.

**"Relevant Date"** has the meaning set out in Condition 13 (*Prescription*).

**"Relevant Screen Rate"** means, in relation to a Series of Notes, the relevant screen rate set out in the Issue Terms where Screen Rate Determination is specified as applicable.

"**repay**", "**redeem**" and "**pay**" shall each include both the others and cognate expressions shall be construed accordingly and shall (where the context so permits) be deemed to include references to delivery of the Charged Assets in accordance with the Issue Terms.

"**Replacement Charged Assets**" has the meaning given to it in Condition 4(b)(i) (*Charged Assets - Substitution at the direction of the Counterparty*).

"**Requesting Noteholder**" has the meaning given to it in Condition 4(b)(ii) (*Charged Assets – Substitution at the request of Noteholders*).

"**Required Minimum Noteholders**" means Noteholders holding at least 50 per cent. of the aggregate principal amount of the Notes then outstanding.

"**Restructure Documents**" has the meaning given to it in Condition 4(b)(ii) (*Charged Assets – Substitution at the request of Noteholders*).

"**Rights**" means, in relation to any agreement or asset, all rights, title and interest of the relevant person in, to and under such agreement or asset including, without limitation:

- (i) the Issuer's rights under the Agency Agreement, including all its rights in respect of all funds and/or assets held from time to time by any of the Agents for payment in respect of the Notes or otherwise in relation to the Notes or the Charged Assets; and
- (ii) the Issuer's rights to the Charged Assets, including all its rights in respect thereof or relating thereto and any sums or assets derived therefrom whether or not against third parties, including, without limitation, the Issuer's rights against the Custodian to redelivery of equivalent Charged Assets and any proceeds of the sale of the Charged Assets.

"**Sale Agreement**" means, in relation to a Series of Notes, the sale agreement entered into by the Issuer and the Vendor in respect of such Series by execution of the relevant Trust Instrument pursuant to which the Issuer agrees to purchase the relevant Charged Assets and into which the terms of the Sale Agreement Terms Module are incorporated by reference, as the same may be modified and/or supplemented by the Trust Instrument.

"**Sale Agreement Terms Module**" means the module (April 2014 Edition) containing the standard provisions of sale of the Charged Assets to the Issuer.

"**Sale Request**" has the meaning given to it in Condition 4(b)(ii) (*Charged Assets – Substitution at the request of Noteholders*).

"**Schuldscheine**" means German transferable loan certificates or other like obligations.

"**S&P**" means Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc., or any successor to the rating business thereof.

"**Secured Property**" means, in relation to any Series of Notes, the assets over which the Security Interests are created by the Issuer from time to time in relation to such Notes, including, as applicable, the Charged Assets and the Rights under the Transaction Documents.

"**Securities Act**" means the United States Securities Act of 1933, as amended.

"**Securities and Exchange Law**" means the Securities and Exchange Law of Japan.

"**Security Documents**" means, in relation to a Series of Notes, the Trust Instrument and any Additional Charging Documents.

"**Security Interests**" means, in relation to a Series of Notes, the security interests created, or intended to be created at any time, in favour of the Trustee under the Security Documents.

"**Security Ranking Basis**" has the meaning given to it in Condition 5 (*Application of Proceeds*).

"**Selling Agent**" means, in relation to a Series of Notes, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms.



**"Series"** means (a) a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for the respective Issue Dates, Interest Commencement Dates and/or Issue Prices and initial Common Code and ISIN; or (b) a series of Alternative Investments.

**"Shortfall Date"** has the meaning given to it in Condition 8(b) (*Redemption for taxation reasons*).

**"Sovereign"** shall have the meaning given to it in the Bearer Notes Base Conditions Module.

**"Specified Denomination"** means, in relation to a Series of Notes, the denomination(s) of the Notes as specified in the Issue Terms.

**"Specified Interest Payment Date"** means, in relation to a Series of Notes, the interest payment dates specified in the Issue Terms, as adjusted by the applicable Business Day Convention (if any).

**"Specified Time"** means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR).

References to **"Sterling"**, **"Pounds Sterling"**, **"Pounds"** and **"£"** are to the lawful currency of the United Kingdom.

**"Stock Exchange"** means, in relation to a Series of Notes, each stock exchange or securities market (if any) specified in the Issue Terms.

**"Subordination"** shall have the meaning given to it in the Bearer Notes Base Conditions Module.

**"Subsidiary"** means any company which is for the time being a subsidiary (within the meaning of Section 736 of the Companies Act 1985 of Great Britain) or a subsidiary undertaking (within the meaning of Section 258 and Schedule 10A of the Companies Act 1985 of Great Britain).

**"Substitution Notice"** has the meaning given to it in Condition 4(b)(i) (*Charged Assets - Substitution at the request of the Counterparty*).

**"sub-unit"** means, with respect to any currency other than the euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to the euro, means 1 cent.

**"successor"** means any successor to any one or more persons appointed in relation to the Notes pursuant to the Trust Instrument and/or such other or further persons appointed as such.

**"Swap Adjustment Cost"** has the meaning given to it in Condition 4(b)(ii) (*Charged Assets - Substitution at the request of Noteholders*).

**"Swap Agreement"** means, in relation to a Series of Notes, each interest rate and/or currency exchange and/or credit default swap agreement(s) or other hedging agreement(s) as evidenced by either (i) a 1992 ISDA Master Agreement (Multicurrency - Cross Border) or (ii) a 2002 ISDA Master Agreement or (iii) a German Standard Master Agreement, as specified in the Issue Terms and schedule thereto entered into by the relevant Issuer and the Counterparty by the execution of the relevant Trust Instrument and into which the terms of the Swap Schedule Terms Module are incorporated by reference, as the same may be modified and supplemented by the Trust Instrument, together with the confirmation entered into by the Issuer and the Counterparty, each dated the Issue Date.

**"Swap Mark-to-Market"** has the meaning given to it in Condition 8(i) (*Redemption following Valuation Event*).

**"Swap Schedule Terms Module"** means the module containing the standard provisions of a swap schedule in relation to an issue of Notes as specified in the Issue Terms.

**"Talons"** means the talons (if any) appertaining to, and exchangeable in accordance with the provisions therein contained for further Coupons appertaining to, the Bearer Notes in definitive form of any Series (other than Zero-Coupon Notes) and includes any replacements for Talons issued pursuant to Condition 14 (*Replacement of Notes*).

**"Target Business Day"** means any day on which the Target System is operating.

**"Target System"** means the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) System which utilises a single shared platform and which was launched on 19 November 2007.

**"Temporary Bearer Global Note"** means a temporary bearer global note in the form or substantially in the form set out in Part 1 of the First Schedule to the Trust Terms Module with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Notes of the same Series, issued by the Issuer pursuant to the Trust Instrument.

**"Tranche"** means, in relation to a Series of Notes which are, in accordance with the terms of the Trust Instrument, to be issued in tranches, the Initial Tranche and any further tranches issued in accordance with the Trust Instrument relating to that Series.

**"Transaction Documents"** means, in relation to a Series of Notes, the Trust Instrument, the Agency Agreement, the Sale Agreement, the Placing Agreement, the Charged Agreements, the Additional Agreements and any Additional Charging Document, in each case entered into in relation to such Notes and all agreements incidental to the issue of such Notes.

**"Transfer Agents"** means, in relation to a Series of Registered Notes, the entity or entities appointed as such under the Agency Agreement and as specified in the Issue Terms.

**"Trust Corporation"** means a corporation entitled by rules made under the Public Trustee Act 1906 of Great Britain or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee.

**"Trustee"** means, in relation to a Series of Notes, the entity designated as the trustee in the Issue Terms.

**"Trust Instrument"** means, in respect of a Tranche of Notes, a trust instrument dated the Issue Date of such Tranche of Notes and made between, among others, the Issuer and the Trustee.

**"Trust Terms Module"** means the module (April 2014 Edition) containing the trust terms constituting and/or securing the Notes.

**"Underwriting Commission"** has the meaning ascribed to it (if any) in the Trust Instrument.

References to **"U.S. dollars"**, **"U.S. \$"** and **"U.S. cents"** are to the lawful currency of the United States of America.

**"U.S. Internal Revenue Code"** means the United States Internal Revenue Code of 1986, as amended.

**"U.S. person"** has the meaning set out in Regulation S under the Securities Act.

**"Valuation Buffer"** (if applicable) has the meaning given to it in the relevant Issue Terms.

**"Valuation Event"** has the meaning given to it in Condition 8(i) (*Redemption following Valuation Event*).

**"Vendor"** means, in relation to a Series of Notes, the entity designated as the vendor of the Charged Assets in the Issue Terms.

**"Zero-Coupon Notes"** means an issue of Notes which bear no interest.

## 2. STATUTORY PROVISIONS

Save where the context otherwise requires, references in any Transaction Document or Conditions Module to any statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof or to any statutory instrument, order or regulation made thereunder or under any such re-enactment.

3. **AMENDMENTS**

References in any Transaction Document or Conditions Module to that or any other Transaction Document, Conditions Module, agreement, deed or document shall be deemed also to refer to such module, agreement, deed or document as amended, supplemented, varied, replaced or novated (in whole or in part) from time to time and to modules, agreements, deeds and documents executed pursuant thereto.

4. **SCHEDULES**

Any Schedule, Appendix or Exhibit annexed to a Transaction Document or Conditions Module forms part of such Transaction Document or Conditions Module and shall have the same force and effect as if set out in the body of such Transaction Document or Conditions Module. Any reference to a Transaction Document or Conditions Module shall include any such Schedule, Appendix or Exhibit.

5. **HEADINGS**

Headings in any Transaction Document or Conditions Module and herein are for ease of reference only.

6. **NUMBER**

In any Transaction Document or Conditions Module and herein, save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.

7. **SUCCESSORS**

Save where the context otherwise requires, references in any Transaction Document or Conditions Module and herein to any party to the Transaction Documents or Conditions Module shall include references to its successors (or, in the case of a Reference Entity, its Successors (as defined in the Credit Linked Notes Definitions Module)) and assigns, whether in security or otherwise, whomsoever.

8. **MISCELLANEOUS**

In each Transaction Document or Conditions Module, unless the contrary intention appears, reference to:

- (i) **"assets"** includes properties, revenues and rights of every description;

an **"authorisation"** includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration and notarisation;

a **"month"** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that, if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that calendar month;

a **"regulation"** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental body, agency, department or regulatory, self-regulatory or other authority or organisation; and

- (ii) a time of day is a reference to London time.

**SCHEDULE 2**  
**SWAP TERMS**

APRIL 2014 EDITION  
TO BE INCORPORATED BY REFERENCE INTO THE TRUST INSTRUMENT  
AS THE "ISDA MASTER AGREEMENT AND SCHEDULE  
"FOR AN ISSUE OF NOTES ARRANGED BY  
UNICREDIT BANK AG

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SWAP SCHEDULE TERMS MODULE

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Signed for the purposes of identification by:



.....  
**DEUTSCHE TRUSTEE COMPANY LIMITED**

Dated: 28 April 2014

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**THIS SWAP SCHEDULE TERMS MODULE** sets out certain of the provisions of the swap agreement relating to Notes constituted and secured by the Trust Instrument in which it is specified that this Swap Schedule Terms Module is incorporated. The terms of this Swap Schedule Terms Module may be modified or supplemented by the Trust Instrument.

Upon the execution of the Trust Instrument by the parties thereto described as parties to the ISDA Master Agreement and Schedule, such parties will be deemed to have entered into the ISDA Master Agreement and Schedule on the terms set out below, as modified and/or supplemented by the Trust Instrument. This Swap Schedule Terms Module shall take effect as a Schedule to the International Swap and Derivatives Association, Inc. 1992 form of Master Agreement (Multicurrency-Cross Border), which shall be deemed incorporated in this Swap Schedule Terms Module as amended herein or by any provision of the Trust Instrument. For such purpose, Party A shall be the Counterparty specified in the Issue Terms and Party B shall be the Issuer.

**Part 1.**  
**Termination Provisions**

- (a) **Specified Entity** means in relation to Party A for the purpose of:
- Section 5(a)(v):      Not applicable
- Section 5(a)(vi):      Not applicable
- Section 5(a)(vii):      Not applicable
- Section 5(b)(iv):      Not applicable
- and in relation to Party B for the purpose of:
- Section 5(a)(v):      Not applicable
- Section 5(a)(vi):      Not applicable
- Section 5(a)(vii):      Not applicable
- Section 5(b)(iv):      Not applicable
- (b) **Specified Transaction** will have no meaning and the provisions of Section 5(a)(v) will not apply to Party A or Party B.
- (c) The **Cross Default** provisions of Section 5(a)(vi) will not apply to Party A and will not apply to Party B.
- (d) The **Credit Event Upon Merger** provisions of Section 5(b)(iv) will not apply to Party A and will not apply to Party B.
- (e) The **Automatic Early Termination** provision of Section 6(a) will not apply to Party A and will not apply to Party B.
- (f) **Payments on Early Termination.** For the purpose of Section 6(e) of this Agreement:
- (i) Market Quotation will apply, unless otherwise specified in the Trust Instrument.
- (ii) The Second Method will apply, unless otherwise specified in the Trust Instrument.
- (g) **Termination Currency** shall be such currency as is specified in the relevant Confirmation.
- (h) If Notes (or any of them) are to be purchased by Party B pursuant to Condition 9 (*Purchase*) of the Notes, then the liability of Party B to make payment to Party A shall be terminated to the extent and in the amounts that are equivalent to the amounts which would have been received by Party B on the Charged Assets released from the charges granted in favour of Party A and the Trustee consequent upon such purchase. Party A's liability to make payment to Party B shall be terminated to the same extent and in the amounts that are equivalent to the amounts which would have been payable on the Notes so purchased.



- (i) Unless otherwise specified in the Trust Instrument or otherwise agreed between the parties, on the termination of liabilities referred to in paragraph (h) above, Party A will calculate its loss (or gain) as a result of such termination of liabilities and will notify Party B of the same and such amount will be paid by the relevant party.
- (j) **Additional Termination Event** will apply. The following shall each constitute an Additional Termination Event:
  - (i) All but not some of the Notes then outstanding becoming subject to redemption (including, where the Selling Agent has, pursuant to the Conditions, become obliged to arrange for and administer the sale of the Charged Assets) pursuant to Conditions 8(b) (*Redemption for taxation reasons*), 8(c) (*Mandatory Redemption*), 8(d) (*Redemption at the option of the Issuer*) or 8(e) (*Redemption at the option of the Noteholders*) or being purchased pursuant to Condition 9 (*Purchase*).

For the purposes of this Additional Termination Event, the Affected Party shall be Party B and Party A shall designate an Early Termination Date in respect of all Transactions.

- (ii) The determination by the Calculation Agent pursuant to Condition 8(i) (*Redemption following Valuation Event*) that a Valuation Event (as defined therein) has occurred.

For the purposes of this Additional Termination Event, the Affected Party shall be Party B. Party A may, within 20 Business Days of being notified of a Valuation Event by the Calculation Agent, designate an Early Termination Date in respect of all Transactions pursuant to this Additional Termination Event. If Party A does not designate an Early Termination Date within such period, Party A's right to designate an Early Termination Date in respect of the relevant Valuation Event shall expire and the relevant Additional Termination Event shall cease to exist (without prejudice to Party A's rights in respect of an Additional Termination Event resulting from any other Valuation Event).

**Part 2.**  
**Tax Representations**

- (a) **Payer Representations.** For the purpose of Section 3(e) of this Agreement, Party A and Party B each make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on:

- (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement;
- (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement; and
- (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement,

**provided that** it shall not be a breach of this representation where reliance is placed on paragraph (ii) above and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

- (b) **Payee Representations.** For the purpose of Section 3(f) of this Agreement, Party A and Party B make no representations.

**Part 3.**  
**Agreement to Deliver Documents**

For the purpose of Sections 3(d), 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:

Documents to be delivered are:

<b>Party required to deliver document</b>		<b>Form/Document/Certificate</b>	<b>Date by which to be delivered</b>	<b>Covered by Section 3(d) Representation</b>
Party A	(a)	Annual report of Party A or, if applicable, its Credit Support Provider containing audited consolidated financial statements for its most recent fiscal year reported on by independent public accountants and prepared in accordance with accounting principles that are generally accepted in the jurisdiction of incorporation of such entity.	Promptly on request	No
Party B	(b)	Memorandum and Articles of Association of Party B.	Promptly on request	No
Party A/B	(c)	Duly authorised board resolution and a duly authorised and executed Power of Attorney appointing persons to execute, <i>inter alia</i> , this Agreement and the relevant Confirmation hereunder, or other evidence of due authorisation of a signatory hereto.	At execution of the relevant Confirmation in relation to Party B and promptly on request in relation to Party A	Yes
Party B	(d)	Copy of legal opinion of Party B's legal advisers in its jurisdiction of incorporation relating to Party B's entry into and performance of its obligations under this Agreement and the relevant Confirmation.	At execution of the relevant Confirmation	No
Party B	(e)	Copy of letter from agent for service of process confirming	At execution of the relevant	No

<b>Party required to deliver document</b>	<b>Form/Document/Certificate</b>	<b>Date by which to be delivered</b>	<b>Covered by Section 3(d) Representation</b>
	acceptance of appointment to accept service on behalf of Party B.	Confirmation	

Any copy documents shall be certified by a competent senior official of Party B as being correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

**Part 4.**  
**Miscellaneous**

- (a) **Addresses for Notices.** For the purpose of Section 12(a) of this Agreement:
- (i) Address for notices or communications to Party A are as set out in the Trust Instrument.
  - (ii) Address for notices or communications to Party B are as set out in the Trust Instrument.
- A copy of each notice to Party A or Party B under this Agreement shall be delivered to the Trustee, the Calculation Agent and the Principal Paying Agent.
- (b) **Process Agent.** For the purpose of Section 13(c) of this Agreement:
- (i) Party A appoints as its Process Agent, if applicable, the person specified for such purpose in the Trust Instrument.
  - (ii) Party B appoints as its Process Agent, if applicable, the person specified for such purpose in the Trust Instrument.
- (c) **Offices.** The provisions of Section 10(a) will not apply to this Agreement.
- (d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:
- Party A is not a Multibranch Party and Party B is not a Multibranch Party.
- (e) **Calculation Agent.** The Calculation Agent is Party A, unless otherwise specified in the relevant Confirmation.
- (f) **Credit Support Document.** Details of any Credit Support Document:
- Party B:       The Trust Instrument (as defined below).
- (g) **Credit Support Provider.** Credit Support Provider means in relation to Party B:
- Not applicable.
- (h) **Governing Law.** This Agreement and any non-contractual obligations arising out of or in connection with it will be governed by, and construed in accordance with, English law.
- (i) **Netting of Payments.** Sub-paragraph (ii) of Section 2(c) of this Agreement will not apply to Transactions entered into under this Agreement.
- (j) **Affiliate** will have the meaning specified in Section 14 of this Agreement.

**Part 5.**  
**Other Provisions**

(a) **Definitions**

All capitalised terms used in this Swap Schedule Terms Module but not otherwise defined shall have the meanings given to them in the Definitions Module and/or the Trust Instrument.

(b) **Events of Default**

- (i) Notwithstanding anything to the contrary in this Agreement, no Event of Default shall apply to Party B except those specified in Sections 5(a)(i), 5(a)(vii) (as amended by paragraph (g) below) and paragraph (ii) below.
- (ii) The occurrence of an Event of Default in respect of the Notes pursuant to Condition 11 (*Events of Default*) shall constitute an Event of Default in respect of which the Defaulting Party shall be Party B.

(c) **Delayed Payment**

Prior to the occurrence of an Event of Default under Section 5(a)(i), in the event that a payment pursuant to Section 2(a) is not made on the date specified:

- (i) if Party B is the payer and the non-payment is caused by a failure of the issuer of or obligor under the Charged Assets to make a payment in respect thereof, Party B shall pay to Party A any additional amount it receives in respect of such Charged Assets with respect to such issuer's or obligor's late payment to Party B; and
- (ii) if Party A is the payer, it shall pay to Party B such additional amount as shall be payable by Party B under the Notes with respect to such period of non-payment.

In either such event, no default interest shall be payable under Section 2(e) except in relation to payments required by Section 6.

(d) **No Set-off**

- (i) All payments under this Agreement shall be made without set-off or counterclaim, except as expressly provided for in Section 6.
- (ii) Section 6(e) shall be amended by the deletion of the following sentence: "The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off."

(e) **Non-petition and Limited Recourse**

Claims against Party B by Party A will be limited in recourse to the Secured Property. The net proceeds of realisation of such Secured Property may be less than the sums due to Party A, Noteholders and Couponholders. Any shortfall will be borne by the Noteholders, Couponholders and Party A in accordance with the Security Ranking Basis set out in the Conditions (unless otherwise specified). Party A accepts and

acknowledges that, in the event of a shortfall, (i) Party B shall be under no obligation to pay, and the other assets (if any) of Party B including, in particular, assets securing other series of Notes will not be available for payment of, such shortfall, (ii) all claims in respect of such shortfall shall be extinguished and (iii) Party A shall have no further claim against Party B in respect of such unpaid amounts and will not be able to petition or take any other step for the winding up of, or appointment of an examiner to, Party B as a consequence of such shortfall.

(f) **Security Interest**

Notwithstanding Section 7, Party A hereby agrees and consents to the transfer by Party B of its interests and benefit under this Agreement (for the avoidance of doubt, without prejudice to, and after giving effect to, any contractual netting or set-off provision contained in this Agreement) to the Trustee in accordance with the terms of the Trust Instrument.

(g) **Section 5(a)(vii)**

Section 5(a)(vii) shall apply with respect to Party B with the following amendments:

- (i) Section 5(a)(vii)(2) shall not apply.
- (ii) Section 5(a)(vii)(3) shall take effect with the words "the Noteholders of the relevant Series" substituted for the words "its creditors".
- (iii) Section 5(a)(vii)(4) shall take effect with the words "(excluding any actions taken by Party A and/or any of its Affiliates)" inserted directly between "petition" and "(A)".
- (iv) Section 5(a)(vii)(6) shall take effect with (a) the deletion of the words "seeks or" in the first line thereof; (b) the words "(excluding the Trustee, the Custodian or any other analogous party)" inserted directly after the words "or other similar official"; and (c) the words "the assets comprised in the Secured Property (as defined in the Trust Instrument)" substituted for "all or substantially all its assets."
- (v) Section 5(a)(vii)(7) shall take effect with the words "the assets comprised in the Secured Property (as defined in the Trust Instrument)" substituted for the words "all or substantially all its assets" in the first line thereof and with the words "any such assets" substituted for the words "all or substantially all its assets" in the third line thereof.
- (vi) Section 5(a)(vii)(9) shall not apply.

(h) **Separate Agreements**

Section 1(c) shall be deleted and replaced with the following:

"Notwithstanding anything to the contrary in this Agreement, each Transaction is entered into on the basis that the provisions of this Agreement are incorporated by reference into the Confirmation relating to that Transaction so that this Agreement and the relevant Confirmation shall form a single agreement with respect to that Transaction (and any

other Transactions relating to the same Series of Notes), and **Transaction** and **Agreement** shall be interpreted accordingly. This Agreement shall not be construed in any circumstances to form a single agreement with two or more Confirmations together unless specific provision to that effect is made in one or more of such Confirmations or unless such Confirmations are entered into with respect to the same Series of Notes. It is understood that the parties would not otherwise have entered into any Transaction. References to this "Agreement" in respect of that Transaction (or any other Transactions entered into with respect to the same Series of Notes) mean this document together with the Confirmations relating to those Transactions."

Section 6(a) shall be amended by deleting from the fifth and sixth lines thereof the words "all outstanding Transactions", and inserting in each case the words "the Transaction to which such Event of Default relates".

(i) **Transfers**

References in this Agreement to the parties hereto, Party A and Party B, shall (for the avoidance of doubt) include, where appropriate, any permitted successor or assign thereof.

(j) **Taxes**

In relation to payments of Party B, no Tax shall be an Indemnifiable Tax and accordingly Section 2(d)(i)(4) of this Agreement shall not apply in respect of Party B. In relation to payments of Party A, "**Indemnifiable Tax**" means any Tax. Sections 4(e) and 5(b)(ii) and (iii) of this Agreement shall not apply.

(k) **Section 5(b)(iii)**

Section 5(b)(iii) shall not apply to Party B and in so far as it applies to Party A shall only apply if it is the sole Affected Party in respect of the Tax Event Upon Merger.

(l) **Section 5(a)(i)**

Section 5(a)(i) is amended in respect of Party B by the replacement of the words "on or before the third Local Business Day after notice of such failure is given to the party" by the words "on or before the fourteenth day after the due date".

(m) **Gross-up**

(a) **Withholding or deduction of tax on Party A**

If, at any time, Party A is required to make any withholding or deduction for or on account of any tax in respect of any amounts payable by it under this Transaction, Party A shall inform the Trustee and shall use its reasonable endeavours to arrange for payment to be made through an office or affiliated company of Party A situated in another jurisdiction to avoid the requirement to withhold or account for such tax within 60 days, failing which, Party A will be obliged (unless an Event of Default under Condition 11 (*Events of Default*) of the Notes (a) has occurred or (b) occurs simultaneously) either to pay to Party B such additional amount as is necessary to ensure that the net amount actually received by Party B will equal the full amount



Party B would have received had no such deduction or withholding been required or to designate an Early Termination Date in respect of this Transaction as if an Additional Termination Event has occurred with Party A as the Affected Party.

(b) **Withholding or deduction of tax or increase of cost and expenses on Party B**

If Party B notifies Party A that, having used its reasonable endeavours as set out in Condition 8(b)(i) (*Redemption for taxation reasons*) of the Notes:

- (i) it would be required by law to withhold or account for tax or would suffer tax in respect of its income in respect of the Charged Assets or receipt of payments under this Agreement (including the deductions of tax from such payments) so that it would be unable to make payment of the full amount payable on the Notes without recourse to further sources of funding; or
- (ii) it would be required by law to withhold or account for tax or would suffer tax in respect of its income in respect of the Charged Assets (including the deductions of tax from such payments) so that it would be unable to make payment of the full amount payable under this Agreement without recourse to further sources of funding; or
- (iii) it would be required to account for any tax or suffer tax in respect of its income in respect of the Charged Assets or receipt of payments (whether actual or deemed) under this Agreement as a result of the then accounting treatment, as certified by Party B's auditors,

Party A shall have the right, but not the obligation:

- (i) in the case of Clause 1(b)(i) above, to gross up its payments to Party B under this Agreement to enable Party B to make payments under the Notes in full so that the amounts which the Noteholders receive are equal to the amounts which they would have received in the absence of such withholding, accounting or suffering; or
- (ii) in the case of Clause 1(b)(ii) above, to accept a lesser payment under this Agreement, from Party B in respect of the Charged Assets (after any such withholding or accounting or suffering of tax by Party B in respect of the Charged Assets);
- (iii) in the case of Clause 1(b)(iii) or 1(b)(iv) above, to make additional payments to Party B so that Party B would not be in any worse position as a result of such occurrence,

failing which Party A will be obliged (unless an Event of Default under Condition 11 (*Events of Default*) of the Notes (a) has occurred or (b) occurs simultaneously) to designate an Early Termination Date in respect of this Transaction as if an Additional Termination Event has occurred with Party B as the Affected Party.

(n) **Partial Termination following Prepayment**

If some only of the Notes are redeemed or purchased under Conditions 8(b) (*Redemption for taxation reasons*), 8(c) (*Mandatory Redemption*), 8(d) (*Redemption at the option of the Issuer*) or 8(e) (*Redemption at the option of the Noteholders*) or any other Condition as may be specified in the Trust Instrument on any day (the "**Prepayment Date**"), then:

- (i) Party A or Party B, as the case may be, will be obliged to make payment to the other party determined and to be paid as provided in Sections 6(d) and 6(e) of the Agreement as though a Termination Event had occurred under the Agreement for which both parties were Affected Parties and the Early Termination Date was the Prepayment Date and in respect of which the Affected Transactions were transactions on terms identical to the Transactions entered into under this Agreement, except that the Notional Amount or, as the case may be, the Currency Amount of such Transactions were in each case an amount equal to the principal amount of the Notes so redeemed or purchased; and
- (ii) the Notional Amount or, as the case may be, the Currency Amount of any Affected Transaction will be amended with effect from the Prepayment Date by subtracting from the Notional Amount or, as the case may be, the Currency Amount in effect immediately prior to the Prepayment Date the principal amount of the Notes redeemed or purchased on the Prepayment Date.

Non-payment of amounts payable under paragraph (i) above by Party B will not constitute an Event of Default under Section 5(a)(i).

(o) **Partial Termination Option**

Party A may, by written notice to Party B (with a copy to the Trustee) terminate all or part of the Transactions outstanding under this Agreement on such date as notified by Party A to Party B (the "**Redemption Purchase Date**") in connection with a sale of Notes by Party A to Party B and a purchase of Charged Assets by Party A from Party B. If Party A exercises this partial termination option, the following steps shall occur on the Redemption Purchase Date or as soon as practicable thereafter, if not practicable on the Redemption Purchase Date due to operational constraints, as determined by Party A in its sole and absolute discretion:

- (i) Party A shall purchase from Party B a principal amount of Charged Assets equal to the principal amount of Notes to be sold by Party A to Party B pursuant to sub-paragraph (iii) below, at a price determined by Party A and notified to Party B, provided, however, that such price shall not be less than the amount (if any) payable by Party B to Party A pursuant to sub-paragraph (ii)(3) below;
- (ii) The following steps shall occur in respect of the Transactions outstanding under this Agreement:
  - (1) an Early Termination Date shall be deemed to occur as of the Purchase Date in respect of a portion of each Transaction under this Agreement equal to the portion that the principal amount of the Notes being sold

pursuant to sub-paragraph (iii) below bears to the Outstanding Principal Amount of the Notes;

- (2) Party A shall calculate an early termination amount in respect of such partial termination of the Transactions pursuant to Section 6(e) of this Agreement as if Party B were the Affected Party;
  - (3) if such amount is positive, Party B shall pay such amount to Party A and if such amount is negative, Party A shall pay such amount to Party B; and
  - (4) the Notional Amount or, as the case may be, the Currency Amount of each Transaction, will be amended with effect from the Purchase Date to reflect such partial early termination; and
- (iii) Party B shall purchase from Party A a principal amount of Notes as determined by Party A for a price equal to the sum of (i) the Charged Assets Purchase Price; (ii) plus (a) the amount received by Party B pursuant to sub-paragraph (ii)(3) above (if an amount is due to Party B); or less (b) the amount paid by Party B pursuant to sub-paragraph (ii)(3) (if an amount is due from Party B).

Party A may by written notice to Party B and the Trustee, in its sole and absolute discretion, amend any of the procedures set out in this Part 5(o) provided that Party A certifies to Party B and the Trustee that any such amendments would not have a materially prejudicial effect on the Noteholders.

(p) **Notices**

- (i) Section 12(a) of this Agreement will be amended by the deletion of the words "(except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system)".
- (ii) Notices shall be deemed to be given at the time the notice is delivered by the relevant party (whether or not during office hours).

(q) **Representations**

Each party will make the following additional representations which will be added to Section 3 of this Agreement:

**German Tax Representations**

Party A undertakes that as long as any of the Notes remain outstanding it will not:

- (i) represent or purport to represent the Issuer in Germany;
- (ii) carry out business in Germany on behalf of the Issuer and will not enter into any contracts on behalf of the Issuer or seek the conclusion of contracts on behalf of the Issuer in Germany;
- (iii) when performing its duties under this Agreement, act out of or make use of a fixed place of business, a branch office or office facility located in Germany over which

the Issuer (or its directors) has the power of control (*Verfügungsgewalt*) (for the avoidance of doubt, the Issuer does not have any such fixed place of business, branch office or office facility in Germany); or

- (iv) exercise management functions including factual management functions on behalf of the Issuer in Germany.

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

(r) **Relationship Between Parties**

Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):

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

(s) **Reporting of Transactions**

- (i) Party A (at its own expense) shall ensure that the details of each Transaction, and any modification or termination of a Transaction, required to be reported by Party B are reported to a trade repository in accordance with Article 9 of Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (as amended and restated from time to time, "**EMIR**") and the delegated and implementing acts adopted under that Article and shall obtain or provide any entity identifier for Party B required in order to make those reports.

- (ii) Party B shall promptly provide (or procure that someone acting on its behalf shall promptly provide) any information reasonably required by Party A for the purposes of complying with its obligations under sub-paragraph (i) of this Part 5(s) or complying with Party A's obligations under Article 9 EMIR and the delegated and implementing acts adopted under that Article.
- (iii) Without prejudice to any rights, powers, remedies and privileges provided by law, the failure by Party A or Party B to comply with any of its obligations under this Part 5(s) shall not constitute an Event of Default under this Agreement.

(t) **NFC Status**

Party B represents to Party A on each date and at each time on which it enters into a Transaction (which representation is deemed to be repeated by Party B at all times while such Transaction remains outstanding) that:

- (i) it is either (A) a non-financial counterparty (as such term is defined in EMIR) or (B) an entity established outside the European Union that, to the best of its knowledge and belief, having given due and proper consideration to its status, would constitute a non-financial counterparty (as such term is defined in EMIR) if it were established in the European Union; and
- (ii) it is not subject to a clearing obligation pursuant to EMIR in respect of such Transaction. For the purposes of this subparagraph (ii) of this representation, it is assumed that the Transaction is of a type that has been declared to be subject to the clearing obligation in accordance with Article 5 of EMIR and fulfils the conditions set out in Article 4.1 of EMIR (whether or not in fact this is the case).

**Part 6.**  
**EMIR Portfolio Reconciliation and Dispute Resolution**

(a) **Portfolio Reconciliation and Dispute Resolution**

(i) **Agreement to Reconcile Portfolio Data**

The parties agree to reconcile portfolios as required by the Portfolio Reconciliation Risk Mitigation Techniques.

(A) **One-way Delivery of Portfolio Data.** If one party is a Portfolio Data Sending Entity and the other party is a Portfolio Data Receiving Entity:

- (1) on each Data Delivery Date, the Portfolio Data Sending Entity will provide Portfolio Data to the Portfolio Data Receiving Entity;
- (2) on each PR Due Date, the Portfolio Data Receiving Entity will perform a Data Reconciliation;
- (3) if the Portfolio Data Receiving Entity identifies one or more discrepancies which such party determines, acting reasonably and in good faith, are material to the rights and obligations of the parties in respect of one or more Relevant Transaction(s), it will notify the other party in writing as soon as reasonably practicable and the parties will consult with each other in an attempt to resolve such discrepancies in a timely fashion for so long as such discrepancies remain outstanding, using, without limitation, any applicable updated reconciliation data produced during the period in which such discrepancy remains outstanding; and
- (4) if the Portfolio Data Receiving Entity does not notify the Portfolio Data Sending Entity that the Portfolio Data contains discrepancies by 4p.m. local time in the place of business of the Portfolio Data Sending Entity on the fifth Joint Business Day following the later of the PR Due Date and the date on which the Portfolio Data Sending Entity provided such Portfolio Data to the Portfolio Data Receiving Entity, the Portfolio Data Receiving Entity will be deemed to have affirmed such Portfolio Data.

(B) **Exchange of Portfolio Data.** If both parties are Portfolio Data Sending Entities:

- (1) on each Data Delivery Date, each party will provide Portfolio Data to the other party;
- (2) on each PR Due Date, each party will perform a Data Reconciliation; and
- (3) if a party identifies one or more discrepancies which such party determines, acting reasonably and in good faith, are material to the

rights and obligations of the parties in respect of one or more Relevant Transaction(s), it will notify the other party in writing as soon as reasonably practicable and the parties will consult with each other in an attempt to resolve any such discrepancies in a timely fashion for so long as such discrepancies remain outstanding, using, without limitation, any applicable updated reconciliation data produced during the period in which such discrepancy remains outstanding.

(ii) **Change of Status**

- (A) Each party may change its own designation with the written agreement of the other party (such agreement not to be unreasonably withheld or delayed and for this purpose the parties agree, without limitation, that it will not be unreasonable for a party to withhold agreement where agreement would result in the other party having different designations in respect of such party and one or more Affiliates of such party). No change of designation will be permitted where the result would be both parties are Portfolio Data Receiving Entities unless the parties also agree a process for reconciling Portfolio Data in order to meet the requirements of the Portfolio Reconciliation Risk Mitigation Techniques.
- (B) If a party believes, acting reasonably and in good faith, that the parties are required to perform Data Reconciliation at a greater or lesser frequency than that being used by the parties at such time, it will notify the other party of such in writing, providing evidence on request. From the date such notice is effectively delivered, such greater or lesser frequency will apply and the first following PR Due Date will be the earlier of the date agreed between the parties and the last Joint Business Day in the PR Period starting on the date on which the immediately preceding Data Reconciliation occurred (or, if no Joint Business Day occurs which is within such PR Period and is on or following the date such notice is effective, the first Joint Business Day following the later of the end of such PR Period and the date such notice is effective).

(iii) **Use of agents and third party service providers**

For the purposes of performing all or part of the actions under Parts 6(a)(i) and 6(a)(ii), each party may appoint:

- (A) an Affiliate to act as agent, immediately on written notice to the other party; and/or
- (B) subject to the other party's agreement (such agreement not to be unreasonably withheld or delayed and which may include any such agreement existing prior to the date this "Portfolio Reconciliation and Dispute Resolution" section is effective), (1) an entity other than an Affiliate as agent and/or (2) a qualified and duly mandated third party service provider.

(iv) **Dispute Identification and Resolution Procedure**

The parties agree that they will use the following procedure to identify and resolve Disputes between them:

- (A) either party may identify a Dispute by sending a Dispute Notice to the other party;
- (B) on or following the Dispute Date, the parties will consult in good faith in an attempt to resolve the Dispute in a timely manner, including, without limitation, by exchanging any relevant information and by identifying and using any Agreed Process which can be applied to the subject of the Dispute or, where no such Agreed Process exists or the parties agree that such Agreed Process would be unsuitable, determining and applying a resolution method for the Dispute; and
- (C) with respect to any Dispute that is not resolved within five Joint Business Days of the Dispute Date, refer issues internally to appropriately senior members of staff of such party or of its Affiliate, adviser or agent in addition to actions under (B) immediately above (including actions under any Agreed Process identified and used under (B) immediately above) and to the extent such referral has not occurred as a result of action under (B) immediately above (including any Agreed Process).

(v) **Internal processes for recording and monitoring Disputes**

Each party agrees that, to the extent the Dispute Resolution Risk Mitigation Techniques apply to each party, it will have internal procedures and processes in place to record and monitor any Dispute for as long as the Dispute remains outstanding.

(vi) **Relationship to other portfolio reconciliation and dispute resolution processes**

This Part 6(a) and any action or inaction of either party in respect of it are without prejudice to any rights or obligations the parties may possess in respect of each other under any Agreed Process or other contractual agreement, by operation of law or otherwise. Action or inaction by a party in respect of this Part 6(a) will not be presumed to operate as an exercise or waiver, in whole or part, of any right, power or privilege such party may possess in respect of each other under any Agreed Process or other contractual agreement, by operation of law or otherwise. In particular, but without limitation, (A) any valuation in respect of one or more Relevant Transactions for the purposes of this Part 6(a) will be without prejudice to any other valuation with respect to such Relevant Transaction(s) made for collateral, close out, dispute or other purpose; (B) the parties may seek to identify and resolve issues and discrepancies between themselves before either party delivers a Dispute Notice; and (C) nothing in this Part 6(a) obliges a party to deliver a Dispute Notice following the identification of any such issue or discrepancy (notwithstanding that such issue or discrepancy may remain unresolved) or limits the rights of the parties to serve a Dispute Notice, to



commence or continue an Agreed Process (whether or not any action under Part 6(a)(iv) has occurred) or otherwise to pursue any dispute resolution process in respect of any such issue or discrepancy (whether or not any action under Part 6(a)(iv) has occurred).

(b) **Confidentiality Waiver**

Notwithstanding anything to the contrary in this Agreement or in any non-disclosure, confidentiality or other agreement between the parties, each party hereby consents to the disclosure of information:

- (i) to the extent required or permitted under, or made in accordance with, the provisions of EMIR and any applicable supporting law, rule or regulation ("**EMIR and Supporting Regulation**") which mandate reporting and/or retention of transaction and similar information or to the extent required or permitted under, or made in accordance with, any order or directive in relation to (and including) EMIR and Supporting Regulation regarding reporting and/or retention of transaction and similar information issued by any authority or body or agency in accordance with which the other party is required or accustomed to act ("**Reporting Requirements**"); or
- (ii) to and between the other party's head office, branches or Affiliates, or any persons or entities who provide services to such other party or its head office, branches or Affiliates, in each case, in connection with such Reporting Requirements.
- (iii) Each party acknowledges that pursuant to EMIR and Supporting Regulation, regulators require reporting of trade data to increase market transparency and enable regulators to monitor systemic risk to ensure safeguards are implemented globally.
- (iv) Each party further acknowledges that disclosures made pursuant hereto may include, without limitation, the disclosure of trade information including a party's identity (by name, address, corporate affiliation, identifier or otherwise) to any trade repository registered in accordance with Article 55 of EMIR or recognised in accordance with Article 77 of EMIR or one or more systems or services operated by any such trade repository ("**TR**") and any relevant regulators (including without limitation, the European Securities and Markets Authority and national regulators in the European Union) under EMIR and Supporting Regulation and that such disclosures could result in certain anonymous transaction and pricing data becoming available to the public. Each party further acknowledges that, for purposes of complying with regulatory reporting obligations, a party may use a third party service provider to transfer trade information into a TR and that a TR may engage the services of a global trade repository regulated by one or more governmental regulators. Each party also acknowledges that disclosures made pursuant hereto may be made to recipients in a jurisdiction other than that of the disclosing party or a jurisdiction that may not necessarily provide an equivalent or adequate level of protection for personal data as the counterparty's home jurisdiction. Additionally, Party B is aware that the relevant TR may disclose the data to the extent it or its affiliates consider it necessary to fulfil their legal

obligations in a jurisdiction that may not provide an equivalent level of protection for data as the counterparty's home jurisdiction, and it releases Party A from any confidentiality obligations it may have towards the counterparty in respect of such data.

- (v) For the avoidance of doubt, (A) to the extent that applicable non-disclosure, confidentiality, bank secrecy, data privacy or other law imposes non-disclosure requirements on transaction and similar information required or permitted to be disclosed as contemplated herein but permits a party to waive such requirements by consent, the consent and acknowledgements provided herein shall be a consent by each party for the purposes of such law; (B) any agreement between the parties to maintain confidentiality of information contained in this Agreement or in any non-disclosure, confidentiality or other agreement shall continue to apply to the extent that such agreement is not inconsistent with the disclosure of information in connection with the Reporting Requirements as set out herein; and (C) nothing herein is intended to limit the scope of any other consent to disclosure separately given by each party to the other party.
- (vi) The consenting party represents and warrants that any third party to whom it owes a duty of confidence in respect of the information disclosed has consented to the disclosure of that information.

(c) **Common Provisions**

(i) **Remedies for Breach**

Without prejudice to the rights, powers, remedies and privileges provided by law, failure by a party to take any actions required by or to otherwise comply with Part 6(a) or any inaccuracy of the representation and warranty in Part 6(b), in either case, will not constitute an Event of Default or Termination Event in respect of such party.

- (ii) **Local Business Day.** The definition of Local Business Day in Section 14 shall be amended by replacing the last "and" with a comma and inserting the following before the full stop at the end of the definition:

“, and (x) in relation to portfolio reconciliation and dispute resolution under Part 6, unless otherwise agreed between the parties in writing, a day on which commercial banks and foreign exchange markets settle payments and are open for general business in, in respect of Party A, Munich; and, in respect of Party B, the city and country specified in Party B's address for notices”

(iii) **Definitions**

For the purposes of Parts 6(a), 6(b) and 6(c):

**"agent"** means an entity appointed to act solely on the appointing party's behalf to deal with the other party in relation to all or part of the actions under the relevant provision.

**"Agreed Process"** means any process agreed between the parties in respect of a Dispute other than the Dispute Resolution Procedure including, without limitation, the process in Section 13 of this Agreement and in any credit support documentation between them, in each case as may be amended between the parties.

**"Data Delivery Date"** means each date agreed as such between the parties provided that, in the absence of such agreement, the Data Delivery Date will be the Joint Business Day immediately prior to the PR Due Date.

**"Data Reconciliation"** means, in respect of a party receiving Portfolio Data, a comparison of the Portfolio Data provided by the other party against such party's own books and records of all outstanding Relevant Transactions between the parties in order to identify promptly any misunderstandings of Key Terms.

**"Dispute"** means any dispute between the parties (a) which, in the sole opinion of the party delivering the relevant Dispute Notice, is required to be subject to the Dispute Resolution Procedure (or other Agreed Process) pursuant to the Dispute Resolution Risk Mitigation Techniques; and (b) in respect of which a Dispute Notice has been effectively delivered.

**"Dispute Date"** means, with respect to a Dispute, the date on which a Dispute Notice is effectively delivered by one party to the other party save that if, with respect to a Dispute, both parties deliver a Dispute Notice, the date on which the first in time of such notices is effectively delivered will be the Dispute Date. Each Dispute Notice will be effectively delivered if delivered in the manner agreed between the parties for the giving of notices in respect of this Agreement.

**"Dispute Notice"** means a notice in writing which states that it is a dispute notice for the purposes of Part 6(a) and which sets out in reasonable detail the issue in dispute (including, without limitation, the Relevant Transaction(s) to which the issue relates).

**"Dispute Resolution Procedure"** means the identification and resolution procedure set out in Part 6(a)(iv).

**"Dispute Resolution Risk Mitigation Techniques"** means the dispute resolution risk mitigation techniques for OTC derivative transactions set out in Article 11(1)(b) of EMIR as supplemented by Article 15 of Chapter VIII of the Commission Delegated Regulation (EU) No 149/2013 of 19 December 2012 and published on 23 February 2013 in the Official Journal of the European Union.

**"EMIR"** means Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012.

**"EMIR and Supporting Regulation"** has the meaning given to it in Part 6(b)(i).

**"European Union"** means the economic and political union established in 1993 by the Maastricht Treaty, with the aim of achieving closer economic and political union between member states that are primarily located in Europe.

**"Joint Business Day"** means a day that is a Local Business Day in respect of each party.

**"Key Terms"** means, with respect to a Relevant Transaction and a party, the valuation of such Relevant Transaction and such other details the relevant party deems relevant from time to time which may include the effective date, the scheduled maturity date, any payment or settlement dates, the notional value of the contract and currency of the Relevant Transaction, the underlying instrument, the position of the counterparties, the business day convention and any relevant fixed or floating rates of the Relevant Transaction. For the avoidance of doubt, "Key Terms" does not include details of the calculations or methodologies underlying any term.

**"Portfolio Data"** means, in respect of a party providing or required to provide such data, the Key Terms in relation to all outstanding Relevant Transactions between the parties in a form and standard that is capable of being reconciled, with a scope and level of detail that would be reasonable to the Portfolio Data Sending Entity if it were the receiving party. Unless otherwise agreed between the parties, the information comprising the Portfolio Data to be provided by a party on a Data Delivery Date will be prepared as at the close of business on the immediately preceding Local Business Day of, and as specified in writing by, the party providing the Portfolio Data.

**"Portfolio Data Receiving Entity"** means Party B, subject to Part 6(a)(ii)(A) above.

**"Portfolio Data Sending Entity"** means Party A, subject to Part 6(a)(ii)(A) above.

**"Portfolio Reconciliation Requirements"** means the requirements one or both parties are subject to in accordance with the Portfolio Reconciliation Risk Mitigation Techniques.

**"Portfolio Reconciliation Risk Mitigation Techniques"** means the portfolio reconciliation risk mitigation techniques for OTC derivative transactions set out in Article 11(1)(b) of EMIR as supplemented by Article 13 of Chapter VIII of the Commission Delegated Regulation (EU) No 149/2013 of 19 December 2012 and published on 23 February 2013 in the Official Journal of the European Union.

**"PR Due Date"** means each date agreed as such between the parties provided that the PR Due Date will be the PR Fallback Date where either (a) no date is agreed or (b) the agreed date occurs after the PR Fallback Date.

**"PR Fallback Date"** means: (a) in respect of the PR Period starting on the PR Requirement Start Date, the last Joint Business Day in such PR Period; and, otherwise, (b) the last Joint Business Day in the PR Period starting on the calendar day immediately following the last calendar day of the immediately preceding PR Period. If there is no Joint Business Day in a PR Period, the PR Due Date will be the first Joint Business Day following the end of the PR Period.

**"PR Period"** means, with respect to the parties:

- (a) if the Portfolio Reconciliation Requirements require Data Reconciliation to occur each business day, one Joint Business Day;

- (b) if the Portfolio Reconciliation Requirements require Data Reconciliation to occur once per week, one calendar week;
- (c) if the Portfolio Reconciliation Requirements require Data Reconciliation to occur once per quarter, three calendar months; or
- (d) if the Portfolio Reconciliation Requirements require Data Reconciliation to occur once per year, one calendar year.

**"PR Requirement Start Date"** means the first calendar day on which the Portfolio Reconciliation Requirements apply to one or both of the parties and Part 6(a) applies to the parties.

**"Relevant Transaction"** means any Transaction which is subject to the Portfolio Reconciliation Risk Mitigation Techniques and/or the Dispute Resolution Risk Mitigation Techniques.

**"Reporting Requirement"** has the meaning given to it in Part 6(b)(i).

**"third party service provider"** refers to an entity that the parties agree will perform all or part of the actions under the relevant provision for both parties.

**"TR"** has the meaning given to it in Part 6(b).

**SCHEDULE 3**  
**SWAP CONFIRMATION**



TransAlp 1 Securities PLC -  
Series 2014-1  
5 Harbourmaster Place,  
IFSC  
Dublin 1  
Ireland

UniCredit Bank AG  
FMS3/C  
Apianstr. 16 - 20  
85774 Unterföhring  
Tel: 0049-89-378-29998  
Fax: 00498937822480  
Email:  
OTC-Derivatives\_Outstanding\_Confirmations@unicredit.de

Date:  
02 October 2014

USI/UTI:  
1030443793MMX6371398

### Interest Rate Swap Transaction

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into between UniCredit Bank AG, Munich Head Office (Party A) and TransAlp 1 Securities PLC - Series 2014-1 (Party B) on the Trade Date specified below (the "**Transaction**").

This letter agreement constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2006 ISDA Definitions (the "**2006 Definitions**") as published by the International Swaps and Derivatives Association Inc., are incorporated into this Confirmation. In the event of any inconsistency between the 2006 Definitions and this Confirmation, the Confirmation will govern. Capitalised terms used in this Confirmation but not otherwise defined herein shall have the meaning given to them in the Conditions.

This Confirmation constitutes a "Confirmation" as referred to in, and supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of 6 October 2014 constituted by the Trust Instrument dated 6 October 2014, as amended and supplemented from time to time (the "**Agreement**"), between you and us. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

This confirmation is entered in connection with and subject to the terms of the Notes issued by TransAlp 1 Securities plc (ISIN: XS1095728538) (the "**Notes**") issued under the EUR 10,000,000,000 TransAlp Structured Note Programme, as described in the securities note dated 6 October 2014 (the "**Securities Note**") and documents incorporated by reference therein (the "**Issue Terms**").

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

Our Reference: MMX\_6371398

Trade Date: 09 September 2014

Page 1 of 4

Management Board:  
Dr. Theodor Weimer (Board Spokesman),  
Dr. Andreas Bohn, Peter Buschbeck,  
Lutz Diederichs, Peter Holbauer,  
Heinz Laber, Andrea Varese

Chairmen of the Supervisory Board:  
Federico Ghizzoni

UniCredit Bank AG  
Legal status: Aktiengesellschaft  
Registered Office: Munich  
Listed in the Court Register: Munich HR B 421 48  
Tax-Id. No.: 143/102/30007  
VAT Reg. No.: DE 129 273 380  
[www.hypovereinsbank.de](http://www.hypovereinsbank.de)



Our Ref: MMX\_6371398

Notional Amount: EUR 6,500,000.00

Effective Date: 06 October 2014

Termination Date: 11 December 2023, not subject to any adjustment in accordance with any Business Day Convention.

Initial Payment: Party B shall pay the Initial Payment Amount to Party A on the Initial Payment Date

Initial Payment Amount: EUR 26,000

Initial Payment Date: The Issue Date of the Notes

#### **Fixed Amounts B**

Party B Fixed Amounts Payer: Party B

Party B Fixed Amounts Payment Date(s): Each Expected Charged Asset Interest Payment Date from and including 11 December 2014 to and including 11 December 2023, or if such day is not a Business Day, the next Business Day

Party B Fixed Amounts: In respect of each Party B Fixed Amounts Payment Date, an amount equal to the Scheduled Charged Asset Interest Amount *minus* EUR 1,000, as set out in Annex 1 hereto.

#### **Fixed Amounts A**

Party A Fixed Amounts Payer: Party A

Party A Fixed Amounts Payment Date(s): Each day that is five Business Days following an Expected Charged Asset Interest Payment Date, from and including the Expected Charged Asset Interest Payment Date falling in December 2014, to, and including the Expected Charged Asset Interest Payment Date falling in December 2023

Party A Fixed Amounts: In respect of each Party A Fixed Amounts Payment Date, an amount as set out in Annex 1 hereto.

#### **Other Terms**

Business Day Convention: Following

Business Days: Target2 Settlement Days

Governing Law: English Law





Our Ref: MMX\_6371398

The Additional Termination Events set out in Part 1 (j) of the Swap Terms Module shall not apply and instead it shall constitute an Additional Termination Event, in respect of which both parties shall be Affected Parties, if the Acceleration Conditions (as defined in the Conditions) are satisfied. For the purposes of such Additional Termination Event, the Settlement Amount shall be deemed to be the Swap Settlement Amount (as defined in the Conditions) and such amount (if any) shall be payable by Party B to Party A.

Yours faithfully

For UniCredit Bank AG

Name: Regine Sude

Name: Bianca Wanner

Agreed and confirmed as of the date of this Confirmation:

For TransAlp 1 Securities PLC - Series 2014-1

Name:

**Adrian Bailie**

**Director**

Name:



Our Ref: MMX\_6371398

Annex 1

Expected Charged Asset Interest Payment Dates (and Party B Fixed Amount Payment Dates)	Scheduled Charged Asset Interest Amounts	Party B Fixed Amounts	Party A Fixed Amounts	Expected Party A Fixed Amount Payment Dates to and including December 2023
11-Dec-14	EUR 54,065.75	EUR 53,065.75	EUR 48,541.64	18-Dec-14
11-Dec-15	EUR 299,000	EUR 298,000	EUR 268,450	18-Dec-15
12-Dec-16	EUR 299,000	EUR 298,000	EUR 268,450	16-Dec-16
11-Dec-17	EUR 299,000	EUR 298,000	EUR 268,450	18-Dec-17
11-Dec-18	EUR 299,000	EUR 298,000	EUR 268,450	18-Dec-18
11-Dec-19	EUR 299,000	EUR 298,000	EUR 268,450	18-Dec-19
11-Dec-20	EUR 299,000	EUR 298,000	EUR 268,450	18-Dec-20
13-Dec-21	EUR 299,000	EUR 298,000	EUR 268,450	17-Dec-21
12-Dec-22	EUR 299,000	EUR 298,000	EUR 268,450	16-Dec-22
11-Dec-23	EUR 299,000	EUR 298,000	EUR 268,450	18-Dec-23

**SCHEDULE 4**  
**CHARGED ASSET TERMS**

**SCHULDSCHEINDARLEHENSVERTRAG**  
**ASSIGNABLE LOAN AGREEMENT**

zur Vervollständigung durch eine Preisfestsetzungsvereinbarung  
*subject to a Pricing Supplement*

über ein  
*relating to a*

Festverzinsliches Darlehen fällig im Jahr 2028  
*Fixed Rate Loan due in 2028*

an  
*made to*

The Republic of Bulgaria  
represented by the Minister of Finance  
Ministry of Finance  
102 Rakovski Street  
Sofia 1040  
Republic of Bulgaria

(die „**Darlehensnehmerin**“)  
*(the “**Borrower**”)*

arrangiert von  
*arranged by*

**DEUTSCHE BANK AKTIENGESELLSCHAFT**  
Frankfurt am Main

(„**DB**“ oder die „**Bank**“)  
*(“**DB**“ or the “**Bank**”)*

and

**RAIFFEISEN BANK INTERNATIONAL AG**  
Vienna

(„**RBI**“ und zusammen mit DB der „**Arrangeur**“)  
*(“**RBI**“ and together with the Bank, the “**Arranger**”)*

*Nur die deutsche Fassung ist verbindlich; bei dem englischen Text handelt sich um eine unverbindliche Übersetzung.*

## **§ 1**

### **(Darlehen, Zusicherungen)**

(1) *Darlehen.* Die Bank gewährt der Darlehensnehmerin ein Schuldscheindarlehen (das „**Darlehen**“) in dem in der Preisfestsetzungsvereinbarung festgelegten Nennbetrag.

(2) *Preisfestsetzungsvereinbarung.* Die endgültigen Bedingungen des Darlehensvertrags, insbesondere der Nennbetrag und der Zinssatz, werden im Rahmen der Orderbuchbildung ermittelt und in der von den Parteien nach dem Datum dieses Darlehensvertrags abzuschließenden Preisfestsetzungsvereinbarung dokumentiert, die zwischen der Darlehensnehmerin und der Bank abgeschlossen wird und im Wesentlichen dem Muster in Anhang 3 entspricht (die „**Preisfestsetzungsvereinbarung**“).

(3) *Zusicherungen.* Die Darlehensnehmerin versichert und gewährleistet gegenüber dem Arrangeur und den Gläubigern, dass zum Auszahlungstag (i) die Verpflichtungen aus diesem Darlehensvertrag in der durch die Preisfestsetzungsvereinbarung aktualisierten Fassung (der „**Darlehensvertrag**“ oder der „**Vertrag**“) nach Maßgabe deutschen Rechts wirksam, bindend und rechtlich durchsetzbar sind (Bezugnahmen auf den Darlehensvertrag oder den Vertrag umfassen auch die Preisfestsetzungsvereinbarung), und (ii) alle zu beschließenden, zu erteilenden und zu erfüllenden Rechtshandlungen, Genehmigungen, Vereinbarungen getätigt und eingeholt wurden und gültig in Bezug auf die Unterzeichnung des Vertrags und auf die Erfüllung der vertraglichen Pflichten durch die Darlehensnehmerin sind. Der Haushaltsplan wurde wirksam beschlossen und entspricht dem auf die Darlehensnehmerin anwendbaren Recht; das Darlehen überschreitet keinen der dort festgesetzten Rahmen

(4) *Mittelverwendung.* Die Darlehensnehmerin wird den Darlehensbetrag für allgemeine Haushaltszwecke verwenden.

(5) *Keine Haftung des Arrangeurs.* Die Banken geben weder Erklärungen oder Zusicherungen ab, noch übernehmen sie irgendeine Haftung hinsichtlich der Rechtswirksamkeit oder Durchsetzbarkeit des Darlehens oder

*Solely the German version is binding and the English text is a non-binding translation.*

## **§ 1**

### **(Loan, Representations and Warranties)**

(1) *Loan.* The Bank grants the Borrower an assignable loan (*Schuldscheindarlehen*) (the „**Loan**“) in the nominal amount set forth in the Pricing Supplement.

(2) *Pricing Supplement.* The final terms and conditions of the Loan Agreement, in particular the nominal amount and the Rate of Interest, will be determined in a bookbuilding process and fixed in the pricing supplement to be entered into between the Borrower and the Bank, substantially in the form set out in Annex 3 (the „**Pricing Supplement**“) which shall be executed subsequent to the date of this Loan Agreement.

(3) *Representations and Warranties.* The Borrower represents and warrants to the Arranger and the Creditors that as of the Disbursement Date (i) its obligations under this loan agreement as supplemented by the Pricing Supplement (the „**Loan Agreement**“ or the „**Agreement**“; reference to the Loan Agreement or the Agreement shall include the Pricing Supplement) are valid, binding and legally enforceable in accordance with German law and (ii) all acts, authorizations, consents or other conditions to be taken, given and satisfied have been taken, given and satisfied and are in full force and effect with respect to the execution of the Loan Agreement and the performance by the Borrower of its obligations under the Loan Agreement. The budget has been duly resolved upon and complies with the law applicable to the Borrower; the Loan will not exceed any limits set therein.

(4) *Use of Proceeds.* The Borrower will use the loan amount for general budget purposes.

(5) *No liability of the Arranger.* The Arranger make no representations and warranties and shall not be liable for the validity or enforceability of the Loan or for the financial position of the Borrower.

hinsichtlich der finanziellen Lage der Darlehensnehmerin.

## **§ 2 (Auszahlung, Definitionen)**

- (1) *Auszahlung des Darlehens.* Der Darlehensbetrag wird am Auszahlungstag auf das Auszahlungskonto überwiesen.
- (2) *Auszahlungsvoraussetzungen.* Die Auszahlung des Darlehens steht unter folgenden Bedingungen:
- (a) die Darlehensnehmerin hat die in Anhang 1 aufgeführten Dokumente in einer nach Form und Inhalt die Arrangeure zufrieden stellenden Weise bis spätestens zwei Geschäftstage vor dem Auszahlungstag den Banken zur Verfügung gestellt;
  - (b) die unter § 1 (3) aufgeführten Zusicherungen sind am Auszahlungstag zutreffend;
  - (c) kein Ereignis ist eingetreten oder droht einzutreten, das die DB als erster Darlehensgeber sofort oder nach Ablauf einer Frist zu einer Kündigung dieses Darlehensvertrages berechtigt.
  - (d) Unterzeichnung der Preisfestsetzungsvereinbarung.

Soweit die Preisfestsetzungsvereinbarung nicht bis zum 31. Dezember 2012 unterzeichnet wird, erlischt dieser Vertrag ohne weitere Verpflichtungen einer Partei.

### *(3) Bestimmte Definitionen.*

„**Auszahlungskonto**“ bezeichnet das in der Preisfestsetzungsvereinbarung genannte Konto.

„**Auszahlungstag**“ bezeichnet den in der Preisfestsetzungsvereinbarung genannten Auszahlungstag.

„**Fälligkeitstag**“ bezeichnet den in der Preisfestsetzungsvereinbarung genannten Fälligkeitstag.

„**Geschäftstag**“ bezeichnet jeden Tag (ausgenommen Samstage und Sonntage), an dem das Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) System betriebsbereit ist, um Zahlungen abzuwickeln.

„**Gläubiger**“ bezeichnen die DB und/oder etwaige Zessionare.

## **§ 3 (Verzinsung, Verzugszinsen)**

## **§ 2 (Disbursement, Definitions)**

- (1) *Disbursement of the Loan.* The proceeds of the Loan shall be credited on the Disbursement Date to the Disbursement Account.
- (2) *Conditions Precedent to Disbursement.* The disbursement of the Loan shall be subject to the following conditions precedent:
- (a) the Borrower having made available to the Banks the documents listed in Annex 1, satisfactory to the Arrangers as to form and contents, no later than two Business Days prior to the Disbursement Date;
  - (b) the representations and warranties under § 1 (3) being accurate on the Disbursement Date;
  - (c) no event having occurred or being imminent that would entitle DB as initial lender to terminate this Loan Agreement immediately or upon the expiration of a grace period;
  - (d) execution of the Pricing Supplement.

If the Pricing Supplement has not been executed until 31. December 2013 this Loan Agreement shall lapse and become discharged without any further obligation of the parties.

### *(3) Certain Definitions.*

„**Disbursement Account**“ means the account set forth in the Pricing Supplement.

„**Disbursement Date**“ means the disbursement date set forth in the Pricing Supplement.

„**Maturity Date**“ means the maturity date set forth in the Pricing Supplement.

„**Business Day**“ means each day (excluding Saturdays and Sundays), on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) system is operative to settle payments.

„**Creditors**“ means DB and/or any assignees.

## **§ 3 (Interest, Default Interest)**

(1) *Zinssatz*. Das Darlehen wird ab dem Auszahlungstag (einschließlich) bis zum Fälligkeitstag (ausschließlich) jährlich mit dem in der Preisfestsetzungsvereinbarung genannten Zinssatz per annum (der „**Zinssatz**“) verzinst.

(2) *Zinszahlungstage*. Die Zinsen sind jährlich nachträglich an dem in der Preisfestsetzungsvereinbarung genannten Zinszahlungstag eines jeden Jahres, erstmals am ersten in der Preisfestsetzungsvereinbarung genannten Zinszahlungstag, zu zahlen (jeweils ein „**Zinszahlungstag**“). Falls der Zinszahlungstag auf einen Tag fällt, der kein Geschäftstag ist, ist die Zahlung am unmittelbar darauf folgenden Geschäftstag zu leisten. Die Gläubiger sind nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verzögerung zu verlangen.

(3) *Zinstagequotient*. Zinsen für einen Zeitraum von weniger als einem vollen Jahr werden auf der Grundlage der tatsächlich verstrichenen Tage geteilt durch die Anzahl der Tage (365 bzw. 366) im jeweiligen Jahr berechnet.

(4) *Verzugszinsen*. Werden irgendwelche nach diesem Darlehensvertrag zahlbaren Beträge bei Fälligkeit nicht gezahlt, tritt unabhängig von einer Mahnung Verzug ein. In diesem Fall wird der fällige und nicht gezahlte Kapitalbetrag mit den gesetzlichen Verzugszinsen verzinst.\*

\* Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutschen Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 (1), 247 (1) BGB.

#### **§ 4 (Rückzahlung)**

(1) *Rückzahlung*. Das Darlehen ist am Fälligkeitstag zu pari zurückzuzahlen. Fällt der Fälligkeitstag nicht auf einen Geschäftstag, so ist der nächstfolgende Geschäftstag der Fälligkeitstag. Die Gläubiger sind nicht berechtigt, Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen.

(2) *Verzicht auf Kündigung*. Jedes Recht der Darlehensnehmerin zur vorzeitigen Rückzahlung des Darlehens ist (soweit in diesem Vertrag nicht anders bestimmt) ausgeschlossen. Die Darlehensnehmerin verzichtet auf die Ausübung irgendwelcher gesetzlichen Rechte zur vorzeitigen Rückzahlung des Darlehens.

#### **§ 5 (Steuern)**

(1) *Quellensteuern*. Alle gemäß diesem Vertrag

(1) *Rate of Interest*. The Loan bears interest from and including the Disbursement Date to and excluding the Maturity Date at the rate of interest set forth in the Pricing Supplement (the “**Rate of Interest**”).

(2) *Interest Payment Dates*. Interest shall be paid annually in arrears on the interest payment date set forth in the Pricing Supplement of each year, the first interest payment being due on the first interest payment date set forth in the Pricing Supplement (each such date an “**Interest Payment Date**”). If any Interest Payment Date falls on a day which is not a Business Day, the relevant payment will be made on the immediately following Business Day. The Creditors shall not be entitled to demand additional interest or any other payments in respect of such delay.

(3) *Day Count Fraction*. Interest for a period of less than one full year will be calculated on the basis of the actual number of days lapsed, divided by the number of days (365 or 366) in the respective year.

(4) *Default Interest*. A default shall occur, irrespective of any reminder, if any amounts payable under this Loan Agreement are not paid when due. Any due and unpaid amount of principal shall bear interest at the statutory default interest rate.\*

\* The annual default interest rate established by law is five percentage points above the base interest rate published by the German Central Bank (Deutsche Bundesbank) from time to time, §§ 288 (1), 247 (1) German Civil Code (BGB).

#### **§ 4 (Repayment)**

(1) *Repayment*. The Loan shall be repayable at par on the Maturity Date. If the Maturity Date is not a Business Day, payment shall be made on the next succeeding Business Day. The Creditors shall not be entitled to demand any interest or other payments on account of such delay.

(2) *No Early Redemption*. Any right to call the Loan for early repayment shall be (unless otherwise provided herein) excluded for the Borrower. The Borrower waives any right available to it under statutory law to prepay or otherwise terminate the Loan at any time prior to the Repayment Date.

#### **§ 5 (Taxation)**

(1) *Withholding Tax*. All payments due under this

fälligen Beträge werden ohne Abzug oder Einbehalt gegenwärtiger oder zukünftiger Steuern, Abgaben oder amtlicher Gebühren gleich welcher Art gezahlt, die in der Relevanten Steuerjurisdiktion oder für deren Rechnung oder von oder für Rechnung einer dort zur Steuererhebung ermächtigten Gebietskörperschaft oder Behörde gegenüber der Darlehensnehmerin an der Quelle auferlegt, erhoben oder eingezogen werden („**Quellensteuern**“), es sei denn, ein solcher Abzug oder Einbehalt ist gesetzlich vorgeschrieben. In diesem letzteren Fall wird die Darlehensnehmerin die zusätzlichen Beträge an Kapital und Zinsen zahlen, die erforderlich sind, damit der den Gläubigern nach diesem Abzug oder Einbehalt zufließende Nettobetrag jeweils den Beträgen an Kapital und Zinsen entspricht, die den Gläubigern zustehen würden, wenn der Abzug oder Einbehalt nicht erforderlich wäre. Solche zusätzlichen Beträge sind jedoch nicht zahlbar wegen Abgaben, die wegen gegenwärtiger oder früherer persönlicher oder geschäftlicher Beziehungen des Gläubigers, für den die Kapital- und Zinszahlungen bestimmt sind, zu der Relevanten Steuerjurisdiktion zu zahlen sind und nicht allein aufgrund der Tatsache, dass Zahlungen in Bezug auf diesen Vertrag aus der Relevanten Steuerjurisdiktion stammen oder dort besichert sind oder steuerlich so behandelt werden.

Die Gläubiger sind dazu verpflichtet, auf Anfrage der Darlehensnehmerin über die Zahlstelle eine Bestätigung ihrer Ansässigkeit für Steuerzwecke gemäß § 13 innerhalb von 60 Tagen nach Zugang der Anfrage übersenden.

„**Relevante Steuerjurisdiktion**“ bezeichnet die Republik Bulgarien.

(2) *Benachrichtigung.* Die Darlehensnehmerin wird die Zahlstelle unverzüglich benachrichtigen, wenn sie zu irgendeiner Zeit gesetzlich verpflichtet ist, von aufgrund dieses Vertrags fälligen Zahlungen Abzüge oder Einbehalte vorzunehmen (oder wenn sich die Beträge oder die Berechnungsmethode solcher Abzüge oder Einbehalte ändern).

## § 6

### **(Rang, Negativverpflichtung)**

(1) *Rang.* Die Verpflichtungen aus diesem Darlehensvertrag begründen unbedingte, nicht nachrangige und unbesicherte Verbindlichkeiten der Darlehensnehmerin und sind gleichrangig mit allen anderen gegenwärtigen und zukünftigen, unbesicherten und nicht

Agreement shall be made without deduction or withholding for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed on, levied or collected from the Borrower at the source in or on behalf of the Relevant Tax Jurisdiction or by or on behalf of any political subdivision or authority therein having power to tax (“**Withholding Taxes**”), unless such deduction or withholding is required by law. In such event, the Borrower shall pay such additional amounts of principal and interest as may be necessary in order that the net amounts received by the Creditors after such deduction or withholding shall equal the respective amounts of principal and interest which would have been receivable by the Creditors had no such deduction or withholding been required. No such additional amounts will, however, be payable on account of any duties payable as a result of any present or previous personal or business relationship of the Creditor to whom such payments of principal and interest are to be made with the Relevant Tax Jurisdiction and not merely by reason of the fact that payments with respect to this Agreement are or, for taxation purposes are deemed to be, derived from or secured in the Relevant Tax Jurisdiction.

The Creditors shall, upon the Borrower's request through Paying Agent, submit pursuant to § 13 a confirmation as to their respective tax residency within 60 days from the receipt of the request.

“**Relevant Tax Jurisdiction**“ means the Republic of Bulgaria.

(2) *Notification.* The Borrower shall promptly notify the Paying Agent if it is legally obliged at any time to deduct or withhold any amounts from payments due under this Agreement (or if the amounts or method of determination for such deductions or withholdings should be changed).

## § 6

### **(Status, Negative Pledge)**

(1) *Status.* The obligations under this Loan Agreement constitute unconditional, unsubordinated and unsecured obligations of the Borrower and will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Borrower from borrowed mon-



nachrangigen Verbindlichkeiten der Darlehensnehmerin aus aufgenommenen Geldern.

(2) *Negativverpflichtung.* Die Darlehensnehmerin verpflichtet sich, dass während der Laufzeit des Darlehens und bis zu dessen vollständiger Rückzahlung die Darlehensnehmerin keine Hypotheken, Belastungen, Pfandrechte, Verpfändungen oder sonstige dingliche Sicherheiten an ihren gegenwärtigen oder künftigen Vermögenswerten oder Einnahmen oder an den Internationalen Währungsreserven der Darlehensnehmerin oder an einem Teil derselben bestellen oder bestehen lassen wird und wird dafür Sorge tragen, dass deren Bestellung oder Bestehen nicht zugelassen wird, um Öffentliche Auslandsverbindlichkeiten oder Garantien dafür zu besichern, ohne dass die Darlehensnehmerin im Falle der Bestellung einer Sicherheit zuvor oder gleichzeitig und in allen anderen Fällen unverzüglich dafür Sorge trägt, dass alle auf das Darlehen zahlbaren Beträge im gleichen Rang und anteilig besichert werden oder dass eine andere von den Gläubigern genehmigte Besicherung oder sonstige Maßnahme erfolgt.

**„Öffentliche Auslandsverbindlichkeiten“** bezeichnet alle gegenwärtigen oder künftigen Verbindlichkeiten der Republik Bulgarien (a) in Form von oder verbrieft in Schuldverschreibungen, Teilschuldverschreibungen oder anderen vergleichbaren Instrumenten, die jeweils an einer Börse oder in einem Freiverkehrs- oder anderen Wertpapiermarkt notiert, zugelassen oder üblicherweise gehandelt werden bzw. werden können und (b) die nicht (i) auf Bulgarische Lew lauten, (ii) in einem Marktsegment der Bulgarischen Börse zum Handel zugelassen sind, (iii) bei der Central Depository AD der Republik Bulgarien registriert sind, (iv) als den Gesetzen der Emittentin unterliegend bezeichnet sind oder (v) in der Republik Bulgarien platziert oder verkauft werden. Für Zwecke dieses Absatzes wird eine Emission „in der Republik Bulgarien platziert oder verkauft“, wenn mehr als 50 Prozent ihres Gesamtnennbetrags ursprünglich in der Republik Bulgarien platziert wird.

**„Internationale Währungsreserven“** bezeichnet jeweils alle amtlichen Goldreserven der Darlehensnehmerin sowie alle Reserven an Sonderziehungsrechten der Darlehensnehmerin und der bulgarischen Währungsbehörden, die Reservepositionen im Fonds sowie die Devisen der Regierung oder der Regierungsstellen oder

eys.

(2) *Negative Pledge.* The Borrower agrees and will ensure that during the term of the Loan and until it has been repaid in full, it will not grant or permit to be outstanding, and will procure that there is not granted or permitted to be outstanding, any mortgage, charge, lien, pledge or other security interest with in rem effect over any of its present or future assets or revenues or upon the International Monetary Assets of the Borrower or any part thereof, to secure any Public External Indebtedness or any Guarantee thereof unless the Borrower shall, in the case of the granting of the security, before or at the same time, and in any other case, promptly, procure that all amounts payable in respect of the Loan are secured equally and rateably, or such other security or other arrangement is provided as shall be approved by the Creditors.

**“Public External Indebtedness”** means any present or future indebtedness of the Republic of Bulgaria (a) in the form of, or represented by, notes, bonds or other similar instruments which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over the counter or other securities market and (b) which is not (i) denominated in Bulgarian lev, (ii) admitted to trading on a market of the Bulgarian Stock Exchange, (iii) registered with the Central Depository AD of the Republic of Bulgaria, (iv) expressed to be governed by the laws of the Issuer, or (v) placed or sold in the Republic of Bulgaria. For the purposes of this paragraph, an issue is “placed or sold in the Republic of Bulgaria” if more than 50 per cent. of its aggregate principal amount is initially placed in the Republic of Bulgaria.

**“International Monetary Assets”** means all of the Borrower’s official holdings of gold and all of the Borrower’s and Bulgaria’s Monetary Authorities’ holdings of Special Drawing Rights, Reserve Positions in the Fund and Foreign Exchange of the government or any agency or department of the government from time to time,

-behörden und die Begriffe „Sonderziehungsrechte“, „Reservepositionen im Fonds“ und „Devisen“ haben bezüglich der einbezogenen Vermögenswerte jeweils die Bedeutung, die ihnen in der Veröffentlichung des Internationalen Währungsfonds (der „IWF“) mit dem Titel „Internationale Finanzstatistiken“ zugewiesen wurde, oder die jeweils vom IWF offiziell eingeführte Bedeutung, einschließlich der Gold- und sonstigen Reserven der Darlehensnehmerin, gleich in wessen Besitz sie sich befinden und von wem und in welcher Form sie gehalten oder üblicherweise als deren Internationale Währungsreserven angesehen oder dargestellt werden.

„**Garantie**“ bezeichnet jede Garantie oder Sicherstellung für Verbindlichkeiten oder sonstige vergleichbare Verpflichtungen.

„**Bulgarische Währungsbehörden**“ bezeichnet die Bulgarische Nationalbank sowie, soweit sie die Funktionen einer Währungsbehörde erfüllen, Currency Boards, Währungsstabilisierungsfonds und Schatzämter.

## § 7

### (Außerordentliche Kündigung)

(1) *Kündigungsgründe.* Unbeschadet der gesetzlichen Kündigungsmöglichkeiten kann jeder Gläubiger seinen Anteil am Darlehen zum Nennbetrag aus wichtigem Grund kündigen und zur sofortigen Rückzahlung fällig stellen. Ein wichtiger Grund liegt insbesondere in den folgenden Fällen vor:

- (a) *Nichtzahlung.* Die Darlehensnehmerin zahlt Kapital oder Zinsen nicht innerhalb von 15 Tagen nach dem betreffenden Fälligkeitstag; oder
- (b) *Verletzung einer sonstigen Verpflichtung.* Die Darlehensnehmerin unterlässt die ordnungsgemäße Erfüllung irgendeiner anderen wesentlichen Verpflichtung aus diesem Darlehensvertrag und diese Unterlassung, sofern sie behebbbar ist, wird nicht innerhalb von 30 Tagen behoben, nachdem die Darlehensnehmerin (wie unter § 13 bestimmt) hierüber eine schriftliche Benachrichtigung eines Gläubigers erhalten hat; oder
- (c) *Drittverzugs Klausel.*
  - (i) die Gläubiger Öffentlicher Auslandsverbindlichkeiten der Darlehensnehmerin stellen diese Öffentlichen Auslandsverbindlichkeiten vor ihrer vereinbarten Fälligkeit vorzeitig fällig

and the terms “Special Drawing Rights”, “Reserve Positions in the Fund” and “Foreign Exchange” have, as to the types of assets included, the meanings given to them in the International Monetary Fund’s (the “IMF”) publication entitled “International Financial Statistics” or such other meanings as shall be formally adopted by the IMF from time to time, including such gold and reserves of the Borrower owned by whomsoever and in whatever form or held or customarily regarded and held out as the International Monetary Assets thereof.

“**Guarantee**” means any guarantee of or indemnity in respect of indebtedness or other like obligation.

“**Bulgaria’s Monetary Authorities**” means the Bulgarian National Bank and, to the extent that they perform monetary authorities’ functions, currency boards, exchange stabilisation funds and treasuries.

## § 7

### (Events of Default)

(1) *Events of Default.* Notwithstanding any statutory termination rights, each Creditor may terminate and demand immediate repayment of its share in the Loan at par for good cause (*wichtiger Grund*). Such good cause shall in particular be constituted by any of the following:

- (a) *Non-Payment.* The Borrower fails to pay principal or interest within 15 days from the relevant due date; or
- (b) *Breach of other Obligation.* The Borrower fails duly to perform any other material obligation arising from the Loan which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than 30 days after the Borrower has received a notice (as set out under § 13) thereof from a Creditor; or
- (c) *Cross-default.*
  - (i) the holders of any Public External Indebtedness of the Borrower accelerate such Public External Indebtedness or declare such Public External Indebtedness to be due and payable, or required to be prepaid (other

oder erklären sie für fällig und zahlbar oder für vorzeitig rückzahlbar (außer durch planmäßig vorgesehene Zahlungen); oder

- (ii) die Darlehensnehmerin versäumt bei Fälligkeit die vollständige Zahlung von Kapital oder Zinsen auf Öffentliche Auslandsverbindlichkeiten (nach Ablauf einer anwendbaren Nachfrist) oder eine dafür von der Darlehensnehmerin gewährte Garantie wird bei Fälligkeit oder Inanspruchnahme (nach Ablauf einer anwendbaren Nachfrist) nicht eingelöst;

vorausgesetzt, der Gesamtbetrag der betreffenden Öffentlichen Auslandsverbindlichkeiten oder Garantien, in Bezug auf die eines oder mehrere der vorstehend in diesem Absatz (c) genannten Ereignisse eingetreten ist bzw. sind, beläuft sich auf EUR 100.000.000 oder mehr (oder den Gegenwert in anderer Währung bzw. anderen Währungen); oder

- (d) *Undurchsetzbarkeit.* Die Verpflichtungen der Darlehensnehmerin aus dem Darlehensvertrag werden aus irgendeinem Grund von einem zuständigen Gericht durch eine endgültige nicht berufungsfähige Entscheidung für nicht mehr verbindlich oder gegen die Darlehensnehmerin durchsetzbar erklärt oder sind aufgrund eines Urteils oder einer anderen Maßnahme des Verfassungsgerichts der Republik Bulgarien oder aus irgendeinem anderen Grund nicht in vollem Umfang gültig und wirksam; oder

- (e) *Gültigkeit.* Die Gültigkeit des Darlehensvertrags wird von der Republik Bulgarien oder (in ihrem Namen) von einer ihrer politischen Unterorganisationen, ihrer bevollmächtigten Behörden oder einem ihrer Beamten nicht anerkannt oder angefochten (ausgenommen Rechtsmittel von Bürgern oder Unternehmen, die nicht im Namen einer staatlichen Stelle handeln).

(2) *Form der Kündigung.* Kündigungen müssen schriftlich erfolgen und sind der Darlehensnehmerin über die Zahlstelle wie unter § 13 bestimmt zuzuleiten.

## **§ 8 (Zahlungen)**

- (1) *Zahlungen.* Die Zahlstelle wird spätestens 14 Tage vor jedem Termin, zu dem eine Zahlung aufgrund dieses Darlehensvertrags fällig wird, der Darlehensnehmerin eine Anleitung mit

than by a regularly scheduled required payment), prior to the stated maturity thereof; or

- (ii) the Borrower fails to pay in full any principal of, or interest on, any Public External Indebtedness when due (after expiration of any applicable grace period) or any Guarantee thereof given by the Borrower shall not be honoured when due and called upon (after the expiration of any applicable grace period);

provided that the aggregate amount of the relevant Public External Indebtedness or Guarantee in respect of which one or more of the events mentioned above in this paragraph (c) shall have occurred equals or exceeds EUR 100,000,000 or its equivalent in any other currency or currencies; or

- (d) *Unenforceability.* For any reason whatsoever, any of the Borrower's obligations under the Loan Agreement are declared by a court of competent jurisdiction pursuant to a final non-appealable decision to be no longer binding or no longer enforceable against the Borrower or as a result of a judgment or any other act of the Constitutional Court of the Republic of Bulgaria or for any other reason whatsoever any such obligation ceases to be in full force and effect; or

- (e) *Validity.* The Republic of Bulgaria, or any of its political sub-divisions, authorised Agencies or officials (on its behalf) repudiates or contests the validity of the Loan Agreement (except for legal recourse taken by any citizen or entity not acting on behalf of a public entity).

(2) *Form of Termination Notice.* Any notice of termination must be made in writing and sent to the Borrower through the Paying Agent as set out under § 13.

## **§ 8 (Payments)**

- (1) *Payments.* The Paying Agent shall, not later than 14 days prior to each date on which any payment in respect of this Loan Agreement becomes due, provide to the Borrower instructions

notwendigen Angaben übermitteln, damit die Darlehensnehmerin die entsprechende Zahlung vornehmen kann. Die Bereitstellung dieser Zahlungsinstruktionen hat keinen Einfluss auf die Fälligkeit der Zahlung. Die Darlehensnehmerin wird sämtliche unter diesem Darlehensvertrag fälligen Beträge nicht später als 13:00 Uhr (Frankfurter Zeit) am jeweiligen Fälligkeitstag auf einem Konto der Zahlstelle in gleichartig verfügbaren Mitteln bereitstellen. Diese Mittel werden von der Zahlstelle nicht verzinst. Aus den derart zur Verfügung gestellten Mitteln wird die Zahlstelle Kapital und Zinsen sowie etwa sonst fällige Beträge an etwaige Zessionare zahlen, die in der jeweils letzten von der Zahlstelle vor der Zahlung erhaltenen Abtretungsanzeige angegeben sind. Wenn die Mittel nach dem im ersten Satz bezeichneten Zeitpunkt eingehen und ohne Einschränkung der Forderungen der Gläubiger, wird die Zahlstelle weiterhin vernünftige Anstrengungen zur Durchführung der Zahlung aufwenden, haftet aber nicht für irgendwelche Schäden einer verspäteten Zahlung. Die Darlehensnehmerin wird der Zahlstelle auf Nachfrage unverzüglich die Zahlungsreferenz sowie alle erforderlichen Angaben zur Identifikation der Zahlung in den Zahlungssystemen bestätigen.

(2) *Vorschuss von Mitteln.* Sofern die erforderlichen Mittel nicht rechtzeitig bei der Zahlstelle eingehen, ist die Zahlstelle im Auftrag der Darlehensnehmerin berechtigt, aber nicht verpflichtet, die Mittel vorzulegen und für eine solche Vorlage Zinsen zu einem Satz, der dem European OverNight Index Average („EONIA“) zuzüglich 0,50% per annum entspricht, zu verlangen.

(3) *Erfüllung.* Ungeachtet der Tatsache, dass alle Zahlungen auf das Darlehen ausschließlich über die Zahlstelle erfolgen, befreit, wenn und soweit der Darlehensnehmerin die Abtretung an einen Zessionar mindestens 10 Geschäftstage vor dem betreffenden Zahlungstermin angezeigt wird, erst die Zahlung der fälligen Beträge an diesen Zessionar oder eine von ihm bezeichnete Bank oder andere Institution die Darlehensnehmerin von ihren jeweiligen Zahlungsverpflichtungen.

(4) *Anrechnung.* Zahlungen auf das Darlehen werden in der in § 367 (1) BGB vorgesehenen Reihenfolge auf die fälligen Beträge angerechnet (zunächst auf die Kosten, dann auf Zinsen und zuletzt auf das Kapital). Sollten die Zahlungen nicht ausreichen, um einen bestimmten fälligen Betrag vollständig zu tilgen,

containing all necessary information for the Borrower to effect such payment. The submission of such payment instruction shall not effect whether such payment becomes due. The Borrower shall make available all amounts due under this Loan Agreement in same-day funds in an account of the Paying Agent not later than 13:00 (Frankfurt time) on the date of the relevant payment. The Paying Agent shall not pay any interest on such funds. From the funds so provided, the Paying Agent shall pay principal, interest and any further payable amounts to the Creditors specified in the most recent assignment notification received by the Paying Agent prior to such payment. If the funds are received by the Paying Agent after the time set out in the first sentence of this paragraph and without prejudice to the claims of the Creditors, the Paying Agent shall continue to effect any payment by employing reasonable efforts but shall not be liable for any damages that result from any late payments. Upon request the Borrower will confirm to the Paying Agent without undue delay the payment reference and all other information that is necessary to identify the payment in the payment systems that are used for the money transfer.

(2) *Advance of Funds.* If the necessary funds are not received by the Paying Agent in due time, the Paying Agent shall be entitled but not obliged to advance the necessary funds on behalf of the Borrower and, for such an advance, to charge interest at the rate of the European OverNight Index Average („EONIA“) plus 0.50% per annum.

(3) *Discharge of Obligations.* Notwithstanding that all payments under the Loan shall be effected exclusively through the Paying Agent, only the payment to the relevant assignee or to a bank or other institution designated by such assignee shall release the Borrower from its respective obligations, if and to the extent that the Borrower has received notification of the assignment to such assignor at least 10 Business Days before the relevant payment date.

(4) *Application of Payments.* Payments on the Loan shall be applied in the sequence provided for in § 367 (1) of the German Civil Code to the payable amounts (first to the costs, then to interest and finally to the principal). If the payments are not sufficient to fully discharge any relevant due amount the payments shall be dis-

werden die Zahlungen pro rata auf die Gläubiger verteilt.

### **§ 9 (Gegenforderungen)**

Die Darlehensnehmerin kann gegenüber Forderungen eines Gläubigers nur aufrechnen, wenn die Forderungen gegen den betreffenden Gläubiger unbestritten oder rechtskräftig festgestellt sind. Solange und soweit das Darlehen (i) an ein Versicherungsunternehmen abgetreten wird und zum gebundenen Vermögen im Sinne von § 54 Versicherungsaufsichtsgesetz gehört oder (ii) an eine Bank abgetreten wird und zu einer aufgrund inländischer gesetzlicher Vorschriften gebildeten Deckungsmasse einer Bank gehört oder (iii) an ein deutsches Versorgungswerk abgetreten wird, verzichtet die Darlehensnehmerin im Hinblick auf Forderungen im Zusammenhang mit diesem Darlehen, auch im Falle der Insolvenz (sofern gesetzlich zulässig), auf jede Aufrechnung sowie die Ausübung von Pfandrechten, Zurückbehaltungsrechten und sonstigen Rechten, durch welche die Forderungen der Gläubiger aus dem Darlehen beeinträchtigt werden können.

### **§ 10 (Abtretungen, Zahlstellendienst)**

(1) *Abtretung.* Jeder Gläubiger ist berechtigt, seine Forderungen aus diesem Darlehen insgesamt oder in Teilbeträgen abzutreten. Die Abtretung kann nur in Teilbeträgen von EUR 500.000 oder einem ganzzahligen höheren Vielfachen von EUR 500.000 abzutreten.

(2) *Form und Anzeige der Abtretung.* Jede Abtretung bedarf der Schriftform und hat in Form und Inhalt dem diesem Vertrag als Anhang 2 beigefügten Muster einer Abtretungsvereinbarung zu entsprechen. Den Zessionaren stehen, sofern in diesem Vertrag nicht anders bestimmt, die gleichen Rechte, Gestaltungsrechte und Ansprüche zu, die sich für den Zedenten aus diesem Darlehensvertrag ergeben, einschließlich etwaiger Kündigungsrechte. Die Anzeige der Abtretung gegenüber der Darlehensnehmerin im Sinne von § 409 BGB erfolgt durch Übermittlung der unterzeichneten Abtretungsvereinbarung an die Zahlstelle. Die unter diesem § 10 (2) genannten Voraussetzungen für eine Abtretung gelten nicht, wenn die Abtretung an eine Notenbank des Eurosystems zu Zwecken der Besicherung erfolgt. In solch einem Fall unterliegt die

tributed among the Creditors on a pro rata basis.

### **§ 9 (Counterclaims)**

The Borrower shall only be entitled to set off claims of any Creditor where the claims against such Creditor are unchallenged or have been recognized by judgement. To the extent that the Loan is assigned to (i) an insurance company and belongs to the committed assets (*gebundenes Vermögen*) in accordance with § 54 of the German Insurance Supervisory Act (*Versicherungsaufsichtsgesetz*) or (ii) to a bank and belongs to the committed assets of a bank under any domestic covered bond legislation or (iii) to a German professional pension fund (*Versorgungswerk*), the Borrower waives any right of set-off against the claims under this Loan; also in the event of any insolvency (to the extent permitted by applicable law), as well as the exercise of any pledge, right of retention or other rights which could adversely affect the claims of the Creditors under the Loan.

### **§ 10 (Assignments, Duties of the Paying Agent)**

(1) *Assignment.* Each Creditor may assign in full or in part its claims under this Loan. Partial Assignments can only be made in amounts of EUR 500,000 or any higher integral multiples of EUR 500,000 thereof.

(2) *Form and Notification of Assignment.* Any assignment must be made in writing and, as to form and content, should be in accordance with the form of the assignment agreement attached hereto as Annex 2. The Assignees shall have the same rights, options and titles under this Loan Agreement as the assignor, except as otherwise stated herein, including any early termination rights. The notification of the assignment to the Borrower under § 409 of the German Civil Code (BGB) shall be made by submitting the executed assignment agreement to the Paying Agent. The requirements for an assignment referred to in this § 10 (2) shall not apply where the assignment is made for collateral purposes to a central bank within the Eurosystem. In such case, the validity of the assignment for collateral purposes is expressly not subject to any formal requirements and notification duty.

Wirksamkeit der Abtretung zu Sicherungszwecken ausdrücklich keinen formalen Anforderungen und keiner Anzeigepflicht.

(3) *Zahlstellendienst.* Die Bank übernimmt als Beauftragte der Darlehensnehmerin den Zahlstellendienst (die „Zahlstelle“). Die Zahlstelle handelt ausschließlich als Erfüllungsgehilfin der Darlehensnehmerin und übernimmt keinerlei Verpflichtungen gegenüber den Gläubigern und es wird kein Auftrags- oder Treuhandverhältnis zwischen ihr und den Gläubigern begründet. Die Zahlstelle wird die von der Darlehensnehmerin erbrachten Zahlungen an Kapital und Zinsen an die ihr bis spätestens 10 Geschäftstage vor dem Zahlungstermin bekannt gemachten Zessionare weiterleiten. Weiterhin wird die Zahlstelle etwaige Mitteilungen der Darlehensnehmerin oder der Gläubiger unverzüglich an die jeweils andere Partei entsprechend § 13 weiterleiten. Auf entsprechende Anfrage der Darlehensnehmerin wird die Zahlstelle der Darlehensnehmerin unverzüglich Angaben zu Art und Sitz von Gläubigern gemäß § 13 zukommen lassen. Eine solche Anfrage kann nur ein Mal pro Jahr gestellt werden.

(4) *Sorgfaltsstandard.* Die Zahlstelle haftet bei der Ausführung ihrer Aufgaben für die Sorgfalt eines ordentlichen Kaufmanns. Die Zahlstelle übernimmt keine Gewähr für die an die Darlehensnehmerin oder die Gläubiger weitergeleiteten Informationen oder Mitteilungen oder die rechtzeitige Geltendmachung jeglicher Rechte der Darlehensnehmerin oder der Gläubiger. In Bezug auf jegliche Haftung für eine Vertragsverletzung, einschließlich etwaiger Schadensminderungspflichten, finden die deutschen gesetzlichen Bestimmungen Anwendung.

(5) *Haftungsfreistellung.* Die Darlehensnehmerin verpflichtet sich, die Zahlstelle von sämtlichen Schäden (einschließlich aller angemessen entstandener Kosten für Rechtsberater sowie zu entrichtender Umsatzsteuer) freizustellen, die im Zusammenhang mit diesem Vertrag entstehen und welche nicht auf einer vorsätzlichen oder fahrlässigen Pflichtverletzung oder betrügerischen Handlung der Zahlstelle beruhen. Die Freistellungsverpflichtung überdauert die Laufzeit oder Beendigung dieses Vertrages und bleibt ungeachtet der Rückzahlung des Darlehens wirksam.

(6) *Kündigung.* Die Darlehensnehmerin kann die Bestellung der Zahlstelle jederzeit mit einer Frist

(3) *Duties of the Paying Agent.* The Bank shall act as paying agent for the Borrower (the “**Paying Agent**”). The Paying Agent acts solely as the agent of the Borrower and does not assume any obligations towards or relationship of agency or trust for any Creditor. The Paying Agent shall pay to the assignees notified to it at least 10 Business Days prior to the payment date any payments of principal and interest made to it by the Borrower. The Paying Agent shall also forward without delay any communications sent by the Borrower or the Creditors to the relevant other party as set out in § 13. Upon request of the Borrower, the Paying Agent shall provide without delay information about the type and residency of any Creditor to the Borrower as set out in § 13. Such request can only be made once a year.

(4) *Standard of Care.* The Paying Agent shall be responsible for the due care of a proper merchant for the performance of its duties. The Paying Agent assumes no responsibility for any information or communication it has passed on to the Borrower or the Creditors or for the timely exercise of any rights of the Borrower or the Creditors. For any liability for breach of contract the provisions of German statutory law shall apply, including any duties to mitigate damages.

(5) *Indemnity.* The Borrower shall indemnify the Paying Agent against any damages (including all adequate legal fees and any value-added tax) arising in connection with this Agreement, unless to the extent such damages arise from the wilful default or, negligence of, or a fraud committed by the Paying Agent. The obligation to indemnify will survive the termination of this Loan Agreement or the repayment of the Loan.

(6) *Termination.* The Borrower may terminate the appointment of the Paying Agent at any time

von 30 Tagen schriftlich kündigen. Die Zahlstelle kann ihre Bestellung als Zahlstelle gegenüber der Darlehensnehmerin jederzeit mit einer Frist von 45 Tagen schriftlich kündigen.

(7) *Keine Übertragung von Rechten.* Die Darlehensnehmerin ist nicht berechtigt, Rechte aus diesem Vertrag auf Dritte zu übertragen.

#### **§ 11 (Stempelsteuern, Kosten)**

Die Darlehensnehmerin trägt sämtliche Stempelsteuern und Dokumentensteuern, welche im Zusammenhang mit der Ausfertigung oder Unterzeichnung des Darlehensvertrags oder der Ausführung von Zahlungen zahlbar werden. Im Fall einer von der Darlehensnehmerin veranlassten Änderung des Vertrags oder einer Stundung oder eines Verzichts der Gläubiger übernimmt die Darlehensnehmerin alle dadurch in angemessener Weise entstandenen Kosten.

#### **§ 12 (Informationspflichten)**

(1) *Übersendung von Dokumenten.* Die Darlehensnehmerin wird die Gläubiger während der Laufzeit des Darlehens über ihre finanzielle Situation informieren. Dieses erfolgt durch die Übersendung des jeweils aktuellen Haushaltsberichts sowie etwaiger veröffentlichter finanzieller Zwischenberichte. Die Übersendung dieser Dokumente an die Gläubiger erfolgt innerhalb von 30 Tagen nach der Veröffentlichung bzw. 60 Tage nach Fertigstellung des betreffenden Berichts, spätestens jedoch 6 Monate nach dem Ende des betreffenden Fiskaljahres der Darlehensnehmerin elektronisch oder in ausreichender Anzahl über die Zahlstelle. Eine Übersendung ist nicht erforderlich, wenn die genannten Dokumente frei auf einer den Gläubigern bekannten Internetseite verfügbar sind.

(2) *Weitergabe von Informationen.* Die Gläubiger sind berechtigt, Informationen über die Darlehensnehmerin zum Zwecke der Weiterveräußerung und Abtretung des Darlehens an etwaige Erwerber weiterzugeben.

#### **§ 13 (Mitteilungen)**

Vorbehaltlich schriftlich oder elektronisch mitgeteilter Änderungen gilt Folgendes für Mitteilungen unter diesem Vertrag:

by giving 30 days' written notice. The Paying Agent may resign from its appointment as paying agent at any time by giving 45 days' written notice to the Borrower.

(7) *No Transfer of Rights.* The Borrower shall not be entitled to transfer to third parties any rights under this Agreement.

#### **§ 11 (Stamp Duties, Expenses)**

The Borrower shall bear all stamp duties or document taxes that arise as a result of the execution or delivery of the Loan Agreement or the execution of any payments. The Borrower shall bear all costs that arise reasonably as a result of a change of the terms of the Loan Agreement requested by the Borrower or a waiver or consent to deferral of any Creditor.

#### **§ 12 (Information Covenant)**

(1) *Submission of Documents.* During the term of the Loan, the Borrower shall inform the Creditors about its financial situation. Such information shall be effected by submission of the most recent annual budget reports and any published financial interim reports. Such documents shall be submitted to the Creditors through the Paying Agent electronically or in sufficient quantities no later than 30 days after the publication or 60 days after the completion of the relevant report, but in any event no later than 6 months after the relevant financial year of the Borrower. To the extent such accounts and reports are freely available on an internet website of which the Creditors are aware any physical submission is not necessary.

(2) *Passing on Information.* The Creditors shall be entitled to pass on information relating to the Borrower for the purpose of reselling or assigning the Loan to possible purchasers.

#### **§ 13 (Notices)**

Subject to any changes notified in writing or electronically the following shall apply to any communications under this Loan Agreement:

- (a) Alle Mitteilungen von Gläubigern zur Weiterleitung an die Darlehensnehmerin (einschließlich Anzeige von Abtretungen oder Kündigungen) und alle Mitteilungen der Darlehensnehmerin für die Gläubiger:

Deutsche Bank Aktiengesellschaft  
GBS FISOS  
Frankfurt Issuance & Treasury Support  
Große Gallusstraße 10-14  
60272 Frankfurt am Main  
Deutschland  
Tel.: +49 69 910 31441  
Fax: +49 69 910 41325  
Email: GTO-FFT.SDO@db.com

- (b) Kontaktangaben der Darlehensnehmerin für die Weiterleitung von Mitteilungen:

Republik Bulgarien  
vertreten durch den Finanzminister  
Finanzministerium  
102 Rakovski Street  
Sofia 1040  
Republik Bulgarien  
Tel.: +359 2 9859 2000  
Fax: +359 2 980 68 63

- (c) Kommunikationen zwischen Darlehensnehmerin und der Zahlstelle bezüglich der Ausführung von Zahlungen:

Deutsche Bank Aktiengesellschaft  
Trust & Securities Services (TSS)  
Grosse Gallusstraße 10-14  
60272 Frankfurt am Main  
Deutschland  
Tel: +49 69 910 30817  
Fax: +49 69 910 38672

#### **§ 14**

##### **(Schlussbestimmungen)**

(1) *Anwendbares Recht.* Form und Inhalt dieses Vertrages sowie die sich daraus ergebenden Rechte und Pflichten bestimmen sich in jeder Hinsicht nach deutschem Recht.

(2) *Gerichtsstand und Erfüllungsort.* Gerichtsstand für alle Rechtsstreitigkeiten aus den in diesem Vertrag geregelten Angelegenheiten ist Frankfurt am Main. Die Gläubiger können ihre Ansprüche jedoch auch vor Gerichten in jedem anderen Land, in dem Vermögen der Darlehensnehmerin belegen ist, geltend machen. Erfüllungsort ist Frankfurt am Main.

(3) *Salvatorische Klausel.* Sollten irgendwelche Bestimmungen dieses Vertrages ganz oder teilweise rechtsunwirksam sein oder werden, so

- (a) All communications of Creditors to be passed on to the Borrower (including notifications of assignment or termination) and all communications of the Borrower for Creditors:

Deutsche Bank Aktiengesellschaft  
GBS FISOS  
Frankfurt Issuance & Treasury Support  
Große Gallusstrasse 10-14  
60272 Frankfurt am Main  
Germany  
Tel.: +49 69 910 31441  
Fax: +49 69 910 41325  
Email: GTO-FFT.SDO@db.com

- (b) Contact details of the Borrower for forwarded communications:

The Republic of Bulgaria  
represented by the Minister of Finance  
Ministry of Finance  
102 Rakovski Street  
Sofia 1040  
Republic of Bulgaria  
Tel.: +359 2 9859 2000  
Fax: +359 2 980 68 63

- (c) Communications of the Borrower and the Paying Agent relating to the execution of payments:

Deutsche Bank Aktiengesellschaft  
Trust & Securities Services (TSS)  
Grosse Gallusstrasse 10-14  
60272 Frankfurt am Main  
Germany  
Tel: +49 69 910 30817  
Fax: +49 69 910 38672

#### **§ 14**

##### **(Final Provisions)**

(1) *Governing Law.* This Agreement, both as to form and content, and the rights and duties arising therefrom shall in all respects be governed by German law.

(2) *Place of Jurisdiction and Place of Performance.* The place of jurisdiction for all proceedings arising from matters provided for in this Agreement shall be Frankfurt am Main. The Creditors may, however, also pursue their claims before courts in any other country in which assets of the Borrower, as the case may be, are located. The place of performance shall be Frankfurt am Main.

(3) *Partial Invalidity.* Should any of the provisions of this Agreement be or become invalid, in whole or in part, the other provisions of this



bleiben die anderen Bestimmungen dieses Vertrages in Kraft. Unwirksame Bestimmungen sind dem Sinn und Zweck dieses Vertrages entsprechend durch wirksame Bestimmungen zu ersetzen, die in ihrer wirtschaftlichen Auswirkung denjenigen der unwirksamen Bestimmungen so nahe kommen, wie rechtlich möglich. Entsprechendes gilt für ergänzungsbedürftige Lücken.

(4) *Ausfertigung.* Dieser Vertrag wird in zwei Ausfertigungen unterzeichnet. Jede Ausfertigung gilt als ein Original. Zum Nachweis der Forderung bedarf es nicht der Vorlage des Vertrages. Die diesem Vertrag beigefügten Anhänge gelten als Bestandteil dieses Vertrages.

(5) *Verbindliche Sprache.* Allein die deutsche Fassung ist verbindlich und der englische Text ist eine unverbindliche Übersetzung.

(6) *Zustellungsbevollmächtigter.* Die Darlehensnehmerin benennt die FIDEUROP GmbH, Westhafenplatz 1, 60327 Frankfurt am Main, Deutschland unwiderruflich als Zustellungsbevollmächtigte in Deutschland für alle Rechtsstreitigkeiten aus oder im Zusammenhang mit diesem Darlehensvertrag.

(7) *Verzicht auf Immunität.* Die Darlehensnehmerin verzichtet unwiderruflich und so weitgehend wie rechtlich zulässig auf jede Immunität gegenüber einer Gerichtsbarkeit oder Vollstreckung und jedem ähnlichen Einwand und erklärt unwiderruflich und ohne Bedingungen ihr Einverständnis zu jedem Rechtsbehelf oder gerichtlichen Verfahren, einschließlich der Vollstreckung irgendeiner Anordnung oder irgendeines Urteils in einem solchen Verfahren gegen alle Bestandteile ihres Vermögens. Der Verzicht auf Immunität bezieht sich jedoch nicht auf (i) gegenwärtige oder künftige „Räumlichkeiten der Mission“ gemäß Definition im Wiener Übereinkommen über diplomatische Beziehungen von 1961, (ii) „konsularische Räumlichkeiten“ gemäß Definition im Wiener Übereinkommen über konsularische Beziehungen aus 1963 oder (iii) militärische Anlagen oder Einrichtungen oder Anlagen oder Einrichtungen der Darlehensnehmern, die damit in Verbindung stehen.

## § 15

### **(Erklärung gemäß dem Geldwäschegesetz)**

Die Darlehensnehmerin versichert den
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Agreement shall remain in force. Invalid provisions shall, according to the intent and purpose of this Agreement, be replaced by such valid provisions the economic effect of which is as close as legally possible to that of the invalid provisions. The same applies to any gaps for which supplemental clauses would be required.

(4) *Counterparts.* This Agreement shall be signed in two counterparts. Each counterpart shall be considered an original. In order to furnish proof of the claim the presentation of the Agreement is not required. The Annexes to this Agreement shall be deemed to form part of this Agreement.

(5) *Binding Language.* Solely the German language version is binding and the English language text is a non-binding translation.

(6) *Process Agent.* For all legal disputes arising under or in connection with this Loan Agreement the Borrower irrevocably appoints FIDEUROP GmbH, Westhafenplatz 1, 60327 Frankfurt am Main, Germany as authorized agent for acceptance of service of process in Germany.

(7) *Waiver of Immunity.* The Borrower irrevocably waives to the fullest extent permitted by law any immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever of any order or judgement in connection with any such proceedings. However, that immunity is not waived with respect to (i) present or future “premises of the mission” as defined in the Vienna Convention on Diplomatic Relations signed in 1961, (ii) “consular premises” as defined in the Vienna Convention on Consular Relations signed in 1963, or (iii) military property or military assets or property or assets of the Issuer related thereto.

## § 15

### **(Statement according to the German Anti-Money-Laundering Act)**

The Borrower confirms to the Creditors that it
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Gläubigern, dass sie die mit diesem Darlehen gewährten Mittel ausschließlich für ihre eigene Rechnung aufnimmt und nicht für eine andere Person als wirtschaftlich Berechtigter im Sinne des Geldwäschegesetzes.

will borrow the funds granted under this Loan exclusively for its own respective accounts and not for another person as beneficial owner within the meaning of the German Anti-Money-Laundering Act (*Geldwäschegesetz*).

Sofia und Frankfurt am Main, [●] 2013

Sofia and Frankfurt am Main, [●] 2013

**THE REPUBLIC OF BULGARIA**

(als Darlehensnehmerin)  
(as *Borrower*)

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**DEUTSCHE BANK AKTIENGESELLSCHAFT**

(als Gläubiger und Zahlstelle)  
(as *Creditor and Paying Agent*)

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**Anhang 1 / Annex 1**

**Aufstellung der nach § 2 des Darlehensvertrages beizubringenden Unterlagen:**

***List of documents to be provided under § 2 of the Loan Agreement***

1. Relevante Beschlüsse, einschließlich:  
*Relevant resolutions, including:*
  - (a) der betreffenden Auszüge aus dem Gesetz zum Staatshaushalt 2013 der Republik Bulgarien;  
*the relevant extracts of the 2013 State Budget of the Republic of Bulgaria Act;*
  - (b) des Beschlusses des Ministerrats über die Bevollmächtigung des Finanzministers zur Unterzeichnung des Darlehensvertrags;  
*the resolution of the Council of Ministers authorising the Minister of Finance to sign the loan agreement;*
  - (c) des Beschlusses des Ministerrats über die Genehmigung des Darlehensvertrags und die entsprechende Gesetzesvorlage zur Ratifizierung durch die Bulgarische Nationalversammlung; und  
*the resolution of the Council of Ministers on the approval of the loan agreement and on the adoption of the relevant bill on ratification by the Bulgarian National Assembly; and*
  - (d) des Gesetzes zur Ratifizierung des Darlehensvertrags mit dem Siegel des Präsidenten, wie im Staatsanzeiger veröffentlicht.  
*the law on the ratification of the loan agreement, as sealed by the President and published by the State Gazette.*
2. Eine Aufstellung mit Namen, Funktionen und Unterschriftsproben aller Personen, die befugt sind, für die Darlehensnehmerin im Zusammenhang mit dem Darlehen zu handeln.  
*A list setting forth names, functions and specimen signatures of all persons authorized to act for the Borrower in relation to the Loan.*
3. Der von der Darlehensnehmerin rechtswirksam unterzeichnete Darlehensvertrag.  
*The Loan Agreement duly signed by the Borrower.*

**Anhang 2 / Annex 2**

**Muster der Abtretungsvereinbarung / Form of the Assignment Agreement**

**Abtretungsvereinbarung**

zwischen  
[                      ]  
(„Zedent“)  
und  
[                      ]  
(„Zessionar“)

**§ 1  
(Abtretung)**

(1) *Abtretung.* Der Zedent tritt hiermit dem Zessionar seine Darlehensforderung gegenüber der Republik Bulgarien (die „**Darlehensnehmerin**“) gemäß dem in Kopie beigefügten Darlehensvertrag vom [●] 2013 und der Preisfestsetzungsvereinbarung vom [●] 2013 über ein EUR [●].000.000 festverzinsliches Darlehen (zusammen der „**Darlehensvertrag**“) einschließlich aller Nebenrechte im Betrag von EUR [●].000.000

(in Worten: Euro [●] Millionen)

mit Wirkung vom [●] 20[●], ab.

(2) *Annahme der Abtretung.* Der Zessionar nimmt diese Abtretung hiermit an.

**§ 2  
(Anzeige)**

(1) *Anzeige der Abtretung.* Der Zedent wird diese Abtretung der Deutschen Bank Aktiengesellschaft, GBS FISOS, Frankfurt Issuance & Treasury Support, Fax: +49 69 910 41325 (die „**Zahlstelle**“), unter Angabe des Namens und der Anschrift des Zessionars sowie des Datums, von dem ab diesem die Zinsen zustehen, unverzüglich unter Beifügung einer unterzeichneten Ausfertigung dieser Abtretungsvereinbarung anzeigen.

(2) *Voraussetzungen für eine wirksame Abtretung.* Der Zessionar nimmt zur Kenntnis, dass eine weitere Abtretung der ihm hiermit abgetretenen Darlehensforderungen den Beschränkungen des § 10 des Darlehensvertrags unterliegt und zu ihrer Wirksamkeit der Zahlstelle unverzüglich in gleicher Weise anzuzeigen ist.

(3) *Schuldbefreiende Leistung.* Der Zessionar nimmt weiter zur Kenntnis, dass eine Leistung an den letzten der Zahlstelle vor der Leistung ordnungsgemäß gemäß § 10 des

**Assignment Agreement**

between  
[                      ]  
 („Assignor“)  
and  
[                      ]  
 („Assignee“)

**§ 1  
(Assignment)**

(1) *Assignment.* The Assignor hereby assigns to the Assignee his (partial) claim against The Republic of Bulgaria (the „**Borrower**“) pursuant to the Loan Agreement dated [●] 2013 and the Pricing Supplement dated [●] 2013 relating to the EUR [●],000,000 fixed rate loan (together the „**Loan Agreement**“) a copy of which is attached, together with all rights ancillary thereto, in the amount of

EUR [●],000,000

(in words: Euro [●] million)

with effect from [●] 20[●].

(2) *Agreement to the Assignment.* The Assignee hereby agrees to said assignment.

**§ 2  
(Notification)**

(1) *Notification of Assignment.* The Assignor shall immediately notify this assignment in writing to Deutsche Bank Aktiengesellschaft (the „**Paying Agent**“), GBS FISOS, Frankfurt Issuance & Treasury Support, Fax: +49 69-910 41325, indicating the name and address of the Assignee as well as the date from which the Assignee shall be entitled to interest together with an executed version of this assignment agreement.

(2) *Requirements for valid assignment.* The Assignee acknowledges that any further assignment of the claims assigned herewith shall be subject to the limitation and formalities of § 10 of the Loan Agreement and in order to be effective needs to be notified to the Paying Agent in the same manner as this assignment.

(3) *Discharge of obligations.* The Assignee further acknowledges that any payments made to the most recent Assignor duly notified to the Paying Agent in accordance with § 10 of the

Darlehensvertrags angezeigten Zedenten die Darlehensnehmerin von der betreffenden Verbindlichkeit aus dem Darlehen befreit.

(4) *Stempelsteuern*. Etwaige Stempelsteuern werden, soweit keine anderweitige Vereinbarung getroffen wird, vom Zessionar getragen.

**§ 3**  
**(Schlussbestimmungen)**

(1) *Anwendbares Recht*. Diese Vereinbarung bestimmt sich in jeder Hinsicht nach dem deutschen Recht.

(2) *Ausfertigungen*. Diese Vereinbarung wurde in vier Ausfertigungen unterzeichnet. Je eine Ausfertigung wird an die Zahlstelle, an die Darlehensnehmerin, an den Zedenten und an den Zessionar ausgehändigt. Jede der Ausfertigungen gilt als Original.

[Ort, Datum]

\_\_\_\_\_  
(Zedent)

\_\_\_\_\_  
(Zessionar)

Loan Agreement shall fully discharge the Borrower from its obligations under the Loan Agreement.

(4) *Stamp Duties*. Any stamp duty shall be borne by the Assignee unless agreed otherwise.

**§ 3**  
**(Final Provisions)**

(1) *Governing Law*. This agreement shall in all respects be governed by German law.

(2) *Counterparts*. This agreement will be made in four original copies. One copy each will be retained by the Assignor and Assignee, respectively and one copy will be sent to the Paying Agent and to the Borrower. Each copy shall be considered an original.

[Place, Date]

\_\_\_\_\_  
(Assignor)

\_\_\_\_\_  
(Assignee)

**Anhang 3 / Annex 3**

**Muster der Preisfestsetzungsvereinbarung / Form of the Pricing Supplement  
Preisfestsetzungsvereinbarung / Pricing Supplement**

**Republik Bulgarien**, vertreten durch das Finanzministerium (die „Darlehensnehmerin“)  
**The Republic of Bulgaria**, represented by the Minister of Finance (*the „Borrower“*)

Festverzinsliches Schuldscheindarlehen im Betrag von EUR [●].000.000 fällig am [●] 2028 (das „Darlehen“)  
*Fixed Rate Assignable Loan (Schuldscheindarlehen) in an amount of EUR [●],000,000 due on [●] 2028 (the „Loan“)*

(1) Die Darlehensnehmerin und die Bank haben den als Kopie beigefügten Darlehensvertrag vom [●] 2013 über das Darlehen (der „Darlehensvertrag“) abgeschlossen. Der Darlehensvertrag sieht vor, dass die unten genannten endgültigen Bedingungen des Darlehens durch diese Preisfestsetzungsvereinbarung festgesetzt werden. Bezugnahmen auf in dieser Preisfestsetzungsvereinbarung nicht definierte festgelegte Begriffe entsprechen, soweit sich aus dem Zusammenhang nichts anderes ergibt, den jeweiligen Definitionen im Darlehensvertrag.

(2) *Konditionen.* Die Bedingungen des Darlehens wurden zwischen den Parteien dieser Preisfestsetzungsvereinbarung wie folgt vereinbart:

Nennbetrag: EUR [●] (in Worten [●] Euro)

Auszahlungstag: [●] 2013

Fälligkeitstag: [●] 2028

Zinssatz: [●]% p.a.

Zinszahlungstag: [●] eines jeden Jahres

Erster Zinszahlungstag: [●]

Auszahlungskonto: Ministerium der Finanzen der Republik Bulgarien bei der Bulgarischen Nationalbank, IBAN: BG96 BNBG 9661 3400 1482 40, SWIFT Code: BNBGBGSF,  
Korrespondenzkonto in TARGET 2: IBAN: BG83 BNBG 9661 1100 0661 41, SWIFT Code: BNBGBGSF

(3) Diese Vereinbarung unterliegt in jeder Hinsicht deutschem Recht. Diese Vereinbarung wird in vier Ausfertigungen unterzeichnet. Je eine Ausfertigung ist für die Darlehensnehmerin, die Bank, die RBI und die Zahlstelle bestimmt. Jede Ausfertigung ist als Original anzusehen.

[●] 2013

**THE REPUBLIC OF BULGARIA**  
(als Darlehensnehmerin) (*as Borrower*)

(1) The Borrower and the Bank entered into the loan agreement dated [●] 2013 relating to the Loan (the „**Loan Agreement**“), a copy of which is attached hereto. The Loan Agreement provides that the final conditions of the Loan set out below will be determined in this Pricing Supplement. References to capitalised terms not defined in this Pricing Supplement are to those terms as defined in the Loan Agreement, except where the context requires otherwise.

(2) *Pricing Terms:* The conditions of the Loan have been agreed between the parties to this Pricing Supplement as follows:

Nominal Amount: EUR [●] (in words [●] Euro)

Disbursement Date: [●] 2013

Maturity Date: [●] 2028

Rate of Interest: [●]% per annum

Interest Payment Date: [●] in each year

First Interest Payment Date: [●]

Disbursement Account: Ministry of Finance of the Republic of Bulgaria at the Bulgarian National Bank, IBAN: BG96 BNBG 9661 3400 1482 40, SWIFT Code: BNBGBGSF, correspondent account in TARGET 2: IBAN: BG83 BNBG 9661 1100 0661 41, SWIFT Code: BNBGBGSF

(3) This agreement shall in all respects be governed by German law. This agreement will be made in four original copies. One copy each will be retained by the Borrower and the Bank, respectively and one copy will be sent to RBI and to the Paying Agent. Each copy shall be considered an original.

[●] 2013

**DEUTSCHE BANK AKTIENGESELLSCHAFT**  
(als ursprünglicher Gläubiger) (*as initial Creditor*)

**Annex / Anhang:**

Copy of the Loan Agreement / Kopie des Darlehensvertrags

## Preisfestsetzungsvereinbarung / Pricing Supplement

**Republik Bulgarien**, vertreten durch das Finanzministerium (die „**Darlehensnehmerin**“)  
**The Republic of Bulgaria**, represented by the Minister of Finance (the „**Borrower**“)

Festverzinsliches Schuldscheindarlehen im Betrag von EUR 156.000.000 fällig am 11. Dezember 2028  
(das „**Darlehen**“)

*Fixed Rate Assignable Loan (Schuldscheindarlehen) in an amount of EUR 156,000,000 due on 11 December 2028 (the „**Loan**“)*

(1) Die Darlehensnehmerin und die Bank haben den als Kopie beigefügten Darlehensvertrag vom 4. November 2013 über das Darlehen (der „**Darlehensvertrag**“) abgeschlossen. Der Darlehensvertrag sieht vor, dass die unten genannten endgültigen Bedingungen des Darlehens durch diese Preisfestsetzungsvereinbarung festgesetzt werden. Bezugnahmen auf in dieser Preisfestsetzungsvereinbarung nicht definierte festgelegte Begriffe entsprechen, soweit sich aus dem Zusammenhang nichts anderes ergibt, den jeweiligen Definitionen im Darlehensvertrag.

(2) *Konditionen.* Die Bedingungen des Darlehens wurden zwischen den Parteien dieser Preisfestsetzungsvereinbarung wie folgt vereinbart:

Nennbetrag: EUR 156.000.000 (in Worten; einhundertsechsfünfzig Millionen Euro)

Auszahlungstag: 11. Dezember 2013

Fälligkeitstag: 11. Dezember 2028

Zinssatz: 4,60 % p.a.

Zinszahlungstag: 11. Dezember eines jeden Jahres

Erster Zinszahlungstag: 11. Dezember 2014

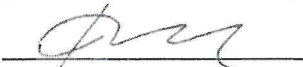
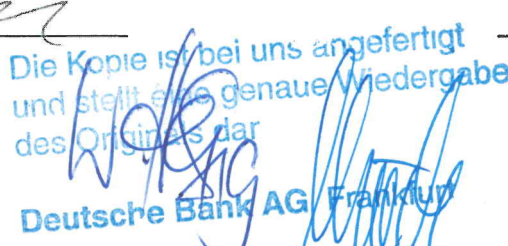
Auszahlungskonto: Ministerium der Finanzen der Republik Bulgarien bei der Bulgarischen Nationalbank, IBAN: BG96 BNBG 9661 3400 1482 40, SWIFT Code: BNBGBGSF,  
Korrespondenzkonto in TARGET 2: IBAN: BG83 BNBG 9661 1100 0661 41, SWIFT Code: BNBGBGSF

(3) Diese Vereinbarung unterliegt in jeder Hinsicht deutschem Recht. Diese Vereinbarung wird in vier Ausfertigungen unterzeichnet. Je eine Ausfertigung ist für die Darlehensnehmerin, die Bank, die RBI und die Zahlstelle bestimmt. Jede Ausfertigung ist als Original anzusehen.

9. Dezember 2013

**THE REPUBLIC OF BULGARIA**

(als Darlehensnehmerin) (as Borrower)

(1) The Borrower and the Bank entered into the loan agreement dated 4 November 2013 relating to the Loan (the „**Loan Agreement**“), a copy of which is attached hereto. The Loan Agreement provides that the final conditions of the Loan set out below will be determined in this Pricing Supplement. References to capitalised terms not defined in this Pricing Supplement are to those terms as defined in the Loan Agreement, except where the context requires otherwise.

(2) *Pricing Terms:* The conditions of the Loan have been agreed between the parties to this Pricing Supplement as follows:

Nominal Amount: EUR 156,000,000 (in words one hundred and fifty-six million Euro)

Disbursement Date: 11 December 2013

Maturity Date: 11 December 2028

Rate of Interest: 4.60 % per annum

Interest Payment Date: 11 December in each year

First Interest Payment Date: 11 December 2014

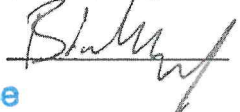

Disbursement Account: Ministry of Finance of the Republic of Bulgaria at the Bulgarian National Bank, IBAN: BG96 BNBG 9661 3400 1482 40, SWIFT Code: BNBGBGSF, correspondent account in TARGET 2: IBAN: BG83 BNBG 9661 1100 0661 41, SWIFT Code: BNBGBGSF

(3) This agreement shall in all respects be governed by German law. This agreement will be made in four original copies. One copy each will be retained by the Borrower and the Bank, respectively and one copy will be sent to RBI and to the Paying Agent. Each copy shall be considered an original.

9 December 2013

**DEUTSCHE BANK AKTIENGESELLSCHAFT**

(als ursprünglicher Gläubiger) (as initial Creditor)



## SUBSCRIPTION AND SALE

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

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

In particular, the following selling restrictions shall apply:

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer agrees that, except as permitted by the Sale Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### *Restrictions with respect to Notes in bearer form*

Notes issued in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

If TEFRA C is specified in the Issue Terms relating to the relevant Series, each relevant Dealer understands that, under U.S. Treas. Reg. section 1.163-5(c)(2)(i)(C) (the "C Rules"), Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each relevant Dealer represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of Notes in bearer form, the relevant Dealer represents and undertakes that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either the relevant Dealer or the prospective purchaser is within the United States or its possessions or otherwise involves a U.S. office of the relevant Dealer in the offer or sale of Notes in bearer form. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the C Rules.

If TEFRA D is specified in the Issue Terms relating to the relevant Series:

- (a) Each relevant Dealer agrees that, except to the extent permitted under U.S. Treas. Reg. section 1.163-5(c)(2)(i)(D) (the "D Rules"), (i) it has not offered or sold, and during the restricted period

will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) it has not delivered and will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period.

- (b) Each relevant Dealer represents and agrees that it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules.
- (c) Each relevant Dealer that is a United States person represents that it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and that if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. section 1.163-5(c)(2)(i)(D)(6).
- (d) Each relevant Dealer agrees that, with respect to each affiliate of a relevant Dealer that acquires from it or from another Dealer Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, it either (i) repeats and confirms the representations and agreements contained in sub paragraphs (a), (b), and (c) above on its behalf or (ii) will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in sub paragraphs (a), (b) and (c) above.
- (e) Each relevant Dealer represents and agrees that it will obtain from any distributor (within the meaning of U.S. Treas. Reg. section 1.163-5(c)(2)(i)(D)(ii)) that purchases any of the Notes from one or more of the Dealers (except a distributor who is an affiliate of such Dealer), for the benefit of the Issuer and such Dealer, an agreement to comply with the provisions, representations and agreements contained in this paragraph, as if such distributor were a Dealer hereunder.
- (f) Terms used in sub paragraphs (a) to (e) above have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

Each issuance of Notes will be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree, as indicated in the relevant Issue Terms.

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "Relevant Member State"), each Dealer represents, warrants and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes 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 Notes to the public in that Relevant Member State:

- (a) **Approved Prospectus:** in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, and ending on the date which is 12 months after the date of such publication;
- (b) **Approved institutions:** at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) **Significant enterprises:** at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual turnover of more than EUR 50,000,000, all as shown in its last annual or consolidated accounts; or

- (d) **Less than 100 persons:** at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) **Publication of the Prospectus:** at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression "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 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" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

## **United Kingdom**

Each Dealer represents and agrees that:

### *No deposit taking*

In relation to any Notes having a maturity of less than one year:

- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and:
- (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
  - (i) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
  - (ii) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses;

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer.

### *Financial Promotion*

It has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

### *General Compliance*

It has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **Ireland**

Each Dealer represents and agrees that:

- (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of S.I. No. 60 of 2007, European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (MiFID Regulations), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct issued in connection therewith and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 to 2014 (as amended) and any codes of conduct rules made under Section 117(1) of the Irish Central Bank Act, 1989 (as amended);

- (c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules issued under Section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Central Bank; and
- (d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank;

The Issuer has complied with and will comply with all applicable provisions of the Irish Companies Acts 1963 to 2013 (the "Irish Companies Acts") with respect to anything done by it in relation to the Notes.

### **General**

Each Dealer agrees that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Offering Circular, the Registration Document or any Issue Terms and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and the Issuer shall not have any responsibility therefore.

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

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes, which amounts to EUR 6,578,000, will be used to purchase the Charged Asset and to pay the Initial Payment Amount under the Swap Agreement.

### **Method of Payment**

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

### **INFORMATION REGARDING THE OBLIGOR OF THE CHARGED ASSETS**

The obligor of the Charged Assets is the Republic of Bulgaria. The Republic of Bulgaria has debt listed on the regulated market of the Luxembourg Stock Exchange.

## GENERAL INFORMATION

1. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) and in the 12 months preceding the date of this document which may have or have in such period had a significant effect of the financial position or profitability of the Issuer.
2. No material fees are payable by the Issuer in respect of which the Issuer does not have a right of reimbursement. The estimated total expenses relating to the admission of the Notes to trading are EUR 3,000.
3. The Dealer will purchase the Notes by transferring EUR 6,578,000 to Deutsche Bank AG, London Branch as Common Depositary for Clearstream, Luxembourg and Euroclear for the Notes.
4. The auditors of the Issuer are Deloitte & Touche who are chartered accountants qualified to practise in Ireland and members of the Institute of Chartered Accountants in Ireland. The auditors of the Issuer have no material interest in the Issuer.
5. The Issuer does not intend to provide any post-issuance information in relation to the Notes.
6. The governing law of the Charged Assets is German law.
7. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on or about 3 October 2014.

**REGISTERED OFFICE OF THE ISSUER**

**TransAlp 1 Securities plc**

5 Harbourmaster Place  
International Financial Services Centre  
Dublin 1, Ireland

**VENDOR, SELLING AGENT, DEALER AND CALCULATION AGENT**

**UniCredit Bank AG**

Arabellastraße 12  
81925 Munich  
Germany

**TRUSTEE**

**Deutsche Trustee Company Limited**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**PRINCIPAL PAYING AGENT**

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**LEGAL ADVISERS**

To the Dealer and Trustee as to English law:

**Clifford Chance LLP**

10 Upper Bank Street  
London E14 5JJ  
United Kingdom

To the Issuer as to Irish law:

**A&L Goodbody Solicitors**

International Financial Services Centre  
North Wall Quay  
Dublin 1, Ireland

**IRISH LISTING AGENT**

**A&L Listing Limited**

International Financial Services Centre  
North Wall Quay  
Dublin 1, Ireland