Series Memorandum
Dated: 11 July 2013

ELM B.V.

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

EUR 146,000,000 Secured Instalment Note due 2047

€15,000,000,000 Secured Note Programme

SERIES 140

UBS Investment Bank

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 05 February 2013 relating to the Programme (the "**Programme Memorandum**"), save for the section entitled "Terms and Conditions of the Notes" at pages 27 to 77 (inclusive). The "Terms and Conditions of the Notes" set out at pages 25 to 71 (inclusive) of the Programme Memorandum dated 22 November 2010 (the "**2010 Programme Memorandum**") shall be incorporated by reference into this Series Memorandum. This document should be read in conjunction with the Programme Memorandum and the "Terms and Conditions of the Notes" set out at pages 25 to 71 (inclusive) of the 2010 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 Note is only available on the basis of the combination of the provisions set out within this document and the Programme Memorandum.

This Series Memorandum has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under Directive 2003/71/EC (as amended) (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. Application has been made to the Irish Stock Exchange (the "**Irish Stock Exchange**") for the Note to be admitted to the Official List (the "**Official List**") and trading on its regulated market. No assurance can be given that such application will be granted. This Series Memorandum has been prepared for the purpose of admitting the Note to trading on the regulated market of the Irish Stock Exchange and shall be used for no other purpose.

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), such 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.

UBS AG, London Branch accepts responsibility for the information contained in the section entitled "Information relating to the Swap Counterparty" in this Series Memorandum. To the best of the knowledge and belief of UBS AG, London Branch (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, UBS AG, London Branch 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 Note 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 Note 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 Securities Lending Counterparty, 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.

The Trustee will represent the Noteholder in accordance with the Master Trust Terms. The security granted by the Issuer in respect of the Note is granted in favour of the Trustee who holds such security on trust for the Swap Counterparty and the Noteholder 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.

This Series Memorandum contains references to credit ratings granted by Standard & Poor's Inc., a division of The McGraw-Hill Companies, Inc. ("**S&P**"), Moody's Investors Service, Inc. ("**Moody's**") and Fitch Ratings Limited ("**Fitch**"). Fitch is established in the European Community and is registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**Regulation**"). S&P and Moody's are not established in the European Community and have not applied for registration pursuant to the Regulation.

For as long as the Note is 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 Registrar for so long as the Note shall remains outstanding:

(i) this Series Memorandum, the 2010 Programme Memorandum and the Programme Memorandum;

(ii) the Constituting Instrument dated 30 November 2010, the First Supplemental Constituting Instrument dated 21 December 2010, the Second Supplemental Constituting Instrument dated 26 May 2011 and the Charged Agreement dated 30 November 2010;

(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 and 31 December 2011.

The audited financial statements of the Issuer for the financial year ending on 31 December 2010 are available for viewing at http://www.elm-bv.nl/documenten/33286267/ELM%20B.V.%20-%20annual%20accounts%202010%20unsigned%20(revised%20auditors%20report).pdf

The audited financial statements of the Issuer for the financial year ending on 31 December 2011 are available for viewing at http://www.elm-bv.nl/documenten/33286267/ELM%20B.V.%20-%20annual%20accounts%202011%20unsigned%20(revised%20auditors%20report).pdf

The language of this 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.

The Trustee acts as trustee in relation to the Note on the Terms of the Master Trust Terms. The security granted by the Issuer in respect of the Note is granted in favour of the Trustee who holds such security on trust for the Swap Counterparty and the Noteholder 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.

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

Notwithstanding item 13 in the Terms of the Note, application has been made to the Irish Stock Exchange for the Note to be admitted to the Official List and trading on its regulated market.

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

The Note has not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The Note 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 Note is an illiquid investment, the purchase of which involves substantial risks. Any investor investing in the Note should fully consider, understand and appreciate those risks.

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RISK FACTORS

Investor Suitability

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

Before making an investment decision, a prospective purchaser of the Note should conduct such independent investigation and analysis regarding the Issuer, the Swap Counterparty, the Securities Lending Counterparty 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 Note. In particular, as part of such independent investigation and analysis, prospective purchasers of the Note 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 Note.

Investment in the Note 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 Note in the context of the investor's own financial circumstances and investment objectives.

No secondary market for the Note currently exists, nor is one expected to develop. Prospective purchasers of the Note should therefore recognise that they may not be able to make any transfer of the Note for a substantial period of time, if at all. Investment in the Note is therefore only suitable for investors who are capable of bearing the economic risk of an investment in the Note until its Maturity Date and are not acquiring the Note 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 Note 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 Note or otherwise.

Credit Risk

The Note will constitute a secured, limited recourse obligation 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 Note and no other assets of the Issuer will be available to satisfy claims of Noteholder.

None of the Issuer, the Trustee, UBS nor any other person on their behalf 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 Mortgaged Property or (ii) whether the Charged Agreement constitutes legal, valid and binding obligations of the Swap Counterparty. None of the

Issuer, the Trustee, UBS nor any other person acting on their behalf has, in connection with the Note, made any investigation of, or makes any representation or warranty, express or implied, whether the Charged Assets constitute legal, valid and binding obligations of their issuers. The Issuer and its affiliates are not responsible for the public disclosure of information by any issuer of Charged Assets.

Investment in the Note may involve a loss of principal by virtue of the terms of the Note even where there is no default by the Issuer. The Noteholder, and prospective purchasers of Note, 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 issuer(s) of the Charged Assets and the Swap Counterparty. None of the Issuer, the Trustee, UBS nor any other acting person on their behalf will have any responsibility or duty to make any such investigations, to keep any such matters under review, to provide the Noteholder, or prospective purchasers of the Note, with any information in relation to such matters or to advise as to the attendant risks.

Certain Risk Factors Relating to the Charged Assets, the Swap Counterparty and the Securities Lending Counterparty

The Charged Assets may be substituted and/or removed from time to time

After the Investment Period, the Swap Counterparty has the right to substitute Charged Assets ("**Substituted Charged Assets**") for Eligible Assets (as defined above) from time to time provided that the present value of the replacement Eligible Assets is not less than the present value of the Substituted Charged Assets and provided that the aggregate nominal amount of the Charged Assets and any Borrowed Securities is less than EUR 500,000,000 (the "**Charged Assets Nominal Amount Maximum**") and greater than EUR 230,000,000 (in the period from the end of the Investment Period to 30 January 2037) or greater than EUR 200,000,000 (in the period from 30 January 2037 to 30 July 2041) (each, a "**Charged Assets Nominal Amount Minimum**"). Also, after the Investment Period, the Swap Counterparty has the right to remove Charged Assets from time to time provided that the present value of the remaining Charged Assets and any Borrowed Securities (as defined below) is not less than the present value of the remaining Instalment Amounts payable under the Note and provided that the aggregate nominal amount of the Charged Assets and any Borrowed Securities is greater than the Charged Assets Nominal Amount Minimum. The Swap Counterparty is not required to, and will not, take into account the interests of the Noteholder in making any decision to substitute or remove Charged Assets.

Furthermore, the Securities Lending Counterparty has the right during the period ending five years after the Issue Date to borrow some or all of the Charged Assets ("**Borrowed Securities**") in return for delivering Eligible Securities to the Issuer (such delivered Eligible Securities, "**Delivered Securities**"). Delivered Securities may be exchanged for other Eligible Securities from time to time. The Securities Lending Counterparty is not required to, and will not, take into account the interests of the Noteholder in making any decision to borrow or return Charged Assets or to exchange Delivered Securities. "**Eligible Securities**" may comprise <u>any</u> debt obligation provided that at the time of delivery to the Issuer is rated at least Aa3 by Moody's or AA- by Standard & Poor's, although the Securities Lending Agreement also provides for a mechanism to ensure that the value of the Delivered Securities does not fall below the value of the Borrowed Securities and, whenever Eligible Securities are delivered to the Issuer, the value of the Delivered Securities is required to be at least 110% of the value of the Borrowed Securities. The Notes will not be secured on any Charged Assets which become Borrowed Securities, but will be secured on the relevant Delivered Securities. Accordingly, to such extent, the Noteholder is exposed to the credit risk of the Delivered Securities. However, since the Securities Lending Counterparty is required to exchange defaulted Delivered Securities for replacement Eligible Securities or to return Borrowed Securities, the Noteholder will only be exposed to such credit risk if the Securities Lending Counterparty is also in default.

The Note shall be redeemed early following a Charged Assets Default Event

If the Swap Counterparty determines at any time that a Charged Assets Default Event has occurred in respect of any of the Charged Assets or Borrowed Securities, then the Notes shall fall due for redemption. The redemption amount due to the Noteholder in such circumstances is discussed further under "*The Note may be redeemed by delivery of Charged Assets/Delivered Securities, subject to prior ranking claims*" below. The circumstances giving rise to a Charged Assets Default Event are set out in detail in Special Condition (V) of the Terms of the Note set out in this document and paragraph 7 of the "Other Provisions" section of the Swap Confirmation and any potential Noteholder is urged to read such provisions carefully. The Note may fall due for redemption early by reason of a Charged Assets Default Event whether or not the affected asset is a Charged Asset held by the Issuer or a Borrowed Security held by the Securities Lending Counterparty and for reasons which include but are not limited to a failure to pay by the obligor with respect to the Charged Assets/Borrowed Securities.

The Note may be redeemed by delivery of Charged Assets/Delivered Securities, subject to prior ranking claims

If the Note falls due for redemption early for any reason, the Charged Assets and any Delivered Securities which have not been returned to the Securities Lending Counterparty in exchange for Borrowed Securities are required to be realised to the extent reasonably determined to be necessary to satisfy any claims ranking ahead of the Noteholder. These prior ranking claims will include the costs, expenses and remuneration of the Trustee and any amounts owing to the Valuation Agent, the Swap Counterparty and the Securities Lending Counterparty. Following such realisation and satisfaction of all such prior ranking claims the Note shall be redeemed by transfer to the Noteholder of Early Redemption Assets. No assurance can be given as to whether such realisation and satisfaction of all such prior ranking claims will take place in a timely manner and it is possible that a considerable period of time may pass between the Note falling due for redemption and the Note actually being redeemed. The "**Early Redemption Assets**" shall comprise any Charged Assets and Delivered Securities and any amounts received from the Swap Counterparty in respect of the Charged Agreement and from the Securities Lending Counterparty in respect of the Securities Lending Agreement which have not been required to be realised to satisfy prior ranking claims and any excess proceeds of such realisation.

No assurance can be given that the value of the Early Redemption Assets will be equal to the present value of the Note or an amount sufficient to enable the Noteholder to purchase another similar investment. The value of the Early Redemption Assets will be dependent on, among other things, the extent of prior ranking claims (including any claims by the Swap Counterparty and the Securities Lending Counterparty in respect of the termination of the Charged Agreement and the Securities Lending Agreement, respectively) and the value of the remaining Charged Assets and Delivered Securities. The Charged Agreement will terminate if the Notes fall due for redemption early and the payment measure for determining the amount of the termination payment due from or to the Swap Counterparty is "Loss" (as defined in the ISDA Master Agreement comprised in the Charged Agreement). If the Notes fall due for redemption early, the Securities Lending Agreement will terminate and the Securities Lending Counterparty is required to return Borrowed Securities and is entitled to receive Delivered Securities, provided that if the Securities Lending Counterparty is in default a single termination payment shall fall due equal to the difference between the value of the Borrowed Securities and the Delivered Securities (if the value of the Borrowed Securities exceeds the value of the Delivered Securities then the Securities Lending Counterparty shall be required to pay an amount equal to the excess to the Issuer and if the value of the Delivered Securities exceeds the value of the Borrowed Securities then the Issuer shall be required to pay an amount equal to the excess to the Securities Lending Counterparty).

If the value of the Early Redemption Assets is insufficient to enable the Noteholder to recover an amount equal to the present value of the Note or to purchase another similar investment, no other assets of the Issuer will be available to meet such shortfall.

No Charged Assets or Delivered Securities obligor is involved in the issuance of the Notes

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

Exposure to UBS AG

UBS AG acts in a number of capacities in relation to the Note (including as Swap Counterparty) and, as such, any investor in the Note will be exposed to the credit risk of UBS AG. The Note does not represent a claim against UBS AG or any affiliate of UBS AG and, in the event of any loss, the Noteholder will have recourse to the proceeds of the Mortgaged Property and not to UBS AG.

Legality of Purchase

None of the Issuer, the Trustee, UBS nor any other person acting on their behalf has or assumes responsibility for the lawfulness of the acquisition of the Note by a prospective purchaser of the Note, 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, the Trustee and UBS disclaim any responsibility to advise the purchaser of the Note of the risks and investment considerations associated with the purchase of the Note as they may exist at the date hereof or from time to time hereafter. All information (if any) relating to the Charged Assets referred to in this Series Memorandum has been extracted from publicly available sources. None of the Issuer, the Trustee, UBS nor any other person acting on their behalf has verified such information and, accordingly, none of them makes any representation or warranty, express or implied, as to its accuracy or completeness. The Noteholder may not at any time rely on any such persons or any affiliate of any of them or any person on their behalf to monitor whether or not a default in relation to 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 default in relation to the Charged Assets, has occurred.

No Restrictions on Activities

Any of the Issuer, the Trustee and UBS and other person acting on their behalf may have existing or future business relationships (including depository, lending, advisory or any other kind of commercial or investment banking activities or other business) with the issuers of the Charged Assets or the Swap Counterparty, any affiliate of the issuers of the Charged Assets or the Swap Counterparty or any other entity having obligations relating to the issuers of the Charged Assets or the Swap Counterparty (including, in each case, arising from any notes issued by, to or in respect of the obligations of, any such party) and may purchase, sell or otherwise deal in any assets or obligations of, or relating to, any such party. Any of the Issuer, the Trustee and UBS or other person acting on their behalf may act with respect to any such business, assets or obligations without regard to any possible consequences for the issuers of the Charged Assets, or the Swap Counterparty, the Note or the Noteholder (or the impact of any such dealing on the interests of the Noteholder) or otherwise (including, without limitation, any action which might constitute or give rise to a default in relation to the Charged Assets or a default or an early termination event in respect of the Note).

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 the Charged Assets or their issuers or the Swap Counterparty that is or may be material in the context of the issue of the Note and that may or may not be publicly available or known to the Noteholder, and the Note does not create any obligation on the part of UBS or any other person to disclose to the Noteholder any such relationship or information (whether or not confidential).

Taxation

The 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 Note. Neither the Issuer nor any other person will pay any additional amounts to the Noteholder to reimburse it for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Note by the Issuer or by the Registrar, although such requirement will give rise to an obligation to redeem the Note early in the circumstances described in Condition 7(c) and item 22 of the Terms of the Note.

Legal Opinions

Whilst legal opinions relating to the issue of the Note have been obtained with respect to English law and Dutch law, no such opinions have been obtained with respect to any other applicable laws, including the laws governing any Charged Assets or the laws of the country in which the issuers of the Charged Assets are incorporated or operate (if different). The legal opinions are addressed to UBS and the Trustee, and not to the Noteholder (which will not be able to rely on them).

DOCUMENTS INCORPORATED BY REFERENCE

The following information contained in the 2010 Programme Memorandum and Programme Memorandum is incorporated by reference into this Series Memorandum.

The table below sets out the relevant page references for the information incorporated herein by reference:

From the 2010 Programme Memorandum

Section	**Page(s)**
Terms and Conditions of the Notes	Pages 25-71

From the Programme Memorandum

Section	**Page(s)**
Overview of Programme	Pages 6 to 17
Risk Factors	Pages 18 to 19
Supplementary Information	Page 20
Documents incorporated by reference	Page 21
Form of the Notes	Pages 22 to 23
General Information	Pages 24 to 26
ELM B.V.	Pages 78 to 80
The Charged Asset Sale Agreement	Page 81
Custody Arrangements	Page 82
Description of the Charged Agreement	Pages 83 to 84
Dutch Taxation	Pages 85 to 87
Subscription and Sale	Pages 88 to 93

The parts of the 2010 Programme Memorandum and Programme Memorandum not listed in the table above are either not relevant for an investor or are covered elsewhere in this Series Memorandum. Accordingly, any information not listed in the table above but included in the 2010 Programme Memorandum and Programme Memorandum are given for information purposes only.

Any statement contained in the 2010 Programme Memorandum and Programme Memorandum shall be deemed to be modified or superseded for the purpose of this Series Memorandum to the extent that a statement contained herein modifies or supersedes such earlier statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Series Memorandum except as modified or superseded.

The 2010 Programme Memorandum is available on the website of the Irish Stock Exchange at http://www.ise.ie/debt_documents/Base%20Prospectus_8ede3d1e-ac89-4a9f-bb41-ddf9ec450f85.pdf

The Programme Memorandum is available on the website of the Irish Stock Exchange at http://www.ise.ie/debt_documents/Base%20Prospectus_812ece30-7af1-4d05-91c7-eca546b36652.PDF

TERMS OF THE SERIES 140 EUR 146,000,000 SECURED INSTALMENT NOTE DUE 2047

The Note designated above (the "**Note**") 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 Note as so completed, modified and amended. References to "**Conditions**" or "**Condition**" shall, unless otherwise provided, mean references to the Terms and Conditions of the Note. 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 Charged Agreement (including the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. incorporated by reference into the confirmation with respect to the Charged Agreement) and by the provisions of the Securities Lending Agreement.

1.	(i)	Issuer:	ELM B.V.
	(ii)	Arranger:	UBS Limited
2.	(i)	Series Number:	140
	(ii)	Tranche Number:	Not applicable.
3.	Aggregate Nominal Amount:		
	(i)	Aggregate Nominal Amount (of the Series):	EUR 146,000,000.
	(ii)	Aggregate Nominal Amount (of the Tranche):	Not applicable.
4.	(i)	Issue Price:	100 per cent. of the Aggregate Nominal Amount.
	(ii)	Net Proceeds:	EUR 146,000,000
5.	Denomination:		Aggregate Nominal Amount
6.	(i)	Issue Date:	30 November 2010
	(ii)	Interest Commencement Date:	Not applicable.
7.	Maturity Date:		The date which is the later of (i) 1 September 2047, subject to adjustment in accordance with the Business Day Convention and (ii) the final Delayed Instalment Date (if applicable).
8.	Interest Basis:		Not applicable.
9.	Redemption/Payment Basis:		Redemption by Instalments applies. See item 28 below.
10.	Change of Interest or Redemption/ Payment Basis:		Not applicable.
11.	Put/Call Options:		Not applicable.

12.	Status of the Note:	
	(i) Status of the Note:	Secured and limited recourse obligation of the Issuer, 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 shall apply, which expression shall not have the meaning given to it in Condition 4(d) but, rather, shall have the meaning set out below: "**Swap Counterparty Priority**" means: (i) first, in meeting the claims (if any) of the Swap Counterparty under the Charged Agreement, the Securities Lending Counterparty under the Securities Lending Agreement, the Valuation Agent (if any) under the Valuation Agency Agreement (if any) and the Registrar (for reimbursement in respect of any payment made to the Noteholder), pari passu and rateably; (ii) secondly, in meeting the claims (if any) of the Noteholder (which claims shall notwithstanding anything to the contrary, be satisfied in accordance with item 22 below); and (iii) thirdly, in payment of the balance (if any) to the Issuer.
13.	Listing:	None.
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:	For the purpose of Condition 7(e)(1)(i), the Scheduled Redemption Amount payable on the Maturity Date is the final Instalment Amount.

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(e)(2) shall not apply in relation to early redemption pursuant to Condition 7(b) (as amended pursuant to Special Condition (V) below) or Condition 7(c) or upon the Note becoming due and repayable as provided in Condition 9 (and, accordingly, there shall be no Early Redemption Amount) and instead the Note shall be redeemed by transfer of the Early Redemption Assets to the Noteholder. The references in Condition 7(e)(3) to the redemption of each Note at its Redemption Amount shall be construed accordingly.

"**Early Redemption Assets**" means (i) the balance of any remaining Charged Assets (including any Borrowed Securities returned to the Securities Seller in accordance with the terms of the Securities Lending Agreement) and any remaining Delivered Securities (to the extent that any Delivered Securities are not required to be delivered to the Securities Lending Counterparty in accordance with the terms of the Securities Lending Agreement) which are not realised pursuant to Condition 4(c) for the purpose of satisfying any claims ranking prior to those of the Noteholder in accordance with Condition 4(d) plus (ii) an amount equal to the realisation proceeds of the Charged Assets and the Delivered Securities and any amounts received by the Issuer from the Swap Counterparty or the Securities Lending Counterparty as a consequence of the termination of the Charged Agreement and the Securities Lending Agreement, in each case not otherwise required to be used in satisfying such prior ranking claims.

The Trustee, acting in accordance with the directions of the Swap Counterparty or, if an Event of Default has occurred with respect to the Swap Counterparty pursuant to the Charged Agreement, in accordance with the directions of the Noteholder, shall select which of the Charged Assets and/or Delivered Securities shall be realised in accordance with Condition 4(c) in order to satisfy claims ranking prior to those of the Noteholder in accordance with Condition 4(d) in accordance with the directions of the Swap Counterparty or, if an Event of Default has occurred with respect to the Swap Counterparty pursuant to the Charged Agreement, in accordance with the directions of the Noteholder; provided that (i) to the extent that the Mortgaged Property comprises cash which is available to satisfy such prior ranking claims, such cash shall be applied before any securities are sold or otherwise realised and (ii) the amount of securities selected for sale or realisation shall not exceed an amount which as at the date of selection is reasonably determined by the Swap Counterparty or, as the case may be, by the Noteholder to be sufficient to realise an amount which will satisfy all such prior ranking claims. Notwithstanding the foregoing, the selection and realisation of Charged Assets and/or Delivered Securities shall not be delayed in anticipation of receipt of any amounts which may be due but are unpaid by the Swap Counterparty pursuant to the Charged Agreement or by the Securities Lending Counterparty pursuant to the Securities Lending Agreement. The Trustee shall be entitled to rely on the directions of the Swap Counterparty or, as the case may be, the Noteholder in relation to the selection of Charged Assets and/or Delivered Securities in accordance with this paragraph without any further enquiry or investigation and shall not be liable for having done so. Condition 4(c) shall be construed so as to be consistent with this paragraph.

As soon as reasonably practicable following the realisation of the Charged Assets and/or Delivered Securities, the Issuer shall notify the Noteholder in accordance with Condition 14 (as amended pursuant to Special Condition (VIII)) of the securities and cash which shall comprise the Early Redemption Assets, whereupon, in order to receive transfer of the Early Redemption Assets, the Noteholder is required to notify the Issuer of its account details for the purpose of the delivery of the Early Redemption Assets by sending notice to the Issuer in, or substantially in, the form of the Noteholder Delivery Instruction set out in Annex 3 hereto (which the Issuer shall countersign and forward to the Custodian (with a copy to the Trustee) as soon as reasonably practicable thereafter). To the extent that the Noteholder does not deliver a valid Noteholder Delivery Instruction to the satisfaction of the Issuer, none of the Issuer, the Custodian, the Registrar, the Trustee, the Swap Counterparty or any other person shall be liable to the Noteholder or any other person in respect of any delay in the delivery of the Early Redemption Assets to the Noteholder as a consequence thereof.

If the Custodian determines in its reasonable discretion that the delivery to the Noteholder of the Early Redemption Assets is prohibited under any applicable law, regulation or directive or is otherwise not possible or practicable, the Custodian shall deliver the Early Redemption Assets to the Calculation Agent and the Calculation Agent shall use all reasonable efforts to arrange the sale of the Early Redemption Assets and arrange for the payment to the Noteholder of the proceeds of such sale attributable to the amount of Early Redemption Assets that was otherwise to have been delivered to the Noteholder. The Calculation Agent shall use all reasonable efforts to sell the relevant Early Redemption Assets at its best execution price, but,

		subject as aforesaid shall not be liable for the price obtained by it, nor shall the Calculation Agent be required to delay any sale of the Early Redemption Assets in anticipation that a better price might be obtained. Any delivery of Early Redemption Assets to the Noteholder shall be subject to the Noteholder paying to the Custodian any costs and expenses (including, without limitation, stamp duty and any other tax) arising in connection therewith.
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**"):	Not applicable.
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):	Not applicable.
27.	Details relating to Partly Paid Notes:	Not applicable.
28.	Details relating to Instalment Notes:	Redemption by instalments, as set out in Condition 7(i) applies. On each date as specified in the first column of Annex 2 hereto (each such date, an "**Instalment Date**"), the Issuer shall pay to the Noteholder the amount specified with respect to such date in the second column of Annex 2 hereto (each such amount an "**Instalment Amount**"), provided that no Instalment Amount shall be payable after the occurrence of a Charged Assets Default Date and no Instalment Amount shall be payable on

any Instalment Date on which a Potential Charged Assets Default Event occurs or is continuing.

A "**Potential Charged Assets Default Event**" means the failure of an obligor of one or more of the Charged Assets or Borrowed Securities to make, when and where due, any payments, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable in accordance with the terms of such Charged Asset or Borrowed Security at the time of such failure.

If, after the expiry of the earlier of (i) 30 calendar days and (ii) any relevant grace period, a Charged Assets Default Event has not occurred with respect to the event that constituted the relevant Potential Charged Assets Default Event, any Instalment Amounts not paid during such grace period shall be payable (without interest thereon) on the Business Day following the expiry of the relevant grace period (such date, a "**Delayed Instalment Date**").

If, after the expiry of the earlier of (i) 30 calendar days and (ii) any relevant grace period, a Charged Assets Default Event has occurred with respect to the event that constituted the relevant Potential Charged Assets Default Event or otherwise, the Note shall be redeemed in accordance with Condition 7(b) (as amended pursuant to Special Condition (V) below) and no Instalment Amounts shall be payable after the occurrence of the relevant Charged Assets Default Date

29. Redenomination applicable: Not applicable.

30. Security:

(i) Charged Assets: The Charged Assets shall comprise such Eligible Assets as are delivered to the Issuer and held in the Collateral Account (as defined below) from time to time.

"**Eligible Assets**" means any debt obligation of, or guaranteed irrevocably and unconditionally by, the Kingdom of Spain.

As at the Issue Date the Charged Assets shall comprise the initial Eligible Assets as set out in Annex 1 hereto (the "**Initial Charged Assets**"). The Swap Counterparty shall deliver at least EUR 40,000,000 aggregate nominal amount of additional Eligible Assets ("**Additional Charged Assets**") to the Issuer on any date or dates prior to the last day of the Investment Period.

After the Investment Period, the Charged Assets may be subject to Addition, Substitution and

Removal (as defined in Special Condition (I) below). The Charged Assets may also be borrowed by the Securities Lending Counterparty pursuant to the Securities Lending Agreement from time to time until the Securities Lending End Date (as defined in the Securities Lending Agreement).

"**Investment Period**" means the period from and including the Issue Date to and including the date falling three calendar months after the Issue Date.

	(ii)	Replacement:	Condition 4(f)(1) shall not apply, without prejudice to the application of the Special Conditions below.
	(iii)	Substitution:	Condition 4(f)(2) shall not apply, without prejudice to the application of the Special Conditions below.
	(iv)	Charging Instrument:	Not applicable.
	(v)	Depositary Account:	Each account of the Custodian in which Charged Assets are held from time to time.
	(vi)	Collateral Account:	A segregated securities account opened on behalf of and held in the name of the Issuer with the Custodian.
	(vii)	Custodian:	UBS AG, London Branch
	(viii)	Charged Agreement:	An agreement under the Master Swap Terms made between the Swap Counterparty and the Issuer and dated 30 November 2010 together with a confirmation thereunder in respect of a swap transaction between the same parties dated as of the same date (such confirmation, the "**Swap Confirmation**").
	(ix)	Swap Counterparty:	UBS AG, London Branch
	(x)	Other:	The security for the Notes shall also include (i) a first fixed charge of the Delivered Securities and an assignment by way of first fixed security of the Issuer's rights against the Custodian with respect to the Delivered Securities and (ii) an assignment by way of first fixed security of the Issuer's rights, title and interest under any Valuation Agency Agreement (as defined below), as more particularly set out in the Constituting Instrument. The Delivered Securities and the Valuation Agency Agreement (and all rights in respect thereof) form part of the Mortgaged Property in respect of the Note.
31.	Securities Lending Agreement:		Applicable: UBS Limited, as Securities Lending Counterparty (the "**Securities Lending Counterparty**") may, at any time from and including the Issue Date to and including the Securities Lending End Date (as defined in the Securities Lending Agreement) and pursuant to the Securities

Lending Agreement, require the delivery to it of any amount of the Charged Assets (such Charged Assets so delivered, the "**Borrowed Securities**") against delivery by or on behalf of it to the Collateral Account of Eligible Securities (as defined in the Securities Lending Agreement) with a Market Value (as defined in the Securities Lending Agreement) determined by the Valuation Agent, or as verified by the Valuation Agent based on valuations provided to such Valuation Agent by the Securities Lending Counterparty, as being greater than or equal to 110 per cent. of the Market Value of the Borrowed Securities as at such date (such Eligible Securities so delivered, the "**Delivered Securities**").

The terms of the Securities Lending Agreement are set out in the Master Securities Lending Terms dated 8 August 2007, as modified and supplemented by the Constituting Instrument relating to the Note. Any Delivered Securities delivered by or on behalf of the Securities Lending Counterparty shall be credited to the Collateral Account but shall be segregated from the Charged Assets.

The "**Valuation Agent**" is, initially, the Securities Lending Counterparty. If such Valuation Agent is not replaced with another entity by the date falling six calendar months after the Issue Date (the "**Valuation Agent Appointment Date**") the Securities Lending Counterparty is required to return all Borrowed Securities (if any) upon receipt from the Issuer of all Delivered Securities (if any) and the rights of the Securities Lending Counterparty under the Securities Lending Agreement to require delivery of Charged Assets shall be suspended until such time as a replacement Valuation Agent is appointed. The appointment of any replacement Valuation Agent shall be governed by the terms of a "**Valuation Agency Agreement**"). The Noteholder, by its acquisition of the Note shall be deemed to consent to any non-economic amendments to the Charged Agreement and to the Securities Lending Agreement or the Terms and Conditions of the Note which are deemed necessary by the Calculation Agent, acting in good faith and in a commercially reasonable manner, solely for the appointment of the Valuation Agent.

Further details relating to the terms of the Securities Lending Agreement are set out in the section herein entitled "Description of the Securities Lending Agreement".

32.	(i)	If syndicated, names of Managers:	Not applicable.

	(ii) Stabilising Manager (if any):	Not applicable.
33.	Additional selling restrictions:	The Note has not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). The Note 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 purchaser of the Note will, in making its purchase, be deemed to have represented that such purchase has not violated the foregoing restriction.
34.	ISIN:	XS0559857825
35.	Common Code:	055985782
36.	Alternative Clearing System:	Not applicable.
37.	Delivery:	Delivery against payment.
38.	(i) Principal Paying Agent:	Not applicable.
	(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 which is a TARGET Settlement Day. Each Business Day shall be a Relevant Business Day for the purpose of Condition 6(b). As used above "TARGET Settlement Day" means a day on which TARGET2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.
44.	Business Day Convention:	Following Business Day Convention.

Special Conditions

(I) Addition, Substitution and Removal of Charged Assets by the Swap Counterparty

(A) Addition

The Issuer shall procure that any additional Eligible Assets which the Swap Counterparty may elect, or may be required, to deliver to the Issuer from time to time pursuant to the Swap Confirmation shall be credited by the Custodian to the Collateral Account. Such a delivery shall, subject as provided in this Special Condition (I)(A), constitute an "**Addition**" and, upon such delivery and subject as aforesaid, the relevant Eligible Assets shall become Charged Assets.

The date on which an Addition is effected is the "**Addition Date**". The Addition Date shall be specified by the Swap Counterparty pursuant to the Swap Confirmation.

It is a requirement of any Addition that any Eligible Assets which are the subject of an Addition shall be delivered, transferred or assigned to the Custodian (on behalf of the Issuer) with full title guarantee and subject to the charge or other security interest created by or pursuant to the Constituting Instrument. Furthermore, the delivery, transfer or assignment of the Eligible Assets to the Custodian (on behalf of the Issuer) shall not require or cause the Issuer to assume, and shall not subject the Issuer to, any obligation or liability (other than immaterial, non-payment obligations).

Notwithstanding the foregoing, any Addition shall be subject to compliance with all relevant laws, regulations and directives, to the terms of the relevant Eligible Assets and to the Swap Counterparty paying any costs and expenses (including, without limitation, any stamp duty or other tax) payable in connection with such Addition.

The Trustee shall not be liable to the Issuer, the Noteholder or any other person nor shall the Issuer be liable to the Trustee, the Noteholder or any other person for any loss arising from any arrangement referred to or otherwise from the operation of this Special Condition (I)(A).

(B) Substitution

The Custodian shall (acting as agent for the Issuer) effect each Substitution in accordance with the instructions of the Swap Counterparty given pursuant to the Swap Confirmation.

A "**Substitution**" shall comprise the delivery of all or some of the Charged Assets to the Swap Counterparty (such delivered Charged Assets, "**Substituted Charged Assets**") which, upon such delivery and subject as provided in this Special Condition (I)(B), shall cease to be Charged Assets, and the delivery of Eligible Assets by the Swap Counterparty to the Issuer (to be credited to the Collateral Account) which, upon such delivery and subject as provided in this Special Condition (I)(B), shall become Charged Assets (such delivered Eligible Assets, "**Replacement Charged Assets**").

The date on which a Substitution is effected is the "**Substitution Date**". The Substitution Date shall be specified by the Swap Counterparty pursuant to the Swap Confirmation.

It is a requirement of any Substitution that, upon any release of the Substituted Charged Assets from the security created by or pursuant to the Constituting Instrument, any Replacement Charged Assets being substituted for the Substituted Charged Assets shall be delivered, transferred or assigned to the Custodian (on behalf of the Issuer) with full title guarantee and subject to the charge or other security interest created by or pursuant to the Constituting Instrument. Furthermore, the delivery, transfer or assignment of the Replacement Charged Assets to the Custodian (on behalf of the Issuer), or of the

Substituted Charged Assets by the Custodian (on behalf of the Issuer) to the Swap Counterparty shall not require or cause the Issuer to assume, and shall not subject the Issuer to, any obligation or liability (other than immaterial, non-payment obligations).

Notwithstanding the foregoing, any Substitution shall be subject to compliance with all relevant laws, regulations and directives, to the terms of the Substituted Charged Assets and the Replacement Charged Assets and to the Swap Counterparty paying any costs and expenses (including, without limitation, any stamp duty or other tax) payable in connection with such Substitution.

The Trustee shall not be liable to the Issuer, the Noteholder or any other person nor shall the Issuer be liable to the Trustee, the Noteholder or any other person for any loss arising from any arrangement referred to or otherwise from the operation of this Special Condition (I)(B).

(C) Removal

The Custodian shall (acting as agent for the Issuer) effect each Removal in accordance with the instructions of the Swap Counterparty given pursuant to the Swap Confirmation.

A "**Removal**" shall comprise the delivery of all or some of the Charged Assets to the Swap Counterparty (such delivered Charged Assets, "**Removed Charged Assets**") which, upon such delivery and subject as provided in this Special Condition (I)(C), shall cease to be Charged Assets.

The date on which a Removal is effected is the "**Removal Date**". The Removal Date shall be specified by the Swap Counterparty pursuant to the Swap Confirmation.

It is a requirement of any Removal that the delivery, transfer or assignment of the Removed Charged Assets by the Custodian (on behalf of the Issuer) to the Swap Counterparty shall not require or cause the Issuer to assume, and shall not subject the Issuer to, any obligation or liability (other than immaterial, non-payment obligations).

Notwithstanding the foregoing, any Removal shall be subject to compliance with all relevant laws, regulations and directives, to the terms of the Removed Charged Assets and to the Swap Counterparty paying any costs and expenses (including, without limitation, any stamp duty or other tax) payable in connection with such Removal.

The Trustee shall not be liable to the Issuer, the Noteholder or any other person nor shall the Issuer be liable to the Trustee, the Noteholder or any other person for any loss arising from any arrangement referred to or otherwise from the operation of this Special Condition (I)(C).

For the avoidance of doubt, the Swap Counterparty may only exercise its rights to require an Addition, Substitution or Removal during the Charged Assets Modification Period (as defined in the Swap Confirmation) and provided that such modifications will not result in a Charged Assets Nominal Amount Breach or result in a breach of the requirements set out in the Swap Confirmation regarding the Present Value of the relevant Eligible Assets, Replacement Charged Assets, Borrowed Securities, remaining Fixed Amounts and UBS Final Exchange Amount, as the case may be.

(II) Notices regarding composition of portfolio of Charged Assets

The Issuer shall procure that the Swap Counterparty shall, as soon as reasonably practicable after the last day of the Investment Period, deliver a notice (in accordance with Condition 14 (as amended pursuant to Special Condition (VIII) below)) to the Noteholder providing details of the composition of the portfolio of Charged Assets as of such date. Upon any Addition, Substitution or

Removal (each as defined in the Swap Confirmation) the Issuer shall procure that the Swap Counterparty shall deliver a notice (in accordance with Condition 14 (as amended pursuant to Special Condition (VIII) below)) to the Noteholder providing details of such Addition, Substitution or Removal.

(III) Purchase, Exchanges and Redelivery by the Securities Lending Counterparty

(A) Purchase

The Custodian shall (acting as agent for the Issuer) on each relevant Delivery Date (as defined in the Securities Lending Agreement) effect each delivery of Charged Assets to the Securities Lending Counterparty against receipt from the Securities Lending Counterparty of Eligible Securities (to be credited to the Collateral Account but segregated from any remaining Charged Assets) in accordance with the exercise by the Securities Lending Counterparty of a Purchase Option thereunder. Such delivered Charged Assets shall, upon delivery and subject as provided in this Special Condition (III)(A), cease to be Charged Assets and shall become Borrowed Securities. Such delivered Eligible Securities shall, upon delivery and subject as provided in this Special Condition (III)(A), become Delivered Securities comprising part of the Mortgaged Property for the Note.

It is a requirement of any delivery of Charged Assets to the Securities Lending Counterparty that upon any release of such Charged Assets from the security created by or pursuant to the Constituting Instrument, any Eligible Securities which will upon delivery comprise Delivered Securities shall be delivered, transferred or assigned to the Custodian (on behalf of the Issuer) with full title guarantee and subject to the charge or other security interest created by or pursuant to the Constituting Instrument. Furthermore, the delivery, transfer or assignment of the Eligible Securities to the Custodian (on behalf of the Issuer), or of the relevant Charged Assets by the Custodian (on behalf of the Issuer) to the Securities Lending Counterparty shall not require or cause the Issuer to assume, and would not subject the Issuer to, any obligation or liability (other than immaterial, non-payment obligations).

Notwithstanding the foregoing, any such deliveries shall be subject to compliance with all relevant laws, regulations and directives, to the terms of the relevant Charged Assets and the Eligible Securities and to the Securities Lending Counterparty paying any costs and expenses (including, without limitation, any stamp duty or other tax) payable in connection therewith.

The Trustee shall not be liable to the Issuer, the Noteholder or any other person nor shall the Issuer be liable to the Trustee, the Noteholder or any other person for any loss arising from any arrangement referred to or otherwise from the operation of this Special Condition (III)(A).

(B) Exchanges

The Custodian shall (acting as agent for the Issuer) on each relevant Exchange Date (as defined in the Securities Lending Agreement) effect each delivery of Delivered Securities to the Securities Lending Counterparty against receipt from the Securities Lending Counterparty of Eligible Securities (to be credited to the Collateral Account but segregated from any remaining Charged Assets) in accordance with the exercise by the Securities Lending Counterparty of an Exchange Option thereunder. Such delivered Delivered Securities shall, upon delivery and subject as provided in this Special Condition (III)(B), cease to comprise part of the Mortgaged Property for the Note. Such delivered Eligible Securities shall, upon delivery and subject as provided in this Special Condition (III)(B), become Delivered Securities comprising part of the Mortgaged Property for the Note.

It is a requirement of any delivery of Delivered Securities to the Securities Lending Counterparty that upon any release of such Delivered Securities from the security created by or pursuant to the Constituting Instrument, any Eligible Securities which will upon delivery comprise new Delivered Securities shall be delivered, transferred or assigned to the Custodian (on behalf of the Issuer) with full title guarantee and subject to the charge or other security interest created by or pursuant to the Constituting Instrument. Furthermore, the delivery, transfer or assignment of the Eligible Securities to the Custodian (on behalf of the Issuer), or of the relevant Delivered Securities by the Custodian (on behalf of the Issuer) to the Securities Lending Counterparty shall not require or cause the Issuer to assume, and would not subject the Issuer to, any obligation or liability (other than immaterial, non-payment obligations).

Notwithstanding the foregoing, any such deliveries shall be subject to compliance with all relevant laws, regulations and directives, to the terms of the relevant Delivered Securities and the Eligible Securities and to the Securities Lending Counterparty paying any costs and expenses (including, without limitation, any stamp duty or other tax) payable in connection therewith.

The Trustee shall not be liable to the Issuer, the Noteholder or any other person nor shall the Issuer be liable to the Trustee, the Noteholder or any other person for any loss arising from any arrangement referred to or otherwise from the operation of this Special Condition (III)(B).

(C) Redelivery

The Custodian shall (acting as agent for the Issuer) on each relevant Redelivery Date (as defined in the Securities Lending Agreement) effect each delivery of Delivered Securities to the Securities Lending Counterparty against receipt from the Securities Lending Counterparty of the corresponding Borrowed Securities (to be credited to the Collateral Account) in accordance with the exercise by the Securities Lending Counterparty of a Redelivery Option thereunder. Such delivered Delivered Securities shall, upon delivery and subject as provided in this Special Condition (III)(C), cease to comprise part of the Mortgaged Property for the Note. Such delivered Borrowed Securities shall, upon delivery and subject as provided in this Special Condition (III)(C), become Charged Assets.

It is a requirement of any delivery of Delivered Securities to the Securities Lending Counterparty that upon any release of such Delivered Securities from the security created by or pursuant to the Constituting Instrument, any Borrowed Securities which will upon delivery comprise Charged Assets shall be delivered, transferred or assigned to the Custodian (on behalf of the Issuer) with full title guarantee and subject to the charge or other security interest created by or pursuant to the Constituting Instrument. Furthermore, the delivery, transfer or assignment of the Borrowed Securities to the Custodian (on behalf of the Issuer), or of the relevant Delivered Securities by the Custodian (on behalf of the Issuer) to the Securities Lending Counterparty shall not require or cause the Issuer to assume, and would not subject the Issuer to, any obligation or liability (other than immaterial, non-payment obligations).

Notwithstanding the foregoing, any such deliveries shall be subject to compliance with all relevant laws, regulations and directives, to the terms of the relevant Borrowed Securities and the Delivered Securities and to the Securities Lending Counterparty paying any costs and expenses (including, without limitation, any stamp duty or other tax) payable in connection therewith.

The Trustee shall not be liable to the Issuer, the Noteholder or any other person nor shall the Issuer be liable to the Trustee, the Noteholder or any other person for any loss arising from any arrangement referred to or otherwise from the operation of this Special Condition (III)(C).

(IV) Authorisation

For as long as an Event of Default (as defined in the Securities Lending Agreement) with respect to the Securities Lending Counterparty has not occurred and is not continuing, the Issuer will not exercise any rights in its capacity as a holder of, or person beneficially entitled to or participating in the Delivered Securities unless directed in writing to do so by the Trustee (acting with the prior written consent of the Securities Lending Counterparty) or by the Securities Lending Counterparty and, if such direction is given, the Issuer will act only in accordance with such directions (at the cost of the Securities Lending Counterparty). In particular, the Issuer will not attend or vote at any meeting of holders of, or other persons interested or participating in, or entitled to the rights or benefits (or a part thereof) of, the Delivered Securities or give any consent, waiver, indulgence, time or notification or make any declaration in relation to such Delivered Securities unless it shall have been so directed in writing by the Trustee (acting with the prior written consent of the Securities Lending Counterparty (and at the cost of the Securities Lending Counterparty)) or by the Securities Lending Counterparty (and at the cost of the Securities Lending Counterparty). If any such persons aforesaid are at any time requested to give an indemnity to any person in relation to the Delivered Securities or to assume obligations not otherwise assumed by them under any of the Delivered Securities, or to give up, waive or forego any of their rights and/or entitlements under any of the Delivered Securities, or agree any composition, compounding or other similar arrangement with respect to any of the Delivered Securities or any part of them, the Issuer will not give such indemnity or otherwise assume such obligations or give up, waive or forego such rights or agree such composition, compounding or other arrangement unless (i) it shall have been so requested by the Trustee (acting with the prior written consent of the Securities Lending Counterparty (and at the cost of the Securities Lending Counterparty)) or by the Securities Lending Counterparty (and at the cost of the Securities Lending Counterparty) and (ii) it shall have been counter-indemnified to its satisfaction.

If an Event of Default (as defined in the Securities Lending Agreement) with respect to the Securities Lending Counterparty has occurred and is continuing, the terms of the foregoing paragraph shall apply except the words “(acting with the prior written consent of the Securities Lending Counterparty) or by the Securities Lending Counterparty” or “(acting with the prior written consent of the Securities Lending Counterparty (and at the cost of the Securities Lending Counterparty)) or by the Securities Lending Counterparty (and at the cost of the Securities Lending Counterparty)” shall be deemed to be deleted wherever they appear and shall be replaced by the words “or by an Extraordinary Resolution of the Noteholder”.

(V) Charged Assets Default Event

Condition 7(b) applies to the Note, save that Condition 7(b)(1) shall be deleted and replaced with the following:

“a Charged Assets Default Date occurs; or”

where:

“**Charged Assets Default Date**” means any date on which the Swap Counterparty, in accordance with the terms of the Swap Confirmation, delivers a notice in writing to the Issuer that a Charged Assets Default Event has occurred; and

“**Charged Assets Default Event**” has the meaning given to it in the Swap Confirmation.

(VI) Additional Mandatory Redemption Event

The occurrence of an Event of Default in accordance with the terms of the Securities Lending Agreement shall be an Additional Mandatory Redemption Event for the purposes of Condition 7(b)(3).

(VII) Redemption following Breach of Selling Restrictions

If the Note is sold to any person in breach of any applicable restrictions on sale of securities, the Issuer shall, if and when requested to do so by the Arranger, redeem the Note. Such request by the Arranger shall be deemed to be an Additional Mandatory Redemption Event for the purposes of Condition 7(b)(3) and, accordingly, the Note shall be redeemed by transfer of the Early Redemption Assets pursuant to and in accordance with item 22 above.

(VIII) Notices to the Noteholder

Any notice to be given by the Issuer or any other person in connection with the Notes to the Noteholder may be given in accordance with any notice details that may separately have been provided by the Noteholder to the Issuer or to the Registrar for such purpose, instead of in accordance with Condition 14 (provided that if at any time the Note is listed and the rules of the relevant stock exchange requires that notices are given in a particular manner, notices shall be given in accordance with the rules of such stock exchange). The records of the Registrar as to the correct notice details of the Noteholder (as provided in accordance with this Special Condition (VIII)) shall be conclusive in the absence of manifest error.

ANNEX 1

INITIAL CHARGED ASSETS

Principal Amount (EUR)	ISIN	Description
145,000,000	ES00000121S7	SPGB 4.70% Bond due 2041
45,000,000	ES0000012411	SPGB 5.75% Bond due 2032

ANNEX 2

INSTALMENT DATE	INSTALMENT AMOUNTS (EUR)
01-Apr-17	134,810.41
01-May-17	155,624.00
01-Nov-19	15,989.54
01-May-20	11,372.43
01-Jun-20	7,084.00
01-Nov-20	323,791.29
01-Jan-22	74,605.22
01-Mar-22	622,847.17
01-Apr-22	536,254.33
01-May-22	196,691.13
01-Jun-22	680,507.14
01-Jul-22	1,138,121.48
01-Aug-22	409,912.94
01-Sep-22	54,402.27
01-Nov-22	590,430.64
01-Mar-23	52,556.30
01-May-23	13,694.11
01-Jun-23	272,755.24
01-Jul-23	328,862.09
01-Aug-23	96,222.38
01-Nov-23	115,751.20
01-Mar-24	155,209.46
01-Apr-24	413,450.01
01-May-24	88,091.28
01-Jun-24	245,649.22
01-Aug-24	133,793.40
01-Nov-24	411,236.65
01-Jan-25	247,960.56
01-Mar-25	741,034.14
01-Apr-25	300,163.23
01-Jun-25	1,200,264.15
01-Jul-25	396,840.22
01-Aug-25	283,752.74
01-Sep-25	52,503.69
01-Nov-25	1,068,008.69
01-Mar-26	508,171.00
01-Apr-26	575,279.15
01-May-26	158,189.16
01-Jun-26	148,865.73
01-Jul-26	361,503.08
01-Aug-26	257,748.14
01-Sep-26	85,826.61
01-Oct-26	196,340.76
01-Nov-26	403,070.99
01-Jan-27	906,638.68
01-Feb-27	707,923.46
01-Mar-27	961,055.76

INSTALMENT DATE	INSTALMENT AMOUNTS (EUR)
01-Apr-27	1,087,967.01
01-May-27	620,985.38
01-Jun-27	1,753,183.10
01-Jul-27	1,029,418.54
01-Aug-27	293,483.03
01-Sep-27	769,199.83
01-Oct-27	25,991.22
01-Nov-27	628,699.31
01-Dec-27	206,396.23
01-Jan-28	676,897.01
01-Feb-28	271,564.35
01-Mar-28	627,132.47
01-Apr-28	637,539.89
01-May-28	525,673.65
01-Jun-28	839,265.84
01-Jul-28	744,748.28
01-Aug-28	399,977.63
01-Sep-28	482,004.90
01-Oct-28	307,594.30
01-Nov-28	966,895.62
01-Dec-28	125,623.62
01-Jan-29	387,496.99
01-Mar-29	908,123.22
01-Apr-29	1,278,385.85
01-May-29	592,065.25
01-Jun-29	1,363,940.90
01-Jul-29	1,283,300.88
01-Aug-29	542,094.17
01-Sep-29	915,586.84
01-Oct-29	673,952.73
01-Nov-29	1,758,950.82
01-Dec-29	297,749.53
01-Jan-30	849,552.36
01-Feb-30	922,317.91
01-Mar-30	1,425,108.99
01-Apr-30	760,444.63
01-May-30	1,143,573.57
01-Jun-30	1,073,639.89
01-Jul-30	1,508,790.77
01-Aug-30	771,436.10
01-Sep-30	874,467.10
01-Oct-30	507,015.93
01-Nov-30	1,294,979.34
01-Dec-30	514,278.91
01-Jan-31	1,076,287.29
01-Feb-31	1,384,040.20
01-Mar-31	1,372,501.98
01-Apr-31	1,157,676.58
01-May-31	1,443,640.61

INSTALMENT DATE	INSTALMENT AMOUNTS (EUR)
01-Jun-31	1,159,778.56
01-Jul-31	1,118,007.14
01-Aug-31	210,468.62
01-Sep-31	778,790.29
01-Oct-31	490,444.31
01-Nov-31	1,628,026.92
01-Dec-31	894,034.64
01-Jan-32	1,536,172.92
01-Feb-32	2,029,108.36
01-Mar-32	1,794,491.20
01-Apr-32	1,775,049.84
01-May-32	1,143,653.10
01-Jun-32	1,794,552.11
01-Jul-32	1,464,106.44
01-Sep-32	1,071,241.96
01-Oct-32	907,903.20
01-Nov-32	2,437,441.67
01-Dec-32	1,259,157.21
01-Jan-33	854,186.95
01-Feb-33	1,637,127.23
01-Mar-33	2,002,118.19
01-Apr-33	1,379,221.51
01-May-33	1,376,802.01
01-Jun-33	1,747,481.67
01-Jul-33	1,724,727.05
01-Aug-33	818,151.32
01-Sep-33	1,167,531.82
01-Oct-33	1,469,399.30
01-Nov-33	2,266,746.30
01-Dec-33	1,445,899.92
01-Jan-34	1,499,292.62
01-Feb-34	2,055,841.55
01-Mar-34	1,858,200.74
01-Apr-34	2,176,242.79
01-May-34	2,470,163.47
01-Jun-34	1,812,922.15
01-Jul-34	2,519,291.44
01-Aug-34	1,724,763.24
01-Sep-34	1,247,351.57
01-Oct-34	1,494,942.54
01-Nov-34	2,460,810.15
01-Dec-34	1,337,163.65
01-Jan-35	1,622,745.29
01-Feb-35	2,204,111.51
01-Mar-35	1,654,683.57
01-Apr-35	1,949,420.71
01-May-35	2,476,567.70
01-Jun-35	2,129,769.33
01-Jul-35	2,667,583.69

INSTALMENT DATE	INSTALMENT AMOUNTS (EUR)
01-Aug-35	1,525,002.91
01-Sep-35	1,628,098.52
01-Oct-35	1,617,232.14
01-Nov-35	3,661,769.72
01-Dec-35	1,253,604.85
01-Jan-36	2,288,720.49
01-Feb-36	2,492,782.33
01-Mar-36	2,530,062.12
01-Apr-36	2,335,631.34
01-May-36	1,569,144.77
01-Jun-36	2,621,964.14
01-Jul-36	2,778,205.14
01-Aug-36	1,957,989.68
01-Sep-36	2,130,753.40
01-Oct-36	1,557,306.05
01-Nov-36	3,993,520.79
01-Dec-36	2,000,527.79
01-Jan-37	2,304,560.64
01-Feb-37	3,601,827.74
01-Mar-37	3,005,484.66
01-Apr-37	2,362,378.08
01-May-37	2,117,935.55
01-Jun-37	1,874,757.26
01-Jul-37	3,318,033.43
01-Aug-37	1,816,334.45
01-Sep-37	1,976,563.68
01-Oct-37	2,669,706.88
01-Nov-37	4,008,801.25
01-Dec-37	1,786,104.97
01-Jan-38	3,216,588.54
01-Feb-38	2,599,296.07
01-Mar-38	1,814,622.45
01-Apr-38	2,737,482.50
01-May-38	2,148,525.69
01-Jun-38	3,063,898.37
01-Jul-38	3,019,735.16
01-Aug-38	1,247,177.66
01-Sep-38	2,542,124.53
01-Oct-38	2,073,872.82
01-Nov-38	4,376,795.05
01-Dec-38	1,483,170.73
01-Jan-39	2,352,126.08
01-Feb-39	4,006,264.70
01-Mar-39	3,725,470.36
01-Apr-39	2,601,921.45
01-May-39	3,827,386.13
01-Jun-39	4,227,802.21
01-Jul-39	4,034,098.36
01-Aug-39	2,945,886.05

INSTALMENT DATE	INSTALMENT AMOUNTS (EUR)
01-Sep-39	2,587,891.81
01-Oct-39	2,233,618.41
01-Nov-39	4,485,481.46
01-Dec-39	1,504,972.85
01-Jan-40	3,047,677.28
01-Feb-40	3,384,628.21
01-Mar-40	3,130,120.67
01-Apr-40	2,551,505.29
01-May-40	2,667,058.46
01-Jun-40	2,582,811.27
01-Jul-40	2,881,791.04
01-Aug-40	2,036,400.22
01-Sep-40	2,841,678.52
01-Oct-40	1,995,033.88
01-Nov-40	4,693,232.76
01-Dec-40	1,679,087.64
01-Jan-41	2,123,362.07
01-Feb-41	3,090,557.13
01-Mar-41	2,110,704.81
01-Apr-41	2,155,896.77
01-May-41	2,429,830.49
01-Jun-41	2,459,584.86
01-Jul-41	2,353,970.26
01-Aug-41	1,485,598.12
01-Sep-41	2,048,491.32
01-Oct-41	1,445,645.68
01-Nov-41	3,820,129.15
01-Dec-41	1,346,566.62
01-Jan-42	2,163,276.59
01-Feb-42	3,505,832.50
01-Mar-42	2,221,828.19
01-Apr-42	2,005,544.16
01-May-42	2,340,610.58
01-Jun-42	2,286,926.82
01-Jul-42	2,239,448.40
01-Aug-42	1,583,283.29
01-Sep-42	1,696,446.43
01-Oct-42	1,958,793.68
01-Nov-42	3,207,112.02
01-Dec-42	1,497,288.59
01-Jan-43	2,765,237.52
01-Feb-43	3,179,904.91
01-Mar-43	1,419,210.95
01-Apr-43	2,096,245.20
01-May-43	2,440,974.50
01-Jun-43	1,763,942.76
01-Jul-43	2,096,173.73
01-Aug-43	1,623,782.08
01-Sep-43	1,678,447.53

INSTALMENT DATE	INSTALMENT AMOUNTS (EUR)
01-Oct-43	1,247,904.09
01-Nov-43	3,670,786.87
01-Dec-43	624,953.02
01-Jan-44	1,374,627.67
01-Feb-44	2,270,565.08
01-Mar-44	2,173,815.71
01-Apr-44	1,689,864.15
01-May-44	1,565,016.79
01-Jun-44	822,313.66
01-Jul-44	2,752,456.19
01-Aug-44	1,856,415.38
01-Sep-44	1,627,460.44
01-Oct-44	1,638,833.18
01-Nov-44	2,644,236.39
01-Dec-44	721,263.83
01-Jan-45	978,888.49
01-Feb-45	1,889,157.40
01-Mar-45	2,058,633.28
01-Apr-45	1,433,558.78
01-May-45	1,589,557.09
01-Jun-45	1,462,750.53
01-Jul-45	1,928,371.06
01-Aug-45	1,542,810.01
01-Sep-45	1,232,095.85
01-Nov-45	14,089,038.37
01-Jan-46	39,370,455.35
01-Mar-46	350,463.62
01-Jan-47	2,674,446.86
01-Feb-47	2,715,661.11
01-Mar-47	3,256,593.85
01-Apr-47	2,945,193.55
01-May-47	2,683,674.42
01-Jun-47	3,507,081.99
01-Jul-47	5,149,469.41
01-Aug-47	2,766,607.91
01-Sep-47	13,000,000.00

ANNEX 3

NOTEHOLDER DELIVERY INSTRUCTION

To:

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

[date]

NOTEHOLDER DELIVERY INSTRUCTION

ELM B.V. Series 140 – EUR 146,000,000 Secured Instalment Note due 2047 (the "Note")

We attach evidence hereto of our holding of the Note and acknowledge that this Noteholder Delivery Instruction shall not be valid unless such evidence of holding is so attached.

In accordance with item 22 of the Terms of the Note, as holder of the Note, we hereby request the transfer of the Early Redemption Assets (as determined in accordance with item 22 of the Terms of the Note).

Our account details for the purposes of such delivery are as set out below:

[*account details of the Noteholder to be inserted*]

We hereby request that the Issuer countersign this Noteholder Delivery Instruction and forward a copy of such countersigned instruction to the Custodian in order to instruct the Custodian to effect the transfer of the Early Redemption Assets in accordance with the request set out above.

Terms used but not otherwise defined herein shall have the meaning given to them in the Terms and Conditions of the Note.

For and on behalf of
[**Name of Noteholder**]

By:

Countersigned by the Issuer in order to instruct the Custodian to effect the transfer of the Early Redemption Assets in accordance with the request set out herein.

For and on behalf of
ELM B.V.

By:

[EVIDENCE OF NOTEHOLDER’S HOLDING OF THE NOTE TO BE ATTACHED]

USE OF PROCEEDS

The net proceeds from the issue of the Note, being EUR 146,000,000, were paid by the Issuer to the Swap Counterparty in satisfaction of the Issuer's corresponding obligation to make an initial exchange pursuant to the Swap Confirmation. The Swap Counterparty had a corresponding obligation to transfer the Initial Charged Assets and the Additional Charged Assets to the Issuer during the Investment Period (each as defined in item 30 of the Terms above).

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 Note 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 swap transaction (the "**Swap Transaction**"). Reference should also be made to item 30(viii) of the Terms of the Note.

The Issuer has assigned by way of fixed security in favour of the Trustee for itself and as trustee for the Noteholder 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 Swap Transaction is set out in full below. The Master Swap Terms comprised in the Charged Agreement in respect of the Note 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 Note 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 the Note is repurchased by the Issuer pursuant to Condition 7(g), the Charged Agreement will terminate.

(F) In the event that a payment due in respect of the Charged Assets is, or would be required to be, made to the Issuer (or the Custodian on behalf of the Issuer) subject to a withholding or deduction for or on account of any tax as a result of a change in any tax law or the interpretation of any tax law after the Issue Date which is not grossed up by the Charged Assets obligor, then the Swap Counterparty has the right to terminate the transaction.

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

Payments to the Noteholder under the Note are entirely contingent on the full and timely performance of the obligations of the Swap Counterparty under the Charged Agreement. Payments under the Note 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 the Charged Agreement is terminated (in whole but not in part and other than as a consequence of the Note having otherwise fallen due for redemption), the Note will fall due for redemption. Upon the Note falling due for redemption in such circumstances, the amount payable in respect of the Note shall be the proceeds of realisation of the security for the Note 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 Valuation Agent, the Swap Counterparty and the Securities Lending Counterparty).

The Charged Agreement shall be read and construed in accordance with English law.

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

FORM OF SWAP CONFIRMATION

EXECUTION VERSION
FMCM/021704-02028/DWR/RTMKMXS L_LIVE_EMEA1:17350047v3

Swap Confirmation

between

UBS AG, London Branch
as Swap Counterparty

and

ELM B.V.
as Issuer

relating to

Series 140
EUR 146,000,000 Secured Instalment Note due 2047

UBS AG, London Branch
1 Finsbury Avenue
London EC2M 2PP
("**UBS**")

ELM B.V.
Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands
("**ELM**")

Attention: The Managing Director
Fax No: +31 20 521 4832

30 November 2010

Dear Sirs

The purpose of this letter agreement is to set out the terms and conditions of the Swap Transaction entered into between us on the Trade Date specified below (the "**Swap Transaction**"). This letter agreement constitutes a "**Confirmation**" as referred to in the Agreement (as defined below).

Words and expressions used, but not otherwise defined herein, shall have the same meaning ascribed to them (or incorporated by reference) in the Terms and Conditions of ELM's Series 140 EUR 146,000,000 Secured Instalment Note due 2047 (the "**Note**").

The definitions and provisions contained in the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will prevail.

1. **Swap Agreement**

This Confirmation supplements, forms part of, and is subject to, the Swap Agreement relating to the Note 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.

2. **Terms of Swap Transaction**

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

Trade Date	:	9 November 2010
Effective Date	:	Issue Date.
Termination Date	:	The Maturity Date.
Calculation Agent	:	UBS.
Business Days	:	London and TARGET Settlement Day

Initial Exchange

UBS Initial Exchange Amount	:	UBS delivers with full title guarantee the Initial Charged Assets.
ELM Initial Exchange Amount	:	An amount equal to the Aggregate Nominal Amount of the Note.
Initial Exchange Date	:	Effective Date
UBS Additional Exchange Amount(s)	:	UBS delivers with full title guarantee Additional Charged Assets on one or more UBS Additional Exchange Date(s). The aggregate nominal amount of the Additional Charged Assets delivered on the UBS Additional Exchange Date(s) shall be greater than or equal to EUR 40,000,000.
UBS Additional Exchange Date(s)	:	Any date or dates in the period from and including the Effective Date to and including the Investment Period End Date (such period, the "**Investment Period**"); where: "**Investment Period End Date**" means the date falling three calendar months after the Effective Date.

<u>Fixed and Floating Payments</u>

Fixed and Floating Rate Payer	:	ELM.
Fixed and Floating Rate Payer Fixed and Floating Amounts	:	Amounts equal to (i) each Scheduled Amount payable to ELM in respect of the Charged Assets (each, a "**Charged Assets Payment**") and (ii) each Scheduled Amount and (without duplication) each amount of cash comprised in any Fungible Assets (as defined in the Securities Lending Agreement) payable to ELM by the Securities Lending Counterparty in respect of any Borrowed Securities (each, a "**Borrowed Securities Payment**"). For the avoidance of doubt, if any such amounts payable to ELM are subject to withholding or deduction for or on account of any tax so that ELM is due to receive a net amount, the amount payable by ELM to UBS in respect of such distribution only shall be equal to such net amount. "**Scheduled Amount**" means, with respect to any Charged Assets or Borrowed Securities at any time, an amount equal to any amount of principal, interest, dividends or other distribution due in respect of such Charged Asset or Borrowed Security in accordance with the terms of such obligation as of the date such obligation most recently became a Charged Asset, provided that

		the date that any obligation which has been a Borrowed Security is redelivered to ELM in accordance with the terms of the Securities Lending Agreement shall not be considered as the date on which such obligation most recently became a Charged Asset and further provided that if an obligation which has the same securities identification number as or is otherwise fungible with any of the existing Charged Assets or Borrowed Securities becomes a Charged Asset, the relevant terms of such obligation shall be those of the existing Charged Asset or Borrowed Security as of the date they most recently became Charged Assets as determined in accordance with this paragraph.
Fixed and Floating Rate Payer Payment Dates	:	In the case of a Charged Assets Payment: The earlier of (i) the Business Day following the date an amount of interest or principal is paid under the terms of the Charged Assets from time to time, and (ii) the earlier of (a) 30 calendar days after the date an amount of interest or principal is payable under the terms of the Charged Assets and (b) the date upon which any applicable grace period in respect of the payment of such amount of interest or principal expires; In the case of a Borrowed Securities Payment: The earlier of (i) the date an Income Payment in respect of any Borrowed Securities or cash comprised in Fungible Assets is paid under the terms of the Securities Lending Agreement, and (ii) the earlier of (a) 30 calendar days after the date an Income Payment in respect of any Borrowed Securities or cash comprised in Fungible Assets is payable under the terms of the Securities Lending Agreement and (b) the date upon which any applicable grace period in respect of the payment of such Income Payment expires. For the avoidance of doubt, if an Early Termination Date automatically occurs pursuant to the last paragraph of Section 1.7 of the Schedule to the Agreement by reason of the Notes becoming repayable in full prior to the maturity date thereof, a further Early Termination Date may not be designated by reason of any failure by ELM to pay any Fixed or Floating Amount to UBS.
Fixed Rate Payer	:	UBS.
Fixed Rate Payer Payment Dates	:	Each Instalment Date under the Note and, if applicable, each Delayed Instalment Date under the Note, other than the Instalment Date or, as the case may be, the Delayed Instalment Date,

		falling on the Termination Date.
Fixed Amounts	:	With respect to each Fixed Rate Payer Payment Date, an amount equal to the Instalment Amount payable by ELM in respect of the Note on the Instalment Date or, if applicable, the Delayed Instalment Date, which is the same as such Fixed Rate Payer Payment Date.
Interim Exchange		
UBS Interim Exchange Amounts	:	If, in relation to any Substitution or any Addition, any Eligible Assets are required to be transferred to ELM, UBS shall on the Substitution Effective Date or, as the case may be, the Addition Date transfer such Eligible Assets to ELM. Each transfer shall be subject to and in accordance with the terms of Special Condition (I) of the Note.
ELM Interim Exchange Amounts	:	If, in relation to any Substitution or any Removal, any Charged Assets are required to be transferred by ELM, ELM shall on the Substitution Effective Date or, as the case may be, the Removal Date transfer such Charged Assets to UBS. Each transfer shall be subject to and in accordance with the terms of Special Condition (I) of the Note.
Final Exchange		
UBS Final Exchange Amount	:	An amount equal to the Instalment Amount payable in respect of the Note on the Maturity Date.
ELM Final Exchange Amount	:	On the Final Exchange Date, ELM shall transfer to UBS the Charged Assets (provided that it is not impossible, illegal or impracticable for ELM to deliver the same, and subject to all applicable laws, regulations and directives and to the terms of the Charged Assets and subject to UBS bearing all costs and expenses (including tax) relating to the same).
Final Exchange Date	:	The Maturity Date.

Other Provisions

1. **Addition of Charged Assets**

UBS may, at any time in the period from but excluding the Investment Period End Date to and including the Termination Date (the "**Charged Assets Modification Period**"), effect an Addition (as defined in Special Condition (I) of the Note), provided that any such Addition shall not result in a Charged Assets Nominal Amount Breach.

2. **Mandatory Addition of Charged Assets**

The Calculation Agent shall, on the fifteenth day of each month falling in the Charged Assets Modification Period (or, if such day is not a Business Day, on the next succeeding Business Day), calculate the Swap MTM.

In the event that the Swap MTM on any such day is equal to or greater than EUR 10,000,000 in favour of ELM, then the Calculation Agent shall:

(i) determine the offer side asset swap spread (expressed versus three month EURIBOR, determined on the basis of Linear Interpolation, as necessary) for the Benchmark Bond; and

(ii) determine the UBS offer side cost of unsecured funding to the maturity date of the Benchmark Bond, expressed as a spread over three month EURIBOR, determined on the basis of Linear Interpolation, as necessary.

In the event that the amount determined under (i) above is greater than that determined pursuant to (ii) above, UBS shall, within five Business Days of the date of such determination, effect an Addition, provided that any such Addition shall not result in a Charged Assets Nominal Amount Breach and provided that, in the determination of the Calculation Agent, any Eligible Assets so delivered shall have a Present Value equal to or greater than the relevant Swap MTM. For the avoidance of doubt, in the event that the Calculation Agent determines, in its sole discretion, that no Benchmark Bond is available on any day, then UBS shall not be obliged to effect an Addition in relation to such date.

3. **Substitution of Charged Assets**

UBS may, at any time in the Charged Assets Modification Period give notice to ELM instructing ELM to, or to procure that the Custodian shall, effect a Substitution (as defined in Special Condition (I) of the Note) provided that any such Substitution shall not result in a Charged Assets Nominal Amount Breach and provided that, in the determination of the Calculation Agent), at the time of such Substitution the Present Value of the Replacement Charged Assets shall not be less than the Present Value of the Substituted Charged Assets. Such notice shall specify:

(i) the relevant Substitution Effective Date;

(ii) the Substituted Charged Assets; and

(iii) the Replacement Charged Assets.

4. **Removal of Charged Assets**

UBS may, at any time in the Charged Assets Modification Period give notice to ELM instructing ELM to, or to procure that the Custodian shall, effect a Removal (as defined in Special Condition (I) of the Note), provided that any such Removal shall not result in a Charged Assets Nominal Amount Breach and provided that immediately following such Removal the Present Value of the remaining Charged Assets and any Borrowed Securities shall not be less than the aggregate Present Value of the remaining Fixed Amounts and the UBS Final Exchange Amount payable by UBS under this Swap Transaction. Such notice shall specify:

(i) the relevant Removal Date; and

(ii) the Removed Charged Assets.

5. Notices regarding composition of portfolio of Charged Assets

UBS agrees to give notices regarding the composition of the portfolio of Charged Assets in accordance with Special Condition (II) of the Note.

6. Charged Assets Default Event

UBS shall, as soon as reasonably practicable after it becomes aware of the same, provide written notice to ELM that a Charged Assets Default Event has occurred.

"**Charged Assets Default Event**" means the occurrence of any of the following events as determined by the Calculation Agent in its sole discretion:

(i) any of the obligors of one or more of the Charged Assets or Borrowed Securities fails to pay after the expiry of the earlier of (a) 30 calendar days and (b) any applicable grace period any amount of interest, principal or other amount due in accordance with the terms of such Charged Asset or Borrowed Security at the time of such failure;

(ii) one or more of the Charged Assets or Borrowed Securities are, for any reason whatsoever, declared or become capable of being declared due and payable prior to the maturity date scheduled in accordance with the terms of such Charged Asset or Borrowed Security at the time such asset is declared or becomes capable of being declared due and payable;

(iii) one or more of the Charged Assets or Borrowed Securities have their terms and conditions revised, supplemented or amended such that there is:

   (a) a change in the rate or amount of interest payable or the amount of scheduled interest accruals;

   (b) a change in the amount of principal or premium payable at maturity or at scheduled redemption dates;

   (c) a change to any date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;

   (d) a change in the ranking in priority of payment of such Charged Asset or Borrowed Security, causing the subordination of such Charged Asset or Borrowed Security to any other Charged Asset or Borrowed Security; or

   (e) any change in the currency or composition of any payment of interest or principal.

7. Definitions

"**Benchmark Bond**" means the shortest dated outstanding Spanish Government Bond which:

   (i) carries a fixed rate of interest (which for the avoidance of doubt may be zero);

   (ii) is denominated in EUR; and

   (iii) has a maturity of not less than 1 month and not more than 1 year from the relevant date of determination;

"**Charged Assets Nominal Amount Breach**" means that the aggregate nominal amount of the Charged Assets and any Borrowed Securities is greater than the Charged Assets Nominal Amount Maximum or less than the Charged Assets Nominal Amount Minimum;

"**Charged Assets Nominal Amount Maximum**" means EUR 500,000,000;

"**Charged Assets Nominal Amount Minimum**" means:

(i) EUR 230,000,000 in respect of the period from and including the Investment Period End Date to and including 30 January 2037; and

(ii) EUR 200,000,000 in respect of the period from but excluding 30 January 2037 to and including 30 July 2041.

"**Present Value**" means, in respect of any amount or with respect to any Charged Assets or Borrowed Securities, the expected present value of such amount or the Scheduled Amounts with respect to such Charged Assets or Borrowed Securities, discounted at EURIBOR flat, as determined by UBS.

"**Scheduled Amounts**" means, with respect to any Charged Assets or Borrowed Securities, in relation to any date of determination, the amounts which are on such date expected to be payable under such Charged Assets or Borrowed Securities, as determined by UBS.

"**Spanish Government Bond**" means any Letra del Tesoro or Bono del Estado or Obligacion del Estado listed under the Bloomberg page SGLT Govt <Go> or SPGB Govt <GO> or such successor pages on Bloomberg or a successor service, as determined by the Calculation Agent; and

"**Swap MTM**" means the mark-to-market value of this Swap Transaction as determined by the Calculation Agent in its sole and absolute discretion.

8. **Account Details**

Payments/Deliveries to UBS	:	to be advised
Payments/Deliveries to ELM	:	to be advised

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 sincerely

UBS AG, LONDON BRANCH

By: …………………………
Authorised Signatory

By: …………………………
Authorised Signatory

Accepted and confirmed as
of the date written above:

ELM B.V.

By: …………………………
Authorised Signatory

DESCRIPTION OF THE SECURITIES LENDING AGREEMENT

The Securities Lending Agreement is constituted by the Constituting Instrument and comprises the Master Securities Lending Terms as supplemented by the Constituting Instrument, the First Supplemental Constituting Instrument dated 21 December 2010 and the Second Supplemental Constituting Instrument dated 26 May 2011. The Constituting Instrument (as amended) sets out the following supplemented provisions with respect to the Master Securities Lending Terms:

(A) **Certain Definitions**

References in the Master Securities Lending Terms to "Purchased Assets" shall be construed as references to "Borrowed Securities" or, as the case may be, Charged Assets which upon delivery will be Borrowed Securities.

References in the Master Securities Lending Terms to "Purchase Transaction" shall be deemed to refer to all rights and obligations arising from and as a result of the exercise by the Securities Buyer of the Purchase Option, including such rights and obligations relating to the Exchange Option.

(B) **Purchase Option**

In relation to the exercise of the Purchase Option by the Securities Buyer pursuant to the Master Securities Lending Terms, the delivery by the Securities Seller on a Delivery Date of the Charged Assets to be delivered on such date shall be subject to the prior delivery by or on behalf of the Securities Buyer to the Securities Seller of Eligible Securities with a Market Value greater than or equal to 110 per cent. of the Market Value of the Borrowed Securities as at such date (such Eligible Securities so delivered, the "**Delivered Securities**") and each such delivery shall be made subject to and in accordance with Special Condition (III) of the Note.

For the avoidance of doubt, if at any time after the delivery of Delivered Securities to the Securities Seller such Delivered Securities cease to have at least the Relevant Minimum Rating, such Delivered Securities are not required to be redelivered to the Securities Buyer and the Securities Buyer shall not be required to exercise the Redelivery Option in order that such Delivered Securities are returned to it. Further, for the avoidance of doubt, a security shall not be an Eligible Security and may not therefore be delivered to the Securities Seller even if it is part of the same issue, series or class as any Delivered Securities held by the Securities Seller if such security does not at such time have at least the Relevant Minimum Rating.

The relevant Purchase Notice shall specify the Eligible Securities that will be delivered by the Securities Buyer to the Securities Seller in relation to the exercise of the relevant Purchase Option, in addition to the matters stated in the form of Purchase Notice set out in Schedule 1 to the Master Securities Lending Terms. Notwithstanding the definition of Purchase Notice in the Master Securities Lending Terms, any Purchase Notice may be given less than two Business Days prior to the Delivery Date if so agreed by the Custodian and shall be given in such form as may be acceptable to the Custodian from time to time.

As used in this Clause 7:

"**Eligible Securities**" means any debt obligations that, at the time of its delivery to the Securities Seller, are rated at least Aa3 by Moody's or at least AA- by Standard & Poor's (each, the "**Relevant Minimum Rating**").

"**Market Value**" means in relation to Charged Assets or Delivered Securities or Eligible Securities, as the case may be, the market value of such obligation as determined by the

Valuation Agent or as verified by the Valuation Agent based on valuations provided to such Valuation Agent by the Securities Lending Counterparty, in each case acting in good faith and in a commercially reasonable manner.

"**Valuation Agent**" means:

(a) from the Issue Date to, but excluding, the date falling six calendar months after the Issue Date (the "**Valuation Agent Appointment Date**"): Securities Lending Counterparty; and

(b) thereafter, any of (i) The Bank of New York Mellon, (ii) Euroclear Bank, (iii) Clearstream Banking, (iv) Blackrock, (v) Zais (vi) Dynamic Credit Partners LLC (vii) M&G Investments Limited or (viii) any other entity.

In the event that none of the entities referred to in sub-paragraph (b) above are prepared to act as Valuation Agent then, within five Business Days of the Valuation Agent Appointment Date, the Securities Buyer shall exercise the Redelivery Option in full. The rights of the Securities Buyer under the Securities Lending Agreement shall thereafter be suspended until such time as a Valuation Agent is appointed, and shall resume thereafter.

(C) **Redelivery Option**

There is no fixed Redelivery Date. In relation to the exercise of the Redelivery Option by the Securities Buyer pursuant to the Master Securities Lending Terms, the Securities Seller shall deliver to the Securities Buyer on the relevant Redelivery Date Delivered Securities subject to the prior delivery by the Securities Buyer to the Securities Seller of the relevant Borrowed Securities or Fungible Assets, provided that the aggregate Market Value of the remaining Delivered Securities shall be greater than or equal to 100 per cent. of the aggregate Market Value of any remaining Borrowed Securities and each such delivery shall be made subject to and in accordance with Special Condition (III) of the Note.

The relevant Redelivery Notice shall specify the Delivered Securities that will be delivered by the Securities Seller in relation to the exercise of the relevant Redelivery Option, in addition to the matters stated in the form of Redelivery Notice set out in Schedule 2 to the Master Securities Lending Terms. Notwithstanding the definition of Redelivery Notice in the Master Securities Lending Terms, any Redelivery Notice may be given less than two Business Days prior to the Redelivery Date if so agreed by the Custodian and may be given in such form as may be acceptable to the Custodian from time to time.

(D) **Redelivery on Securities Lending End Date**

The reference to "Maturity Date" in Clause 4.3 of the Master Securities Lending Terms shall be deleted and replaced with a reference to the "Securities Lending End Date". The "**Securities Lending End Date**" means the date falling five years after the Issue Date.

(E) **Exchange Option**

The Securities Buyer may, subject to the provisions hereof and subject to and in accordance with Special Condition (III) of the Note, at any time exercise the Exchange Option, provided that, immediately following the exercise of such Exchange Option, the aggregate Market Value of the Delivered Securities is no less than 110 per cent. of the aggregate Market Value of the Borrowed Securities.

As used in this Clause 7:

"**Exchange Date**" means a date specified as such in the relevant Exchange Notice on which an exercise of the Exchange Option shall be settled.

"**Exchange Option**" means the option of the Securities Buyer at any time and from time to time prior to the Securities Lending End Date exercisable by delivering an Exchange Notice to the Securities Seller to require the delivery to it on the Exchange Date of the amount of Delivered Securities (if any) specified in such Exchange Notice on terms that the Securities Buyer shall be obliged to deliver further Eligible Securities (if any) as specified in the Exchange Notice to the Securities Seller on the Exchange Date.

"**Exchange Notice**" means a notice signed for and on behalf of the Securities Buyer substantially in the form set out in Annex 1 hereto or in such other form as may be acceptable to the Custodian by delivery of which to the Securities Seller no less than two Business Days prior to the Exchange Date (or on shorter notice if agreed by the Custodian) the Securities Buyer may exercise the Exchange Option in respect of the amount of Delivered Securities specified in such notice.

(F) **Delivered Securities Default Event**

If a Delivered Securities Default Event occurs, the Securities Buyer shall , within five Business Days of becoming aware of the same, exercise either the Redelivery Option subject to and in accordance with Clause 7.1(C) above and the Master Securities Lending Terms or the Exchange Option subject to and in accordance with Clause 7.1(E) above and the Master Securities Lending Terms such that all of the Affected Delivered Securities are delivered to the Securities Buyer.

As used in this Clause 7:

"**Delivered Securities Default Event**" means the occurrence of an event of default (howsoever described) in respect of any Delivered Securities (the relevant affected Delivered Securities being "**Affected Delivered Securities**").

(G) **Delivered Securities Value Maintenance**

In the event that the Securities Buyer determines that, as of 4.00pm (London time) on any Business Day, the aggregate Market Value of the Delivered Securities is less than the aggregate Market Value of the Borrowed Securities then, within five Business Days of such determination, the Securities Buyer shall exercise the Exchange Option subject to and in accordance with Clause 7.1(E) above and the Master Securities Lending Terms such that the aggregate Market Value of the Delivered Securities is equal to or greater than 110 per cent. of the aggregate Market Value of the Borrowed Securities.

In the event that the Securities Buyer determines that, as of 4.00pm (London time) on any Business Day, the aggregate Market Value of the Delivered Securities is greater than 110 per cent. of the aggregate Market Value of the Borrowed Securities then the Securities Buyer may exercise the Exchange Option subject to and in accordance with Clause 7.1(E) above and the Master Securities Lending Terms provided that, immediately following the delivery of the relevant Delivered Securities, the aggregate Market Value of the remaining Delivered Securities is no less than 110 per cent. of the aggregate Market Value of the Borrowed Securities.

(H) **Income Payments**

Clause 5 of the Master Securities Lending Terms shall be deleted and replaced by the following paragraph:

"Where the Term of a particular Purchase Transaction extends over an Income Payment Date with respect to any Delivered Securities, the Securities Seller shall on the date on which an Income Payment is made by the issuer of or obligor in respect of such Delivered Securities transfer or credit to the account of the Securities Buyer an amount equal to (and in the same currency as) the Income Payment made by such issuer or obligor. For the purpose of this paragraph, an "**Income Payment**" is a payment of principal, interest or other distributions made by the issuer or obligor of the relevant Delivered Securities thereon and an "**Income Payment Date**" is the date on which an Income Payment is made in respect of the relevant Delivered Securities.".

(I) **Termination on Securities Lending End Date**

Clause 7.1 of the Master Securities Lending Terms shall be amended by the deletion of the words "On Maturity Date of the Notes of the relevant Series" in the sub-title thereof and their replacement with the words "On the Securities Lending End Date" and the deletion of the words "Maturity Date" in the third line of such Clause and their replacement with the words "Securities Lending End Date".

(J) **Accelerated Redelivery Option**

Clause 7.2 of the Master Securities Lending Terms shall not apply. If at any time a Charged Assets Default Date occurs, or the Securities Seller intends to repurchase and cancel the Note pursuant to Condition 7(g), or the Note falls due for redemption prior to the Maturity Date for any reason, then the Redelivery Date shall be deemed to occur with respect to all of the Borrowed Securities (to the extent that a Redelivery Date has not already occurred) on the relevant Charged Assets Default Date or, as the case may be, on the date for repurchase of the Note or, as the case may be, on the date on which the Securities Seller gives notice to the Noteholder of such early redemption or, in the case of an early redemption pursuant to Condition 9 of the Note on the date on which the Trustee gives notice to the Issuer that the Note is due and repayable.

(K) **Representations**

References in Clause 8.2 and Clause 8.3 of the Master Securities Lending Terms to Purchased Assets shall be deemed to be references to Borrowed Securities and Delivered Securities.

(L) **Events of Default**

Clause 9 of the Master Securities Lending Terms shall be deleted in its entirety and replaced with the following:

9. <u>**Events of Default**</u>

9.1 There shall be an Event of Default with respect to either party (the "**Defaulting Party**", the other party being the "**non-Defaulting Party**") with respect to any Purchase Transaction if:

(A) (a) either party fails to deliver the Borrowed Securities, Delivered Securities or, as the case may be, Fungible Assets on the due date for delivery thereof to the other party in accordance with the provisions of these Master Securities Lending Terms and the relevant Purchase Transaction and such failure continues unremedied for a period of 14 days after the earlier of (i) the date on which the Defaulting Party becomes aware of such failure and (ii) the date of receipt by the Defaulting Party of written notice by the non-Defaulting Party or the Trustee requiring the same to be remedied and (b) the non-Defaulting Party or the Trustee serves a Default Notice on the Defaulting Party; or

(B) (a) either party fails to make payment of any amount payable by it to the other party in respect of an Income Payment on the due date for payment thereof or fails to make payment of any other amount payable by it under these Master Securities Lending Terms in respect of the relevant Purchase Transaction and such failure is continuing unremedied for a period of 14 days after the earlier of (i) the date on which the Defaulting Party becomes aware of such failure and (ii) the date of receipt by the Defaulting Party of written notice by the non-Defaulting Party or the Trustee requiring the same to be remedied and (b) the non-Defaulting Party or the Trustee serves a Default Notice on the Defaulting Party; or

(C) (a) either party (1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debt or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (a) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or (b) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clause (1) to (7) inclusive; or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts and (b) the non-Defaulting Party or the Trustee serves a Default Notice on the Defaulting Party; or

(D) (a) either party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such party under these Master Securities Lending Terms in respect of the relevant Purchase Transaction to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the Trustee and (b) the non-Defaulting Party or the Trustee serves a Default Notice on the Defaulting Party; or

(E) (a) either party is suspended or expelled from ownership or participation in any securities exchange or association or other self regulating organisation, or suspended from dealing in securities by any governmental agency or any of the assets of either party hereto or the assets of investors held by, or to the order of, either party hereto are transferred or ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulatory legislation and (b) the non-Defaulting Party or the Trustee serves a Default Notice on the Defaulting Party; or

(F) (a) either party fails to perform any other of its obligations under these Master Securities Lending Terms in respect of the relevant Purchase Transaction and does not remedy such failure within 30 days after notice is given by the other party or the Trustee requiring the same to be remedied and (b) the non-Defaulting Party or the Trustee serves a Default Notice on the Defaulting Party; or

(G) (a) any representations made by either party in these Master Securities Lending Terms are incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, and (b) the non-Defaulting Party or the Trustee serves a Default Notice on the Defaulting Party.

The Redelivery Date for each Purchase Transaction hereunder shall be deemed immediately to occur and, subject to the following provisions, all Borrowed Securities shall be immediately deliverable and Delivered Securities shall be immediately deliverable (and so that, where this sub-Clause applies, performance of the respective obligations of the parties with respect to the delivery of Borrowed Securities and Delivered Securities shall be effected only in accordance with the provisions of sub-Clause 9.2 below).

9.2 The Default Market Values of the Borrowed Securities and Delivered Securities deliverable by each party shall be established by the non-Defaulting Party for all Purchase Transactions as at the Redelivery Date and on the basis of the sums so established, an account shall be taken (as at the Redelivery Date) of what is due from each party to the other under the Securities Lending Agreement (on the basis that each party's claim against the other in respect of the transfer to it of Borrowed Securities or Delivered Securities under the Securities Lending Agreement equals the Default Market Value therefor) and the sums due from one party shall be set off against the sums due from the other and only the balance of the amount shall be payable (by the party having the claim valued at the lower amount pursuant to the foregoing) and such balance shall be due and payable on the next following Business Day,

where:

"**Default Market Value**" means at any time, in relation to any Borrowed Securities or Delivered Securities, the amount which, in the reasonable opinion of the non-Defaulting Party, represents their fair market value, having regard to such pricing sources and methods (which may include, without limitation, available prices for securities with similar maturities, terms and credit characteristics as the relevant Borrowed Securities or Delivered Securities) as the non-Defaulting Party considers appropriate.

(M) **Default Notice**

The definition of "Default Notice" in Annex 1 of the Master Securities Lending Terms shall be deleted in its entirety and replaced by the following:

""Default Notice" means a written notice served by the non-Defaulting Party (with the prior written consent of the Trustee if the non-Defaulting Party is the Securities Seller) or the Trustee (if the non-Defaulting Party is the Securities Seller) on the Defaulting Party in accordance with the provisions of these Master Securities Lending Terms stating that an event shall be treated as an Event of Default for the purposes of a Purchase Transaction;".

INFORMATION RELATING TO THE CHARGED ASSETS

The following information relating to the Charged Assets (as at the date of this Prospectus) is in summary only and has been extracted from the website of AIAF Renta Fija (www.bmerf.es) and the website of the Issuer of the Charged Assets (www.tesoro.es). Such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Issuer:	Kingdom of Spain
Charged Assets:	EUR 275,000,000 in principal amount of 4.2% *Bonos y Obligaciones del Estado* due 31 January 2037 (ISIN: ES0000012932).
Nature of business:	Sovereign State
Address:	Pº del Prado, 6 , 28014, Madrid, Spain
Listing:	The Charged Assets are admitted to trading on the AIAF Mercado de Renta Fija, which is a regulated market for the purposes of Directive 2004/39/EC
Governing Law:	Spanish Law
Country of Incorporation	Spain

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 Basel-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 Basel-City. The registration number is CH-270.3.004.646-4.

UBS AG is incorporated and domiciled 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.

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

UBS AG shares are listed on the SIX Swiss Exchange and the New York Stock Exchange.

The addresses and telephone numbers of UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 5050.

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.

GENERAL INFORMATION

1. Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Note. The issue of the Note was duly authorised by a resolution of the board of directors of the Issuer dated 30 November 2010.

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 Note 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 2011, 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 Note shall remain outstanding:

(i) this Series Memorandum, the 2010 Programme Memorandum and the Programme Memorandum;

(ii) the Constituting Instrument dated 30 November 2010, the First Supplemental Constituting Instrument dated 21 December 2010, the Second Supplemental Constituting Instrument dated 26 May 2011 and the Charged Agreement dated 30 November 2010;

(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 and the financial year ending 31 December 2011.

6. Clearing Systems and Settlement

The Note has 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 Note, will be 055985782 and XS0559857825 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.

10. **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 Note to the Official List 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.
Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands

ARRANGER

UBS Limited
100 Liverpool Street
London EC2M 2RH

TRUSTEE

The Law Debenture Trust Corporation p.l.c.
Fifth Floor
100 Wood Street
London EC2V 7EX

REGISTRAR

UBS AG, London Branch
100 Liverpool Street
London EC2M 2RH

SWAP COUNTERPARTY, CUSTODIAN AND CALCULATION AGENT

UBS AG, London Branch
100 Liverpool Street
London EC2M 2RH

LEGAL ADVISERS

To the Arranger and the Trustee as to English law:

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CityPoint
One Ropemaker Street
London EC2Y 9SS

To the Arranger as to Dutch law:

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PO Box 79023 1070 NB
Claude Debussylaan 247 1082 MC
Amsterdam
The Netherlands

LISTING AGENT

Arthur Cox Listing Services Limited
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland