

DATED: 27 October 2011

SERIES MEMORANDUM

ELM B.V.

a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*)
with its seat (*zetel*) in Amsterdam, The Netherlands

Cadenza

**EUR 5,000,000 Secured Zero Coupon
Tranched Portfolio Credit-Linked Notes due
2015**

**€15,000,000,000
Secured Note Programme**

SERIES 153

The attention of prospective investors is drawn to the section headed "Risk Factors" on page 6 of
this Series Memorandum

UBS Investment Bank

The date of this Series Memorandum is 27 October 2011

This Series Memorandum (as used herein, this “**Series Memorandum**”) is prepared in connection with the EUR 15,000,000,000 Secured Note Programme (the “**Programme**”) of ELM B.V. (the “**Issuer**”) and is issued in conjunction with, and incorporates by reference the contents of, the Programme Memorandum dated 22 November 2010 relating to the Programme (the “**Programme Memorandum**”). This document should be read in conjunction with the Programme Memorandum. Save where the context otherwise requires, terms defined in the Programme Memorandum have the same meaning when used in this Series Memorandum. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the provisions set out within this document and the Programme Memorandum.

The Series Memorandum has been approved by the Central Bank of Ireland as competent authority under Directive 2003/71/EC (the “**Prospectus Directive**”) The Central Bank only approves this Series Memorandum as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

This Series Memorandum comprises a Prospectus for the purposes of the Prospectus Directive.

This Series Memorandum has been prepared for the purpose of seeking admission of the Notes to trading on the regulated market of the Irish Stock Exchange. This Series Memorandum has been prepared for the purpose of the offering of Notes in accordance with applicable laws and regulations and as further described in the section entitled “Subscription and Sale” in the Programme Memorandum.

The Issuer accepts responsibility for the information contained in this Series Memorandum. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Series Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. For the avoidance of doubt, the Trustee has not verified such information and does not accept any liability whatsoever for the accuracy of such information and prospective investors should make their own independent investigations.

In respect of the information contained in the section entitled “Information relating to the Swap Counterparty”, in addition to as provided above, UBS AG, London Branch accepts responsibility for the information contained in the section. To the best of the knowledge and belief of the Swap Counterparty (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Other than such section, the Swap Counterparty has not separately verified the information contained herein.

In respect of the information contained in the section entitled “Description of the Portfolio Manager”, in addition to as provided above, AXA Asset Management accepts responsibility for the information contained in the section. To the best of the knowledge and belief of the Portfolio Manager (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Other than such section, the Portfolio Manager has not separately verified the information contained herein.

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

No person has been authorised to give any information or to make representations other than those contained in this Series Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been

authorised by the Issuer, the Arranger, the Swap Counterparty, the Portfolio Manager, the Trustee or any of them. Neither the delivery of this Series Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Series Memorandum contains references to credit ratings granted by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. ("**S&P**"), Moody's Investor Service, Inc. ("**Moody's**") and Fitch Ratings Limited ("**Fitch**"). Fitch is established in the European Community and has applied for registration pursuant to Article 15 (*Application for Registration*) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit ratings (the "**Regulation**"). As at the date of this Series Memorandum, no registration has been granted to Fitch, however pursuant to Article 40 (*Transitional Provisions*) of the Regulation, Fitch may continue to issue credit ratings which may be used for regulatory purposes by the financial institutions referred to in Article 4(1) of the Regulation unless such registration is refused. S&P and Moody's are not established in the European Community and have not applied for registration pursuant to the Regulation.

Application has been made to the Irish Stock Exchange (the "**Irish Stock Exchange**") for the Notes to be admitted to the Official List (the "**Official List**") and trading on its regulated market. No assurance can be given that such applications will be granted.

For as long as the Notes are listed on the Irish Stock Exchange, copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer and the specified office of the Registrar in London for so long as any of the Notes shall remain outstanding:

- (i) this Series Memorandum and the Programme Memorandum;
- (ii) the Constituting Instrument dated 22 September 2011 and the Charged Agreement dated 22 September 2011;
- (iii) the Memorandum and Articles of Association of the Issuer; and
- (iv) the audited financial statements of the Issuer for the financial year ending on 31 December 2010.

The Trustee will represent the Noteholders in accordance with the Master Trust Terms. The security granted by the Issuer in respect of the Notes is granted in favour of the Trustee who holds such security on trust for the Swap Counterparty and the Noteholders in accordance with the Master Trust Terms and the terms hereof, including the order of priorities specified herein. The Trustee is entitled to exercise certain powers, trusts, authorities and discretions in accordance with the Master Trust Terms and the terms hereof.

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

Any reference to websites in this Series Memorandum is for information purposes only and such websites shall not form part of this document.

Particular attention is drawn to the section of this Series Memorandum headed "Risk Factors".

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The Notes may not be offered, sold or

otherwise transferred within the United States or to the account of any US Person (as defined in Regulation S under the Securities Act).

The Notes are illiquid investments, the purchase of which involves substantial risks. Any investor investing in the Notes should fully consider, understand and appreciate those risks.

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RISK FACTORS

Investor Suitability

The purchase of the Notes involves substantial risks. Each prospective purchaser of the Notes should be familiar with instruments having characteristics similar to the Notes and should fully understand the terms of the Notes and the nature and extent of its exposure to risk of loss.

Before making an investment decision, prospective purchasers of the Notes should conduct such independent investigation and analysis regarding the Issuer, the Reference Entities, the issuer or guarantor (if any) of the Collateral Securities (the “**Collateral Securities Obligor**”) the Swap Counterparty, the Portfolio Manager, the Portfolio Administrator and all other relevant persons and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Notes. In particular, as part of such independent investigation and analysis, prospective purchasers of the Notes should consider carefully all the information set forth in this Series Memorandum and the considerations set forth below. However, it must be understood that the considerations set forth below are not, and cannot be, an exhaustive list of all possible risks associated with an investment in the Notes.

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

No secondary market for the Notes currently exists, nor is one expected to develop. Prospective purchasers of the Notes should therefore recognise that they may not be able to make any transfer of the Notes for a substantial period of time, if at all. Investment in the Notes is therefore only suitable for investors who are capable of bearing the economic risk of an investment in the Notes until their Maturity Date and are not acquiring the Notes with a view to a potential resale, distribution or other disposition at some future date.

Notwithstanding the previous paragraph, as at the date hereof, the Arranger intends, subject to market conditions, to offer bid prices for the Notes on request but (i) is under no obligation to do so and may decline to do so at any time without assigning any reason and (ii) may set any such bid prices at such amount as it may in its discretion think fit. The Arranger is under no obligation to hold a price quoted for any length of time unless this is agreed at the time of giving the quote.

Each prospective investor should ensure that it fully understands the nature of the transaction into which it is entering based on its own independent review and such professional advice (including, without limitation, tax, accounting, credit, legal and regulatory advice) as appropriate under the circumstances and the nature and extent of its exposure to the risk of loss of all or a substantial part of its investment.

References in this section of the Series Memorandum to “**UBS**” shall be deemed to be references to UBS AG, London branch and any relevant affiliate, whether acting in any capacity in relation to the Notes or otherwise.

Risk Factors Relating to Credit-linkage

General

The Notes are tranch ed portfolio credit linked notes:

The credit linkage with respect to this Series of Notes is created through the Issuer entering into a tranch ed portfolio credit default swap (the “**Credit Swap Transaction**”) with UBS in its capacity as Swap Counterparty which references a portfolio of reference entities (“**Reference Entities**”). The return on an investment in the Notes will depend to a significant extent on the performance of

the Credit Swap Transaction. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of investing in tranching portfolio credit linked notes as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation.

The Credit Swap Transaction is linked to a variable portfolio of Reference Entities:

The identity of the Reference Entities as at the date of this document is set out in the Schedule to the confirmation of the Credit Swap Transaction, which is set out in full in this document. However, the Portfolio Manager (as defined below) is entitled to effect substitutions of the Reference Entities from time to time in accordance with the terms of the Portfolio Management Agreement (as defined below) subject to the fulfilment of certain criteria. Those criteria are described in the section of this document entitled “*Summary of the Portfolio Management Agreement*”. Please also see the section below entitled “*Portfolio Management*”.

Furthermore, investors must recognise that the Reference Entities may change from time to time as a result of Succession Events (as to which, see “*Risks relating to Succession Events*” below).

The exposure of the Notes to the portfolio of Reference Entities through the Credit Swap Transaction represents leveraged exposure:

Leverage is created through the combination of (i) the size of the portfolio of Reference Entities (the “**Reference Portfolio Notional**”) being considerably larger than the tranche in which Noteholders invest (ie the initial Aggregate Nominal Amount of the Notes) and (ii) the attachment point of the tranche being 2% (ie the tranche will be adversely affected by losses arising in respect of the portfolio of Reference Entities upon losses arising in excess of 2% of the Reference Portfolio Notional). The effect of leverage is further discussed below under the heading “*Leverage*”.

The Notes are bespoke structured Notes and are different from ordinary, vanilla debt securities:

Since the Notes are securities which are credit-linked to the Reference Entities, investors should note that the Notes are different from ordinary, vanilla debt securities. The principal (but by no means the only) difference is that the amount payable by the Issuer under the Notes is dependent on a number of credit-related factors, including:

- (a) whether a Credit Event (as defined in the confirmation in respect of the Credit Swap Transaction) in respect of which the Conditions to Settlement (as defined in the confirmation in respect of the Credit Swap Transaction) have been satisfied has occurred under the terms of the Credit Swap Transaction in respect of any Reference Entity;
- (b) how many Reference Entities have been subject to the occurrence of any such Credit Events; and
- (c) the amount of any Settlement Reduction Percentage (as defined in the confirmation in respect of the Credit Swap Transaction) determined under the terms of the Credit Swap Transaction following the occurrence of a Credit Event and the satisfaction of the Conditions to Settlement.

If a Credit Event in respect of which the Conditions to Settlement are satisfied occurs in respect of one or more Reference Entities, and if a Settlement Reduction Percentage is determined under the terms of the Credit Swap Transaction in respect of any or each of such Credit Events, then the outstanding principal amount of the Notes will be reduced by amounts equal to the product of the Initial Notional Amount specified in the confirmation in respect of the Credit Swap Transaction and such Settlement Reduction Percentage. The risks relating to principal reduction are further discussed below.

The Credit and Collateral Swap Transaction is a complex and bespoke transaction:

It is vital that investors read and completely understand the terms of the Credit and Collateral Swap Transaction, the confirmation in respect of which is set out in full in this Series Memorandum. The terms of the Credit and Collateral Swap Transaction are complex and, accordingly, an investment in the Notes is only suitable for investors who are not only familiar with similar instruments but who also have read and understood the terms of the Credit and Collateral Swap Transaction and who understand its relationship to the performance of the Notes.

In particular, although the confirmation in respect of the Credit Swap Transaction incorporates by reference the 2003 ISDA Credit Derivatives Definitions and the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on 14 July 2009), as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"), the Credit Swap Transaction is a bespoke transaction which may differ in significant respects from other tranching portfolio credit derivative transactions.

Information available to Noteholders:

Neither the Issuer, the Trustee, UBS, the Portfolio Manager or Portfolio Administrator is required to provide any information to Noteholders at any time or from time to time regarding the Reference Entities or their obligations or as to the prospect or likelihood of the occurrence of a Credit Event or a Succession Event. However, the Portfolio Administrator is responsible, subject to and in accordance with the Portfolio Management Agreement, for compiling certain periodic reports with respect to the portfolio of Reference Entities and for posting such reports on a password-protected website. In order to access such website, Noteholders will have to contact the Portfolio Administrator to obtain the relevant password, subject to providing evidence of their holding.

Furthermore, while it is expected that certain information pertaining to the determination of certain matters and events relating to the Reference Entities may be announced on ISDA's website at www.isda.org (or any successor website thereto) from time to time, certain matters and events which relate to the Credit Swap Transaction and the Reference Entities may not be so announced or otherwise in the public domain.

The outstanding principal amount of the Notes may be reduced, leading to losses for Noteholders:

The outstanding principal amount of the Notes shall at all times be the same as the Aggregate Nominal Amount (as defined in the terms of the Notes) which, in turn, shall at all times be equal to the Notional Amount in respect of the Credit Swap Transaction (subject to a floor of zero) and, consequently, any changes to the Aggregate Nominal Amount and the Notional Amount in respect of the Credit Swap Transaction will directly affect the outstanding principal amount of the Notes. Thus, if the Aggregate Nominal Amount and the Notional Amount in respect of the Credit Swap Transaction decreases at any time, then the outstanding principal amount of the Notes will likewise decrease.

Since the outstanding principal amount of the Notes is the amount that is required to be paid to Noteholders in order to redeem the Notes at maturity or if they fall due for redemption early, any reduction in the Aggregate Nominal Amount and Notional Amount of the Credit Swap Transaction will mean a reduction in the amount that might otherwise have been payable to Noteholders.

Consequently, in order to determine the return on their Notes, Noteholders must understand the terms of the Credit Swap Transaction relating to the potential adjustment of the Notional Amount in respect of the Credit Swap Transaction.

Certain risks relating to Credit Events and Succession Events

Role of the Credit Derivatives Determinations Committees:

Noteholders should note that the relevant Credit Derivatives Determinations Committee has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an Auction should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committees Rules set forth in Annex A to the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on 24 July 2009), as amended from time to time. Consequently, Noteholders will be bound by any such relevant decisions.

Reference Entities may change as a result of Succession Events:

Noteholders should note that the Reference Entities to which the Notes are referenced may change from time to time as a result of the occurrence of any Succession Events and, if more than one successor Reference Entity is determined as a result of any such Succession Event, the Floating Rate Payer Calculation Amount for each successor Reference Entity shall be adjusted by dividing the Floating Rate Payer Calculation Amount of the original Reference Entity by the number of successor Reference Entities, and the Reference Entity Percentage shall be adjusted accordingly. The Calculation Agent is responsible for making determinations as to whether a Succession Event has occurred, provided that the Calculation Agent is not required to, and will not, make any such determination if ISDA has announced that a Credit Derivatives Determination Committee has been convened for such purpose and if such Credit Derivatives Determination Committee has resolved to make such determination. Accordingly, the Issuer, the Swap Counterparty, the Portfolio Manager and Noteholders will be bound by any such determination of the relevant Credit Derivatives Determination Committee, whether or not their views may differ from that of the relevant Credit Derivatives Determination Committee.

Credit Event and Succession Event Backstop Dates:

Noteholders should note that the exposure to the risks associated with the portfolio of Reference Entities includes exposure in the period from and including the Credit Event Backstop Date in respect of a Reference Entity (which may occur up to 60 calendar days prior to the Trade Date) to the Issue Date and therefore the amount payable in respect of the Notes may be reduced as a result of a Credit Event notwithstanding that the relevant Credit Event occurred prior to the Issue Date of the Notes.

Similarly, for Succession Events the look-back period is 90 calendar days and it is therefore possible that the Notes could be affected by a Succession Event that took place prior to the Trade Date.

No representations; no guarantee of performance

None of the Issuer, the Trustee, the Portfolio Manager or UBS has made or will make any representation whatsoever with respect to any Reference Entity or any of its obligations (including any actual or prospective Reference Obligation) on which any Noteholder is relying or is entitled to rely. None of the Issuer, the Trustee or UBS are responsible for any Reference Entity's public disclosure of information.

There is no guarantee, protection or assurance for purchasers of the Notes in respect of the credit or performance of any Reference Entity or any of its obligations or those of any entity whose obligations may be guaranteed by a Reference Entity (an "**Underlying Obligor**"). UBS makes no representation as to the future performance of the Notes either in absolute terms or relative to other investments.

Conflicts of interest relating to UBS

Under the terms of the Credit Swap Transaction, the Issuer will sell credit protection to UBS in its capacity as Swap Counterparty. As a result of such transaction, UBS and the Issuer will have a direct conflict of interest, since any credit protection payments required to be paid by the Issuer will be received by UBS, and any such payments may reduce the amounts paid to investors in the Notes at maturity. UBS may retain the credit protection sold to it by the Issuer for its own proprietary investment purposes or to hedge its risk unrelated to the Notes or it may sell such protection to third parties. Sales of credit protection may be made to one or more third parties and may be made using individual credit default swap transactions relating to each Reference Entity or using a single transaction referencing the entire portfolio of Reference Entities.

UBS will not be paid a fee for its role as Arranger. Any return for UBS from the transaction will be achieved through any payments required to be made by the Issuer to UBS under the terms of the Credit and Collateral Swap Transaction and through UBS's trading activities relating to the credit protection that it purchases from the Issuer as described above. Any such payments and profit or loss realised by UBS in connection with such trading activity will be retained by UBS.

UBS may deal in the obligations of each Reference Entity and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, a Reference Entity, an Underlying Obligor or any affiliate of a Reference Entity or an Underlying Obligor, or any other person or entity having obligations relating to a Reference Entity or any Underlying Obligor, and may act with respect to such business in the same manner as each of them would if the Notes did not exist, regardless of whether any such action might have an adverse effect on a Reference Entity, any Underlying Obligor or the position of any Noteholder or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event).

UBS may, whether by virtue of the types of relationships described herein or otherwise, at any time, be in possession of information in relation to a Reference Entity or any Underlying Obligor that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to the Noteholder, and the Notes do not create any obligation on the part of UBS to disclose to any Noteholder any such relationship or information (whether or not confidential).

Reference Entities not liable for the Notes

No Reference Entity is involved in the issuance of the Notes in any way and has no obligation to consider the interests of the Noteholders in taking any corporate actions that might affect the value of the Notes. Any Reference Entity may, and is entitled to, take actions that will adversely affect the value of the Notes. The purchase price paid for the Notes is paid to the Issuer and not to any Reference Entity, and the Notes do not represent a direct investment in any Obligation of any Reference Entity or otherwise give the Noteholders any rights in the debt obligations of any Reference Entity. As an owner of Notes, a Noteholder will not have special voting rights or rights to receive distributions or any other rights that holders of debt obligations of any Reference Entity may have.

Factors influencing the risk of a Credit Event

The likelihood of a Credit Event occurring in respect of any Reference Entity will generally fluctuate with, among other things, the financial condition and other characteristics of such Reference Entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in particular industry and changes in prevailing interest rates.

Factors influencing the extent of losses following the occurrence of a Credit Event

Some Reference Obligations or obligations used to determine any Auction Final Price (together, as used in these Risk Factors, "**Valuation Obligations**") may have no, or only a limited, trading market. The liquidity of Valuation Obligations will generally fluctuate with, among other things, the

underlying liquidity of the loan and bond markets, the conditions of the financial markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the relevant Reference Entity. Some or all of the Valuation Obligations may also be subject to restrictions on transfer and may be considered illiquid. If an Event Determination Date occurs in respect of a Reference Entity, any resulting diminution in market value of the related Valuation Obligations could be further magnified by reason of such limited liquidity for those Valuation Obligations.

Any quotations used in the calculation of the Reference Entity Settlement Rate (where applicable) may be affected by factors other than the occurrence of the Credit Event. Such prices may vary widely from dealer to dealer and substantially between Valuation Dates. The Reference Obligations selected, even absent a Credit Event, may be illiquid and such illiquidity may be expected to be more pronounced following the occurrence of a Credit Event, thereby adversely affecting any determination of the value of such obligation which in turn will impact on the Reference Entity Settlement Rate and therefore the amount by which the outstanding principal amount of the Notes may be reduced. Following an Event Determination Date, if the Fallback Settlement Method applies, UBS is entitled to select a Reference Obligation which has the lowest value in the market at the relevant time – providing such obligation satisfies certain specifications and limits for qualification as a Reference Obligation.

Where an Auction Final Price Determination Date occurs, the Auction Final Price will be determined according to an auction procedure set out in the relevant Credit Derivatives Auction Settlement Terms, available on ISDA's website at www.isda.org (or any successor website thereto). Noteholders should note that the relevant Credit Derivatives Determinations Committee has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an Auction should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committees Rules, as amended from time to time and available on ISDA's website at www.isda.org (or any successor website thereto). Consequently, Noteholders will be bound by any such relevant decisions.

Correlation amongst Reference Entities

The correlation of defaults or Credit Events amongst Reference Entities may affect the potential losses to the Noteholders. The higher the correlation of defaults or Credit Events, the higher the probability that a Credit Event will occur for a significant number of Reference Entities, resulting in the losses in excess of the subordination of the Notes. In such circumstances the Notes may suffer substantial losses which reduce or eliminate their value; further, all or the majority of such losses may be sustained over a relatively short period of time. As a result, the benefits of potential diversification amongst Reference Entities may be lost or significantly reduced.

Idiosyncratic Risk, Recovery Rates

Individual or unsystematic risks, such as those pertaining to only one Reference Entity, could lead to an increase in the likelihood of a Credit Event occurring in relation to such Reference Entity.

Recovery rates for Reference Entities that have suffered Credit Events can and do vary, often widely, from industry to industry and from time to time. Lower recovery rates means any subordination benefit is exhausted faster and means that, all else being equal, a Noteholder's losses are higher. Higher default rates are correlated with lower recovery rates. The occurrence of a Credit Event under the Credit and Collateral Swap Transaction and the recovery rates for the obligations of a Reference Entity for which a Credit Event occurs may be subject to the operation of bankruptcy or other insolvency laws in the jurisdiction applicable to such Reference Entity.

No requirement for exposure to Reference Entities

Notwithstanding the above, the performance of the Notes is not conditional upon UBS sustaining or being exposed to any risk or loss and the rights and obligations of the Swap Counterparty in respect of the Credit Swap Transaction are not, at any time, dependent upon UBS owning or having any legal, equitable or other interest in, or indirect exposure to, any of the Reference Entities comprising the portfolio from time to time, nor shall UBS have any obligation to purchase or hold a Reference Entity's obligations at any time.

No disclosure of information; disclosure of confidential information

UBS may, whether by virtue of the types of relationships described herein or otherwise, at any time, be in possession of information in relation to a Reference Entity or any Underlying Obligor that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to the Noteholder, and the Notes do not create any obligation on the part of UBS or any other person to disclose to any Noteholder any such relationship or information (whether or not confidential).

UBS is not required to provide any information to the Noteholders at any time regarding the Reference Entities or their obligations or the prospect or likelihood of the occurrence of a Credit Event or Succession Event.

Risk Factors Relating to the Charged Assets and the Swap Counterparty; Limited Recourse

Limited Recourse

The Notes will constitute secured, limited recourse obligations of the Issuer, recourse in respect of which will, in effect, be limited to the proceeds of the Mortgaged Property (as defined herein and in the Programme Memorandum) relating to the Notes and no other assets of the Issuer will be available to satisfy claims of Noteholders.

Accordingly, Noteholders assume the credit risk of the Swap Counterparty and of the Charged Assets (as defined herein).

None of the Issuer, the Trustee, the Portfolio Manager, UBS or any other party has made any investigation of, or makes any representation or warranty, express or implied, as to (i) the existence or financial or other condition of the Swap Counterparty or the Collateral Securities or (ii) whether the Charged Agreement constitutes legal, valid and binding obligations of the Swap Counterparty or whether the Collateral Securities constitute legal, valid and binding obligations of the Collateral Securities Obligor or (iii) any aspect of the Charged Assets. None of the Issuer, the Trustee, the Portfolio Manager, UBS or any other party is responsible for the public disclosure of information by the Collateral Securities Obligor.

Investment in the Notes may involve a loss of principal by virtue of the terms of the Notes even where there is no default by the Issuer and even if there is no Credit Event with respect to the Reference Entity. Noteholders, and prospective purchasers of Notes, will at all times be solely responsible for making their own independent appraisal of, and investigation into, the business, financial condition, prospects, creditworthiness, status and affairs of the Collateral Securities Obligor or the Swap Counterparty. None of the Issuer, the Trustee, the Portfolio Manager, UBS or any other party will have any responsibility or duty to make any such investigations, to keep any such matters under review, to provide the Noteholders, or prospective purchasers of the Notes, with any information in relation to such matters or to advise as to the attendant risks.

UBS may deal in obligations of the Collateral Securities Obligor (including obligations fungible with the Collateral Securities) and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with a Collateral Securities Obligor or any affiliate of a Collateral Securities Obligor, or any other person or entity having obligations owed to a Collateral Securities Obligor or

any affiliate of a Collateral Securities Obligor, and may act with respect to such business in the same manner as if the Notes did not exist, regardless of whether any such action might have an adverse effect on a Collateral Securities Obligor or any affiliate of a Collateral Securities Obligor or the position of any Noteholder or otherwise (including, without limitation, any action which might constitute or give rise to a mandatory early redemption of the Notes).

The Issuer, UBS or any other party may, whether by virtue of the types of relationships described herein or otherwise, at any time, be in possession of information in relation to a Collateral Securities Obligor or any affiliate of a Collateral Securities Obligor that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to the Noteholder, and the Notes do not create any obligation on the part of the Issuer, UBS or any such party to disclose to any Noteholder any such relationship or information (whether or not confidential).

No Collateral Securities Obligor is involved in the issuance of the Notes in any way and has no obligation to consider the interests of the Noteholders in taking any corporate actions that might affect the value of the Notes. The Collateral Securities Obligors may, and are entitled to, take actions that will adversely affect the value of the Notes. The purchase price paid for the Notes is paid to the Issuer and not to any Collateral Securities Obligor, and the Notes do not represent a direct investment in the Collateral Securities or otherwise give the Noteholders any direct rights in the Collateral Securities or the debt obligations generally of the Collateral Securities Obligors. As an owner of Notes, a Noteholder will not have special voting rights or rights to receive distributions or any other rights that holders of the Collateral Securities or the debt obligations generally of the Collateral Securities Obligors may have.

If the Notes fall due for redemption prior to their scheduled maturity (other than due to the Aggregate Nominal Amount of the Notes reducing to zero) for any reason, the security for the Notes will become enforceable. If the net proceeds of enforcement of security are not sufficient to make all payments due in respect of the Notes after satisfaction of all prior-ranking claims, the other assets of the Issuer (including, without limitation, assets securing any other series of notes issued by the Issuer) will not be available for payment of any shortfall and, as such, a loss of principal under the Notes may result. It should be noted that a claim of the Portfolio Manager and the Portfolio Administrator under the Portfolio Management Agreement will rank ahead of Noteholders' claims and, other than in certain limited circumstances, any claim of the Swap Counterparty under the Charged Agreement shall rank ahead of Noteholders' claims.

Exposure to UBS AG

The Notes do not represent a claim against the Swap Counterparty or any affiliate of the Swap Counterparty and, in the event of any loss, Noteholders will have recourse to the proceeds of the Mortgaged Property and not to the Swap Counterparty. However, any investor in the Notes will be exposed to the credit risk of the Swap Counterparty.

Leverage

Noteholders are exposed to the performance of the portfolio of Reference Entities on a leveraged basis (as described above under "*Risk Factors Relating to Credit-linkage - General - The exposure of the Notes to the portfolio of Reference Entities through the Credit Swap Transaction represents leveraged exposure*"). Accordingly, the Notes may be more volatile than many other types of securities investments. In particular, such leveraged exposure may, in certain circumstances, result in significant increases or decreases in the value of the portfolio upon the occurrence of Credit Events, if interest rates change or if credit spreads change after the Issue Date. Accordingly, leverage offers the potential for increased profits, but entails a higher degree of risk.

Volatility of the Notes

The market value of the Notes may fluctuate with, amongst other things, changes in prevailing interest rates, general economic conditions, the conditions of financial markets, European and international political events, events in the home countries of the Reference Entities, developments or trends in any particular industry and the financial condition of such Reference Entities. Consequently, even if there is a secondary market for the Notes (as to which, see “*Investor Suitability*” above) the price that may be obtained in the secondary market may be significantly less than the nominal value of the Notes.

Portfolio Management

The Portfolio Management Agreement

Objective:

Pursuant to a portfolio management agreement dated 22 September 2011 (the “**Portfolio Management Agreement**”) between the Swap Counterparty, AXA Investment Managers Paris S.A. (the “**Portfolio Manager**”), The Bank of New York Mellon (the “**Portfolio Administrator**”) and the Trustee, the Portfolio Manager is appointed by the Issuer to manage the composition of the portfolio of Reference Entities (the “**Portfolio**”) with a view to minimising the amounts payable by the Issuer under the Credit Swap Transaction and to act in specific circumstances in relation to the Portfolio on behalf of the Issuer pursuant to and in accordance with the parameters and criteria set out in the Portfolio Management Agreement.

Substitutions and other activities:

The Portfolio Manager’s duties will include, amongst other things, adding new Reference Entities to, or increasing the Floating Rate Payer Calculation Amount (as defined in the confirmation of the Credit Swap Transaction) of Reference Entities already comprised in, the Portfolio and removing Reference Entities from, or decreasing the Floating Rate Payer Calculation Amount of Reference Entities comprised in, the Portfolio (a “**Substitution**”). As a result of any Substitution, trading losses will be deducted from, or trading gains will be added to, the Trading Reserve Account Balance (as defined below) and, if the Trading Reserve Account Balance is insufficient for such purpose, the Loss Threshold Rate may be reduced (to an amount not less than zero).

The Trading Reserve Account is a notional account which, if the Portfolio Manager elects to allocate the balance of such account towards increasing subordination (represented by the Loss Threshold Rate) in accordance with the terms of the Portfolio Management Agreement, serves to absorb credit losses with respect to the Portfolio. To the extent that the Trading Reserve Account is in credit, and, to the extent that the Portfolio Manager elects to make such allocation, it has the potential of preventing a reduction in the Aggregate Nominal Amount of the Notes if and to the extent that credit losses exceed the subordination (represented by the Loss Threshold Rate) for the Notes. However, the Portfolio Manager is not obliged to make any such election and no assurance can be given that the balance of the Trading Reserve Account will be allocated in such manner. The balance of the Trading Reserve Account (the “**Trading Reserve Account Balance**”) is also applied to meet the costs of any Substitution, as described above. Furthermore, the Portfolio Manager may from time to time propose the monetisation of all or any part of any excess subordination and increase the Trading Reserve Account Balance, as described more fully under the section entitled “*Monetisation of excess subordination*” below or apply all or some of the Trading Reserve Account Balance for various purposes as described more fully under the section entitled “*Trading Reserve Account Annual Request*” below.

Prospective investors are strongly advised to refer to the sections of this Series Memorandum entitled “Summary of The Portfolio Management Agreement” and “Description of the Portfolio Manager”.

Monetisation of excess subordination:

On an annual basis, the Portfolio Manager is entitled to request that the Loss Threshold Rate is reduced and an amount (determined in the sole and absolute discretion of the Swap Counterparty) credited to the Trading Reserve Account (a “**Monetisation**”). Following a Monetisation, the Trading Reserve Account Balance may be reduced and applied in the manner described more fully under the section entitled “*Trading Reserve Account Annual Request*” below, the consequences of which are discussed below.

Trading Reserve Account Annual Request:

On an annual basis, the Portfolio Manager is entitled, without the approval of Noteholders, to request that all or some of the Trading Reserve Account Balance shall be reallocated in one or a combination of the following ways:

- (a) making a one-off payment to Noteholders and to the Portfolio Manager; and/or
- (b) increasing the Loss Threshold Rate,

each as described in more detail in the section of this Series Memorandum entitled “*Summary of the Portfolio Management Agreement*”. The determination of when and whether to make any such reallocation and the method or combination of methods to be employed in doing so shall be determined by the Portfolio Manager in its sole and absolute discretion. Any reduction to the Trading Reserve Account Balance which is not allocated towards increasing the Loss Threshold Rate will increase the risk of credit losses with respect to the Portfolio causing a reduction to the Aggregate Nominal Amount.

Swap Counterparty determinations:

With respect to each Substitution proposed by the Portfolio Manager, the Swap Counterparty is solely responsible for determining the applicable Delta(s), Trading Reserve Account Trading Loss Amount and Subordination Adjustment Percentage (if any) (each as such term is defined in the Portfolio Management Agreement) for the purposes of calculating the applicable adjustment to the Trading Reserve Account Balance and the Loss Threshold Rate, if such proposed Substitution is executed. Adjustments as a result of any change in the Portfolio reflect both the price at which the change is effected and the change of the value of the Credit Swap Transaction. Each such determination will be made on the basis of (i) the Swap Counterparty's proprietary model (which may be modified from time to time by the Swap Counterparty, in its sole and absolute discretion without notice) and (ii) the Swap Counterparty's proprietary market data (including data regarding the probability of default of the relevant Reference Entities and credit risk correlation data). Such data may differ substantially from the data otherwise available to the Portfolio Manager.

If the Swap Counterparty does not provide the Portfolio Manager with its determinations of the applicable Delta(s), Trading Reserve Account Trading Loss Amount and Subordination Adjustment Percentage (if any) when required in accordance with the terms of the Portfolio Management Agreement or otherwise does not comply with its obligations in respect of a proposed Substitution, the Portfolio Manager may not be able to execute (on behalf of the Issuer) such Substitution, and the Issuer may suffer significant losses as a result.

Reliance on Portfolio Manager

Management activities may lead to losses:

The management activities undertaken by the Portfolio Manager on behalf of the Issuer in relation to the Portfolio may result in losses in respect of the Notes. Whilst the Portfolio Manager is required to provide its services in accordance with the standard of care specified in the Portfolio Management Agreement there can be no assurance that such services will prevent a reduction in the payments on the Notes.

The performance of the Notes is highly dependent on the expertise of the Portfolio Manager. The loss of one or more of the individuals employed by the Portfolio Manager to manage the Portfolio could have a significant adverse effect on the performance of the Notes. Under the Portfolio Management Agreement, the Portfolio Manager is exempted from liability arising out of or in connection with the performance of its duties under the Portfolio Management Agreement except by reason of acts or omissions constituting bad faith, fraud, wilful misconduct or gross negligence.

Limited investigation:

In undertaking its role, the Portfolio Manager will make such investigation into any Reference Entity as it considers appropriate in its absolute discretion. Such investigations will be limited to a review of readily available public information and will not include due diligence of the kind common in relation to primary securities offerings. Potential investors should therefore note that such limited investigations and the lack of due diligence may result in losses in respect of the Notes.

UBS not responsible for Portfolio management:

UBS shall not be involved in the ongoing management of the Portfolio and, in particular, shall not make any determinations as to which Reference Entities are to be added or removed from the Portfolio or as to whether any such Reference Entities to be so added to the Portfolio are in compliance with the Substitution Requirements (as defined in the Portfolio Management Agreement).

The Portfolio Manager acts solely as the Issuer's portfolio manager:

The Portfolio Manager acts solely as the Issuer's portfolio manager in respect of the Portfolio and in carrying out its duties in such capacity shall not assume any of the liabilities or obligations of the Issuer.

Potential investors should conduct such independent investigation and analysis:

Potential investors should conduct such independent investigation and analysis of the Portfolio Manager as they deem appropriate to evaluate the merits and risks of an investment in the Notes.

The decision by any prospective investor to invest in the Notes should be based, among other things (including, without limitation, the identity of the Portfolio Manager), on the Substitution Requirements, including the Eligibility Criteria which each Reference Entity is required to satisfy and the Substitution Condition and Portfolio Guidelines which the Portfolio is required to satisfy. Investors should also be aware that in certain circumstances the Swap Counterparty may authorise special trading even though such trading may breach such Substitution Requirements. Investors should also be aware that the ability of the Portfolio Manager to manage the Portfolio may be inhibited by the occurrence of a Force Majeure Event or a Market Disruption Event. The Substitution Requirements, Force Majeure Events and Market Disruption Events are set out in the section herein entitled "*Summary of the Portfolio Management Agreement*", which prospective investors should carefully examine prior to investing in the Notes.

However, it is unlikely that purchasers of the Notes will have an opportunity to evaluate for themselves all the relevant economic, financial and other information regarding the portfolio management decisions to be made by the Portfolio Manager and, accordingly, are likely to be dependent upon the judgment and ability of the Portfolio Manager in making portfolio management decisions. No assurance can be given that the Portfolio Manager will be successful in making suitable portfolio management decisions.

Limitation of liability in respect of Substitutions; risk of deterioration of credit quality

None of the Issuer, the Trustee or UBS shall have any responsibility for monitoring compliance with the Substitution Requirements and none of the Issuer, the Trustee, UBS or the Portfolio Manager (subject, in the case of the Portfolio Manager, to the terms of the Portfolio Management Agreement) shall have any liability whatsoever for the consequences of any Substitution. Noteholders should note that if any Substitution fails to comply with the Substitution Requirements (a “**Non-Compliant Substitution**”), such Substitution shall nevertheless be deemed to have been effected. However, and despite the Issuer, the Trustee and UBS being under no positive obligation to monitor whether any Substitution is or is not a Non-Compliant Substitution, upon becoming aware of a Non-Compliant Substitution, a party to the Portfolio Management Agreement is required to notify the other parties as soon as is reasonably practicable. The Portfolio Management Agreement sets out a mechanism for remedying any Non-Compliant Substitution, which is the **sole remedy** for Non-Compliant Substitutions. The remedy mechanism involves the Portfolio Manager being required to effect one or more Substitutions in accordance with the usual Substitution provisions of the Portfolio Management Agreement. Since market conditions may have changed since the time of the relevant Non-Compliant Substitution, among other factors, there can be no assurance that the Loss Threshold Rate and/or the balance of the Trading Account will be returned to their levels prior to the Non-Compliant Substitution as a result of the relevant Substitution(s) made pursuant to the remedy mechanism.

Prospective investors should also be aware that Noteholders bear the risk of the credit quality of the Portfolio deteriorating as a result of a Non-Compliant Substitution. In addition, regardless of any Non-Compliant Substitution, there is no requirement for a Reference Entity to comply with the Eligibility Criteria once such Reference Entity forms a part of the Portfolio. Noteholders bear the risk that a Reference Entity, whilst compliant at the date of inclusion in the Portfolio may at any subsequent time fail to comply with the Eligibility Criteria.

Neither the Issuer nor the Trustee nor UBS shall have any liability whatsoever for the actions or inactions of the Portfolio Manager and neither the Issuer nor the Trustee nor UBS shall have any responsibility whatsoever for the monitoring of the performance of the Portfolio Manager or compliance with the conditions set out in the Portfolio Management Agreement. The Issuer, the Trustee and UBS may assume that the Portfolio Manager is acting in compliance with all applicable legal, regulatory, contractual and corporate requirements and authorisations.

Certain conflicts of interest relating to the Portfolio Manager

Various potential and actual conflicts of interest may arise from the overall activities of the Portfolio Manager or its affiliates. The following briefly summarises some of these conflicts, but is not intended to be an exhaustive list of all such potential conflicts.

The Portfolio Manager operates diversified global investment management businesses. As a result, the Portfolio Manager and its affiliates may invest and/or deal, for its own account or for accounts for which it has investment discretion, in securities or in obligations of Reference Entities or the Collateral Securities Obligor or in credit default swaps (whether as protection buyer or seller) or other instruments relating to such other securities or obligations. Such investments and/or credit default swaps may be the same as or different from those made on behalf of the Issuer. The Portfolio Manager and its affiliates may be lenders to, and may have other ongoing relationships with, the Reference Entities or the Collateral Securities Obligor or any other entities to which the Portfolio is linked. In addition, affiliates and clients of the Portfolio Manager may invest and/or deal in securities (or make loans or have other rights) that are senior to, or have interests different from or adverse to the Reference Entities or the Collateral Securities Obligor or any other entities to which the Portfolio is linked. The Portfolio Manager may at certain times be seeking to purchase or sell investments and/or protection under credit default swaps or other instruments enabling credit and/or other risks to be traded for any entity for which it serves as manager in the future, or its clients or affiliates simultaneously with the Portfolio Manager seeking to purchase credit protection on behalf of the Issuer.

Various potential and actual conflicts of interest may arise from the overall activities of the Portfolio Manager and its affiliates. No provision in the Portfolio Management Agreement prevents the Portfolio Manager or any of its affiliates from rendering services of any kind to or investing or dealing in obligations of or credit or other risks in respect of any Reference Entities or the Collateral Securities Obligor or any other entities to which the Portfolio is linked or any affiliates of the entities described above or the Trustee, the Noteholders, UBS or any other person or entity.

Without prejudice to the generality of the foregoing, the Portfolio Manager, and its affiliates and the managing directors, directors, officers, partners, employees and agents of the Portfolio Manager may, among other things (a) serve as directors, partners, officers, employees, agents, nominees or signatories for any Reference Entities or the Collateral Securities Obligor or any other entity to which the Portfolio is linked, (b) receive fees for services of any nature rendered to any Reference Entities or the Collateral Securities Obligor or any other entity to which the Portfolio is linked, (c) be a secured or unsecured creditor of the Reference Entities or the Collateral Securities Obligor or any other entity to which the Portfolio is linked, (d) underwrite, act as distributor of, or make a market in the Notes, or in any securities of any Reference Entities or the Collateral Securities Obligor or any other entity to which the Portfolio is linked, (e) invest for its own account or for advisory or discretionary accounts in any Reference Entities or the Collateral Securities Obligor or any other entity to which the Portfolio is linked or (f) serve as a member of any "creditors' board" or informal workout group with respect to any Reference Entities or the Collateral Securities Obligor or any other entity to which the Portfolio is linked which, in each case, has defaulted.

The Portfolio Manager and its affiliates currently provide and will continue in the future to provide advisory and other services to clients who may include issuers of securities with the same sponsor as any Reference Entities or the Collateral Securities Obligor or any other entity to which the Portfolio is linked or any affiliate of the entities described above. The Portfolio Manager in the course of managing and administering the Portfolio may consider its relationships with other clients and its affiliates in priority to the interests of the Issuer and the Noteholders. The Portfolio Manager may decline to make a particular investment for the Issuer in view of such relationships. In providing services to other clients, the Portfolio Manager and its affiliates may recommend activities that would compete with or otherwise adversely affect the Issuer or the Noteholders. In connection with the foregoing activities, the Portfolio Manager and its affiliates may from time to time come into possession of information that limits the ability of the Portfolio Manager to make an investment decision on behalf of the Issuer, and the Issuer's investments may be constrained as a consequence of the Portfolio Manager's inability to use such information for investment management or investment advisory purposes or otherwise to take actions that would be in the best interests of the Issuer and the Noteholders.

The Portfolio Manager and any of its affiliates may engage in any other business and furnish investment management, advisory and administrative services to others which may include, without limitation, serving as collateral or portfolio manager for, investing in, lending to or being affiliated with corporate issues of debt securities referenced to portfolios of credit default swaps or other entities organised to issue collateralised debt obligations secured by debt obligations and other trusts and pooled investments vehicles that acquire interests in, provide financing to or otherwise deal with high yield or other securities issued by corporate issuers. The Portfolio Manager will be free, in its sole discretion, to make recommendations to others, or effect transactions on behalf of itself or for others, that may be the same as or different from those effected on behalf of the Issuer, and the Portfolio Manager may furnish investment management and advisory services to others who may have investment policies similar to those followed by the Portfolio Manager with respect to the Issuer and who may hold portfolios of the same class, or which are the same type as, the Portfolio.

Independent Review and Advice

Each prospective purchaser of Notes must determine, based on its own independent review and such legal, regulatory, credit, accounting, business and tax advice as appropriate under the

circumstances, that its acquisition of the Notes (i) is fully consistent with its financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines, authorisations and restrictions (including as to its capacity) applicable to it, (iii) has been duly approved in accordance with all applicable laws and procedures and (iv) is a fit, proper and suitable investment for it, undertaken for a proper purpose.

Legality of Purchase

None of the Issuer, the Trustee, the Portfolio Manager, the Portfolio Administrator, UBS or any other person 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.

No Reliance

Each of the Issuer, Trustee, the Portfolio Manager, the Portfolio Administrator and UBS disclaim any responsibility to advise purchasers of the Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or from time to time hereafter. Noteholders may not at any time rely on any of such persons or any affiliate of any of them or any person on their behalf to monitor whether or not a Credit Event or an event adversely affecting the Charged Assets or an event or circumstances which, with the giving of notice, the passage of time or making of any determination, could constitute a Credit Event or an event adversely affecting the Charged Assets has occurred.

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. Neither the Issuer nor any other person will pay any additional amounts to the 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 by the Registrar, although such requirement will give rise to an obligation to redeem the Notes early in the circumstances described in Condition 7(c) and item 22 of the Terms of the Notes.

Legal Opinions

Whilst legal opinions relating to the issue of the Notes will be obtained with respect to English law and Dutch law, no such opinions will be obtained with respect to any other applicable laws, including the laws of the country in which the Reference Entities operate or the Collateral Securities Obligor operates or as to the validity, enforceability or binding nature of the Collateral Securities as against the Collateral Securities Obligor.

**TERMS OF THE SERIES 153 EUR 5,000,000 SECURED ZERO COUPON TRANCHED
PORTFOLIO CREDIT-LINKED NOTES DUE 2015**

The Notes designated above (the “Notes”) shall have the following “Terms” which shall complete, modify and amend the Master Conditions set out in the Programme Memorandum dated 22 November 2010, which shall apply to the Notes as so completed, modified and amended. References to “Conditions” or “Condition” shall, unless otherwise provided, mean references to the Terms and Conditions of the Notes. Unless the context otherwise requires, expressions used herein and not otherwise defined herein or in the Master Documents shall have the meanings ascribed to them by the provisions of the 2006 ISDA Definitions and the 2003 ISDA Credit Derivatives Definitions as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on 14 July 2009), each as published by the International Swaps and Derivatives Association, Inc. The Notes will reference the Portfolio under the Portfolio Management Agreement (as defined in item 30(vi) below) and words and expressions defined in the Portfolio Management Agreement shall have the same meanings in these Terms unless otherwise defined as aforesaid or unless the context otherwise requires.

- | | | | |
|----|---------------------------|--|---|
| 1. | (i) | Issuer: | ELM B.V. |
| | (ii) | Arranger: | UBS Limited |
| 2. | (i) | Series Number: | 153 |
| | (ii) | Tranche Number: | Not applicable. |
| 3. | Aggregate Nominal Amount: | | |
| | (i) | Aggregate Nominal Amount (of the Series): | EUR 5,000,000 (the “ Initial Aggregate Nominal Amount ”), subject to reduction to a minimum of zero in accordance with the terms relating to Credit Swap Reduction of Aggregate Nominal Amount (see Special Condition (II)). |
| | (ii) | Aggregate Nominal Amount (of the Tranche): | Not applicable. |
| 4. | (i) | Issue Price: | 60.5 per cent. of the Initial Aggregate Nominal Amount. |
| | (ii) | Net Proceeds: | EUR 3,025,000 |
| 5. | Authorised Denomination: | | EUR 200,000 and integral multiples of EUR 10,000 in excess thereof. |
| 6. | (i) | Issue Date: | 22 September 2011 |
| | (ii) | Trade Date: | 24 August 2011 |
| | (iii) | Interest Commencement Date: | Not applicable. |
| 7. | Maturity Date: | | The date which is the same as the Termination Date with respect to the Credit and Collateral Swap Transaction. |

8. Interest Basis: Not applicable.
9. Redemption/Payment Basis: Redemption at par, subject to reduction of the Aggregate Nominal Amount as specified in item 3 above. See also items 21 and 22 below.
10. Change of Interest or Redemption/ Payment Basis: Not applicable.
11. Put/Call Options: Not applicable.
12. Status of the Notes:
- (i) Status of the Notes: Secured and limited recourse obligations of the Issuer ranking *pari passu* without any preferences amongst themselves, secured as set out under Security below (see item 30) and subject to the priority set out under Priority below.
- (ii) Priority: Swap Counterparty Priority, unless there occurs (i) an Event of Default under the Charged Agreement with respect to which the Swap Counterparty is the Defaulting Party or (ii) a Termination Event under the Charged Agreement pursuant to Section 5(b)(iii) (*Tax Event Upon Merger*) with respect to which the Swap Counterparty is the Affected Party following the occurrence of a Tax Event Upon Merger with respect to the Swap Counterparty, in each of which cases Noteholder Priority will apply.
- For the purposes of the Notes and the Trust Deed and notwithstanding Condition 4(d), Swap Counterparty Priority and Noteholder Priority shall have the meaning given to those terms in Special Condition (VI).
13. Listing: Application will be made to list the Notes on the Irish Stock Exchange, but no assurance can be given that such application will be granted.
14. Method of distribution: Non-syndicated.
15. Fixed Rate Note Provisions: Not applicable.
16. Floating Rate Note Provisions: Not applicable.
17. Zero Coupon Note Provisions: Not applicable.
18. Index-Linked Interest Note Provisions: Not applicable.
19. Variable Coupon Amount Note Provisions: Not applicable.

20. Dual Currency Note Provisions: Not applicable.
21. Scheduled Redemption Amount: Condition 7(e)(1)(i) applies. For the purpose of Condition 7(e)(1)(i), the outstanding principal amount of each Note on or after the originally scheduled Scheduled Termination Date (as defined in the confirmation of the Credit and Collateral Swap Transaction) shall be equal to the Aggregate Nominal Amount on the relevant date of determination multiplied by the Relevant Fraction (as defined in Special Condition (VI)).
- Furthermore, an amount shall be payable in respect of each Note on the Maturity Date equal to the Relevant Fraction of an amount equal to either (i) 80% or (ii) if the Aggregate Nominal Amount of the Notes is less than the Initial Aggregate Nominal Amount, 100% of the Trading Reserve Account Balance as at the Maturity Date (after having taken account of any reduction required to be made to the Trading Reserve Account Balance on such date).
22. Early Redemption Amount payable on mandatory redemption, redemption for taxation reasons or on termination of the Charged Agreement or on default and the method of calculating the same (if required or if different from that set out in the Conditions): Condition 7(b) and 7(c) apply to the Notes and Condition 7(e)(2) shall apply (subject as provided in Special Condition (IV) below) in respect of the determination of the Early Redemption Amount payable in connection therewith and following the Notes falling due for redemption pursuant to Condition 9. For the purpose of Condition 7(e)(2), the outstanding principal amount of each Note shall be equal to the Aggregate Nominal Amount on the relevant date of determination multiplied by the Relevant Fraction (as defined in Special Condition (VI)) and, for the avoidance of doubt, Condition 7(d) shall not apply.
23. Form of Notes:
- (i) Bearer Notes: Not applicable.
- (ii) Registered Notes: Applicable: Global Registered Certificate exchangeable for definitive Registered Certificates at any time in the limited circumstances specified in the Global Registered Certificate.
- (iii) TEFRA: Not applicable.
24. (i) New Global Note Not applicable.
- (ii) New Global Note intended to be held in a manner which would permit the Notes to be recognised as eligible collateral for monetary policy of the central

banking system for the euro (the “**Eurosystem**”)

25. Additional Financial Centre(s) or other special provisions relating to Payment Dates: Not applicable.
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): No.
27. Details relating to Partly Paid Notes: Not applicable.
28. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: Not applicable.
29. Redenomination applicable: Not applicable.
30. Security:
- (i) Charged Assets: The Charged Assets shall comprise the Collateral Securities and any cash standing to the credit of the Collateral Account, subject in each case to the provisions of Part C of the confirmation with respect to the Credit and Collateral Swap Transaction which provides for delivery of Charged Assets to the Swap Counterparty from time to time in the circumstances set out therein (upon which, the relevant Charged Assets delivered will cease to be Charged Assets).
- “**Collateral Securities**” means, initially, EUR 5,000,000 of the O.A.T. 3.50% due 25 April 2015 issued by the Republic of France (ISIN: FR0010163543) (the “**Initial Charged Assets**”).
- (ii) Charging Instrument: Not applicable.
- (iii) Depository Account: In relation to the Initial Charged Assets on the Issue Date, Euroclear account number 22003 and, thereafter, each account of the Custodian in which Collateral Securities are held from time to time.
- (iv) Collateral Account: A securities account together with a cash account both opened on behalf of the Issuer with the Custodian. The Collateral Account shall record the Custodian’s holding of the Charged Assets by reference to the Issuer and to this Series so that the Charged Assets shall be segregated from the Custodian’s own assets and assets that the Custodian is holding for other clients or in respect

of other Series.

Cash standing to the credit of the Collateral Account shall accrue interest from day to day at such rate, and which shall be payable on such dates, as the Custodian shall determine in its sole and absolute discretion.

- (v) Charged Agreement: An Agreement under the Master Swap Terms made between the Swap Counterparty and the Issuer and dated 22 September 2011 together with a confirmation of a credit swap transaction (the "**Credit Swap Transaction**") and collateral swap transaction (together, the "**Credit and Collateral Swap Transaction**").

The Issuer will forward, or procure that the Swap Counterparty will forward, to the Noteholders (in accordance with Condition 14) each Credit Event Notice and each Notice of Publicly Available Information (if applicable) (both as defined in the confirmation of the Credit Swap Transaction) delivered to the Issuer under the Credit Swap Transaction); provided that any failure to forward any such notice shall not affect the validity or effectiveness of such notice pursuant to the Credit Swap Transaction. If a Credit Event Notice or a Notice of Publicly Available Information is not required to be given pursuant to the Credit Swap Transaction in order for an Event Determination Date to occur then, without prejudice to the notification obligations set out in Special Condition (II) below, neither the Issuer nor any other party shall have any obligation to notify the Noteholders of the occurrence of an Event Determination Date.

- (vi) Swap Counterparty: UBS AG, London Branch

- (vii) Other: Pursuant to the Trust Deed constituted by the Constituting Instrument relating to the Notes, the Issuer has, with full title guarantee and as continuing security in favour of the Trustee as trustee for the Noteholders, assigned all of the Issuer's rights, title, benefit and interest in, to and under a portfolio management agreement relating to the Notes constituted by the Constituting Instrument and incorporating the Master Portfolio Management Terms (November 2010 Edition) (the "**Portfolio Management Agreement**") dated the Issue Date between the Issuer, the Swap Counterparty, AXA Investment Managers Paris S.A. (the "**Portfolio Manager**") and The Bank of New York Mellon (the "**Portfolio Administrator**"), among others, subject to the provisions of and in the order of priority set out in the Terms of the Notes.

31.	Securities Lending Agreement:	Not applicable.
32.	(i) If syndicated, names of Managers:	Not applicable.
	(ii) Stabilising Manager (if any):	Not applicable.
33.	Additional selling restrictions	<p>The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The Notes may not be offered, sold or otherwise transferred within the United States or to the account of any US Person (as defined in Regulation S under the Securities Act).</p> <p>Each purchaser of any Notes will, in making its purchase, be deemed to have represented that such purchase has not violated the foregoing restriction.</p>
34.	ISIN:	XS0672066908
35.	Common Code:	067206690
36.	Alternative Clearing System:	Not applicable.
37.	Delivery:	Delivery against payment.
38.	(i) Principal Paying Agent:	None. The Registrar will be appointed by the Issuer pursuant to the Agency Agreement to make payments as agent for the Issuer in respect of the Notes. There are no other Paying Agents.
	(ii) Registrar:	UBS AG, London Branch
39.	Sub-Custody:	Not applicable.
40.	Calculation Agent:	UBS AG, London Branch
41.	Exchange of Permanent Global Note:	Not applicable.
42.	Additional Business Day:	Not applicable.
43.	Business Days:	Each day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and TARGET. Each Business Day shall be a Relevant Business Day for the purpose of Condition 6(b).
44.	Business Day Convention:	Following Business Day Convention.

Special Conditions:

(I) Note Additional Payments

On each Trading Reserve Account Annual Request Date (as defined in the Portfolio Management Agreement) a Note Additional Payment shall be paid in respect of each Note to the extent that the Portfolio Manager has elected (in the relevant Trading Reserve Account Annual Request) to allocate all or some of the Trading Reserve Account Balance subject to and in accordance with the One-off Payment Trading Reserve Account Reallocation Method pursuant to the Portfolio Management Agreement.

“Note Additional Payment” means, in respect of each Note, an amount equal to 80% of the Trading Reserve Account Reduction Amount (or such part thereof as the Portfolio Manager specifies in the relevant Trading Reserve Account Annual Request) multiplied by the Relevant Fraction.

(II) Credit Swap Reduction of Aggregate Nominal Amount

If an Event Determination Date occurs in relation to a Reference Entity then, as of such Event Determination Date with respect to such Reference Entity, the Aggregate Nominal Amount of the Notes shall be reduced by an amount equal to the Initial Aggregate Nominal Amount (as adjusted for any issues of Further Notes or any repurchases and cancellations of Notes) multiplied by the Settlement Reduction Percentage determined in relation thereto (any such reduction, a **“Credit Swap Reduction of Aggregate Nominal Amount”**), provided that in no event shall the Aggregate Nominal Amount be less than zero.

The Calculation Agent shall, on behalf of the Issuer, give notice to the Noteholders, the Portfolio Manager and the Portfolio Administrator (in the case of the Noteholders, in accordance with Condition 14 and in the case of the Portfolio Manager and the Portfolio Administrator, in accordance with the notice provisions of the Portfolio Management Agreement) of each Credit Swap Reduction of Aggregate Nominal Amount on or as soon as reasonably practicable after the relevant Auction Settlement Date or, as the case may be, Cash Settlement Date (provided that any failure to give such notice in respect of a Credit Swap Reduction of Aggregate Nominal Amount shall not invalidate the reduction of the Aggregate Nominal Amount of the Notes by such Credit Swap Reduction of Aggregate Nominal Amount).

(III) Events of Default

Condition 9 shall be amended in relation to the Notes by the deletion of the words “(if sums are due but unpaid to the Swap Counterparty)” and by their replacement with the words “(if sums are due but unpaid to the Swap Counterparty and the Trustee determines that to do so would not be materially prejudicial to the Noteholders)”.

(IV) Swap Counterparty Event of Default

(1) In the event that an Early Termination Date (as defined in the 1992 ISDA Master Agreement) occurs with respect to the Charged Agreement as a result of an Event of Default (as defined in the 1992 ISDA Master Agreement) with respect to the Swap Counterparty or a Termination Event under the Charged Agreement pursuant to Section 5(b)(iii) (*Tax Event Upon Merger*) with respect to which the Swap Counterparty is the Affected Party following the occurrence of a Tax Event Upon Merger with respect to the Swap Counterparty, Condition 7(e)(2) shall not apply for the purposes of determining the amount payable upon redemption of the Notes and the provisions set out in Special Condition (IV)(2) below shall apply in its place.

- (2) The amount payable upon redemption of the Notes pursuant to Condition 7(c)(A)(2) in the circumstances described in Special Condition (IV)(1) above shall be (i) the outstanding Aggregate Nominal Amount of the Notes as at the date that the Notes are redeemed, plus (ii) an amount equal to the Trading Reserve Account Balance minus an amount equal to any percentage thereof payable to the Portfolio Manager as part of the Termination Portfolio Management Fee.

(V) **Further Issues; Repurchases and Cancellations**

If at any time Further Notes are issued in accordance with Condition 16 or any Notes are repurchased and cancelled, proportionate adjustments to the Terms of the Notes which are necessary to preserve the economic effect of the Notes (including, without limitation, the Initial Aggregate Nominal Amount and the Aggregate Nominal Amount) shall be made automatically, as determined by the Calculation Agent in good faith and in a commercially reasonable manner.

(VI) **Definitions**

“Auction Final Price” has the meaning given to it in the confirmation of the Credit and Collateral Swap Transaction.

“Auction Settlement Date” has the meaning given to it in the confirmation of the Credit and Collateral Swap Transaction.

“Cash Settlement Date” has the meaning given to it in the confirmation of the Credit and Collateral Swap Transaction.

“Event Determination Date” has the meaning given to it in the confirmation of the Credit and Collateral Swap Transaction.

“Final Price” has the meaning given to it in the confirmation of the Credit and Collateral Swap Transaction.

“Noteholder Priority” means:

- (i) first, in meeting the claims (if any) of the Portfolio Manager and the Portfolio Administrator under the Portfolio Management Agreement *pari passu* and rateably;
- (ii) secondly, in meeting the claims (if any) of the Noteholders (which, for this purpose, shall include any claim of the Registrar for reimbursement in respect of any payment made to the Noteholders) *pari passu* and rateably;
- (iii) thirdly, in meeting the claims (if any) of the Swap Counterparty under the Charged Agreement; and
- (iv) fourthly, in payment of the balance (if any) to the Swap Counterparty.

“Portfolio” means the portfolio of Reference Entities to which the Credit Swap Transaction from time to time is referenced, subject to adjustment in accordance with the Credit Swap Transaction.

“Reference Entity” has the meaning given to it in the confirmation of the Credit and Collateral Swap Transaction.

“Relevant Fraction” means, as at any time, a fraction the numerator of which is the Authorised Denomination and the denominator is an amount equal to the aggregate of the Authorised Denominations of all outstanding Notes at such time.

“Swap Counterparty Priority” means:

- (i) first, in meeting the claims (if any) of the Swap Counterparty under the Charged Agreement;
- (ii) secondly, in meeting the claims (if any) of the Portfolio Manager and the Portfolio Administrator under the Portfolio Management Agreement *pari passu* and rateably;
- (iii) thirdly, in meeting the claims (if any) of the Noteholders (which, for this purpose, shall include any claim of the Registrar for reimbursement in respect of payment made to the Noteholders) *pari passu* and rateably; and
- (iv) fourthly, in payment of the balance (if any) to the Swap Counterparty.

(VII) Calculations, Determinations and Notifications

All calculations, determinations and notifications given or made by the Calculation Agent or the Swap Counterparty in respect of the Notes shall be conclusive and binding on the Issuer, the Trustee, the Swap Counterparty, the Portfolio Manager, the Portfolio Administrator, the Calculation Agent, the Registrar, the Noteholders and all other persons, save in the case of manifest error or as otherwise provided herein or in the Portfolio Management Agreement. Each of the Issuer, the Trustee, the Swap Counterparty, the Portfolio Manager, the Portfolio Administrator, the Calculation Agent, the Registrar and the Noteholders shall be entitled to rely on any calculation, determination or notification of the Calculation Agent or the Swap Counterparty given or copied to it as being true and accurate for all purposes and none of them shall be obliged to make any investigation or enquiry into such calculation, determination or notification or into the basis on which such calculation, determination or notification was prepared, given or made and shall have no liability whatsoever in respect of any calculation, determination or notification made, or omitted to be made, by the Calculation Agent or the Swap Counterparty.

USE OF PROCEEDS

The net proceeds from the issue of the Notes, being EUR 3,025,000 will be invested by the Issuer in the Initial Charged Assets specified in the Terms of the Notes, by the application of such net proceeds in the payment of such amount to the Swap Counterparty pursuant to the Credit and Collateral Swap Transaction on the Issue Date in exchange for delivery by the Swap Counterparty of the Initial Charged Assets.

SUMMARY OF THE CHARGED AGREEMENT

The Charged Agreement comprises the swap agreement entered into by the Issuer and the Swap Counterparty by their execution of the Constituting Instrument relating to the Notes on the terms of the ISDA 1992 form of Master Agreement (Multicurrency – Cross Border) as amended by the schedule set out in the Master Swap Terms (August 2007 Edition)) incorporated by reference into such Constituting Instrument and a confirmation (which is set out below) of a credit swap transaction and a collateral swap transaction (the “**Credit and Collateral Swap Transaction**”). Reference should also be made to item 30(iv) of the Terms of the Notes.

The Issuer has assigned by way of fixed security in favour of the Trustee for itself and as trustee for the Noteholders all of the Issuer’s rights, title, benefit and interest in, to and under the Charged Agreement and any sums and any other assets derived therefrom.

The form of confirmation in respect of the Credit and Collateral Swap Transaction is set out in full below. The Master Swap Terms comprised in the Charged Agreement in respect of the Notes include the following provisions:

- (A) The transactions comprised in the Charged Agreement will be capable of termination at the option of the Issuer upon the occurrence of any of the following events of default in relation to the Swap Counterparty: failure to pay or deliver, breach of agreement, misrepresentation and bankruptcy (as such events are more particularly described in the Master Swap Terms). The transactions comprised in the Charged Agreement will be capable of termination at the option of the Swap Counterparty upon the occurrence of any of the following events of default in relation to the Issuer: failure to pay or deliver and bankruptcy (as such events are more particularly described in the Master Swap Terms).
- (B) In the event that it becomes unlawful for either the Issuer or the Swap Counterparty to perform its obligations under a transaction comprised in the Charged Agreement, either the Issuer or the Swap Counterparty (or both) may have the right to terminate such transaction.
- (C) In the event that a withholding or deduction is, or there is a substantial likelihood that a withholding or deduction will be, imposed on any payment to be made by either the Issuer or the Swap Counterparty to the other under a transaction comprised in the Charged Agreement, neither party is obliged to gross up such payment and the party who has received, or would receive, such payment net of such withholding or deduction may have the right to terminate the transaction.
- (D) If at any time the Notes become repayable in full prior to the Maturity Date, a proportionate part of the transactions comprised in the Charged Agreement shall terminate automatically.
- (E) If any of the Notes are repurchased by the Issuer pursuant to Condition 7(g), a proportionate part of the transaction comprised in the Charged Agreement will terminate. This provision is supplemented by, and should be read in conjunction with, the “*Tap issues and repurchases*” provision of the confirmation of the Credit and Collateral Swap Transaction.
- (F) If a payment under the Charged Assets is or would be subject to withholding or deduction on account of tax as a result of a change in any tax law, or the interpretation of any tax law, after the issue date of the Notes and such withholding or deduction is not or would not be grossed up then the Swap Counterparty will have the right to terminate the transactions comprised in the Charged Agreement.

In the event of any inconsistency between the Master Swap Terms and the terms of the confirmation in respect of the Credit and Collateral Swap Transaction, the terms of such confirmation shall prevail.

Payments to the Noteholders under the Notes are entirely contingent on the full and timely performance of the obligations of the Swap Counterparty under the Charged Agreement. Payments under the Notes are also contingent on the amounts originally scheduled to be paid by the Swap Counterparty under the Charged Agreement not being reduced pursuant to the terms of the Charged Agreement. If any transaction comprised in the Charged Agreement is terminated, or any other event occurs which results in the termination of any transaction comprised in the Charged Agreement, the Notes will fall due for redemption. Upon the Notes falling due for redemption in such circumstances, the amount payable in respect of the Notes shall be the proceeds of realisation of the security for the Notes applied in accordance with the Swap Counterparty Priority (meaning that claims of the Noteholder will rank behind those of the Trustee, any receiver appointed pursuant to the Constituting Instrument, the Portfolio Manager, the Portfolio Administrator and the Swap Counterparty) save that, upon the occurrence of an event of default under the Charged Agreement with respect to the Swap Counterparty or a tax event upon merger termination event as more particularly described in the section of the Constituting Instrument which supplements and amends the Master Swap Terms, Noteholder Priority will apply (meaning that claims of the Noteholders will rank behind those of the Trustee, any receiver appointed pursuant to the Constituting Instrument, the Portfolio Manager and the Portfolio Administrator but ahead of the Swap Counterparty).

The form of confirmation in respect of the Charged Agreement is set out in full below.

The Charged Agreement is governed by and shall be construed in accordance with English law.

FORM OF CREDIT AND COLLATERAL SWAP CONFIRMATION

UBS AG, London Branch
100 Liverpool Street
London EC2M 2RH
(“**UBS**”)

ELM B.V.
Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands

(“**ELM**”)

Attention: The Directors

Fax No: +31 20 521 4832

[•] 2011

Dear Sirs

The purpose of this letter agreement (the “**Confirmation**”) is to confirm the terms and conditions of a credit and collateral swap transaction entered into between us on the Trade Date specified below (the “**Transaction**”). This Confirmation constitutes a “**Confirmation**” as referred to in the Agreement (as defined below).

The definitions and provisions contained in the 2003 ISDA Credit Derivatives Definitions and the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on 14 July 2009) (together, the “**Credit Derivatives Definitions**”), as published by the International Swaps and Derivatives Association, Inc., are incorporated into Part A (to the extent that Part A relates to the credit swap set out in Part B) and Part B of this Confirmation. In the event of any inconsistency between the Credit Derivatives Definitions and Parts A and B (including the Schedule and the Annexes) this Confirmation, Parts A and B (including the Schedule and the Annexes) of this Confirmation will govern. 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 Parts A (to the extent that Part A relates to the Collateral Swap set out in Part C) and C of this Confirmation. In the event of any inconsistency between the 2006 Definitions and Parts A and C of this Confirmation, Parts A and C of this Confirmation will govern.

Words and expressions defined in the terms and conditions of the Series 153 EUR 5,000,000 Secured Zero Coupon Tranched Portfolio Credit-Linked Notes due 2015 issued by ELM (the “**Notes**”) and the Portfolio Management Agreement dated 22 September 2011 between the Issuer, the Swap Counterparty, AXA Investment Managers Paris S.A., the Bank of New York and The Law Debenture Trust Corporation p.l.c. (the “**Portfolio Management Agreement**”) shall have the same meaning herein unless otherwise defined herein. In the event of any inconsistency between the Notes and the Portfolio Management Agreement, the Notes will govern. In the event of any inconsistency between the Notes and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms part of, and is subject to, the Charged Agreement constituted by the Master Swap Terms (August 2007 Edition) dated as of today’s date between us

and you (as the same may be amended or supplemented from time to time, the “**Agreement**”). All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

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

A. GENERAL TERMS – CREDIT AND COLLATERAL SWAP

Trade Date: 24 August 2011

Effective Date: 22 September 2011

Scheduled Termination Date: 30 April 2015

Termination Date: The earlier to occur of:

- (a) the latest of:
 - (i) the Scheduled Termination Date;
 - (ii) if Grace Period Extension applies with respect to a Reference Entity and a Potential Failure to Pay occurs on or prior to the Credit Event Observation End Date with respect to such Reference Entity, the second Business Day following the last day of the related Notice Delivery Period (or if more than one Reference Entity is so affected, the second Business Day following the last day of the Notice Delivery Period with the longest time remaining);
 - (iii) if a Potential Repudiation/Moratorium occurs on or prior to the Credit Event Observation End Date with respect to a Reference Entity to which Repudiation/Moratorium applies, the second Business Day following the last day of the related Notice Delivery Period (or if more than one Reference Entity is so affected, the second Business Day following the last day of the Notice Delivery Period with the longest time remaining); and
 - (iv) the latest Auction Settlement Date or, if the Fallback Settlement Method applies, Cash Settlement Date occurring after the Scheduled Termination Date relating to an Event Determination Date occurring within the Notice Delivery Period; provided that, unless either of the circumstances set out in items (ii) and (iii) above have occurred, the last day of the Notice Delivery Period shall be deemed to fall on the Credit Event Observation End Date for the purposes of this Transaction; and
- (b) the Auction Settlement Date or, if the Fallback Settlement Method applies, Cash Settlement Date which results in the Aggregate Nominal Amount of the Notes being reduced to zero.

Credit Event Observation End Date: The last day of the Credit Event Observation Period. References to the Scheduled Termination Date in the Extension Date, Grace

Period Extension and Repudiation/Moratorium Extension provisions of the Credit Derivatives Definitions should be construed as references to the Credit Event Observation End Date.

Credit Event Observation Period: The period starting on, and including, the Trade Date and ending on, and including, 20 March 2015.

Calculation Agent: UBS AG, London Branch

Calculation Agent City: London

Business Days: London and TARGET

Business Day Convention: Following (which, subject to Sections 1.4, 1.6, 1.23, 2.2(i) and 2.34(b) of the Credit Derivatives Definitions, shall apply to any date referred to in this Confirmation that falls on a day that is not a Business Day).

Notional Amount: EUR 5,000,000 (the “**Initial Notional Amount**”), subject to reduction as set out in paragraph 2(b) of Part C of this Confirmation.

Tap issues and repurchases: If at any time Further Notes are issued in accordance with Condition 16 or any Notes are repurchased and cancelled, proportionate adjustments to this Transaction which are necessary to preserve the economic effect of this Transaction (including, without limitation, the Reference Portfolio Notional, the Initial Notional Amount, the Notional Amount, the Tranche Width, the Loss Threshold Rate, the Floating Rate Payer Calculation Amount, the Reference Entity Percentage and the Trading Reserve Account Balance) shall be made automatically, as determined by the Calculation Agent in good faith and in a commercially reasonable manner.

B. CREDIT SWAP PROVISIONS

1. Credit Swap - General Terms

Floating Rate Payer: ELM (the “**Seller**”)

Fixed Rate Payer: UBS AG, London Branch (the “**Buyer**”)

Reference Price: 100%

Loss Threshold Rate: 2%, subject to adjustment in accordance with the Portfolio Management Agreement.

Reference Portfolio Notional: An amount equal to the Initial Notional Amount divided by the Initial Tranche Width.

Tranche Width: 3% (the “**Initial Tranche Width**”) minus the aggregate of all Settlement Rates determined pursuant to this Transaction.

Reference Entity: Each entity (and each Successor to such entities) listed in the Schedule to this Confirmation (the “**Schedule**”), as modified

following any Substitution pursuant to the Portfolio Management Agreement.

Each Reference Entity has been designated by Buyer as a particular “**Entity Type**” in the Schedule (being one of the Transaction Types specified in the Matrix (as defined below)). Each Reference Entity shall be subject to the application of the standard terms set out in the Credit Derivatives Physical Settlement Matrix (as applicable on the Effective Date and as published by ISDA on its website at www.isda.org (or any successor website thereto) (the “**Matrix**”)) which, subject as provided in the next following paragraph, correspond to the Entity Type designated by Buyer for such Reference Entity; provided that in the event of any inconsistency between the Matrix and the terms of this Confirmation, the terms of this Confirmation shall prevail.

Buyer shall determine the Entity Type of each Replacement Reference Entity in good faith and in a commercially reasonable manner so that the Entity Type so determined shall be consistent with Buyer’s reasonable determination of prevailing market practice and is one of the Transaction Types specified in the Matrix. If Buyer determines in good faith that there is no clear prevailing market practice in relation to which Entity Type applies to a particular Reference Entity, then Buyer shall select an Entity Type for such Reference Entity (and, accordingly, the Transaction Type set out in the Matrix which shall apply) which Buyer determines in good faith to be most appropriate for the Reference Entity concerned.

The “Additional Provisions for Physically Settled Default Swaps – Monoline Insurer as Reference Entity”, published by the International Swaps and Derivatives Association, Inc. on January 21, 2005, are incorporated by reference herein and shall be applicable to each Reference Entity that is identified by the word “yes” in the column of the Schedule headed “Monoline [yes/no]”.

Portfolio: The portfolio of Reference Entities referenced in this Transaction from time to time.

Reference Obligations: With respect to each Reference Entity, each Reference Obligation listed with respect to such Reference Entity in the Schedule and any other Obligation of such Reference Entity designated in accordance with “Settlement Method” below.

All Guarantees: In relation to each Reference Entity, applicable or not applicable as set out in the corresponding Annex for its Entity Type.

2. Floating Payment

Floating Rate Payer Calculation Amount: On any day, with respect to each Reference Entity, the product of (a) the Reference Portfolio Notional and (b) the Reference Entity Percentage on such day in respect of such Reference

Entity.

The “**Reference Entity Percentage**” in respect of each Reference Entity on the Effective Date shall be set out alongside the name of the relevant Reference Entity in the Schedule. If the Portfolio Manager adjusts the Floating Rate Payer Calculation Amount pursuant to and in accordance with the Portfolio Management Agreement, the Reference Entity Percentage shall be deemed to reflect the ratio (expressed as a percentage) such revised Floating Rate Payer Calculation Amount bears to the Reference Portfolio Notional, following the relevant Substitution. Upon such Substitution, the Floating Rate Payer Calculation Amount for all remaining Reference Entities shall be adjusted such that the sum of Floating Rate Payer Calculation Amounts of all Reference Entities in the Portfolio shall remain unchanged. Further, the Reference Entity Percentage for all such remaining Reference Entities shall be deemed to be amended to reflect the ratio (expressed as a percentage of the Reference Portfolio Notional) their respective Floating Rate Payer Calculation Amounts bear to the Reference Portfolio Notional following the Substitution.

Notifying Party: Buyer or Seller.

It is hereby acknowledged that Seller shall, and only shall, exercise its rights as a Notifying Party at the direction of the Portfolio Manager.

It is furthermore acknowledged that Seller shall, and shall only exercise any other rights (including, without limitation, the right to deliver a Notice to Exercise Movement Option) of a Seller under this Transaction at the direction of the Portfolio Manager.

3. Credit Events

The Credit Events shall apply to this Transaction in respect of each of the Reference Entities as set out in the Matrix for its Entity Type.

Obligations: Obligation Category: The Obligation Category applicable to each Reference Entity shall be as set out in the Matrix for its Entity Type.

Obligation Characteristics: The Obligation Characteristics applicable to each Reference Entity shall be as set out in the Matrix for its Entity Type.

4. Settlement Terms

Settlement Method: **Auction Settlement**

In relation to each Reference Entity, the Settlement Rate shall be determined in accordance with the Terms Relating to Settlement below and no Auction Settlement Amount shall be payable hereunder, but instead the payment of any Auction Settlement Amount in accordance with the provisions of this Confirmation shall be satisfied as provided under paragraph 2(b) of Part C of the Collateral Swap Provisions of this Confirmation.

Fallback Settlement Method: **Cash Settlement**

In relation to each Reference Entity, the Settlement Rate shall be determined in accordance with the Terms Relating to Settlement below and, to the extent the Fallback Settlement Method applies, no Cash Settlement Amount shall be payable hereunder, but instead the payment of any Cash Settlement Amount in accordance with the provisions of this Confirmation shall be satisfied as provided under paragraph 2(b) of Part C of the Collateral Swap Provisions of this Confirmation.

For the purposes of the Fallback Settlement Method, the Calculation Agent will use the Reference Obligations listed in the Notice of Reference Obligations. The Reference Obligations will be obligations of the relevant Reference Entity selected by Buyer in its sole discretion which satisfy the following Deliverable Obligation Category and Deliverable Obligation Characteristics:

Deliverable Obligation Category:

The Deliverable Obligation Category applicable to each Reference Entity shall be as set out in the corresponding Annex Matrix for its Entity Type.

Deliverable Obligation Characteristics:

The Deliverable Obligation Characteristics applicable to each Reference Entity shall be as set out in the corresponding Annex Matrix for its Entity Type.

Additional Requirement:

Reference Obligations shall be specified in the Notice of Reference Obligation(s) on the basis that “Restructuring Maturity Limitation and Fully Transferable Obligation” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation” applies to any Reference Entity if so indicated in the Matrix for its Entity Type.

This Transaction may be subject to more than one Event Determination Date and therefore more than one Settlement Rate, provided that the Notional Amount may not be reduced below zero following the determination of a Settlement Rate.

Terms Relating to Settlement:

Settlement Rate: With respect to any Reference Entity on an Event Determination Date, the least of:

- (a) the Reference Entity Settlement Rate with respect to such Reference Entity;

- (b) the greater of:
- (i) zero; and
 - (ii) Accumulated Loss Percentage (after giving effect to the Reference Entity Settlement Rate determined with respect to that Event Determination Date) minus the Loss Threshold Rate (after giving effect to any increase in the Loss Threshold Rate pursuant to the Portfolio Management Agreement at any time between the date on which the Reference Entity Settlement Rate is determined with respect to that Event Determination Date and the relevant Auction Settlement Date or, as the case may be, Cash Settlement Date); and
- (c) the Tranche Width,

where:

“Reference Entity Settlement Rate” means, with respect to any Reference Entity, an amount equal to the Reference Entity Percentage multiplied by the difference between the Reference Price and the Auction Final Price determined in respect of the relevant Reference Entity or, if the Fallback Settlement Method applies, the Weighted Average Final Price.

“Weighted Average Final Price” means the weighted average of Final Prices determined in respect of all Selected Reference Obligations of the relevant Reference Entity expressed as a percentage and weighted in accordance with the proportion of the Quotation Amount selected by the Calculation Agent for each Selected Reference Obligation compared to the total of all Quotation Amounts selected by the Calculation Agent for all Selected Reference Obligations of the relevant Reference Entity.

“Accumulated Loss Percentage” means, on any date, the sum of all Reference Entity Settlement Rates calculated in respect of Credit Events that have occurred and with respect to which all Conditions to Settlement have been satisfied on or prior to such date. If the Reference Entity Settlement Rates with respect to more than one Reference Entity are being calculated on the same day, the Reference Entity Settlement Rate, Accumulated Loss Percentage and Settlement Rate with respect to each relevant Reference Entity shall be calculated chronologically in the order that either of the following events occurred with respect to such Reference Entities: (a) the Credit Event Resolution Request Date (provided that if a Credit Event Resolution Request Date occurs in respect of more than one Reference Entity on the same day, the first Reference Entity in respect of which ISDA announces that the relevant notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession of the relevant Publicly Available Information, in each case in accordance with

Section 1.24 of the Credit Derivatives Definitions, shall be deemed to have satisfied this condition first) and (b) delivery of the Credit Event Notice (provided that if any of the relevant Credit Event Notices are delivered at the same time, in a sequential order determined by the Calculation Agent in its sole and absolute discretion), and each of such calculations shall be performed as if the Credit Events in respect of which Settlement Rates have not yet been calculated had not occurred.

Settlement Currency: EUR

Auction Settlement Date / Cash Settlement Date: 5 Business Days following the calculation of the Settlement Rate. However, as specified under Settlement Method above, settlement will take place as provided under paragraph 2(b) of Part C of this Confirmation.

Terms relating to Fallback Settlement Method only

Valuation Date: *Single Valuation Date*: any Business Day selected by Buyer, but not earlier than 30 Business Days after and not later than 75 Business Days after (i) the Auction Cancellation Date, (ii) the relevant No Auction Announcement Date or (iii) the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in Sections 1.24(a) and (b) of the Credit Derivatives Definitions, as applicable.

Valuation Time: 11:00 a.m. in the principal trading market for the Reference Obligation being valued or as determined by the Calculation Agent.

Quotation Method Bid

Method for obtaining Quotations: For purposes of determining the Final Price for each Reference Obligation, Section 7.7 of the Credit Derivative Definitions shall be amended as follows:

- (i) Section 7.7(a) is hereby amended by (a) adding the word “unaffiliated” between the words “more” and “Dealers” in the first sentence thereof and (b) deleting the second sentence thereof and substituting therefore the following:

If at least two such Full Quotations are not available on the Valuation Date, then on the 15th Business Day following such Valuation Date (such day, the “**Extended Valuation Date**”) the Calculation Agent shall attempt to obtain Full Quotations from five or more Dealers not affiliated with one another and, if at least two Full Quotations are not available, a Weighted Average Quotation.

- (ii) Section 7.7(b) is hereby amended by deleting the entirety thereof and substituting therefore the following:

If the Calculation Agent is unable to obtain at least two Full Quotations or a Weighted Average Quotation on the Extended Valuation Date, then the Calculation Agent shall on the next following Business Day (and, if necessary, on each Business Day thereafter until the fifth Business Day following the Extended Valuation Date) attempt to obtain Full Quotations from at least five Dealers not affiliated with one another (which shall include at least two Dealers, if any, from which Quotations had not been solicited on the initial Valuation Date) and, if at least two Full Quotations are not available, a Weighted Average Quotation. The Calculation Agent shall use such Full Quotation or Weighted Average Quotation to determine the Final Price in accordance with the Valuation Method. If the Calculation Agent is unable to obtain two Full Quotations or a Weighted Average Quotation within ten Business Days after the Extended Valuation Date (the "**Portfolio Manager Quotation Date**") for the purposes of determining the Final Price the Portfolio Manager shall be entitled to attempt to obtain Full Quotations or a Weighted Average Quotation as if it were the Calculation Agent. If the Portfolio Manager is able to obtain two Full Quotations or a Weighted Average Quotation on the same Business Day on or within the third Business Day after the Portfolio Manager Quotation Date then it shall inform the Calculation Agent and Issuer of the same immediately. Any quotation so obtained must remain open for 30 minutes after the Portfolio Manager has notified the Calculation Agent and the Issuer. The Calculation Agent shall use such two Full Quotations or Weighted Average Quotation to determine the Final Price in accordance with the Valuation Method. If the Portfolio Manager is unable to obtain two Full Quotations or a Weighted Average Quotation on the same Business Day on or within the third Business Day after the Portfolio Manager Quotation Date then if a single Full Quotation is available then it will be used to determine the Final Price. If a single Full Quotation is not available, but one or more firm quotations for an amount equal to or less than the Minimum Quotation Amount is available, then the weighted average of such firm quotations will be used to determine the Final Price. If one or more firm quotations for an amount equal to or less than the Minimum Quotation Amount are not available the Quotations will be zero.

- (iii) With respect to a Reference Obligation which is a Consent Required Loan, the Calculation Agent will, subject to applicable confidentiality obligations and regulatory requirements, provide all or part of the legal documentation of the loan facility (as is available to the Calculation Agent) to the Dealers at least 10 Business Days before the relevant Valuation Date. The Calculation Agent will only provide part of the legal documentation of the loan facility to the Dealers if, acting in good faith, it

considers that this part constitutes what a Dealer should reasonably require to be able to give a firm bid on a Consent Required Loan.

- (iv) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the outstanding principal balance as at the Valuation Date for the purposes of determining the Final Price.

Quotation Amount

Means, with respect to each Selected Reference Obligation, an amount determined by Buyer in its sole discretion; *provided that* (a) the aggregate of the Quotation Amount(s) for all the Selected Reference Obligation(s) relating to a single Reference Entity shall not exceed the Floating Rate Payer Calculation Amount of the relevant Reference Entity (or its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained) for that Reference Entity and (b) the Quotation Amount for any single Selected Reference Obligation shall not be less than the Minimum Quotation Amount.

If a Selected Reference Obligation is denominated in a currency other than the currency of the Floating Rate Payer Calculation Amount, then the relevant amount of that Selected Reference Obligation for purposes of determining a Full Quotation or Weighted Average Quotation will be deemed to be the equivalent of the Quotation Amount designated by the Calculation Agent converted by the Calculation Agent to the currency of such Selected Reference Obligation in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained.

Minimum Quotation Amount:

USD 1,000,000 (or its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained) with respect to each Selected Reference Obligation.

Dealer:

Any of Bank of America Merrill Lynch, Barclays Bank PLC, BBVA S.A., BNP Paribas, Calyon/Credit Agricole CIB, Canadian Imperial Bank of Commerce, Citigroup, Commerzbank AG, Credit Suisse, Deutsche Bank AG, Goldman Sachs Group Inc., HSBC Bank plc, J.P. Morgan Chase & Company, Morgan Stanley & Co. Incorporated, Rabobank International, Royal Bank of Scotland plc, Société Générale, UBS AG or UniCredit SpA and any Affiliate of or successor to any of the foregoing, subject to any amendment of such list, as agreed from time to time between UBS and the Portfolio Manager.

Quotations:

Exclude Accrued Interest

Valuation Method:

Highest

Notice of Reference Obligation(s) and Valuation Date: Not later than the close of business on the fifth Business Day prior to the Valuation Date selected by Buyer, Buyer agrees to deliver to Seller and the Portfolio Manager a written notice (a "**Notice of Reference Obligations**") which specifies the Valuation Date and contains a detailed description of each Reference Obligation that the Calculation Agent will use to determine the Final Price (the "**Selected Reference Obligations**"). Such Notice of Reference Obligations shall become irrevocable as at the fifth Business Day after such Valuation Date.

5. Additional Amendments to Credit Derivative Definitions

The parties agree that, for purposes of this Transaction only, the following amendments will be made to the Credit Derivative Definitions:

- (a) *Successor*. Where, pursuant to Section 2.2(a), one or more Successors have been identified in relation to a particular Reference Entity:
- (i) Each such Successor will be a Reference Entity (a "**Successor Reference Entity**") for the purposes of this Credit Derivative Transaction (and, for the avoidance of doubt, the original Reference Entity shall cease to be a Reference Entity except where it is a Successor Reference Entity).
 - (ii) The Floating Rate Payer Calculation Amount in respect of each such Successor Reference Entity shall be the Floating Rate Payer Calculation Amount in respect of the original Reference Entity divided by the total number of Successor Reference Entities and the relevant Reference Entity Percentage shall be adjusted accordingly.
 - (iii) If, due to the application of Section 2.2 of the Definitions, a single entity would be a Reference Entity under this Transaction more than once, then it will be deemed to be a Reference Entity only once hereunder, and the Floating Rate Payer Calculation Amount for such Reference Entity will be the sum of the Floating Rate Payer Calculation Amounts otherwise applicable to it and the relevant Reference Entity Percentage shall be adjusted accordingly.
 - (iv) The Reference Obligation(s) for any Successor hereunder shall be subject to the "Restructuring Maturity Limitation and Fully Transferable Obligation" requirement or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" requirement, or neither, as the case may be, depending on the terms applicable to the original Reference Entity that such Successor replaces.
 - (v) If pursuant to the two preceding paragraphs the relevant Reference Entity would be deemed to be subject to more than one of the "Restructuring Maturity Limitation and Fully Transferable Obligation" requirement, the "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" requirement, or neither of these, then, notwithstanding paragraph (iii) above, such Reference Entity will continue to be a Reference Entity more than once hereunder and the terms otherwise provided herein for each such Reference Entity shall continue to apply as if they were unrelated Reference Entities.
 - (vi) If pursuant to the two preceding paragraphs the relevant Reference Entity would be deemed to be subject to two specified Reference Obligations, one of which has been specified to be "Subordinated" and the other "Unsubordinated", then such Reference Entity will continue to be a Reference Entity more than once hereunder

and the terms otherwise provided herein for each such Reference Entity shall continue to apply as if they were unrelated Reference Entities.

- (b) *Certain Defined Terms.* While the Fallback Settlement Method is Cash Settlement, the parties agree that Buyer may designate multiple Reference Obligations pursuant to the terms set out herein, subject to those Reference Obligations satisfying the requirements set out in “Settlement Method” above. Many of the requirements set out therein rely on provisions of the Credit Derivative Definitions intended for use in Transactions for which the Settlement Method is Physical Settlement. Such terms shall be interpreted, for purposes of this Confirmation, in a manner consistent with the provisions for valuation set out above.

In furtherance of this intent, but without limitation, references in the Credit Derivative Definitions to “Deliverable Obligations” will be generally interpreted as references to “Reference Obligations”, references to “Delivery Date” will be generally interpreted as references to the “Valuation Date”, references to the “Notice of Physical Settlement” will generally be interpreted as references to the Notice of Reference Obligation and references to Physical Settlement as the applicable Fallback Settlement Method shall be generally interpreted as references to Cash Settlement as the Fallback Settlement Method.

6. Reports

Pursuant to the Portfolio Management Agreement:

- (a) on each Monthly Reporting Date the Portfolio Administrator, on behalf of Seller, shall deliver to Seller and the Trustee, with copies to each of Buyer and the Portfolio Manager the Monthly Portfolio Report, and shall post such Monthly Portfolio Report on the Website.
- (b) on each Quarterly Reporting Date, the Portfolio Administrator on behalf of Seller, shall deliver to Seller and the Trustee, with copies to each of Buyer and the Portfolio Manager, the Quarterly Portfolio Report and shall post such Quarterly Portfolio Report on the Website.

C COLLATERAL SWAP PROVISIONS

1. ELM Payment Obligations

- (a) On the Effective Date ELM shall pay an amount equal to the net issue proceeds of the Notes to UBS and UBS shall transfer the Initial Charged Assets to the Custodian on behalf of ELM.
- (b) During the term of this Transaction, ELM shall pay to UBS as soon as practicable after each date on which interest and/or other income distributions are payable in respect of the Charged Assets in accordance with their terms an amount equal to any interest and other income distributions so payable.
- (c) It is the intention of the parties that the outstanding principal balance of the Charged Assets shall at all times be at least equal to the Notional Amount from time to time. If at any time the outstanding principal balance of the Charged Assets exceeds the Notional Amount, ELM shall, at the request of UBS (with a copy of such request to be sent to the Portfolio Manager), deliver to UBS any amount (as specified by UBS) of Charged Assets (as selected by UBS in its sole and absolute discretion), provided that the outstanding principal balance of the remaining Charged Assets is at least equal to the Notional Amount immediately prior to the relevant delivery.

- (d) On the Termination Date ELM shall transfer to UBS an amount of Charged Assets equal to the then outstanding principal balance of the Collateral Account.

2. UBS Payment Obligations

- (a) On each Portfolio Management Fee Payment Date upon which a Portfolio Management Fee is payable by ELM to the Portfolio Manager under the Portfolio Management Agreement and on any date on which a Termination Portfolio Management Fee is payable by ELM to the Portfolio Manager under the Portfolio Management Agreement, UBS shall (subject to paragraph 2(i) below) pay to ELM on the relevant date for payment an amount equal to such Portfolio Management Fee or, as the case may be, such Termination Portfolio Management Fee. In the event that the Portfolio Manager is liable to account to any tax authority as a result of either a relevant Change of Law or a successful challenge by a tax authority for value added tax in respect of any supply of services under the Portfolio Management Agreement to which the Portfolio Management Fee or other payment (or any part thereof) relates, and if ELM is required to pay an amount equal to such value added tax to the Portfolio Manager in addition to such Portfolio Management Fee, then UBS shall (subject to paragraph 2(i) below) pay to ELM an amount equal to such value added tax in addition to paying an amount equal to such Portfolio Management Fee.
- (b) As of the relevant Event Determination Date, the Notional Amount of this Transaction will be reduced by an amount equal to the Initial Notional Amount (as adjusted for any issues of Further Notes or any repurchases and cancellation of Notes) multiplied by the Settlement Reduction Percentage notwithstanding the fact that such Settlement Reduction Percentage will only be determined after such Event Determination Date.

As used above, “**Settlement Reduction Percentage**” means a percentage determined by dividing the relevant Settlement Rate by the Initial Tranche Width.

- (c) On the Termination Date UBS shall transfer to ELM an amount in the currency of the Notes equal to the outstanding Aggregate Nominal Amount of the Notes.
- (d) On each day on which Note Additional Payments are payable pursuant to Special Condition (I) of the Notes, UBS shall pay to ELM an amount equal to the aggregate of such Note Additional Payments.
- (e) If on any Trading Reserve Account Annual Request Date an amount is payable to the Portfolio Manager by ELM pursuant to the Portfolio Management Agreement in accordance with the Portfolio Manager’s selection of Trading Reserve Account Reallocation Method, then UBS shall (subject to paragraph 2(i) below) pay to ELM an amount equal to such amount payable to the Portfolio Manager.
- (f) On the Termination Date UBS shall (subject to paragraph 2(i) below) pay to ELM an amount equal to the Trading Reserve Account Balance as at such Termination Date.
- (g) On any date on which the Notes fall due for redemption pursuant to Condition 7(b), 7(c) or 9, UBS shall pay to ELM an amount equal to the Trading Account Balance as at such date for redemption.
- (h) Notwithstanding anything to the contrary in the Master Swap Terms or otherwise, UBS’s payment obligations under paragraph 2(d), (e), (f) and (g) above shall not be taken into account for the purpose of determining the amount payable in respect of an Early Termination Date pursuant to Section 6(e) of the Agreement, but, rather, UBS shall be obliged to pay to ELM an amount equal to the amount set out in paragraph 2(g) above in addition to any amount otherwise payable pursuant to Section 6(e) of the Agreement. Furthermore, notwithstanding paragraph 1(b) above which requires ELM to pay to UBS

amounts equal to any interest and other income distributions received in respect of the Charged Assets, the amount payable in respect of an Early Termination Date pursuant to Section 6(e) of the Agreement shall be determined as if references in such paragraph 1(b) to “received” were references to “payable in respect of the Charged Assets in accordance with their terms in effect as at the Effective Date”.

- (i) Notwithstanding anything to the contrary in the Master Swap Terms or otherwise, each amount payable by UBS to ELM pursuant to paragraphs 2(a) and 2(e) above and a portion of the amount payable by UBS to ELM pursuant to paragraph 2(f) above equal to any Termination Portfolio Management Fee payable by ELM to the Portfolio Manager shall be settled, and the relevant UBS payment obligation discharged, by payment of such amounts to such account of the Portfolio Manager as notified by the Portfolio Manager to UBS from time to time, in satisfaction of ELM’s corresponding payment obligation to the Portfolio Manager.

3. Trading Reserve Account

The Trading Reserve Account Balance from time to time shall be determined by the Calculation Agent in accordance with the following provisions:

- (a) On the Effective Date the Trading Reserve Account Balance is 0.
- (b) Thereafter, the following debits and credits shall (without duplication of the terms of the Portfolio Management Agreement and the other provisions of this Confirmation) be made to the Trading Reserve Account and the Trading Reserve Account Balance adjusted accordingly:

Debits from the Trading Reserve Account:

- (i) In relation to any Substitution in respect of which the Adjustment Amount is a negative number, upon delivery of the applicable Adjustment Notice by UBS in accordance with the Portfolio Management Agreement, an amount equal to the relevant Trading Reserve Account Trading Loss Amount shall be debited from the Trading Reserve Account.
- (ii) As of each Trading Reserve Account Annual Request Date, an amount equal to the relevant Trading Reserve Account Reduction Amount designated by the Portfolio Manager in accordance with the Portfolio Management Agreement shall be debited from the Trading Reserve Account.

Credits to the Trading Reserve Account:

- (i) In relation to any Substitution in respect of which the Adjustment Amount is a positive number, and upon delivery of the applicable Adjustment Notice by UBS in accordance with the Portfolio Management Agreement, an amount equal to such Adjustment Amount shall be credited to the Trading Reserve Account.
- (ii) In relation to any Monetisation, as of the relevant Trading Reserve Account Annual Request Date immediately following the relevant Monetisation Confirmation, an amount equal to the relevant Monetisation Cost minus the relevant Funding Charge shall be credited to the Trading Reserve Account.

D. ACCOUNT DETAILS

UBS AG, London Branch To be determined.

ELM B.V. To be determined.

Please confirm that the foregoing correctly sets out the terms of our agreement by executing two copies of this Confirmation and returning one duly executed copy to us at your earliest convenience.

Yours faithfully

UBS AG, London Branch

By:

Authorised Signatory

Authorised Signatory

Accepted and confirmed as
of the date written above:

ELM B.V.

By:

Authorised Signatory

Schedule – Reference Entities

<i>Reference Entity Percentage</i>	<i>Reference Entity</i>	<i>Entity Type</i>	<i>Red ID</i>	<i>Seniority</i>	<i>ISIN</i>	<i>Primary Obligor</i>	<i>Monoline [yes/no]</i>	<i>Guarantor</i>
1.25%	AT&T Inc.	North American Corporate	0A226XAD5	SNR	US78387GAP81	Reference Entity	No	None
0.75%	Adecco S.A.	European Corporate	006DC9AC7	SNR	CH0016469279	Adecco Financial Services (Bermuda) Ltd.	No	Reference Entity
0.75%	Aegon N.V.	European Corporate	007GB6AD4	SNR	XS0207157743	Reference Entity	No	None
1.00%	Air Products and Chemicals, Inc.	North American Corporate	009A6DAB0	SNR	US00915XBM20	Reference Entity	No	None
0.75%	Aktiebolaget Volvo	European Corporate	9BAGDBAC6	SNR	XS0302948319	Volvo Treasury AB	No	Reference Entity
0.75%	Alcoa Inc.	North American Corporate	014B98AD5	SNR	US013817AP64	Reference Entity	No	None
0.75%	Altria Group, Inc.	North American Corporate	0C4291AD6	SNR	US02209SAD53	Reference Entity	No	Philip Morris USA Inc.
0.75%	Anglo American PLC	European Corporate	037CDUAD2	SNR	XS0358158052	Anglo American Capital plc	No	Reference Entity
0.75%	ArcelorMittal	European Corporate	LL332JAB4	SNR	US03938LAF13	Reference Entity	No	None

Reference Entity Percentage	Reference Entity	Entity Type	Red ID	Seniority	ISIN	Primary Obligor	Monoline [yes/no]	Guarantor
1.00%	BANCO BILBAO VIZCAYA ARGENTARIA, SOCIEDAD ANONIMA	European Corporate	EF2985AF8	SUB	ES0213211099	Reference Entity	No	None
1.00%	BHP Billiton Limited	Australia Corporate	08GE66AA4	SNR	US055450AG50	BHP Billiton Finance (USA) Limited	No	Reference Entity
1.00%	BNP PARIBAS	European Corporate	05ABBF4K4	SUB	XS0320303943	Reference Entity	No	None
0.75%	BOMBARDIER INC.	North American Corporate	09GEC6AC1	SNR	USC10602AK32	Reference Entity	No	None
1.00%	Banco Santander, S.A.	European Corporate	EFAGG9AD1	SUB	XS0201169439	Santander Issuances, S.A. Unipersonal	No	Reference Entity
1.00%	Bank of America Corporation	North American Corporate	0G655DAC8	SNR	US060505AQ79	Reference Entity	No	None
1.00%	Barclays Bank PLC	European Corporate	06DABKAF1	SUB	XS0187033864	Reference Entity	No	None
1.00%	Bayerische Motoren Werke Aktiengesellschaft	European Corporate	0H99B7AC1	SNR	XS0173501379	BMW Finance N.V.	No	Reference Entity
1.25%	Berkshire Hathaway Inc.	North American	08CAD7AA6	SNR	US084664AD30	Berkshire Hathaway Finance Corporation	No	Reference Entity

Reference Entity Percentage	Reference Entity	Entity Type	Red ID	Seniority	ISIN	Primary Obligor	Monoline [yes/no]	Guarantor
		Corporate						
0.75%	Bertelsmann AG	European Corporate	DE1088AD1	SNR	XS0268583993	Reference Entity	No	None
0.75%	Boston Properties LP	North American Corporate		SNR	US10112RAQ74		No	
1.00%	CARLSBERG BREWERIES A/S	European Corporate	KN9C8HAA5	SNR	XS0140072967	Carlsberg Finans A/S	No	Reference Entity
0.75%	CBS Corporation	North American Corporate	136CDCAB6	SNR	US925524AU41	Reference Entity	No	CBS Operations Inc.
0.75%	Carnival Corporation	North American Corporate	1F79BDAD1	SNR	US143658AH53	Reference Entity	No	None
1.00%	Casino Guichard-Perrachon	European Corporate	FG554OAC0	SNR	FR0010455626	Reference Entity	No	None
1.00%	Caterpillar Inc.	North American Corporate	15DA35AC1	SNR	US149123BM26	Reference Entity	No	None
0.75%	CenturyLink, Inc.	North American Corporate	16BCFOAA7	SNR	US156700AL08	Reference Entity	No	None
0.75%	Comcast	North	2C033NAA0	SNR	US20030NAE13	Reference Entity	No	Comcast Cable

Reference Entity Percentage	Reference Entity	Entity Type	Red ID	Seniority	ISIN	Primary Obligor	Monoline [yes/no]	Guarantor
	Corporation	American Corporate						Communications, Inc., Comcast Cable Communications Holdings, Inc., Comcast Cable Holdings, LLC, Comcast MO Group, Inc., Comcast MO of Delaware, Inc.
1.00%	Commerzbank Aktiengesellschaft	European Corporate	2C27EGAE4	SUB	DE000CB59FV0	Reference Entity	No	None
0.75%	Compagnie Financiere Michelin	European Corporate	2C47IGAC2	SNR	XS0424686573	Michelin Luxembourg SCS	No	Reference Entity
1.00%	Compagnie de Saint-Gobain	European Corporate	FG872CAB3	SNR	FR0010094623	Saint-Gobain Nederland B.V.	No	Reference Entity
0.75%	Constellation Brands, Inc.	North American Corporate	2D139VAB1	SNR	US21036PAD06	Reference Entity	No	None
1.00%	Credit Agricole SA	European Corporate	FH49GGAC5	SUB	XS0237452320	Reference Entity	No	None
1.00%	Daimler AG	European Corporate	DE7C9QAA4	SNR	US233835AW75	DaimlerChrysler North America Holding Corporation	No	Reference Entity
1.00%	Deutsche Bank Aktiengesellschaft	European Corporate	2H6677AG4	SUB	DE0003933263	Reference Entity	No	None

Reference Entity Percentage	Reference Entity	Entity Type	Red ID	Seniority	ISIN	Primary Obligor	Monoline [yes/no]	Guarantor
0.50%	Deutsche Lufthansa Aktiengesellschaft	European Corporate	2H66B7AC8	SNR	DE000A0JQA39	Reference Entity	No	None
1.00%	Deutsche Telekom AG	European Corporate	2H66BCAB9	SNR	DE000A0T5X07	Deutsche Telekom International Finance B.V.	No	Reference Entity
0.75%	EDP - Energias de Portugal, S.A.	European Corporate	X3DGB7AA9	SNR	XS0126990778	Reference Entity	No	None
1.25%	ENEL S.P.A.	European Corporate	2BB8B1AE0	SNR	XS0306644344	ENEL - Societa per Azioni	No	None
1.00%	ENI S.P.A.	European Corporate	28EFBVAB8	SNR	XS0167456267	Reference Entity	No	None
1.25%	Electricite de France	European Corporate	FHBD4HAC9	SNR	XS0162990229	Reference Entity	No	None
1.00%	European Aeronautic Defence and Space Company EADS N.V.	European Corporate	FG8825AB6	SNR	XS0176914579	EADS Finance B.V.	No	Reference Entity
0.75%	FCE BANK PLC	European Corporate	GJ669BAC3	SNR	XS0466777223	Reference Entity	No	None
0.75%	FedEx Corporation	North American Corporate	3E56A5AA4	SNR	US31428XAF33	Reference Entity	No	Subsidiaries

Reference Entity Percentage	Reference Entity	Entity Type	Red ID	Seniority	ISIN	Primary Obligor	Monoline [yes/no]	Guarantor
0.50%	Fiat S.p.A.	European Corporate	346B83AB0	SNR	XS0244126107	Fiat Finance & Trade Ltd	No	Reference Entity
0.75%	Finmeccanica S.p.A.	European Corporate	3E9829AB5	SNR	XS0182242247	Finmeccanica Finance SA	No	Reference Entity
0.75%	Fortune Brands, Inc.	North American Corporate	37DF94AB3	SNR	US349631AL52	Reference Entity	No	None
0.75%	Freeport-McMoRan Copper & Gold Inc.	North American Corporate	38BD8EAC5	SNR	US35671DAS45	Reference Entity	No	None
1.00%	French Republic	Western European Sovereign	3I68EEAB5	SNR	FR0000189151	Reference Entity	No	None
1.00%	Fresenius SE	European Corporate	DF9B6IAC8	SNR	XS0390398344	Fresenius US Finance II, Inc.	No	Reference Entity
0.75%	Frontier Communications Corporation	North American Corporate	38E96GAC8	SNR	US17453BAJ08	Reference Entity	No	None
1.25%	GDF SUEZ	European Corporate	FJ69DEAA1	SNR	FR0000472334	Reference Entity	No	None
0.50%	Gannett Co., Inc.	North American Corporate	39AB97AA6	SNR	US364725AC59	Reference Entity	No	None
1.00%	General Electric	North	39FF84AD4	SNR	US36962G3H54	Reference Entity	No	None

Reference Entity Percentage	Reference Entity	Entity Type	Red ID	Seniority	ISIN	Primary Obligor	Monoline [yes/no]	Guarantor
	Capital Corporation	American Corporate						
0.75%	Hammerson Plc	European Corporate	448B46AC2	SNR	XS0241194165	Reference Entity	No	None
1.00%	Holcim Ltd	European Corporate	477BB5AD8	SNR	XS0207037507	Holcim Finance (Luxembourg) S.A.	No	Reference Entity
0.75%	IBERDROLA, S.A.	European Corporate	EK77AVAB5	SNR	XS0163023848	Iberdrola International B.V.	No	Reference Entity
1.00%	INTESA SANPAOLO SPA	European Corporate	TYA56DAG3	SNR	XS0304508921	Reference Entity	No	None
0.75%	International Paper Company	North American Corporate	4A615AAD0	SNR	US460146BU61	Reference Entity	No	None
0.75%	Johnson Controls, Inc.	North American Corporate	4BFB9CAA4	SNR	US478366AG24	Reference Entity	No	None
0.75%	KLEPIERRE	European Corporate	FK8CF3AA1	SNR	FR0010099226	Reference Entity	No	None
1.00%	Kingdom of Spain	Western European Sovereign	8CA965AB4	SNR	ES0000012783	Reference Entity	No	None
1.00%	Lafarge	European Corporate	555DE7AB6	SNR	FR0010032730	Reference Entity	No	None
1.00%	Lloyds TSB Bank	European	GKB86OAC5	SUB	XS0145620281	Lloyds TSB Group plc	No	Reference Entity

Reference Entity Percentage	Reference Entity	Entity Type	Red ID	Seniority	ISIN	Primary Obligor	Monoline [yes/no]	Guarantor
	Plc	Corporate						
0.75%	Loews Corporation	North American Corporate	5J4466AD4	SNR	US540424AN89	Reference Entity	No	None
0.75%	Marks and Spencer p.l.c.	European Corporate	GLDABFAD7	SNR	XS0188430721	Reference Entity	No	None
0.75%	Marriott International, Inc.	North American Corporate	5C8A93AD5	SNR	US571900AZ26	Reference Entity	No	None
0.75%	Martin Marietta Materials, Inc.	North American Corporate	5CA5ACAB5	SNR	US573284AG13	Reference Entity	No	None
0.50%	Masco Corporation	North American Corporate	5CB9EIAD5	SNR	US574599BD70	Reference Entity	No	None
0.75%	MetLife, Inc.	North American Corporate	5EA6BXAB2	SNR	US59156RAN89	Reference Entity	No	None
0.75%	Metro AG	European Corporate	DI8CFEAE6	SNR	DE000A0XFCT5	Reference Entity	No	None
0.50%	Morgan Stanley	North American Corporate	678B8AAA4	SNR	US617446HC69	Reference Entity	No	None
0.75%	Nordstrom, Inc.	North American	6BABCAAB5	SNR	US655664AH33	Reference Entity	No	None

Reference Entity Percentage	Reference Entity	Entity Type	Red ID	Seniority	ISIN	Primary Obligor	Monoline [yes/no]	Guarantor
		Corporate						
0.75%	Omnicom Group Inc.	North American Corporate	6E9AAAAC3	SNR	US681919AS54	Reference Entity, Omnicom Capital Inc., and Omnicom Finance Inc.	No	None
1.00%	PPR	European Corporate	FMB84FAC3	SNR	FR0010208660	Reference Entity	No	None
1.00%	Pernod Ricard	European Corporate	7I568AAB1	SNR	FR0010398271	Reference Entity	No	None
0.75%	Peugeot SA	European Corporate	6FC9LGAB6	SNR	FR0010780452	Reference Entity	No	None
0.75%	PHILIP MORRIS INTERNATIONAL INC.	North American Corporate	7I997LAA0	SNR	US718172AA72	Reference Entity	No	None
0.75%	Publicis Groupe SA	European Corporate	FMD67CAA3	SNR	FR0000180127	Reference Entity	No	None
1.00%	RIO TINTO LIMITED	Australia Corporate	7DD922AD7	SNR	US767201AC07	Rio Tinto Finance (USA) Limited	No	Reference Entity, Rio Tinto plc
1.00%	ROYAL DUTCH SHELL PLC	European Corporate	GND9AAC8	SNR	US822582AC66	Shell International Finance B.V.	No	Reference Entity
0.75%	Renault	European Corporate	7CEFDAAC6	SNR	FR0010025734	Reference Entity	No	None
0.75%	Repsol YPF S.A.	European Corporate	7D628ZAE9	SNR	XS0202649934	Repsol International Finance B.V.	No	Reference Entity

Reference Entity Percentage	Reference Entity	Entity Type	Red ID	Seniority	ISIN	Primary Obligor	Monoline [yes/no]	Guarantor
0.75%	Republic of Austria	Western European Sovereign	0F77EAAC1	SNR	AT0000385745	Reference Entity	No	None
1.00%	Republic of Italy	Western European Sovereign	4AB951AB1	SNR	US465410AH18	Reference Entity	No	None
0.75%	Rexam PLC	European Corporate	7D77BAAB4	SNR	XS0248005471	Reference Entity	No	None
0.75%	Rolls-Royce plc	European Corporate	7ECCF9AD0	SNR	XS0112487482	Reference Entity	No	None
0.75%	Royal Caribbean Cruises Ltd.	North American Corporate	7F8168AD8	SNR	US780153AP78	Reference Entity	No	None
0.75%	Safeway Inc.	North American Corporate	7FEB65AC7	SNR	US786514BA67	Reference Entity	No	None
1.00%	Sanofi-Aventis	European Corporate	FN939MAD3	SNR	CH0035703070	Reference Entity	No	None
1.00%	Siemens Aktiengesellschaft	European Corporate	8A87AGAC4	SNR	XS0369461644	Siemens Financieringsmaatschappij N.V.	No	Reference Entity
0.75%	Simon Property Group, L.P.	North American Corporate	8AAG87AD2	SNR	US828807BW67	Reference Entity	No	None
1.00%	Societe	European	8B69APAA4	SUB	XS0110673950	Reference Entity	No	None

Reference Entity Percentage	Reference Entity	Entity Type	Red ID	Seniority	ISIN	Primary Obligor	Monoline [yes/no]	Guarantor
	Generale	Corporate						
0.50%	Southwest Airlines Co.	North American Corporate	8C8BB5AB6	SNR	US844741AW80	Reference Entity	No	None
0.75%	Staples, Inc.	North American Corporate	8DA533AC6	SNR	US855030AJ18	Reference Entity	No	None
0.75%	Starwood Hotels & Resorts Worldwide, Inc.	North American Corporate	8DAE9AAC5	SNR	US85590AAL89	Reference Entity	No	None
0.75%	Stena Aktiebolag	European Corporate	W4FCDXAA6	SNR	XS0285176458	Reference Entity	No	None
0.75%	Suedzucker Aktiengesellschaft Mannheim/Ochsenfurt	European Corporate	DLA9F9AA2	SNR	DE0008461021	Suedzucker International Finance B.V.	No	Reference Entity
0.75%	Supervalu Inc.	North American Corporate	8EED89AD3	SNR	US868536AT00	Reference Entity	No	None
1.00%	Swiss Reinsurance Company Ltd	European Corporate	HOB65NAA7	SNR	CH0012491335	Swiss Re America Holding Corporation	No	Reference Entity
0.50%	Teck Resources Limited	North American Corporate	8FFFB8AA8	SNR	US878742AD72	Reference Entity	No	None

Reference Entity Percentage	Reference Entity	Entity Type	Red ID	Seniority	ISIN	Primary Obligor	Monoline [yes/no]	Guarantor
1.25%	Telefonica, S.A.	European Corporate	8FGCBAAC5	SNR	XS0241946630	Telefonica Emisiones S.A.U.	No	Reference Entity
1.00%	The Dow Chemical Company	North American Corporate	2I6597AB3	SNR	US260543BJ10	Reference Entity	No	None
1.00%	The Goldman Sachs Group, Inc.	North American Corporate	3B955HAB6	SNR	US38141GBU76	Reference Entity	No	None
0.75%	The Kroger Co.	North American Corporate	5F1148AD9	SNR	US501044CH20	Reference Entity	No	Subsidiaries
1.00%	THE ROYAL BANK OF SCOTLAND PUBLIC LIMITED COMPANY	European Corporate	GNDEGIAA0	SUB	XS0128842571	Reference Entity	No	None
0.75%	Time Warner Cable Inc.	North American Corporate	8GFA5LAB3	SNR	US88732JAH14	Reference Entity	No	Time Warner Entertainment Company, L.P. and TW NY Cable Holding Inc.
1.00%	Total SA	European Corporate	FK9A9IAD2	SNR	XS0410303647	Total Capital	No	Reference Entity
1.00%	UNICREDIT, SOCIETA PER AZIONI	Subordinated European Insurance	T2F69ZAA7	SUB	XS0200676160	Reference Entity	No	None

Reference Entity Percentage	Reference Entity	Entity Type	Red ID	Seniority	ISIN	Primary Obligor	Monoline [yes/no]	Guarantor
		Corporate						
1.00%	United Kingdom of Great Britain and Northern Ireland	Western European Sovereign	9A17DEAA6	SNR	GB0004893086	Reference Entity	No	None
1.25%	Verizon Communications Inc.	North American Corporate	9B579LAA9	SNR	US92344GAW69	Reference Entity	No	None
0.75%	Vivendi	European Corporate	FOGGHNAB7	SNR	FR0010369629	Reference Entity	No	None
0.75%	Vodafone Group Public Limited Company	European Corporate	9BAD3AD0	SNR	XS0169888558	Reference Entity	No	None
1.00%	Volkswagen Aktiengesellschaft	European Corporate	9BAEC8AD7	SNR	XS0168881760	Volkswagen International Finance N.V.	No	Reference Entity
0.50%	WOODSIDE PETROLEUM LTD.	Australia Corporate	9H824AAB1	SNR	USQ98229AC30	Woodside Finance Limited	No	Reference Entity and Woodside Energy Ltd.
1.00%	WPP 2005 Limited	European Corporate	GPGFFQAC8	SNR	XS0294391684	WPP 2008 LIMITED	No	Reference Entity
0.75%	Windstream Corporation	North American Corporate	9GAB9XAB5	SNR	US97381WAJ36	Reference Entity	No	None
0.50%	Xerox	North	9HC533AE0	SNR	US984121BW26	Reference Entity	No	None

Reference Entity Percentage	Reference Entity	Entity Type	Red ID	Seniority	ISIN	Primary Obligor	Monoline [yes/no]	Guarantor
	Corporation	American Corporate						

INFORMATION RELATING TO THE SWAP COUNTERPARTY

To the best of the knowledge and belief of the Issuer and the Swap Counterparty, the information contained in this section is in accordance with the facts and does not omit anything likely to affect the import of such information. None of the Issuer, the Trustee, or any other person has verified such information and the Trustee does not accept any liability whatsoever for the accuracy of such information and prospective investors should make their own independent investigations into the Swap Counterparty.

The Swap Counterparty is the London Branch of UBS AG (UBS AG in this section, the “**company**” and together with its subsidiaries, “**UBS**”).

Corporate Information

The legal and commercial name of the company is UBS AG. The company was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basle-City on that day. On 8 December 1997, the company changed its name to UBS AG. The company in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basle-City. The registration number is CH-270.3.004.646-4.

UBS AG is incorporated and resident in Switzerland and operates under Swiss Code of Obligations and Swiss Federal Banking Law as an Aktiengesellschaft, a corporation that has issued shares of common stock to investors. As of 30 June 2011, UBS AG had total invested assets of CHF 2,069 billion, a market capitalisation of CHF 58,745 million and employed 65,707 people. As at the date of this prospectus, UBS AG has a long-term debt credit rating of Aa3 from Moody's, A+ from S&P and A+ from Fitch Ratings.

The address and telephone number of UBS's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 44 234 11 11; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 20 50.

UBS shares are listed on the SIX Swiss Exchange and traded through virt-x, which is majority owned by the SIX Swiss Exchange. They are also listed on the New York Stock Exchange.

According to Article 2 of the Articles of Association of UBS AG the purpose of UBS is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, service and trading activities in Switzerland and abroad.

Where Investors Can Find More Information

UBS files periodic reports (including Annual Reports on the U.S. Security Exchange Commission's Form 20-F) and other information with the Commission and investors are referred to such reports and other information for current information with respect to UBS. Investors may read and copy any document that UBS AG files with the Commission at the Commission's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the operation of its public reference room. The Commission also maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements, and other information about issuers like UBS AG that file electronically with the Commission. You may also inspect UBS AG's Commission reports and other information at the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005 and at the American Stock Exchange LLC, 86 Trinity Place, New York, New York 10006.

DESCRIPTION OF THE PORTFOLIO MANAGER

To the best of the knowledge and belief of the Issuer and the Portfolio Manager, the information contained in this section is in accordance with the facts and does not omit anything likely to affect the import of such information. None of the Issuer, the Trustee, or any other person has verified such information and the Trustee does not accept any liability whatsoever for the accuracy of such information and prospective investors should make their own independent investigations into the Portfolio Manager.

The Portfolio Manager was incorporated in February 1990 as a *société anonyme* under the name of AXA Asset Management and registered with the trade and company register of Nanterre under number 353.534.506. It was authorised as an investment management company (*société de gestion de portefeuille*), whose activities are governed by article L.532-9 of the French Code *monétaire et financier*, by the *Commission des Opérations de Bourse* (now the *Autorité des Marchés Financiers*) on 7 April 1992. The Portfolio Manager adopted its current name, AXA Investment Managers Paris, in December 1997. Its principal and registered office is located at Coeur Defense Tour B, La Defense 4, 100 Esplanade du General de Gaulle, 92400 Courbevoie, France. The Portfolio Manager is not registered as an investment advisor under the U.S. Investment Advisors Act.

The Portfolio Manager is an indirect subsidiary of AXA ("**AXA**"), a *société anonyme* organised under the laws of France. AXA's shares are traded on the Eurolist of Euronext Paris and, in the form of American depositary shares, on the New York Stock Exchange.

AXA is a holding company for a group of subsidiary companies (the "**AXA Group**"), including an indirect, wholly-owned subsidiary of AXA, AXA Investment Managers ("**AXA IMSA**"). AXA IMSA and Alliance Capital Management are the AXA Group's principal asset management arms. AXA IMSA is itself a holding company of several investment management companies, including, the Portfolio Manager (such companies together "**AXA IM**"). The Portfolio Manager is a direct, wholly-owned subsidiary of AXA IMSA.

AXA IM is a multi-specialist asset management division offering fixed income, equity, structured and alternative products, private equity, real estate and multi-management investment expertise. Its clients include both institutional and individual investors. AXA IM provides diversified asset management and related services globally to its mutual funds, which are distributed through the AXA Group's distribution networks and external distributors. AXA IM also provides similar services to AXA's insurance subsidiaries in respect of their insurance-related invested assets or separate managed account assets.

The Portfolio Manager acts as investment adviser and/or investment manager to AXA Group companies and third-party institutional clients investing in structured finance transactions and also acts as portfolio manager on CDO transactions.

As of 31 December 2010, AXA IM had total assets under management of approximately € 515.8 billion (unaudited figures).

Organisational Structure – Structured Corporate Credit Team

AXA IM's asset management professionals are divided into business units by investment expertise. Those business units are then divided into specialist teams.

The AXA Structured Finance business unit of AXA IM is headed by Laurent Gueunier. As at 31 December 2010, the AXA Structured Finance business unit had approximately EUR 32.7 billion in assets under management (unaudited figures). Members of the AXA Structured Finance business unit are assigned to one or more specialist teams, such as the Structured Corporate Credit team, the Structured Credit Invest team, the ABS team, the Leveraged Finance

Team and the Insurance Linked Securities team.

Mr. Renaud Champion heads the Structured Corporate Credit team of twelve investment professionals (as of 31 December 2010), which (in addition to Renaud Champion) includes three credit managers, one structurer, two credit analysts, four transaction support managers and one assistant portfolio manager (as of 31 December 2010).

SUMMARY OF THE PORTFOLIO MANAGEMENT AGREEMENT

The following description of the Portfolio Management Agreement (“PMA”) is a summary of certain provisions of the PMA and is qualified by reference to the detailed provisions thereof. The following summary does not purport to be complete and prospective investors must refer to the PMA for detailed information regarding the PMA.

(A) SUBSTITUTIONS

The Portfolio Manager has been appointed by the Issuer as its agent for the purpose, subject as provided in the PMA, of making Substitutions from time to time with respect to the Portfolio. This section (A) describes the procedures with respect to Substitutions.

Substitution Requests

The Portfolio Manager may on any Business Day submit a Substitution Request to the Swap Counterparty provided that a Substitution Confirmation has been given in respect of each previous Swap Counterparty Order pursuant to “*Substitution Confirmation*” below and provided that:

- (a) each Replacement Reference Entity complies with the Eligibility Criteria on such Substitution Date;
- (b) the Substitution(s) comply with the Substitution Condition on such Substitution Date; and
- (c) the Portfolio immediately following the related Substitution(s) will comply with the Portfolio Guidelines (or, where the Portfolio does not already comply with the Portfolio Guidelines at the time of the Substitution Request, the related Substitution(s) will not increase the extent of such non-compliance),

in each case, as determined by the Portfolio Manager on and/or prior to the relevant Substitution Date and verified by the Portfolio Administrator in accordance with the section titled “Substitution Verification” below.

Swap Counterparty Order

If the Portfolio Manager submits a Substitution Request:

- (a) under which at least one of the Replacement Reference Entity and the Replaced Reference Entity are (i) a North American Reference Entity or (ii) an Latin American Reference Entity:
 - (i) before 3.30 p.m. (London time) on any Business Day, then by the later of (i) 2.00 p.m. (London time) and (ii) the time which is 2 hours following receipt of such Substitution Request, the Swap Counterparty shall deliver a Swap Counterparty Order to the Portfolio Manager; or
 - (ii) after 3.30 p.m. (London time), then by 2.00 p.m. (London time) on the immediately following Business Day, the Swap Counterparty shall deliver a Swap Counterparty Order to the Portfolio Manager;
- (b) under which the Replacement Reference Entity and the Replaced Reference Entity are each (i) a European Reference Entity and/or (ii) an Emerging Market Reference Entity:

- (i) between 9.00 a.m. and 3.30 p.m. (London time) on any Business Day, then within 2 hours of receipt of such Substitution Request, the Swap Counterparty shall deliver a Swap Counterparty Order to the Portfolio Manager; or
 - (ii) after 3.30 p.m. (London time) on any Business Day, then by 10.00 a.m. (London time) on the immediately following Business Day, the Swap Counterparty shall deliver a Swap Counterparty Order to the Portfolio Manager; and
- (c) under which the Replacement Reference Entity and the Replaced Reference Entity are any combination of a North American Reference Entity, a European Reference Entity, an Asian Reference Entity, a Japanese Reference Entity, a Singaporean Reference Entity, an Australian Reference Entity, a New Zealand Reference Entity, an Emerging Market Reference Entity or a Latin American Reference Entity, other than as specified in sub-clauses (a) and (b) above:
- (i) before 10.00 a.m. (London time) on any Business Day, then before 12.00 p.m. (London time) the Swap Counterparty shall deliver a Swap Counterparty Order to the Portfolio Manager; or
 - (ii) after 10.00 a.m. (London time) on any Business Day, then by 10.00 a.m. (London time) on the immediately following Business Day the Swap Counterparty shall deliver a Swap Counterparty Order to the Portfolio Manager.

Notwithstanding the foregoing, the Swap Counterparty shall not be required to deliver a Swap Counterparty Order if either:

- (a) the Swap Counterparty determines that any Substitution Requirement will not be met on the relevant Substitution Date (provided that nothing herein shall require the Swap Counterparty at any time to ascertain or otherwise investigate whether the Substitution Requirements will be so met); or
- (b) a Force Majeure Event (as defined below) is subsisting at the relevant time and the Swap Counterparty is thereby prevented from determining the information to be contained in the relevant Swap Counterparty Order or from delivering such Swap Counterparty Order to the Portfolio Manager.

For the purpose of the above paragraph, “**Force Majeure Event**” means an event beyond the reasonable control of the Swap Counterparty including act of terrorism or threatened act of terrorism, strike, lock-out, labour dispute, act of God, war, riot, civil commotion, malicious damage, accident, breakdown of plant or machinery, computer software, hardware or system failure, fire, flood and/or storm and other circumstances affecting the supply of services”.

Substitution Confirmation

Upon receipt by the Portfolio Manager of a Swap Counterparty Order, the Portfolio Manager shall confirm its intention to effect or not to effect any Substitution referenced therein by delivering a Substitution Confirmation in respect of that Substitution to the Swap Counterparty. If the Portfolio Manager wishes to confirm its intention to effect any such Substitution, then such Substitution shall not be effected unless the relevant Substitution Confirmation is given:

- (a) if such Swap Counterparty Order is received before 4.00 p.m. (London time) on the relevant Business Day, at any time before 6.00 p.m. (London time) on such Business Day; or

- (b) if such Swap Counterparty Order is received at or after 4.00 p.m. (London time) on the relevant Business Day, at any time before 9.30 a.m. (London time) on the immediately following Business Day.

The Portfolio Manager shall execute Outgoing Entity Hedge Transactions and Incoming Entity Hedge Transactions in respect of each relevant Replaced Reference Entity and Replacement Reference Entity (respectively), in each case in respect of each Scheduled Maturity applicable to such Replaced Reference Entity and Replacement Reference Entity, corresponding to each Substitution in respect of which a Substitution Confirmation is given, in each case with each relevant Eligible Dealer on behalf of the Swap Counterparty.

Adjustment Notice

Upon receipt by the Swap Counterparty of a Substitution Confirmation within the required time period therefor which confirms the Portfolio Manager's intention to effect a Substitution:

- (a) if such Substitution Confirmation is received before 4.00 p.m. (London time) on the relevant Business Day, then the Swap Counterparty shall deliver an Adjustment Notice to the Portfolio Manager by 6.30 p.m. (London time) on such Business Day; or
- (b) if such Substitution Confirmation is received at or after 4.00 p.m. (London time) on the relevant Business Day, then the Swap Counterparty shall deliver an Adjustment Notice to the Portfolio Manager by 9.30 a.m. (London time) on the immediately following Business Day.

Swap Counterparty Restrictions

If the Swap Counterparty is restricted or prohibited from trading with any Eligible Dealer (whether by reason of any internal or external restriction or prohibition as determined by the Swap Counterparty in good faith and in a commercially reasonable manner) on any Business Day, the Swap Counterparty will notify the Portfolio Manager of the existence of such restriction or prohibition and, consequently, the relevant Eligible Dealer shall be deemed not to be an Eligible Dealer for the purposes of any Substitution Request submitted on or following such day unless and until the Swap Counterparty notifies the Portfolio Manager that the relevant restriction or prohibition no longer exists.

Effect of Substitution

Upon delivery of an Adjustment Notice to the Portfolio Manager (to be copied to the Portfolio Administrator) (the date that any such Adjustment Notice is given being the "**Substitution Date**" with respect to each Substitution to which such Adjustment Notice relates):

- (a) the Reference Entity Notional Amount of each Replaced Reference Entity shall be reduced by the relevant Replaced Reference Entity Notional Amount (and, for the avoidance of doubt, where the Reference Entity Notional Amount of any Reference Entity has been reduced to zero, such Reference Entity shall be deemed no longer to form a part of the Portfolio);
- (b) in the case of each Replacement Reference Entity that is already a Reference Entity, the Reference Entity Notional Amount of such Replacement Reference Entity shall be increased by the relevant Replacement Reference Entity Notional Amount;
- (c) in the case of each Replacement Reference Entity that is not already a Reference Entity, such Replacement Reference Entity shall be included as a Reference Entity in the Portfolio with a Reference Entity Notional Amount equal to the relevant Replacement Reference Entity Notional Amount; and

(d) each Portfolio Adjustment shall take effect,

provided that if any time prior to any Adjustment Notice being given and prior to the execution by the Portfolio Manager of any related Outgoing Entity Hedge Transactions or Incoming Entity Hedge Transactions any party to the PMA determines that any of the Substitution Requirements have not been satisfied and notifies the other parties of the same, the related Substitution(s) shall not be effective and no Adjustment Notice shall be given with respect to such Substitution(s).

For the avoidance of doubt the Swap Counterparty is not responsible for monitoring compliance with the Substitution Requirements and shall have no liability with respect to any Non-Compliant Substitution.

Substitution Verification

Within three Business Days of the date of an Adjustment Notice, the Portfolio Administrator shall determine and provide written confirmation (which may be by email) to each of the Issuer, the Portfolio Manager and the Swap Counterparty of whether the Substitution Requirements were met on the Substitution Date or, if any of the Substitution Requirements were not satisfied, notify the Issuer, the Portfolio Manager and the Swap Counterparty by email of the reasons and the extent to which the Substitution Requirements were not so satisfied. Notwithstanding the foregoing, the Portfolio Administrator shall not be required to verify whether or not a Replacement Reference Entity has a sufficient degree of liquidity in relation to the relevant nominal amount for the purpose of item (B) of the Eligibility Criteria and shall not be liable for not having so verified such criterion.

Order of Substitutions

In the event that more than one Substitution is effected on the same Business Day, unless agreed otherwise by the Portfolio Manager and the Swap Counterparty (and notified to the Portfolio Administrator):

- (a) the corresponding Outgoing Entity Hedge Transactions and Incoming Entity Hedge Transactions shall be executed;
- (b) the related Adjustment Amounts shall be determined; and
- (c) the corresponding Portfolio Adjustments shall be effected,

in each case sequentially according to the order in which the related Substitution Confirmations are given by the Portfolio Manager in respect of those Substitutions (or, if a Substitution Confirmation relates to more than one Substitution, in such order as shall be specified in such Substitution Confirmation).

Remedy for Non-Compliance with Substitution Requirements

- (a) If in respect of a Substitution, subsequent to the relevant Substitution Date, any party to the PMA determines that such Substitution was a Non-Compliant Substitution, such party shall give notice to the other parties of such fact as soon as reasonably practicable. For the avoidance of doubt, the Swap Counterparty is not responsible for monitoring compliance with the Substitution Requirements and shall have no liability with respect to any Non-Compliant Substitution.
- (b) Immediately upon receipt of such notice, or, if the Portfolio Manager is the party which makes the determination described in subparagraph (a) above, upon making such determination, the Portfolio Manager shall use its best efforts to effect a Substitution or multiple Substitutions which shall Remedy the Non-Compliant Substitution within 20

Business Days of the date of receipt of such notice or, as the case may be, the date of making such determination, provided that if the Portfolio Manager determines in good faith and a commercially reasonable manner, having regard to the market conditions at the relevant time, that either (i) it is not possible to Remedy the Non-Compliant Substitution within the relevant time-frame or (ii) it is not in the best interests of the Issuer or investors in the Notes to Remedy the Non-Compliant Substitution within the relevant time-frame, it may elect to leave the Non-Compliant Reference Entity in the Portfolio until the earliest time that it determines it is viable to Remedy such Non-Compliant Substitution.

- (c) For the avoidance of doubt, following the determination that a Non-Compliant Substitution has occurred, any Non-Compliant Reference Entity shall remain in the Portfolio until removed by the Portfolio Manager pursuant to subparagraph (b) above.

Communications relating to Substitutions

The Portfolio Manager and the Swap Counterparty have agreed that:

- (a) during the Platform Effective Period, the procedures set out above shall be conducted using the Platform system, in accordance with the rules and procedures thereof (as notified to the Portfolio Manager by the Swap Counterparty on or around the commencement of the Platform Effective Period), and the substitution process and any notices expressed to be given in connection therewith shall be conducted via the Platform system in the standard form thereunder and according to the timeframes set out herein, as far as is reasonably practicable or unless expressly agreed otherwise between the parties; and
- (b) at any time other than during the Platform Effective Period, any Substitution Request, Swap Counterparty Order, Substitution Confirmation or Adjustment Notice which may be given in relation to a Substitution in accordance with the procedures set out above shall be given (either in writing (in, or substantially in, the form set out in Schedule 5) (which may, for the avoidance of doubt, be by electronic messaging) or by telephone (and subsequently confirmed in writing as aforesaid, provided that any failure to give such confirmation shall not invalidate any such telephone communication)) to the Swap Counterparty's Designated Person or, as the case may be, the Portfolio Manager's Designated Person or Portfolio Administrator's Designated Person.

Special Trading

Notwithstanding anything to the contrary herein:

- (i) if a Market Disruption Event subsists the timing provisions set out in the sections entitled Substitution Requests, Swap Counterparty Order, Substitution Confirmation and Substitution Verification above shall not apply and the parties shall be empowered to agree replacement timing provisions to govern Substitutions made whilst such Market Disruption Event subsists. All other provisions hereof including, without limitation, of the aforementioned sections shall continue to apply without modification throughout the subsistence of such Market Disruption Event;
- (ii) no Substitution may take place with respect to a Reference Entity in relation to which an Event Determination Date has occurred unless approved by the Swap Counterparty prior to submission of a Substitution Request with respect to such Reference Entity; and
- (iii) no Substitution may take place with respect to a Reference Entity in relation to which the spread is greater than the equivalent of an upfront amount of 5% and a corresponding annualised rate in basis points unless the Swap Counterparty shall have approved such

Substitution prior to submission of a Substitution Request with respect to such Reference Entity.

Monetisation of Excess Subordination

The Portfolio Manager may on any Business Day prior to the tenth Business Day prior to the Scheduled Termination Date and at the earliest five Business Days before and at the latest two Business Days before the next Trading Reserve Account Annual Request Date notify the Swap Counterparty (with a copy to the Portfolio Administrator) in writing that it wishes to decrease the Loss Threshold Rate by a percentage (as specified in such notification) (the “**Monetisation Percentage**”) (such notification, a “**Monetisation Request**”), subject to the following paragraphs.

On the Business Day immediately following the date of a Monetisation Request the Swap Counterparty shall provide details of the Monetisation Cost and Funding Charge to the Portfolio Manager’s Designated Person and the Portfolio Administrator’s Designated Person (either in writing (in, or substantially in, the form set out in Schedule 5) (which may, for the avoidance of doubt, be by electronic messaging) or by telephone (and subsequently confirmed in writing as aforesaid)) (a “**Monetisation Confirmation**”), and provided that immediately following the Monetisation the Portfolio Manager determines that the Loss Threshold Rate would not be less than the greater of (i) the Loss Threshold Rate as at the Issue Date of the Notes and (ii) the Accumulated Loss Percentage:

- (i) the Loss Threshold Rate shall be reduced on the next following Trading Reserve Account Annual Request Date (the “**Monetisation Date**”) by an amount equal to the relevant Monetisation Percentage; and
- (ii) the Trading Reserve Account Balance shall be increased by an amount equal to the Monetisation Cost minus the Funding Charge.

(a “**Monetisation**”).

Trading Reserve Account Annual Request

The Portfolio Manager may on any Business Day not later than two and not earlier than five Business Days prior to the next following Trading Reserve Account Annual Request Date submit a Trading Reserve Account Annual Request (either in writing (in, or substantially in, the form set out in Schedule 5) (which may, for the avoidance of doubt, be by electronic messaging) or by telephone (and subsequently confirmed in writing as aforesaid)) to the Swap Counterparty’s Designated Person (with a copy to the Portfolio Administrator’s Designated Person) requesting a reallocation of the Trading Reserve Account Balance in accordance with the Trading Reserve Account Reallocation Method(s) specified in such Trading Reserve Account Annual Request. On the Business Day immediately following the date of a Trading Reserve Account Annual Request the Swap Counterparty shall provide details of any relevant Additional Subordination Percentage to the Portfolio Manager’s Designated Person (with a copy to the Portfolio Administrator’s Designated Person) (either in writing (in, or substantially in, the form set out in Schedule 5) (which may, for the avoidance of doubt, be by electronic messaging) or by telephone (and subsequently confirmed in writing as aforesaid)) (a “**Trading Reserve Account Annual Request Confirmation**”) and the Trading Reserve Account Balance shall be reduced and reallocated in accordance with the relevant Trading Reserve Account Reallocation Method(s).

Trading Reserve Account Extraordinary Request

The Portfolio Manager may on any Business Day falling on or after the date on which the Auction Final Price or, as the case may be, the Weighted Average Final Price is determined in respect of any Reference Entity and prior to the relevant Auction Settlement Date or, as the case may be, Cash Settlement Date, submit a request (either in writing (in, or substantially in, the form set out

in Schedule 5) (which may, for the avoidance of doubt, be by electronic messaging) or by telephone (and subsequently confirmed in writing as aforesaid)) to the Swap Counterparty's Designated Person (with a copy to the Portfolio Administrator's Designated Person) to reduce all or some of the Trading Reserve Account Balance and to apply the amount of such reduction (which shall be deemed to be a Trading Reserve Account Reduction Amount) towards increasing the Loss Threshold Rate (a "**Trading Reserve Account Extraordinary Request**"). On the Business Day immediately following the date of such request the Swap Counterparty shall provide details to the Portfolio Manager's Designated Person (with a copy to the Portfolio Administrator's Designated Person) of the relevant Additional Subordination Percentage (either in writing (in, or substantially in, the form set out in Schedule 5) (which may, for the avoidance of doubt, be by electronic messaging) or by telephone (and subsequently confirmed in writing as aforesaid)) (a "**Trading Reserve Account Extraordinary Request Confirmation**") and the Trading Reserve Account Balance shall be reduced and reallocated towards the increase of the Loss Threshold Rate by the relevant Additional Subordination Percentage.

Definitions

Words and expressions used in this section (A) but not otherwise defined above or in section (D) below shall have the meanings given to them in the confirmation with respect to the Credit Swap Transaction. In addition:

"Actual Spread" means, in respect of a Replaced Reference Entity or a Replacement Reference Entity (as the case may be) and a Scheduled Maturity, the average of the execution prices (expressed, in accordance with current market convention, either as an annualised rate in basis points per annum or as an upfront amount with a corresponding annualised rate in basis points or a combination of both), weighted by reference to the Floating Rate Payer Calculation Amounts of the credit default swap transactions to which they relate, that are obtained by the Portfolio Manager on behalf of the Swap Counterparty for (a) the Outgoing Entity Hedge Transactions relating to the relevant Replaced Reference Entity and the relevant Scheduled Maturity or (b) the Incoming Entity Hedge Transactions relating to the relevant Replacement Reference Entity and the relevant Scheduled Maturity (as the case may be).

"Accumulated Loss Percentage" shall have the meaning set out in the Credit Swap Transaction.

"Additional Subordination Percentage" means an amount determined by the Swap Counterparty in its sole and absolute discretion equal to the portion of the relevant Trading Reserve Account Reduction Amount that is allocable to the relevant increase in the Loss Threshold Rate divided by the Subordination Sensitivity (as adjusted by the Swap Counterparty to reflect the economic effect of convexity) multiplied by 10,000 (or, in the case of JPY, 1,000,000) expressed as a percentage of the Reference Portfolio Notional.

"Adjustment Amount" means, in respect of a Substitution, an amount (which may be positive, negative or nil), as determined by the Swap Counterparty in its sole discretion, by which the mark to market value of the credit protection provided to the Swap Counterparty under the Credit Swap Transaction has changed as a result of the relevant Substitution, taking into account the Actual Spreads in respect of the Replaced Reference Entity and the Replacement Reference Entity, and any Substitution Costs.

"Adjustment Notice" means, in respect of a Substitution Confirmation, a report prepared by the Swap Counterparty confirming:

- (a) the Portfolio Adjustment relating to each Substitution confirmed therein;
- (b) whether the Additional Provisions for Physically Settled Default Swaps – Monoline Insurer as Reference Entity published by ISDA on January 21, 2005 shall be applicable to each

relevant Replacement Reference Entity for the purposes of the Credit Swap Transaction;
and

- (c) the Entity Type (as defined in the confirmation with respect to the Credit Swap Transaction) that shall be applicable in respect of each relevant Replacement Reference Entity (as determined in accordance with the confirmation with respect to the Credit Swap Transaction), provided that the Entity Type applicable to any Replacement Reference Entity which is a Reference Entity already forming part of the Portfolio prior to the relevant Substitution shall be the same as the Entity Type already applicable to such Reference Entity.

“Asian Reference Entity” means

- (a) each Replaced Reference Entity with an Entity Type of "Asia Corporate" or "Asia Sovereign", as designated in the Schedule to the confirmation with respect to the Credit Swap Transaction or by the Swap Counterparty pursuant to a previous Swap Counterparty Order, as applicable; and
- (b) each Replacement Reference Entity with an Entity Type of "Asia Corporate" or "Asia Sovereign", as determined by the Swap Counterparty in accordance with the confirmation with respect to the Credit Swap Transaction.

“Australian Reference Entity” means:

- (a) each Replaced Reference Entity with an Entity Type of "Australia Corporate" or "Australia Sovereign", as designated in the Schedule to the confirmation with respect to the Credit Swap Transaction or by the Swap Counterparty pursuant to a previous Swap Counterparty Order, as applicable; and
- (b) each Replacement Reference Entity with an Entity Type of "Australia Corporate" or "Australia Sovereign", as determined by the Swap Counterparty in accordance with the confirmation with respect to the Credit Swap Transaction.

“Business Day” has the same meaning as that ascribed to it in the Terms of the Notes.

“Credit Swap Transaction” has the meaning given to it in the Terms of the Notes and is a transaction which references a basket of entities listed in the Schedule to the confirmation of such transaction, as amended by any Substitutions that are effected from time to time by the Portfolio Manager pursuant to the PMA.

“Delta” means, in respect of a Reference Entity and a Scheduled Maturity, the notional amount of a credit default swap transaction that the Swap Counterparty would need to enter into in order to hedge the mark to market sensitivity of the Credit Swap Transaction to variation in the market credit default swap spread of the relevant Reference Entity as determined by the Swap Counterparty in its sole and absolute discretion and rounded to the nearest 100,000.

“Designated Person” means the individuals specified (by reference to title rather than by reference to an individual name) by the Swap Counterparty (the **“Swap Counterparty’s Designated Person”**) or, as the case may be, by the Portfolio Manager (the **“Portfolio Manager’s Designated Person”**) or Portfolio Administrator (the **“Portfolio Administrator’s Designated Person”**), from time to time by written notice to the Portfolio Manager or, as the case may be, the Swap Counterparty for the purpose of receiving notices pursuant to the procedures set out in this Schedule 1.

“Eligibility Criteria”: The Eligibility Criteria in relation to the PMA and in respect of a Replacement Reference Entity shall be that such Replacement Reference Entity shall be a Reference Entity which:

- (A) has a minimum Long Term Foreign Issuer Credit Rating of BB- from S&P or a minimum Senior Unsecured Debt rating of Ba3 from Moody's; and
- (B) has a sufficient degree of liquidity in relation to the relevant notional amount as determined by the Swap Counterparty in its sole and absolute discretion; provided that such determination shall be disregarded (and this criterion deemed satisfied) should the Portfolio Manager submit three firm bid and offer quotes to the Swap Counterparty in relation to such Replacement Reference Entity and such notional amount such that the Swap Counterparty is capable of concluding a credit default swap transaction on the Standard Terms applicable to such Replacement Reference Entity.

“Eligible Dealer” means Bank of America Merrill Lynch, Barclays Bank PLC, BBVA S.A., BNP Paribas, Calyon/Credit Agricole CIB, Canadian Imperial Bank of Commerce, Citigroup, Commerzbank AG, Credit Suisse, Deutsche Bank AG, Goldman Sachs Group Inc., HSBC Bank plc, J.P. Morgan Chase & Company, Morgan Stanley & Co. Incorporated, Rabobank International, Royal Bank of Scotland plc, Société Générale, UBS AG or UniCredit SpA provided that, (a) if one of the dealers from the above list ceases or has ceased to exist, or a bankruptcy occurs with respect to any such dealer, such dealer will be deleted from the list and (b) to the extent two or more of the dealers merge, the list above shall be adjusted accordingly incorporating the surviving dealer entity.

“Emerging Market Reference Entity” means:

- (a) each Replaced Reference Entity with an Entity Type of "Emerging European Corporate" or "Emerging European & Middle Eastern Sovereign", as designated in the Schedule to the confirmation with respect to the Credit Swap Transaction or by the Swap Counterparty pursuant to a previous Swap Counterparty Order, as applicable; and
- (b) each Replacement Reference Entity with an Entity Type of "Emerging European Corporate" or "Emerging European & Middle Eastern Sovereign", as determined by the Swap Counterparty in accordance with the confirmation with respect to the Credit Swap Transaction.

“European Reference Entity” means:

- (a) each Replaced Reference Entity with an Entity Type of "European Corporate", "Subordinated European Insurance Corporate" or "Western European Sovereign", as designated in the Schedule to the confirmation with respect to the Credit Swap Transaction or by the Swap Counterparty pursuant to a previous Swap Counterparty Order, as applicable; and
- (b) each Replacement Reference Entity with an Entity Type of "European Corporate", "Subordinated European Insurance Corporate" or "Western European Sovereign", as determined by the Swap Counterparty in accordance with the confirmation with respect to the Credit Swap Transaction.

“Expected Spread” means:

- (a) in respect of a Replaced Reference Entity and a Scheduled Maturity, the lowest indicative offer side quotation (expressed, in accordance with current market convention, either as an annualised rate in basis points per annum or as an upfront amount with a corresponding annualised rate in basis points or a combination of both) obtained by the Portfolio Manager from an Eligible Dealer for a credit default swap transaction between that Eligible Dealer and the Swap Counterparty:

- (i) (A) that is documented on the Standard Terms applicable to the relevant Replaced Reference Entity; and
- (B) assuming market standard settlement; and
- (ii) in respect of which:
 - (i) the relevant Eligible Dealer is the seller of protection;
 - (ii) the Reference Entity is the relevant Replaced Reference Entity;
 - (iii) the Reference Obligation is an Indicative Reference Obligation (if any) for the relevant Replaced Reference Entity;
 - (iv) the Scheduled Termination Date matches the Scheduled Maturity; and
 - (v) the Termination Currency is the currency in which the Notes are denominated,

the terms set out in subparagraphs (a)(i) and (ii) above, the “**Outgoing Entity Hedge Transaction Terms**” in respect of the relevant Replaced Reference Entity and the relevant Scheduled Maturity; and

- (b) in respect of a Replacement Reference Entity and a Scheduled Maturity, the highest indicative bid side quotation (expressed as an annualised rate in basis points per annum or, if it is current market convention in respect of the relevant Replacement Reference Entity, as an upfront amount with a corresponding annualised rate in basis points) obtained by the Portfolio Manager for a credit default swap transaction between that Eligible Dealer and the Swap Counterparty:
 - (i) (A) that is documented on the Standard Terms applicable to the relevant Replacement Reference Entity (if such Replacement Reference Entity is not already a Reference Entity, the Entity Type relating to such Replacement Reference Entity for these purposes only being determined by the Portfolio Manager in good faith and in a commercially reasonable manner); and
 - (B) assuming market standard settlement; and
 - (ii) in respect of which:
 - (A) the relevant Eligible Dealer is the buyer of credit protection;
 - (B) the Reference Entity is the relevant Replacement Reference Entity;
 - (C) the Reference Obligation is the Reference Obligation (if any) for the Replacement Reference Entity (if such Replacement Reference Entity is not already a Reference Entity, the Reference Obligation relating to such Replacement Reference Entity for these purposes only being determined by the Portfolio Manager in good faith and in a commercially reasonable manner);
 - (D) the Scheduled Termination Date matches the Scheduled Maturity Date; and
 - (E) the Termination Currency is the currency in which the Notes are denominated,

the terms set out in subparagraphs (b)(i) and (ii) above, the **“Incoming Entity Hedge Transaction Terms”** in respect of the relevant Replacement Reference Entity and the relevant Scheduled Maturity,

and in each case that is obtained on the same Business Day that the related Substitution Request is made, provided that if the Portfolio Manager is unable to obtain a quotation as set out above in respect of any Replaced Reference Entity or Replacement Reference Entity (as applicable) and any relevant Scheduled Maturity, the Expected Spread shall be the Mid-Market Quotation in respect of the relevant Replaced Reference Entity or Replacement Reference Entity (as applicable) and the relevant Scheduled Maturity (provided that the Portfolio Manager acknowledges that the Mid-Market Quotation in respect of any Replaced Reference Entity or Replacement Reference Entity (as applicable) does not necessarily represent an execution level for that Replaced Reference Entity or Replacement Reference Entity, as the case may be).

“Funding Charge” means, in respect of a Monetisation, an amount in the currency in which the Notes are denominated as determined by the Swap Counterparty in its sole and absolute discretion representing the funding costs to the Swap Counterparty in effecting that Monetisation.

“High Yield” means any Reference Entity which is not Investment Grade.

“Incoming Entity Hedge Transaction” means, in respect of a Replacement Reference Entity and a Scheduled Maturity, any credit default swap transaction executed on the corresponding Incoming Entity Hedge Transaction Terms and at or as close as possible to the Expected Spread, in each case in respect of the relevant Replacement Reference Entity, the relevant Scheduled Maturity, and the relevant Substitution, provided that, in respect of such Substitution, the sum of the Floating Rate Payer Calculation Amounts relating to the Incoming Entity Hedge Transactions entered into by the Portfolio Manager in respect of the relevant Replacement Reference Entity and the relevant Scheduled Maturity shall be an amount equal to the Delta relating to that Replacement Reference Entity and Scheduled Maturity (as notified to the Portfolio Manager in the relevant Swap Counterparty Order).

“Indicative Reference Obligation” means an obligation which is capable of being designated as a Reference Obligation pursuant to the Cash Settlement provisions of the Credit Swap Transaction.

“Investment Grade” means, in respect of a Reference Entity, such Reference Entity has a Long Term Foreign Issuer Credit Rating of BBB- from S&P or a Senior Unsecured Debt rating of Baa3 from Moody's.

“Japanese Reference Entity” means:

- (a) each Replaced Reference Entity with an Entity Type of "Japan Corporate" or "Japan Sovereign", as designated in the Schedule to the confirmation with respect to the Credit Swap Transaction or by the Swap Counterparty pursuant to a previous Swap Counterparty Order, as applicable; and
- (b) each Replacement Reference Entity with an Entity Type of "Japan Corporate" or "Japan Sovereign", as determined by the Swap Counterparty in accordance with the confirmation with respect to the Credit Swap Transaction.

“Latin American Reference Entity” means:

- (a) each Replaced Reference Entity with an Entity Type of "Latin America Corporate B", "Latin America Corporate B&L" or "Latin America Sovereign", as designated in the Schedule to the confirmation with respect to the Credit Swap Transaction or by the Swap Counterparty pursuant to a previous Swap Counterparty Order, as applicable; and

- (b) each Replacement Reference Entity with an Entity Type of "Latin America Corporate B", "Latin America Corporate B&L" or "Latin America Sovereign", as determined by the Swap Counterparty in accordance with the confirmation with respect to the Credit Swap Transaction.

"Loss Threshold Rate" shall have the meaning set out in the Credit Swap Transaction.

"Market Disruption Event" means the occurrence or existence of an event that disrupts or impairs (as determined by the Swap Counterparty in its sole and absolute discretion) the ability of participants in the credit derivatives market to effect credit default swap transactions on standard terms or obtain quotations to effect credit default swap transactions on standard terms on a timely basis or at all.

"Mid-Market Quotation" means, in respect of any Replaced Reference Entity or Replacement Reference Entity (as applicable) and a Scheduled Maturity, the mid-market level provided by the Swap Counterparty as displayed on Platform in respect of the relevant Replaced Reference Entity or Replacement Reference Entity (as applicable) or, prior to the date on which Platform becomes operational or in the event that Platform is not operational for any other reason at the relevant time or the relevant mid-market level is not shown at the relevant time, as provided by the Swap Counterparty, upon request, in respect of the relevant Replaced Reference Entity or Replacement Reference Entity (as applicable) and the relevant Scheduled Maturity at the relevant time.

"Monetisation Cost" means, in respect of a Monetisation, an amount in the currency in which the Notes are denominated, as determined by the Swap Counterparty in its sole and absolute discretion, equal to the absolute value of the amount by which the mark to market value of the credit protection provided to the Swap Counterparty under the Credit Swap Transaction would change as a result of the relevant Monetisation.

"Moody's" means Moody's Investors Service Limited or any successor to its credit rating business.

"Moody's Industry Group" means, in respect of a Reference Entity, the industry group attributed to such Reference Entity by Moody's as follows:

1. Aerospace and Defence;
2. Automobile;
3. Banking;
4. Beverage, Food and Tobacco;
5. Buildings and Real Estate;
6. Chemicals, Plastics and Rubber;
7. Containers, Packaging and Glass;
8. Personal and Non-durable Consumer Products;
9. Diversified/Conglomerate Manufacturing;
10. Diversified/Conglomerate Services;
11. Diversified Natural Resources, Precious Metals and Minerals;
12. Ecological;
13. Electronics;
14. Finance;
15. Financial Intermediaries;
16. Farming and Agriculture;
17. Grocery;
18. Healthcare, Education and Childcare;
19. Home and Office Furnishings, Housewares and Durable Consumer Products;
20. Hotels, Motels, Inns and Gaming;
21. Insurance;
22. Leisure, Amusement, Motion Pictures, Entertainment;

23. Machinery (Nonagriculture, Nonconstruction, Nonelectronic);
24. Mining, Steel, Iron and Nonprecious Metals;
25. Oil and Gas;
26. Personal, Food and Miscellaneous Services;
27. Printing and Publishing;
28. Cargo Transport;
29. Retail Stores;
30. Telecommunications;
31. Textiles and Leather;
32. Personal Transportation;
33. Utilities;
34. Broadcasting and Entertainment and
35. Sovereigns/Municipal.

“New Zealand Reference Entity” means:

- (a) each Replaced Reference Entity with an Entity Type of "New Zealand Corporate" or "New Zealand Sovereign", as designated in the Schedule to the confirmation with respect to the Credit Swap Transaction or by the Swap Counterparty pursuant to a previous Swap Counterparty Order, as applicable; and
- (b) each Replacement Reference Entity with an Entity Type of "New Zealand Corporate" or "New Zealand Sovereign", as determined by the Swap Counterparty in accordance with the confirmation with respect to the Credit Swap Transaction.

“Non-Compliant Reference Entity” means, in respect of a Substitution, a Replacement Reference Entity that did not comply with one or more of the Eligibility Criteria on the relevant Substitution Date.

“Non-Compliant Substitution” means a Substitution in respect of which the Substitution Requirements are not satisfied on the related Substitution Date.

“North American Reference Entity” means:

- (a) each Replaced Reference Entity with an Entity Type of "North American Corporate", as designated in the Schedule to the confirmation with respect to the Credit Swap Transaction or by the Swap Counterparty pursuant to a previous Swap Counterparty Order, as applicable; and
- (b) each Replacement Reference Entity with an Entity Type of "North American Corporate", as determined by the Swap Counterparty in accordance with the confirmation with respect to the Credit Swap Transaction.

“Outgoing Entity Hedge Transaction” means, in respect of a Replaced Reference Entity and a Scheduled Maturity, each credit default swap transaction executed on the corresponding Outgoing Entity Hedge Transaction Terms and at or as close as possible to the Expected Spread, in each case in respect of the relevant Replaced Reference Entity, the relevant Scheduled Maturity, and the relevant Substitution, provided that, in respect of such Substitution, the sum of the Floating Rate Payer Calculation Amounts relating to the Outgoing Entity Hedge Transactions entered into by the Portfolio Manager in respect of the relevant Replaced Reference Entity and the relevant Scheduled Maturity shall be an amount equal to the Delta relating to that Replaced Reference Entity and Scheduled Maturity (as notified to the Portfolio Manager in the relevant Swap Counterparty Order).

“Platform” means the web based trading platform developed, owned and operated by the Swap Counterparty (as may be supplemented and updated from time to time).

“Platform Effective Period” means the period from and including the date on which the Swap Counterparty and the Portfolio Manager agree to use the Platform system in connection with the procedures set out in this Schedule 1 relating to Substitutions to but excluding any date thereafter on which the Swap Counterparty determines in good faith and notifies the Portfolio Manager in writing that it is not reasonably practicable to use the Platform system in connection with the procedures set out in this Schedule 1 relating to Substitutions.

“Portfolio Adjustment” means, in respect of a Substitution:

- (a) if the relevant Adjustment Amount is a negative number:
 - (i) the Trading Reserve Account Balance shall be reduced on such Substitution Date by an amount equal to the Trading Reserve Account Trading Loss Amount; and
 - (ii) the Loss Threshold Rate shall be reduced on such Substitution Date by an amount equal to the relevant Subordination Adjustment Percentage (if any); and
- (b) if the relevant Adjustment Amount is a positive number, the Trading Reserve Account Balance shall be increased on such Substitution Date by an amount equal to such Adjustment Amount.

“Portfolio Guidelines” means the following portfolio guidelines:

- (A) the aggregate of the Reference Entity Notional Amounts of all Reference Entities that have the same Moody’s Industry Group designation shall not exceed 15% of the Reference Portfolio Notional;
- (B) the aggregate of the Reference Entity Notional Amounts of all Reference Entities that are Banking, Insurance, Finance and Financial Intermediaries shall not exceed 20% of the Reference Portfolio Notional;
- (C) the aggregate of the Reference Entity Notional Amounts of all Reference Entities that have an Entity Type of North American Corporate shall be greater than 25% of the Reference Portfolio Notional;
- (D) the aggregate of the Reference Entity Notional Amounts of all Reference Entities that have an Entity Type of European Corporate, Subordinated European Insurance Corporate, Western European Sovereign, Emerging European Corporate LPN and Emerging European shall be greater than 25% of the Reference Portfolio Notional;
- (E) the aggregate of the Reference Entity Notional Amounts of all Reference Entities whose principal operating company is incorporated or whose principal place of business is in or (in the case of a sovereign Reference Entity) which is a country with a Sovereign Rating of A3 or lower from Moody’s shall not exceed 15% of the Reference Portfolio Notional;
- (F) the aggregate of the Reference Entity Notional Amounts of all Reference Entities whose principal operating company is incorporated or whose principal place of business is in or (in the case of a sovereign Reference Entity) which is a Restricted Country shall not exceed (in aggregate for each individual Restricted Country) 15% of the Reference Portfolio Notional (for the purposes of this guideline, **“Restricted Country”** shall mean the Portuguese Republic, the Hellenic Republic, the Kingdom of Spain, the Italian Republic and Ireland, subject to amendment of such list on any day prior to the Scheduled Termination Date by the Portfolio Manager);
- (G) the aggregate of the Reference Entity Notional Amounts of all Reference Entities whose principal operating company is incorporated or whose principal place of business is in or (in the case of a sovereign Reference Entity) which is not an Eligible Country shall not

exceed (in aggregate for each individual non-Eligible Country) 3% of the Reference Portfolio Notional (for the purposes of this guideline and for (H) below, “**Eligible Country**” shall mean the Republic of Austria, the Kingdom of Belgium, the Kingdom of Denmark, the Republic of Finland, the French Republic, the Federal Republic of Germany, the Hellenic Republic, Iceland, Ireland, the Italian Republic, the Principality of Liechtenstein, the Grand Duchy of Luxembourg, The Netherlands, the Kingdom of Norway, the Portuguese Republic, the Kingdom of Spain, the Kingdom of Sweden, the Swiss Confederation, the United Kingdom, any other EU Member State which has adopted the Euro as its currency, the United States of America, Canada, the Commonwealth of Australia, New Zealand, the Republic of Singapore, Hong Kong Special Administrative Region of the People’s Republic of China, the State of Japan;

- (H) subject to (F) and (G) above, the aggregate of the Reference Entity Notional Amounts of all Reference Entities whose principal operating company is incorporated or whose principal place of business is in or (in the case of a sovereign Reference Entity) which is a country other than an Eligible Country shall not exceed 20% of the Reference Portfolio Notional;
- (I) the aggregate of the Reference Entity Notional Amounts of all Reference Entities that are High Yield shall not exceed 20% of the Reference Portfolio Notional;
- (J) the number of Reference Entities in the Portfolio shall be greater than 100 and less than 150;
- (K) the number of Reference Entities whose individual Reference Entity Notional Amount is equal to 1.25% of the Reference Portfolio Notional shall not exceed 20;
- (L) the number of Reference Entities whose individual Reference Entity Notional Amount is equal to or less than 0.50% of the Reference Portfolio Notional shall not exceed 20;
- (M) subject to (K) and (L) above, (i) the number of Reference Entities whose individual Reference Entity Notional Amount is equal to 1.25% of the Reference Portfolio Notional when combined with (ii) the number of Reference Entities whose individual Reference Entity Notional Amount is equal to or less than 0.50% of the Reference Portfolio Notional shall not in aggregate exceed 25;
- (N) there shall at no time be any Reference Entities whose individual Reference Entity Notional Amount is less than 0.50% of the Reference Portfolio Notional; provided that if, with respect to any Substitution, the Replaced Reference Entity has a Reference Entity Notional Amount which is less than 0.50% of the Reference Portfolio Notional due to an adjustment of the relevant Floating Rate Payer Calculation Amount by reason of the occurrence of a prior Succession Event or by reason of the operation of this proviso with respect to any previous Substitution, then the Reference Entity Notional Amount of the relevant Replacement Reference Entity may be less than 0.50% of the Reference Portfolio Notional but not less than the Reference Entity Notional Amount of the Replaced Reference Entity; and
- (O) there shall at no time be any Reference Entities whose individual Reference Entity Notional Amount is greater than 1.25% of the Reference Portfolio Notional.

“**Quanto Costs**” means, in respect of a Substitution, any amount allocated in respect of currency risk relating to the relevant Replaced Reference Entity or the relevant Replacement Reference Entity (as the case may be), as determined by the Swap Counterparty in its sole discretion.

“Rebalancing Costs” means, in respect of a Substitution, any amount (without duplication) allocated in respect of associated risk including, without limitation, in respect of correlation, as determined by the Swap Counterparty in its sole discretion.

“Reference Entity Notional Amount” means, for each Reference Entity comprised in the Credit Swap Transaction, the Floating Rate Payer Calculation Amount from time to time under the Credit Swap Transaction.

“Remedy” means, in respect of a Non-Compliant Substitution (a) in the case of a breach of the Eligibility Criteria, the removal of the relevant Non-Compliant Reference Entity and (b) in the case of a breach of the Portfolio Guidelines or Substitution Condition, effecting Substitutions such that the Portfolio Guidelines or, as the case may be, Substitution Condition are (i) in compliance or (ii), in the case of the Portfolio Guidelines, no more out of compliance than was the case immediately preceding such Non-Compliant Substitution, immediately following such Substitutions.

“Replaced Reference Entity” means, in respect of a Substitution Request, a Reference Entity in respect of which the Portfolio Manager proposes a reduction in the corresponding Reference Entity Notional Amount in such Substitution Request.

“Replaced Reference Entity Notional Amount” means, in respect of a Replaced Reference Entity and a Substitution Request, the amount by which the Portfolio Manager proposes to reduce the Reference Entity Notional Amount in respect of such Replaced Reference Entity in such Substitution Request (for the avoidance of doubt, subject to a maximum of the then-current Reference Entity Notional Amount of the relevant Reference Entity).

“Replacement Reference Entity” means, in respect of a Substitution Request, each entity that the Portfolio Manager proposes to (a) add to the Portfolio or (b) if the relevant entity is already in the Portfolio, increase the Reference Entity Notional Amount in respect of the relevant entity, in each case on or following the date of the PMA.

“Replacement Reference Entity Notional Amount” means, in respect of a Replacement Reference Entity and a Substitution Request, the Reference Entity Notional Amount that shall be applicable or the amount by which the Reference Entity Notional Amount shall be increased if the Substitution proposed in the relevant Substitution Request is effected.

“S&P” means Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc. or any successor thereto.

“Scheduled Maturity” means, in respect of a Replaced Reference Entity or a Replacement Reference Entity, each of (a) the market standard termination date for credit default swap transactions which is the nearest such date to the Scheduled Maturity Date or (b) any other date that is agreed between the Portfolio Manager and the Swap Counterparty.

“Singaporean Reference Entity” means:

- (a) each Replaced Reference Entity with an Entity Type of "Singapore Corporate" or "Singapore Sovereign", as designated in the Schedule to the confirmation with respect to the Credit Swap Transaction or by the Swap Counterparty pursuant to a previous Swap Counterparty Order, as applicable; and
- (b) each Replacement Reference Entity with an Entity Type of "Singapore Corporate" or "Singapore Sovereign", as determined by the Swap Counterparty in accordance with the confirmation with respect to the Credit Swap Transaction.

“Standard Terms” means, in respect of any Reference Entity, the terms of the Matrix which apply to the “Entity Type” which is applicable to such entity as specified in the Schedule to the

confirmation with respect to the Credit Swap Transaction or otherwise assigned to that entity by the Swap Counterparty in accordance with the confirmation in respect of the Credit Swap Transaction.

“**Subordination**” means the Loss Threshold Rate multiplied by the Reference Portfolio Notional.

“**Subordination Adjustment Percentage**” means, in respect of each Substitution, an amount determined by the Swap Counterparty in good faith and in a commercially reasonable manner equal to:

- (a) the excess (if any) of the absolute value of the relevant Adjustment Amount over the Trading Reserve Account Balance; divided by
- (b) the Subordination Sensitivity (as adjusted by the Swap Counterparty to reflect the economic effect of convexity);
- (c) 10,000 (or, in the case of JPY, 1,000,000),

expressed as a percentage of the Reference Portfolio Notional.

“**Subordination Sensitivity**” means the absolute value of the change in the mark to market value of the credit protection provided to the Swap Counterparty under the Credit Swap Transaction due to a change by 10,000 units (or, in the case of JPY, JPY 1,000,000) of the currency of the Notes change in the relevant Subordination, as determined by the Swap Counterparty in its sole and absolute discretion.

“**Substitution**” means any of (a) (i) the addition of a new entity into the Portfolio or (ii) the increase of the Reference Entity Notional Amount of an existing Reference Entity, and (b) the removal of a Reference Entity, in whole or in part, from the Portfolio.

“**Substitution Condition**”: The Substitution Condition in relation to the PMA shall be the following conditions:

- (A) With respect to any Business Day on which one or more Substitutions are effected, the aggregate of the Replaced Reference Entity Notional Amounts shall be equal to the aggregate of the Replacement Reference Entity Notional Amounts;
- (B) With respect to any Business Day on which one or more Substitutions are effected, the aggregate of the Replacement Reference Entity Notional Amounts must be less than 5% of the Reference Portfolio Notional;
- (C) With respect to any Business Day on which one or more Substitutions are effected, the Replaced Reference Entity Notional Amount and/or Replacement Reference Entity Notional Amount in respect of each such Reference Entity, as applicable, must be a multiple of 0.25% of the Reference Portfolio Notional;
- (D) No Substitution in respect of which the related Adjustment Amount would be a negative number shall be permitted if the Swap Counterparty determines (in its sole and absolute discretion) that the related Subordination Adjustment Percentage (if any) would be greater than the Loss Threshold Rate on the relevant Substitution Date.

“**Substitution Confirmation**” means, in respect of a Substitution, a trade report prepared by the Portfolio Manager confirming the following information in respect of such Substitution:

- (a) the Actual Spreads relating to the relevant Replaced Reference Entity and the relevant Replacement Reference Entity; and

- (b) each Eligible Dealer in respect of the related Outgoing Entity Hedge Transaction(s) and Incoming Entity Hedge Transaction(s) (as applicable),

provided that if the relevant Substitution Confirmation relates to more than one Substitution, the information listed in subparagraphs (a) and (b) above shall be provided in respect of each relevant Substitution and the Substitution Confirmation shall specify the order in which such Substitutions shall be effected.

“Substitution Costs” means, in respect of a Substitution, any related Quanto Costs and Rebalancing Costs.

“Substitution Date” means, with respect to a Substitution, the date on which the corresponding Adjustment Notice is given.

“Substitution Request” means a trade request submitted by the Portfolio Manager that specifies certain information relating to each Substitution proposed therein, including (without limitation):

- (a) the Replacement Reference Entity;
- (b) the Replaced Reference Entity;
- (c) the Replacement Reference Entity Notional Amount;
- (d) the Replaced Reference Entity Notional Amount;
- (e) the Expected Spreads relating to the Replacement Reference Entity and the Replaced Reference Entity; and
- (f) the seniority of the Replacement Reference Entity.

“Substitution Requirements” means in respect of any Substitution Date and one or more Substitutions:

- (a) each Replacement Reference Entity complies with the Eligibility Criteria on such Substitution Date;
- (b) the Substitution(s) comply with the Substitution Condition on such Substitution Date; and
- (c) the Portfolio immediately following the related Substitution(s) will comply with the Portfolio Guidelines (or, where the Portfolio does not already comply with the Portfolio Guidelines at the time of the Substitution Request, the related Substitution(s) will not increase the extent of such non-compliance),

in each case, as determined by the Portfolio Manager on and/or prior to the relevant Substitution Date and verified by the Portfolio Administrator in accordance with the section titled “Substitution Verification” below.

“Swap Counterparty Order” means, in respect of a Substitution Request, a report prepared by the Swap Counterparty setting out the following information:

- (a) the Delta(s) for each relevant Replacement Reference Entity;
- (b) the Delta(s) for each relevant Replaced Reference Entity; and
- (c) the Adjustment Amount and Subordination Adjustment Percentage (if any) that would be applicable,

calculated as if the Proposed Substitution were to be effected on the day on which the Swap Counterparty Order is given on the basis of the Expected Spreads relating to the relevant Replaced Reference Entity and the relevant Replacement Reference Entity.

“Trading Reserve Account” means the notional account in respect of the Notes denominated in the currency of the Notes.

“Trading Reserve Account Annual Request” means a request submitted by the Portfolio Manager that specifies that the Trading Reserve Account Balance shall be reduced by an amount specified in such request (not exceeding the Trading Reserve Account Balance) and that the amount of such reduction (the **“Trading Reserve Account Reduction Amount”**) shall be applied in one or a combination (as specified in such request) of the following ways (each, a **“Trading Reserve Account Reallocation Method”**):

- (i) *One-off Payment*: an amount equal to 80% of the Trading Reserve Account Reduction Amount (or such part thereof as the Portfolio Manager specifies in the relevant Trading Reserve Account Annual Request to be allocable to this Trading Reserve Account Reallocation Method) shall be applied in making a Note Additional Payment in respect of each Note on the relevant Trading Reserve Account Annual Request Date and an amount equal to 20% of the Trading Reserve Account Reduction Amount (or such part thereof as the Portfolio Manager specifies in the relevant Trading Reserve Account Annual Request to be allocable to this Trading Reserve Account Reallocation Method) shall be applied in making an additional payment to the Portfolio Manager on the relevant Trading Reserve Account Annual Request Date equal to such amount, except that the Portfolio Manager may not specify the One-off Payment Reallocation Method unless the Loss Threshold Rate would be, subsequent to such reallocation, equal to or greater than the Loss Threshold Rate as at the Issue Date;
- (ii) *Loss Threshold Rate Increase*: an amount equal to the Trading Reserve Account Reduction Amount (or such part thereof as the Portfolio Manager specifies in the relevant Trading Reserve Account Annual Request to be allocable to this Trading Reserve Account Reallocation Method) shall be applied towards increasing the Loss Threshold Rate by the applicable Additional Subordination Percentage with effect as of the relevant Trading Reserve Account Annual Request Date.

“Trading Reserve Account Annual Request Date” means the first Business Day falling on or after 5 October 2011 and each anniversary of the previous Trading Reserve Account Annual Request Date or if such anniversary does not fall on a Business Day, the next following day which is a Business Day.

“Trading Reserve Account Balance” means, on any day, the balance standing to the credit of the Trading Reserve Account on such day.

“Trading Reserve Account Reallocation Method” has the meaning given to it in the definition of Trading Reserve Account Annual Request above.

“Trading Reserve Account Trading Loss Amount” means, in respect of each Substitution, if the relevant Adjustment Amount is a negative number, an amount equal to the lesser of the Trading Reserve Account Balance and the absolute value of such Adjustment Amount.

(B) PORTFOLIO MANAGEMENT

Management of Portfolio

The Portfolio Manager (acting on behalf of the Issuer) will select the Reference Entities which are to comprise the Portfolio taking into account the Substitution Requirements and will monitor the

performance and credit quality of the Portfolio to the extent practicable using sources of information reasonably available to it, provided that the Portfolio Manager shall not be responsible for determining whether or not the terms of any obligation of any Reference Entity have been observed. The Portfolio Manager has agreed that in submitting a Proposed Substitution pursuant to the terms of the PMA it will comply with the Substitution Procedures applicable to the Portfolio.

Suspension of Substitutions

Notwithstanding any other provision of the PMA, the Portfolio Manager shall not effect any Substitution with respect to the Portfolio at any time following the notification to it of the occurrence of an Event of Default with respect to the Notes or any other event giving rise to the mandatory redemption of the Notes, save to the extent that such commitment was entered into prior to the notification of any such event to the Portfolio Manager or unless directed to do so by the Trustee.

Fees and Expenses of Portfolio Manager

Management Fees

- (a) The Issuer shall, subject to the provisions of the Master Portfolio Management Terms relating to limited recourse to the Issuer, pay to the Portfolio Manager:
 - (i) on each Portfolio Management Fee Payment Date an amount, in the currency of the Notes, equal to the relevant Portfolio Management Fee; and
 - (ii) on the Maturity Date an amount, in the currency of the Notes, equal to the Trading Reserve Account Balance as at the Maturity Date (after having taken account of any reduction to the Trading Reserve Account Balance on such date) minus an amount equal to the percentage amount of such Trading Reserve Account Balance which is payable to Noteholders on the Maturity Date in accordance with the Terms of the Notes.
- (b) The parties have confirmed their understanding that (and shall use reasonable efforts to ensure that) each Portfolio Management Fee and Termination Portfolio Management Fee (as defined under *Portfolio Management Fee upon Removal, Termination or Registration* below, and the supply of services to which it relates, will not be subject to any value added tax or similar tax. In the event that, contrary to such understanding and as a result of either a relevant Change of Law or a successful challenge by a tax authority, the Portfolio Manager is or becomes liable to account to any tax authority for value added tax or any similar tax in respect of any supply of services under the PMA to which those fees or other payment (or any part thereof) relate, amounts payable by the Issuer shall be exclusive of such value added tax or similar tax and the Issuer shall, against delivery of a valid value added tax invoice, pay an additional amount to the Portfolio Manager in respect of such value added tax.
- (c) In the event that the Issuer is liable to account for any value added tax or similar tax to a tax authority in consequence of a reverse charge applying, the Issuer shall not be entitled to deduct an amount in respect of that value added tax or similar tax from any Portfolio Management Fee or Termination Portfolio Management Fee.
- (d) To the extent that the Issuer is required under applicable law to make a withholding or deduction for or on account of tax from any Portfolio Management Fee and/or the Termination Portfolio Management Fee (or any part thereof), the Issuer shall pay an additional amount of such fee to the Portfolio Manager in respect of such withholding or deduction.

- (e) If the Issuer is required to pay an additional amount in accordance with paragraph (d) above, and the Portfolio Manager receives a credit against or refund relating to such payment or similar benefit by reason of the deduction or withholding which has given rise to the payment then, to the extent that the Portfolio Manager is satisfied (acting in good faith) that it can do so without prejudice to the retention of any credit, refund or similar benefit it receives, it shall reimburse to the Issuer such part of such additional amounts paid to it pursuant to paragraph (d) above as it certifies to the Issuer will leave it (after such reimbursement) in no better and no worse position than it would have been in if the Issuer had not been required to make such deduction or withholding.
- (f) The Issuer shall not be required to pay any additional amount under paragraphs (b) or (d) above to the extent that the additional amount would not have been payable but for a Portfolio Manager Breach.
- (g) A Relevant Party (other than the Portfolio Administrator) shall notify the other parties to the PMA as soon as reasonably practicable upon becoming aware of a Tax Event. The Relevant Parties (other than the Portfolio Administrator) shall thereafter use all reasonable endeavours to agree and implement a Restructuring Solution within the Agreed Timeframe. In complying with this obligation, the Relevant Parties shall not be obliged to incur costs or expenditure which are material or otherwise unreasonable in amount.
- (h) Notwithstanding any additional payment obligation imposed by paragraphs (b) or (d) above, the Portfolio Manager may (but is not obliged to) in its sole discretion elect to receive the affected Portfolio Management Fee or Termination Portfolio Management Fee inclusive of VAT or net of withholding tax (as applicable). If the Portfolio Manager makes any such election, it shall notify the other parties to the PMA as soon as reasonably practicable. The effect of the election shall be that the Issuer is not required to make any additional payments under paragraphs (b) or (d) above (as the case may be).
- (i) Paragraphs (d) to (i) above (inclusive) shall also apply, with the necessary changes, if a Restructuring Solution is implemented within the Agreed Timeframe in relation to a VAT or withholding tax liability but a VAT or withholding tax liability (as the case may be) not envisaged in the Restructuring Solution subsequently arises and, pursuant to paragraphs (d) or (e) above the Issuer becomes obliged as a result to pay an additional amount in respect of any Portfolio Management Fee or Termination Performance Management Fee or to increase an additional amount it was previously liable to pay in respect of such fees.

As used herein, VAT means value added tax and any similar tax together with any interest and penalties thereon.

Costs and Expenses

The responsibility for the payment of the reasonable costs and expenses (including the fees and disbursements of counsel and accountants together with any irrevocable value added or equivalent tax thereon), incurred by the Portfolio Manager in connection with the negotiation and preparation of and the execution of the PMA, and all matters incidental thereto shall be as separately agreed by the Portfolio Manager and the Issuer or the Swap Counterparty (the "**Portfolio Manager Initial Costs**").

The Portfolio Manager shall be responsible for all of its costs and expenses incurred in connection with the entry into and in the performance of its obligations under the PMA (including, without limitation, the cost of any legal or other advisors employed by it in connection with the PMA) other than the Portfolio Manager Initial Costs.

Portfolio Management Fee upon Removal, Termination or Resignation

If the Portfolio Manager is removed pursuant to *Removal Without Cause* below or if the PMA is otherwise terminated prior to the Scheduled Maturity Date under certain other provisions of the PMA, a portfolio management fee (the “**Termination Portfolio Management Fee**”) in the currency of the Notes equal to (a) the Portfolio Management Fee in respect of the Portfolio Management Fee Period in which such removal or termination takes effect save that such Portfolio Management Fee shall be calculated assuming that the Portfolio Management Fee Period ended on, but excluding, the relevant date of removal or termination plus an amount equal to the present value (calculated by the Swap Counterparty in good faith and in a commercially reasonable manner by reference, *inter alia*, to the credit risk embedded in the Portfolio) of all Portfolio Management Fees that would have been payable on each Portfolio Management Fee Date falling thereafter and (b) the product of (x) either (i) 20% or (ii) if on such date of removal or such date of termination the Notional Amount is less than the Initial Notional Amount, zero and (y) the Trading Reserve Account Balance as at the relevant date of removal or termination shall be payable to the Portfolio Manager on the relevant date of removal or termination.

If the Portfolio Manager resigns or is removed pursuant to *Resignation, Removal With Cause, or Removal on Material Adverse Change* below the Portfolio Manager shall not be paid the Termination Portfolio Management Fee and shall cease to be paid any Portfolio Management Fee on any Portfolio Management Fee Payment Date falling thereafter.

Set-off and Counterclaim

All payments under the PMA to the Portfolio Manager shall be made without set-off or counterclaim.

This shall survive the termination of the PMA.

Change of Portfolio Manager

Resignation

Notwithstanding any other provision hereof to the contrary, but subject to *Appointment of Successor* below, the Portfolio Manager may resign its appointment under the PMA upon 45 days' prior written notice to the Issuer, the Portfolio Administrator, the Trustee and the Swap Counterparty or, in the event that (i) the Issuer and/or the Portfolio Administrator is in breach of any material provision of the PMA or (ii) the Swap Counterparty is in material breach of any material provision of the Credit Swap Transaction, upon ten days' written notice to the Issuer, the Portfolio Administrator, the Swap Counterparty and the Trustee.

Removal With Cause

The Portfolio Manager may be removed forthwith for cause by the Issuer (and will be removed if the Issuer is so instructed by the Trustee, acting at the written direction of the Noteholders holding at least 50 per cent. of the Notes outstanding (excluding for such purposes any Notes beneficially owned by the Portfolio Manager or any Affiliate thereof or any fund or investment vehicle (i) which is managed by the Portfolio Manager and (ii) more than 50 per cent. of the economic interests in which are beneficially owned by Affiliates of the Portfolio Manager)) or the Swap Counterparty.

For the purposes of the PMA “**cause**” will mean:

- (a) the Portfolio Manager wilfully violates any material obligation by which it is bound under or pursuant to the PMA;

- (b) the Portfolio Manager violates any material provision of the PMA, which violation has a material adverse effect on the Issuer or the Noteholders or the Swap Counterparty, and fails to cure such violation within 30 days of its becoming aware of, or its receiving notice from the Trustee or the Swap Counterparty of, such violation;
- (c) if:
 - (i) any procedure is commenced with a view to the winding-up of the Portfolio Manager (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Issuer) or with a view to the appointment of an administrator, receiver or trustee in relation to the Portfolio Manager or a substantial part of its assets (this procedure may be a court procedure or any other step which under the laws of the Republic of France is a possible means of achieving any of those results);
 - (ii) all or any substantial part of the assets of the Portfolio Manager become subject to attachment or sequestration by court order and the order (if contested in good faith) remains in force for 60 days; or
 - (iii) the Portfolio Manager is unable to pay its debts as they fall due or admits in writing its inability to pay its debts as and when they fall due or seeks a composition or arrangement with its creditors or any class of them;
- (d) the occurrence of an Event of Default under Condition 11 (*Events of Default*) where such Event of Default results from a breach by the Portfolio Manager of its duties under the PMA;
- (e) the occurrence of an act by the Portfolio Manager that constitutes fraud or criminal activity in the performance of its obligations under the PMA or the Portfolio Manager being found guilty of having committed a criminal offence materially related to the management of investments similar in nature and character to the Credit Swap Transaction or borrowed money obligations of the Reference Entities; and
- (f) the Portfolio Manager ceases to be permitted to act as such under the laws of the Republic of France or of the jurisdiction of the Issuer's incorporation, due to circumstances within the control of the Portfolio Manager in each case to the extent any such permission is required at the relevant time.

If any of the events specified in the preceding paragraphs shall occur, the Portfolio Manager shall give prompt written notice thereof to the Issuer, the Trustee and the Swap Counterparty upon the Portfolio Manager's becoming aware of the occurrence of such event.

Removal Without Cause

The appointment of the Portfolio Manager under the PMA may, subject to the prior written consent of the Swap Counterparty, be terminated without cause at any time upon at least 45 days' prior written notice:

- (i) by the Issuer; or
- (ii) by the Trustee, acting at the direction of the holders of a simple majority of the votes cast at a duly convened meeting of the holders of the Notes or from the holders of the Notes acting by Extraordinary Resolution (for the purposes of which, Notes beneficially owned by the Portfolio Manager or any of its Affiliates or any fund or investment vehicle (i) which is managed by the Portfolio Manager and (ii) more than 50 per cent. of the economic interests in which are beneficially owned by Affiliates of the Portfolio Manager, shall be

excluded) (or forthwith if the Portfolio Manager ceases to be permitted to act as such under the laws of the Republic of France or of the jurisdiction of incorporation of the Issuer, in each case to the extent any such permission would be required at the relevant time).

Removal on Material Adverse Change

The appointment of the Portfolio Manager under the PMA may be terminated at any time upon at least 90 days' prior written notice by the Issuer or by the Trustee at the direction of the holders of at least 66 $\frac{2}{3}$ per cent. of the Notes (for the purposes of which, Notes beneficially owned by the Portfolio Manager or any of its Affiliates or any fund or investment vehicle (i) which is managed by the Portfolio Manager and (ii) more than 50 per cent. of the economic interests in which are beneficially owned by Affiliates of the Portfolio Manager, shall be excluded), in the event a material adverse change in the business and operations of the Portfolio Manager has occurred and is continuing, such that as a result of such change the Portfolio Manager no longer has the capacity or the competence to perform its obligations as Portfolio Manager.

Action upon Resignation or Removal

From and including the effective date of resignation or removal of the Portfolio Manager, the Portfolio Manager shall not be entitled to compensation for further services under these Master Portfolio Management Terms with respect to such Notes, except as stated under *Portfolio Management Fee upon Removal, Termination or Resignation* above. Upon such resignation or removal, no further Substitution to the Portfolio shall be effected by the Portfolio Manager, and the Portfolio Manager shall as soon as practicable:

- (i) deliver to the Trustee, the Issuer or the Replacement Manager appointed pursuant to this provision all property and documents (including, without limitation, books and records) of the Trustee or the Issuer or otherwise relating to the Credit Swap Transaction and the Portfolio then in the custody of the Portfolio Manager; and
- (ii) deliver to the Trustee any accounting documents (excepting any confidential information) with respect to the books and records delivered to the Trustee, the Issuer or the Replacement Manager appointed pursuant to this provision,

unless the Portfolio Manager is obliged to retain any such property, documents, books and records by any applicable law or regulation of the jurisdiction of incorporation of the Issuer or the Republic of France or any other jurisdiction from which the Portfolio Manager performs its functions under the PMA.

Notwithstanding any other provision of the PMA, the Portfolio Manager shall be permitted to make and retain for its records a copy of each document delivered to the Trustee, the Issuer or the Replacement Manager, as the case may be, in accordance with this provision.

Notwithstanding such resignation or removal, each party shall remain liable on the terms of the PMA (i) for its acts or omissions under the PMA arising prior to such resignation or removal and (ii) for any expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including reasonable legal fees) in respect of or arising out of a breach of a representation or warranty made herein or from any failure by the Portfolio Manager to comply with this provision.

Each party agreed that, notwithstanding any resignation or removal of the Portfolio Manager or termination of any relevant Constituting Instrument relating to a Series of Notes, it shall reasonably co-operate in any legal action or proceedings ("**Proceedings**") arising out of or in connection with the PMA, the Trust Deed or the Credit Swap Transaction (excluding any such Proceedings in which claims are asserted against the relevant party or any Affiliate) upon receipt of appropriate indemnification and expense reimbursement.

Successor Portfolio Manager

No termination of the appointment or resignation of the Portfolio Manager shall be effective until the date as of which a successor Portfolio Manager reasonably acceptable to the Issuer, the Trustee, the Swap Counterparty and the Portfolio Administrator shall have agreed in writing to assume all of the Portfolio Manager's duties and obligations pursuant to the PMA and notice of such appointment shall have been given to the Noteholders in accordance with Condition 14 (*Notices*) of the Conditions. Upon the resignation or removal of the Portfolio Manager pursuant to this provision, the Issuer shall use its best efforts to appoint a successor Portfolio Manager, provided, however, that if, within 120 days of the resignation of the Portfolio Manager, the Issuer has not appointed a successor to the Portfolio Manager, the Portfolio Manager may itself appoint or the Trustee (acting upon a direction from the Noteholders) may appoint a successor Portfolio Manager reasonably acceptable to the Issuer, the Trustee, the Swap Counterparty and the Portfolio Administrator (such consent not to be unreasonably withheld or delayed).

(C) PORTFOLIO ADMINISTRATION

Reports

Compilation of the Reports

The Portfolio Administrator shall be responsible for the accuracy of (i) any information originated by it, and (ii) the reproduction of any information not originated by it in each Report.

On each Monthly Reporting Date, in respect of the Portfolio, the Portfolio Administrator, on behalf of the Issuer, shall deliver a report in the form set out in Schedule 2 of the PMA, setting out the current composition of the Portfolio, together with details of all Substitutions that have been effected in respect of the Portfolio since the immediately preceding Monthly Reporting Date (or, in the case of the first Monthly Reporting Date, since the date of the PMA) (each such report, a "**Monthly Portfolio Report**") to the Issuer and the Trustee, with copies to each of the Swap Counterparty and the Portfolio Manager, and shall make such Monthly Portfolio Report available to the Noteholders by posting it on a password-protected website set up by the Portfolio Administrator in relation to the Portfolio, access to which shall be limited to the parties to the PMA, the Noteholders and the parties to the Series Documents (the "**Website**").

On each Quarterly Reporting Date, in respect of the Portfolio, the Portfolio Administrator, on behalf of the Issuer, shall deliver a report in the form set out in Schedule 3 of the PMA, setting out the current composition of the Portfolio, commentary on the performance of the Portfolio during the immediately preceding calendar quarter or, in the case of the first Quarterly Portfolio Report, since the date of the PMA (including details of defaults, downgrades, upgrades, and anything else that the Portfolio Manager deems in its commercially reasonable business judgement to be relevant with respect to the Reference Entities), Substitutions that have been effected in respect of the Portfolio since the immediately preceding Quarterly Reporting Date (or in the case of the first Quarterly Reporting Date, since the date of the PMA) including the details of any Non-Compliant Substitutions, the length of time that each such Non-Compliant Reference Entity has been in the Portfolio, and the Portfolio Manager's reasons for having elected not to Remedy each such Non-Compliant Substitution, and the Portfolio Manager's views on market outlook (each such report, a "**Quarterly Portfolio Report**") to the Issuer and the Trustee, with copies to each of the Swap Counterparty and the Portfolio Manager, and shall make such Quarterly Portfolio Report available to the Noteholders by posting it on the Website.

The Portfolio Administrator shall make available the website address for the Website to all parties who are entitled to access the Website. Noteholders that request access to the Website will be required by the Website to provide contact details to the Website. The Portfolio Administrator shall contact the relevant Noteholder (using such contact details) requesting proof that such Noteholder is a holder of the Notes (for which purpose a facsimile copy of a certificate detailing

the holding will be sufficient). Once such evidence is received by the Portfolio Administrator, the Portfolio Administrator will provide to such parties the password for such Website. Each Report shall contain the information appearing in the Portfolio Database as at the relevant Monthly Reporting Date or Quarterly Reporting Date, as the case may be, and such other information as may be agreed from time to time between the Portfolio Administrator and the Portfolio Manager.

The Portfolio Administrator shall make the Initial Portfolio Report available to the Noteholders by posting it on the Website on the date of the PMA.

Information

Each Report compiled by the Portfolio Administrator shall state that it is for informational purposes only, that certain information included in the Report is estimated, approximated or projected and that the Report is provided without any representations or warranties as to accuracy or completeness and that none of the Portfolio Manager, the Issuer, the Trustee, the Swap Counterparty or the Portfolio Administrator will have any liability for such estimates, approximations or projections. The Portfolio Manager will have no liability for the adequacy or the contents (except as regards any information or commentary provided for inclusion: (i) in writing by the Portfolio Manager or (ii) orally and confirmed in writing by the Portfolio Manager) of the Reports, including, without limitation, any errors, inaccuracies or omissions contained therein.

Portfolio Database

The Portfolio Administrator shall establish and maintain a record, in respect of the Portfolio (the “**Portfolio Database**”), recording the composition of the Portfolio in respect of the Credit Swap Transaction and the other matters set out below in this provision. The Portfolio Database will be updated by the Portfolio Administrator on each Substitution in respect of the Portfolio, on each Monthly Reporting Date and on each Quarterly Reporting Date, and shall include, without limitation, the following information in respect of each Reference Entity in the Portfolio as at such Substitution, Monthly Reporting Date or Quarterly Reporting Date:

- (a) the rating (if any) as assigned by Moody’s;
- (b) the country of incorporation of such Reference Entity;
- (c) the Reference Entity Notional Amount and Reference Entity Notional Amount Proportion;
- (d) whether such Reference Entity is designated in the Schedule to the confirmation with respect to the Credit Swap Transaction as “Subordinated”; and
- (e) whether such Reference Entity is designated in the Schedule to the confirmation with respect to the Credit Swap Transaction as a “Monoline Insurer Reference Entity”.

The Portfolio Database shall also include details of the following (including any changes thereto from time to time and the reason for each such change):

- (i) Accumulated Loss Percentage;
- (ii) Loss Threshold Rate; and
- (iii) Trading Reserve Account Balance.

The Portfolio Administrator shall, as soon as reasonably practicable following each Substitution and each change to the Accumulated Loss Percentage, the Loss Threshold Rate and the Trading Reserve Account Balance, make available the updated Portfolio Database to the Noteholders and the Swap Counterparty by posting it on the Website.

Daily Spreadsheets

The Portfolio Administrator shall, on a daily basis, provide the Portfolio Manager and the Swap Counterparty by email with a statement in an electronic format detailing all Substitutions effected in the Business Day preceding the date of such statement.

Confidentiality

Nothing in this provision shall oblige the Portfolio Manager to disclose, whether directly or indirectly, any information held under an obligation of confidentiality and the Portfolio Administrator shall not be liable for any such information not included.

Change of the Portfolio Administrator

Termination Without Cause

Subject to *Appointment of Successor* below, and to the prior written consent of the Swap Counterparty, the appointment of the Portfolio Administrator pursuant to the PMA may be terminated, without cause at any time, upon at least 45 days' prior written notice by (a) the Issuer or (b) the Trustee at its discretion (subject to the Trustee being secured or indemnified to its satisfaction), to the Portfolio Administrator copied to the Issuer or Trustee (as applicable), the Swap Counterparty and the Portfolio Manager and upon written notice to the Noteholders in accordance with Condition 14 (*Notices*).

Termination With Cause

Subject to *Appointment of Successor* below, the appointment of the Portfolio Administrator pursuant to the PMA may be terminated, for cause by (a) the Issuer or (b) the Trustee at its discretion forthwith upon prior written notice to the Portfolio Administrator copied to the Issuer or the Trustee (as applicable), the Swap Counterparty and the Portfolio Manager and upon written notice to the Noteholders in accordance with Condition 14 (*Notices*). For purposes of determining "cause" with respect to termination of a relevant Constituting Instrument relating to a Series of Notes in accordance with this provision such term shall mean any one of the following events:

- (a) the Portfolio Administrator shall default in the performance of any of its material duties under the PMA and shall not cure such default within 30 days of the occurrence of such default (or, if such default cannot be cured in such time, shall not give within 30 days such assurance of cure as shall be reasonably satisfactory to the Issuer, the Trustee, the Swap Counterparty and the Portfolio Manager);
- (b) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Portfolio Administrator in any involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Portfolio Administrator or for any substantial part of its property, or order the winding-up or liquidation of its affairs;
- (c) the Portfolio Administrator shall commence a voluntary case under applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Portfolio Administrator or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due; or
- (d) the Portfolio Administrator shall cease to be able to act under applicable laws.

If any of the events specified in this provision shall occur, the Portfolio Administrator shall give written notice thereof to the Issuer, the Trustee and the Portfolio Manager as soon as practicable after the Portfolio Administrator becoming aware of the occurrence of such event.

Resignation

Notwithstanding any other provision hereof to the contrary, but subject to *Appointment of Successor* below, the Portfolio Administrator can resign its appointment pursuant to the PMA without cause by the Portfolio Administrator giving 45 days' prior written notice and with cause by the Portfolio Administrator giving notice to the Issuer, the Trustee, the Swap Counterparty and the Portfolio Manager. For the purposes of determining "cause" in this provision, the definition thereof set out under *Appointment of Successor* below shall apply to the Issuer or the Portfolio Manager as the case may be *mutatis mutandis*.

Appointment of Successor

No termination of the appointment or resignation of the Portfolio Administrator shall be effective until the date as of which a successor Portfolio Administrator reasonably acceptable to the Issuer, the Trustee, the Swap Counterparty and the Portfolio Manager shall have agreed in writing to assume all of the Portfolio Administrator's duties and obligations pursuant to the PMA and notice of such appointment shall have been given to the Noteholders in accordance with Condition 14 (*Notices*) of the Conditions. Upon the resignation or removal of the Portfolio Administrator pursuant to this provision, the Portfolio Manager on behalf of the Issuer shall use its best efforts to appoint a successor Portfolio Administrator, provided, however, that if, within 120 days of the resignation of the Portfolio Administrator, the Portfolio Manager, on behalf of the Issuer, has not appointed a successor to the Portfolio Administrator, the Portfolio Administrator may itself appoint or the Trustee (acting upon a direction from the Noteholders) may appoint a successor Portfolio Administrator reasonably acceptable to the Issuer, the Trustee, the Swap Counterparty and the Portfolio Manager (such consent not to be unreasonably withheld or delayed).

Effect of Resignation

Upon its resignation or removal becoming effective the Portfolio Administrator shall forthwith transfer all records or other information held by it in its capacity as Portfolio Administrator to the successor Portfolio Administrator (excepting any confidential information), but shall have no other duties or responsibilities under the PMA, and shall be entitled to the payment by the Issuer of its remuneration for the services previously rendered under the PMA in accordance with the Conditions. The provisions of the PMA relating to liability shall survive the resignation or removal of the Portfolio Administrator.

Merger or Consolidation

A corporation into which the Portfolio Administrator is merged or converted or with which it is consolidated or which results from a merger, conversion or consolidation to which it is a party shall, to the extent permitted by applicable law, be the successor Portfolio Administrator under the PMA. The Portfolio Administrator has agreed to do all such further acts and things (if any) as are necessary to give effect to this provision. The Portfolio Administrator shall forthwith notify the other parties to the relevant Constituting Instrument as soon as practicable after it becomes aware that any such event shall occur, giving details of the date on which such event is to occur and of the successor Portfolio Administrator.

Vesting of Powers

Upon any successor Portfolio Administrator appointed under the PMA executing, acknowledging and delivering to the Issuer and the Trustee an instrument accepting such appointment under the PMA, it shall, without any further act, deed or conveyance, become vested with all authority,

rights, powers, trusts, indemnities, duties and obligations of the Portfolio Administrator under the PMA.

(D) DEFINITIONS

The following is a list of defined terms used in the Portfolio Management Agreement, to the extent that they are not otherwise defined in the Credit Swap Transaction or the Constituting Instrument. Terms used in this summary of the Portfolio Management Agreement not defined below bear the same meanings given to them in the Constituting Instrument and the confirmation with respect to the Credit Swap Transaction.

“Affiliate” means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose **“control”** of any entity or person means ownership of a majority of the voting power of the entity or person.

“Agreed Timeframe” means, unless the Relevant Parties (other than the Portfolio Administrator) agree otherwise, the period of time beginning on the date of such notification referred to in paragraph (g) above and ending on the date which falls 30 days after the notification.

“Change of Law” means a new, or any change in, any statute, treaty, regulation, rule, published ruling, published official practice, procedure, official interpretation or judicial decision introduced or taking effect after the date of the PMA.

“Credit Swap Transaction” means the transaction defined as such in the Terms of the Notes or, if not defined as such, the credit derivative transaction (howsoever described) entered into by the Issuer in relation to the Notes.

“Initial Portfolio Report” means a report substantially in the form of a Quarterly Portfolio Report, relating to the Portfolio as at the Effective Date of the Credit Swap Transaction (but, for the avoidance of doubt, excluding information that would usually be contained in a Quarterly Portfolio Report relating to the preceding calendar quarter).

“Instructions” means any written notices, directions or instructions received by the Portfolio Administrator from an Authorised Person or from a person reasonably believed by the Portfolio Administrator to be an Authorised Person.

“Moody's” shall bear the meaning ascribed to it in Schedule 1 (*Substitution Procedures*).

“Monthly Reporting Date” shall be the final Business Day in each month up to (but excluding) the Scheduled Termination Date.

“Notes” mean, with respect to a Portfolio Management Agreement, the Series of Notes to which the Constituting Instrument in which these Master Portfolio Management Terms are incorporated by reference relates.

“Person” means an individual, corporation (including a business trust), partnership, collective investment scheme, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.

“Portfolio” means the portfolio of Reference Entities comprised in the Credit Swap Transaction from time to time.

“Portfolio Management Agreement” means, with respect to a Series of Notes, the portfolio management agreement constituted by these Master Portfolio Management Terms and the relevant Constituting Instrument.

“Portfolio Management Fee” means, with respect to a Portfolio Management Fee Period, an amount equal to the sum, with respect to each day in such Portfolio Management Fee Period, of the products of the Aggregate Nominal Amount on each such day and the applicable Portfolio Management Fee Rate divided by the number of days in such Portfolio Management Fee Period.

“Portfolio Management Fee Day Count Fraction” means a fraction which is the number of days in the relevant Portfolio Management Fee Period divided by 365.

“Portfolio Management Fee Payment Date” means, for as long as any Notes are outstanding, 5 July in each year or if any such date is not a Business Day the next following date which is a Business Day.

“Portfolio Management Fee Period” means the period from and including the Issue Date to but excluding the first Portfolio Management Fee Payment Date and each period thereafter from and including one Portfolio Management Fee Payment Date to but excluding the next following Portfolio Management Fee Payment Date.

“Portfolio Management Fee Rate” shall be 0.80 per cent per annum multiplied by the Portfolio Management Fee Day Count Fraction in the case of any Portfolio Management Fee Period which is less than one year (other than by reason of the adjustment of the date for payment due to such date not being a Business Day).

“Proceedings” means any legal action or proceedings arising out of or in connection with the Portfolio Management Agreement.

“Proposed Substitution” means any proposed Substitution requested by the Portfolio Manager.

“Quarterly Reporting Date” means the final Business Day in each of March, June, September and December up to (but excluding) the Scheduled Termination Date.

“Reference Entity Notional Amount” shall bear the meaning ascribed to it in Schedule 1 (*Substitution Procedures*).

“Reference Entity Notional Amount Proportion” means in respect of each Reference Entity in the Portfolio, the proportion (expressed as a percentage) of the Reference Entity Notional Amount of such Reference Entity to the aggregate of the Reference Entity Notional Amounts of all Reference Entities in the Portfolio.

“Relevant Party” means each party to the PMA.

“Report” means the reports prepared from time to time by the Portfolio Administrator in accordance with part 3 of this summary.

“Restructuring Solution” means any measure or series of measures which for the avoidance of doubt each of the Relevant Parties must agree to and which avoids or significantly reduces either the tax liability which is relevant to the Tax Event or the economic cost to the Issuer of any additional payment obligation which the Tax Event gives rise to.

“Swap Counterparty Order” shall bear the meaning ascribed to it in Schedule 1 (*Substitution Procedures*).

“S&P” means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor or successors thereto.

a **“Tax Event”** will occur if, on the next succeeding date on which any Portfolio Management Fee or the Termination Portfolio Management Fee (or any part thereof) is due to be paid, the Issuer will be required to pay an additional amount pursuant to either paragraph (b) or (d) of the section in the PMA relating to Management Fees or there is a substantial likelihood of this happening.

INFORMATION RELATING TO THE INITIAL CHARGED ASSETS

The following information relating to the Initial Charged Assets and the obligor with respect to the Initial Charged Assets has been produced on the basis of information available to the Issuer and is a summary only and has been extracted from public sources. The following information has been accurately reproduced from public sources. So far as the Issuer is aware and is able to ascertain from such public sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. None of the Issuer, the Arranger, the Trustee, the Custodian, the Swap Counterparty, the Portfolio Manager or the Portfolio Administrator has verified such information and the Trustee does not accept any liability whatsoever for the accuracy of such information and prospective investors in the Notes should make their own independent investigations and enquiries into the Initial Charged Assets and the obligor with respect to the Initial Charged Assets.

Initial Charged Assets:	EUR 5,000,000 of the O.A.T. 3.50% due 25 April 2015 issued by the Republic of France (ISIN: FR0010163543).
	The Initial Charged Assets pay a fixed coupon of 3.50% per annum.
Issuer of the Initial Charged Assets:	Republic of France.
Registered Address:	Agence France Tresor, 139 rue de Bercy, Teledoc 287, 75572 Paris Cedex 12, France
Country of Incorporation:	France
Description of business/principal activities:	Sovereign State
Listing:	The Initial Charged Assets are listed on the Bourse Frankfurt
Governing Law:	French Law

INFORMATION RELATING TO THE ISSUER

1. **Authorisation**

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was duly authorised by a resolution of the board of directors of the Issuer dated on or about 22 September 2011.

2. **Interests of Natural and Legal Persons in the Issue**

So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

3. **Significant or Material Change**

There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer since 31 December 2010, being the date of the Issuer's last published audited financial statements.

4. **Litigation**

There are no legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had since the date of its incorporation a significant effect on the financial position of the Issuer.

5. **Documents Available**

Copies of the following documents will be available for inspection by physical means during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer and the specified office of the Registrar in London for so long as any of the Notes shall remain outstanding:

- (i) this Series Memorandum and the Programme Memorandum;
- (ii) the Constituting Instrument dated 22 September 2011 and the Charged Agreement dated 22 September 2011;
- (iii) the Memorandum and Articles of Association of the Issuer; and
- (iv) the audited financial statements of the Issuer for the financial year ending on 31 December 2010.

6. **Clearing Systems and Settlement**

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg or such other clearing system approved by the Issuer and the Trustee. The common code and ISIN for the Notes, will be 067206690 and XS0672066908 respectively.

7. **Post Issuance Reporting**

The Issuer does not intend to provide post-issuance transaction information.

8. **Estimated Total Expenses**

The Arranger has agreed to take responsibility for the expenses relating to the admission to trading and therefore the cost of such expenses to the Issuer is nil.

9. **Withholding taxes**

The Issuer is not required to gross up any amounts payable by it in respect of any withholding tax and, accordingly, assumes no responsibility for the effect of any taxes withheld at source.

INFORMATION RELATING TO THE LISTING AGENT

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

REGISTERED OFFICE OF THE ISSUER

ELM B.V.

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1097 JB Amsterdam
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ARRANGER

UBS Limited

100 Liverpool Street
London EC2M 2RH

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AXA Investment Managers Paris S.A.

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92400 Paris La Defense Cedex
France

PORTFOLIO ADMINISTRATOR

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One Canada Square
London
E14 5AL

TRUSTEE

The Law Debenture Trust Corporation p.l.c.

Fifth Floor
100 Wood Street
London EC2V 7EX

**CUSTODIAN, SWAP COUNTERPARTY
AND CALCULATION AGENT**

UBS AG, London Branch

100 Liverpool Street
London EC2M 2RH

REGISTRAR

UBS AG, London Branch

100 Liverpool Street
London EC2M 2RH

LISTING AGENT

Arthur Cox Listing Services Limited

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Earlsfort Terrace
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Ireland

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as to Dutch law:*

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