

DATED: 1 June 2011  
Series Memorandum

# ELM B.V.

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

EUR 33,750,000 Zero Coupon Secured  
Notes due 2032

€15,000,000,000  
Secured Note Programme

SERIES 146

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 22 November 2010 relating to the Programme (the “**Programme Memorandum**”). This document should be read in conjunction with the Programme Memorandum. Save where the context otherwise requires, terms defined in the Programme Memorandum have the same meaning when used in this Series Memorandum. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the provisions set out within this document and the Programme Memorandum.

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

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

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

The Issuer accepts responsibility for the information contained in this Series Memorandum except in relation to the information contained in the section entitled “Information relating to the Swap Counterparty”. 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 Notes or the distribution of this Series Memorandum in any jurisdiction where such action is required.

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

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

This Series Memorandum contains references to credit ratings granted by Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc. (“**S&P**”), Moody’s Investor Service, Inc. (“**Moody’s**”) and Fitch Ratings Limited (“**Fitch**”). Fitch is established in the European

Community and has applied for registration pursuant to Article 15 (*Application for Registration*) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit ratings (the “**Regulation**”). As at the date of this Series Memorandum, no registration has been granted to Fitch, however pursuant to Article 40 (*Transitional Provisions*) of the Regulation, Fitch may continue to issue credit ratings which may be used for regulatory purposes by the financial institutions referred to in Article 4(1) of the Regulation unless such registration is refused. S&P and Moody’s are not established in the European Community and have not applied for registration pursuant to the Regulation.

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

- (i) this Series Memorandum and the Programme Memorandum;
- (ii) the Constituting Instrument dated 18 March 2011 and the Charged Agreement constituted thereby;
- (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 2009.

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

The language of the Series Memorandum is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law. Any reference to websites in this Series Memorandum is for information purposes only and such websites shall not form part of this document.

**Particular attention is drawn to the section of this Series Memorandum headed “Risk Factors”.**

**The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The Notes may not be offered, sold or otherwise transferred within the United States or to the account of any US Person (as defined in Regulation S under the Securities Act).**

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

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## RISK FACTORS

### Investor Suitability

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

Before making an investment decision, prospective purchasers of the Notes should conduct such independent investigation and analysis regarding the Issuer, the Swap 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 Notes. In particular, as part of such independent investigation and analysis, prospective purchasers of the Notes should consider carefully all the information set forth in this Series Memorandum and the considerations set forth below. However, it must be understood that the considerations set forth below are not, and cannot be, an exhaustive list of all possible risks associated with an investment in the Notes.

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

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

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

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

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

### Credit Risk

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

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

Notes, 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 Notes may involve a loss of principal by virtue of the terms of the Notes even where there is no default by the Issuer. The Noteholders, and prospective purchasers of Notes, will at all times be solely responsible for making their own independent appraisal of, and investigation into, the business, financial condition, prospects, creditworthiness, status and affairs of the 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 Noteholders, or prospective purchasers of the Notes, with any information in relation to such matters or to advise as to the attendant risks.

### **Zero Coupon Notes**

The Notes are Zero Coupon Notes and will pay no interest. Unless the Notes fall due for redemption early for any reason, each Note shall be redeemed on the Maturity Date at its Scheduled Redemption Amount.

### **Certain Risk Factors Relating to the Charged Assets, the Swap Counterparty**

#### ***The Notes shall be redeemed early following a Mandatory Redemption Event***

If the Swap Counterparty determines at any time that a Mandatory Redemption Event has occurred in respect of either of the Collateral Securities, then the Notes shall fall due for redemption in part, such part determined on the basis of the proportion which the Reference Asset Notional Amount of the affected Collateral Securities bears to the Reference Asset Notional Amounts of both Collateral Securities. The redemption amount due to the Noteholders in such circumstances is discussed further under "*The Notes may be redeemed by delivery of Affected Securities*" below. The circumstances giving rise to a Mandatory Redemption Event are set out in detail in Special Condition (II) of the Terms of the Notes set out in this document and any potential Noteholders are urged to read such provisions carefully. The Notes may fall due for redemption early by reason of a Mandatory Redemption Event for reasons which include but are not limited to a failure to pay by the obligor with respect to the Collateral Securities.

#### ***The Notes may be redeemed by delivery of Affected Securities, subject to prior ranking claims***

The Notes are limited recourse obligations of the Issuer ranking *pari passu* and without preference among themselves. If the Notes fall due for redemption early for any reason, the Affected Securities (being all of the Collateral Securities or, in the case of a Mandatory Redemption Event, the Collateral Securities affected by the Mandatory Redemption Event) are required to be realised to the extent reasonably determined to be necessary to satisfy any claims ranking ahead of the Noteholders. These prior ranking claims will include the costs, expenses and remuneration of the Trustee, the Custodian, the Calculation Agent and any amount owing to the Swap Counterparty with respect to the termination or, as the case may be, partial termination of the Collateral Swap. Following such realisation and satisfaction of all such prior ranking claims, the Notes shall be redeemed (in whole or, in the circumstances described above under "*The Notes shall be redeemed early following a Mandatory Redemption Event*", in part) by transfer to the Noteholders 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 Notes falling due for redemption and the Notes actually being redeemed. The "**Early Redemption Assets**" shall comprise any Affected Securities which have not been required to be realised to satisfy prior ranking claims and any excess proceeds of such realisation. In no circumstances shall any

amount be payable by the Swap Counterparty to the Issuer in connection with the termination of the Collateral Swap (regardless of whether the market value of the Collateral Swap is in favour of the Issuer) and, accordingly, the Early Redemption Assets shall not include, and Noteholders will not otherwise benefit from, any market value of the Collateral Swap in favour of the Issuer.

No assurance can be given that the value of the Early Redemption Assets will be equal to the present value of the Notes or an amount sufficient to enable the Noteholders to purchase another similar investment. If the value of the Early Redemption Assets is insufficient to enable the Noteholders to recover an amount equal to the present value of the Notes or to purchase another similar investment, no other assets of the Issuer will be available to meet such shortfall. 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 in respect of the termination of the Charged Agreement) and the value of the remaining Affected Securities. The Charged Agreement will terminate, in whole or, if a Mandatory Redemption Event affects just one of the Collateral Securities, in part, if the Notes fall due for redemption early and the amount of the termination payment due to the Swap Counterparty shall be the Swap Termination Amount (as defined in item 22 of the Terms of the Notes).

### ***No Charged Assets obligor is involved in the issuance of the Notes***

No obligor of the Collateral Securities is involved in the issuance of the Notes in any way and has no obligation to consider the interests of the Noteholders in taking any corporate actions that might affect the value of the Notes. Such obligors may, and are entitled to, take actions that will adversely affect the value of the Notes. The purchase price paid for the Notes is paid to the Issuer and not to any such obligor, and the Notes do not represent a direct investment in the Collateral Securities or otherwise give the Noteholders any direct rights in the Collateral Securities or the debt obligations generally of the obligors of the Collateral Securities. As owners of the Notes, the Noteholders will not have special voting rights or rights to receive distributions or any other rights that holders of the Collateral Securities or the debt obligations generally of the obligors of the Collateral Securities have. Furthermore, the Collateral Securities are scheduled to redeem prior to the Maturity Date of Notes. The redemption proceeds shall be credited to the Issuer's Collateral Account with UBS AG in its capacity as Custodian for the Issuer. However, such cash proceeds will be held by the Custodian as banker to the Issuer and not in any other capacity and therefore, to that extent, Noteholders are exposed to the credit risk of UBS AG.

### **Exposure to UBS AG**

UBS AG acts in a number of capacities in relation to the Notes (including as Swap Counterparty) and, as such, any investor in the Notes will be exposed to the credit risk of UBS AG. The Notes do not represent a claim against UBS AG or any affiliate of UBS AG and, in the event of any loss, the Noteholders 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 Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

### **No Reliance**

Each of the Issuer, the Trustee and UBS disclaim any responsibility to advise the purchaser of the Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or from time to time hereafter. 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 Noteholders 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 Notes or the Noteholders (or the impact of any such dealing on the interests of the Noteholders) 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 Notes).

### **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 Notes and that may or may not be publicly available or known to the Noteholders, and the Notes do not create any obligation on the part of UBS or any other person to disclose to the Noteholders any such relationship or information (whether or not confidential).

### **Taxation**

The Noteholders will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges, that may be applicable to any payment to it in respect of the Notes. Neither the Issuer nor any other person will pay any additional amounts to the Noteholders to reimburse it for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or by the Registrar, although such requirement will give rise to an obligation to redeem the Notes early in the circumstances described in Condition 7(c) and item 22 of the Terms of the Notes.

### **Legal Opinions**

Whilst legal opinions relating to the issue of the Notes 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 have been addressed to UBS and the Trustee, and not to the Noteholders (which will not be able to rely on them).



## TERMS OF THE SERIES 146 EUR 33,750,000 ZERO COUPON SECURED NOTES DUE 2032

The Notes designated above (the “Notes”) shall have the following “Terms” which shall complete, modify and amend the Master Conditions set out in the Programme Memorandum dated 22 November 2010, which shall apply to the Notes as so completed, modified and amended. References to “Conditions” or “Condition” shall, unless otherwise provided, mean references to the Terms and Conditions of the Notes. Unless the context otherwise requires, expressions used herein and not otherwise defined herein or in the Master Documents shall have the meanings ascribed to them by the provisions of the 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).

1. (i) Issuer: ELM B.V.  
(ii) Arranger: UBS Limited
2. (i) Series Number: 146  
(ii) Tranche Number: Not applicable.
3. Aggregate Nominal Amount:  
(i) Aggregate Nominal Amount (of the Series): EUR 33,750,000.  
(ii) Aggregate Nominal Amount (of the Tranche): Not applicable.
4. Issue Price: 63.00 per cent. of the Aggregate Nominal Amount.
5. Authorised Denomination: EUR 100,000 and integral multiples of EUR 50,000 in excess thereof. No Notes in definitive form will be issued with a denomination above EUR 150,000. So long as the Notes are represented by a Global Registered Certificate and the relevant clearing systems permit, the Notes will be tradeable only in the minimum authorised denomination of EUR 100,000 and higher integral multiples of EUR 50,000, notwithstanding that no definitive Notes will be issued with a denomination above EUR 150,000.
6. (i) Issue Date: 18 March 2011  
(ii) Interest Commencement Date: Not applicable.
7. Maturity Date: 14 August 2032, subject to adjustment in accordance with the Business Day Convention.
8. Interest Basis: Zero Coupon (see Special Condition (I)).
9. Redemption/Payment Basis: Unless redeemed earlier as otherwise provided herein, the Scheduled Redemption Amount of each Note payable on the Maturity Date shall be an amount equal to 236.53% of its outstanding

principal amount.

10. Change of Interest or Not applicable.  
Redemption/ Payment Basis:
11. Put/Call Options: Not applicable.
12. Status of the Notes:
- (i) Status of the Notes: Secured and limited recourse obligations 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: Condition 4(d) shall not apply and upon the Notes falling due for redemption pursuant to Condition 7(b) (as amended pursuant to Special Condition (II) below) or 7(c) or 9, an amount equal to any proceeds of realisation of Affected Securities (to the extent that any Affected Securities are required to be sold pursuant to item 22 below) shall be applied as follows:
- (i) first, in meeting any costs incurred by the Trustee in relation to the early redemption of the Notes;
  - (ii) secondly, on a *pro rata* basis in meeting any costs of the Issuer in relation to the early redemption of the Notes and in meeting any costs incurred by the Calculation Agent and by the Custodian in relation to any sale of the relevant Affected Securities;
  - (iii) thirdly, in meeting the claims (if any) of the Swap Counterparty pursuant to the Charged Agreement in respect of the Swap Termination Amount (as defined in item 22 below); and
  - (iv) fourthly, in payment of the balance (if any) to Noteholders *pari passu* and rateably,
- provided that the proceeds of sale of any Undeliverable Affected Securities (as defined in item 22 below) shall be applied solely in making payment of such proceeds to the Noteholder otherwise entitled to receive transfer of such Undeliverable Affected Securities.
13. Listing: Application will be made to the Irish Stock Exchange for the Notes to be admitted to the

Official List and trading on its regulated market. No assurance can be given that such an application to list the Notes will be accepted.

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 See Special Condition (I).
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: See Item 9 above.
22. Early Redemption Amount payable on mandatory redemption, redemption for taxation reasons or on termination of the Charged Agreement or on default and the method of calculating the same (if required or if different from that set out in the Conditions): Condition 7(b) shall apply as amended pursuant to Special Condition (II) below.  
Condition 7(d) shall not apply, notwithstanding that the Notes are Zero Coupon Notes.  
Condition 7(e)(2) shall not apply in relation to early redemption pursuant to Condition 7(b) (as amended pursuant to Special Condition (II) below) or Condition 7(c) or upon the Notes becoming due and repayable as provided in Condition 9 (and, accordingly, there shall be no Early Redemption Amount) and instead the Notes shall be redeemed by transfer of the Early Redemption Assets in accordance with the terms of this item 22 to the Noteholders on a *pro rata* basis on or as soon as reasonably practicable after the relevant due date for early redemption. The references in Condition 7(e)(3) to the redemption of each Note at its Redemption Amount shall be construed accordingly and, in the case of a Mandatory Redemption Event (as defined in Special Condition (II) below), shall be construed as a partial redemption of each Note as provided in Special Condition (II) below.

**“Early Redemption Assets”** means the relevant Affected Securities less an amount (not greater than all of such Affected Securities) of such

Affected Securities (rounded up to the nearest whole denomination) with a market value (as determined by the Calculation Agent in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner) equal to any relevant Unwind Costs. If, by reason of the denominations of the Affected Securities, the Affected Securities that would otherwise be comprised in the Early Redemption Assets are not equally divisible among the Noteholders then the Early Redemption Assets shall not comprise any fractional entitlement to Affected Securities and shall comprise only such amount of Affected Securities as is, to the greatest extent possible, equally divisible among the Noteholders, as determined by the Calculation Agent. If the proceeds (if any) of sale by the Calculation Agent (in accordance with this item 22) of any Affected Securities not required to be transferred to Noteholders in accordance with this paragraph are greater than the relevant Unwind Costs, then such excess proceeds shall also comprise part of the Early Redemption Assets.

Following the determination by the Calculation Agent of the Affected Securities to be transferred to Noteholders, the Issuer shall not later than the Business Day following the date of such determination notify the Noteholders in accordance with Condition 14 (such notice an “**Issuer Redemption Notice**”) of the securities which shall be comprised in the Early Redemption Assets, whether any cash may be comprised in the Early Redemption Assets and that each Noteholder shall be required to instruct its relevant clearing system to block such Noteholder’s interest in the Notes until the conclusion of a period beginning on the Business Day on which the Issuer Redemption Notice is delivered to the relevant clearing system and ending on (and including) the date on which the Early Redemption Assets are delivered to the account specified in such Noteholder’s Noteholder Delivery Instruction. In order to receive transfer of the Early Redemption Assets, the Noteholders are required to notify the Issuer of their account details for the purpose of the transfer of the Early Redemption Assets by sending notice to the Issuer in, or substantially in, the form of the instruction (a “**Noteholder Delivery Instruction**”) set out in the Annex to these Terms (which the Issuer shall countersign and forward to the Custodian (with a copy to the Trustee) as soon as reasonably practicable thereafter). Such Noteholder Delivery Instruction shall not be valid unless the relevant Noteholder has instructed its clearing system to block its interest in the Notes as aforesaid.

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 or non-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 its entitlement to any Affected Securities is prohibited under any applicable law, regulation or directive or is otherwise not possible or practicable (such Affected Securities, **“Undeliverable Affected Securities”**), the Calculation Agent shall use all reasonable efforts to arrange the sale of the relevant Undeliverable Affected Securities in the manner described below in this item 22 and arrange for the payment to such Noteholder of the proceeds of such sale attributable to such Undeliverable Affected Securities that were otherwise to have been delivered to such Noteholder. Such proceeds shall, with respect to such Noteholder, be deemed to comprise part of such Noteholder’s entitlement to Early Redemption Assets.

Any Affected Securities which are not to be transferred to Noteholders or, as the case may be, to any particular Noteholder pursuant to the provisions of this item 22 shall be sold by the Calculation Agent as follows: The Calculation Agent (acting as agent of the Issuer) shall use all reasonable efforts to sell the relevant securities 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 such securities in anticipation that a better price might be obtained. The Custodian shall deliver any securities sold by the Calculation Agent as aforesaid in accordance with the instructions of the Calculation Agent and shall be entitled to rely absolutely without enquiry on such instructions and shall not be liable for so doing, other than in the case of gross negligence, fraud or wilful default.

**“Affected Securities”** means all of the Collateral Securities unless the Notes have fallen due for redemption solely by reason of the occurrence of a Mandatory Redemption Event (as defined in Special Condition (II) below), in which case the Affected Securities shall be those Collateral Securities affected by such Mandatory Redemption Event.

**“Unwind Costs”** means an amount in EUR which is the aggregate of:

(a) any reasonable pre-estimate of the costs to be incurred by the Calculation Agent or the Custodian, as the case may be, in relation to any liquidation of the relevant affected Collateral Securities;

(b) an amount (if any) (the **“Swap Termination Amount”**) equal to the cost (determined as described below) to the Swap Counterparty (as a positive number) in relation to the termination of the Relevant Portion of the Collateral Swap;

(c) any costs incurred by the Trustee or the Issuer in relation to the early redemption of the Notes; and

(d) any reasonable pre-estimate of the costs and expenses (including, without limitation, stamp duty and any other tax) to be incurred by the Custodian in respect of the transfer of any Early Redemption Assets pursuant to this item 22.

All such costs shall be determined by the Calculation Agent in its sole and absolute discretion and acting in good faith and in a commercially reasonable manner.

The Swap Termination Amount shall be determined by the Swap Counterparty on the basis of the cost (if any) to it in relation to the termination of the Collateral Swap. Such cost will be determined by taking into account a number of factors including, but not limited to, any loss of bargain, cost of funding or any cost or loss incurred as a result of its terminating, liquidating, obtaining or re-establishing any hedge or related trading position. In no circumstances shall any other amount (including any amount that would otherwise have been payable by the Swap Counterparty to the Issuer in connection with the termination of the Collateral Swap in the event that the market value of the Collateral Swap were in favour of the Issuer) be payable by reason of its termination.

**“Relevant Portion of the Collateral Swap”** means the portion of the Collateral Swap which has terminated as a result of the occurrence of the early redemption of the Notes pursuant to Condition 7(b) (as amended pursuant to Special Condition (II) below) or Condition 7(c) or upon the Notes becoming due and repayable as provided in Condition 9, being a notional amount thereof determined by applying a fraction thereto equal to the fraction the numerator of which is the Reference Asset Notional Amount of the relevant Affected Securities and the denominator of which is

the sum of the Reference Asset Notional Amounts of both Collateral Securities.

Condition 4(c) shall not apply in relation to the realisation of the Mortgaged Property upon redemption under Condition 7(b) (as amended pursuant to Special Condition (II) below) or 7(c) or 9 and, instead, the Mortgaged Property shall be distributed in accordance with this item 22, subject as provided in item 12 above.

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: Not applicable.
29. Redenomination applicable: Not applicable.
30. Security:
- (i) Charged Assets: The Charged Assets shall as at the Issue Date comprise the following securities:

Issuer: Kingdom of Spain

Rating: Aa2/AA/AA+  
 ISIN: ES0000012411  
 Coupon: 5.75%  
 Maturity: 30 July 2032  
 Original Issue Amount: EUR 14,122,170,000  
 Principal Amount Held: EUR 10,460,000  
 Reference Asset Notional Amount: EUR 16,875,000

Issuer: Programme Cédulas TDA,  
 Fondo de Titulización de Activos

Rating: Aa1/AAA/AA  
 ISIN: ES0371622020  
 Coupon: 4.25%  
 Maturity: 10 April 2031  
 Original Issue Amount: EUR 3,805,000,000  
 Principal Amount Held: EUR 16,900,000  
 Reference Asset Notional Amount: EUR 16,875,000

each such series of securities, “**Collateral Securities**”.

As used above, “**Principal Amount Held**” denotes the outstanding principal amount of the relevant Collateral Securities held by or on behalf of the Issuer as at the Issue Date and the portion of the Notes to be redeemed following a Mandatory Redemption Event (as provided in Special Condition (II) below) shall be calculated by reference to the “**Reference Asset Notional Amount**” as more particularly set out in Special Condition (II) below.

- (ii) Replacement: Condition 4(f)(1) shall not apply.
- (iii) Substitution: Condition 4(f)(2) shall not apply.
- (iv) Charging Instrument: Not applicable.
- (v) Depository Account: Each account of the Custodian in which securities comprising Charged Assets are held from time to time.
- (vi) Collateral Account: A securities account together with a cash account both opened on behalf of the Issuer with the Custodian. The Collateral Account shall record the Custodian’s holding of the Charged Assets by reference to the Issuer and to this Series so that the Charged Assets shall be segregated from the Custodian’s own assets and assets that the Custodian is holding for other clients or in respect



of other Series.

The Custodian shall credit the proceeds of redemption of each of the Collateral Securities to the Collateral Account and, thereupon, such proceeds and the Issuer's rights against the Custodian with respect to such proceeds shall be comprised in the Charged Assets for this Series of Notes. Interest shall accrue on such cash proceeds held in the Collateral Account at the Custodian's usual rate for deposits in the relevant currency for the relevant period of time. Such accrued interest shall be payable monthly and on the date on which the Notes fall due for redemption which the Issuer shall apply in making corresponding payments under the Collateral Swap.

- (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 18 March 2011 together with a confirmation thereunder in respect of a collateral swap transaction (such transaction, the "**Collateral Swap**") between the same parties.
- (ix) Swap Counterparty: UBS AG, London Branch
- (x) Other: Not applicable.
- 31. Securities Lending Agreement: Not applicable.
- 32. (i) If syndicated, names of Managers: Not applicable.
- (ii) Stabilising Manager (if any): Not applicable.
- 33. Additional selling restrictions  
The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). The Notes may not be offered, sold or otherwise transferred within the United States or to the account of any US Person (as defined in Regulation S under the Securities Act).  
  
Each purchaser of any Notes will, in making its purchase, be deemed to have represented that such purchase has not violated the foregoing restriction.
- 34. ISIN: XS0597614394
- 35. Common Code: 059761439

- |     |                                    |  |
|-----|------------------------------------|--|
| 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:                     | <p>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.</p> <p>As used above “<b>TARGET Settlement Day</b>” means a day on which TARGET2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.</p> |
| 44. | Business Day Convention:           | Modified Following Business Day Convention.  |

## Special Conditions

### (I) Zero Coupon Notes

The Notes are Zero Coupon Notes and will pay no interest. In the event that the Notes are repayable prior to the Maturity Date, Condition 6(d) shall not apply with respect to the calculation of redemption proceeds and the Notes shall be redeemed as otherwise set out herein.

### (II) Mandatory Redemption

Condition 7(b) shall be deleted and replaced with the following:

“If:

(1) there occurs any failure to pay any amount of interest, principal or other amount in respect of either of the Collateral Securities strictly in accordance with their terms and conditions in force as at the Issue Date; or

(2) either of the Collateral Securities are declared due and payable, or become capable of being declared due and payable prior to their date of maturity as stated as at the Issue Date for any reason whatsoever; or

(3) the terms and conditions of either of the Collateral Securities are revised or supplemented or amended so that payments of principal, interest or any other amounts due will not be paid on the dates or in the amounts or in the currency or in the order of priority set out in their terms and conditions in force as at the Issue Date,

then a portion of the Notes corresponding to the proportion which the Reference Asset Notional Amount of the relevant Affected Securities (as defined in item 22 of the Terms of the Notes) bears to the aggregate Reference Asset Notional Amounts of both the Collateral Securities shall become due and repayable as provided in this Condition 7(b) or in item 22 of the Terms of the Notes as of the relevant Mandatory Redemption Date (as defined below) and the outstanding principal amount of each Note shall be redeemed and written down accordingly. The Issuer shall give notice to the Noteholders in accordance with Condition 14 that the Notes are due and repayable at the amounts specified in item 22 above as soon as reasonably practicable after becoming aware of such event or circumstance (each a “**Mandatory Redemption Event**”, and the date of such notice, the “**Mandatory Redemption Date**”).

**ANNEX**

**NOTEHOLDER DELIVERY INSTRUCTION**

To:

**ELM B.V.**

Prins Bernardplein 200  
1097 JB Amsterdam  
The Netherlands

[date]

**NOTEHOLDER DELIVERY INSTRUCTION**

**ELM B.V. Series 146 – EUR 33,750,000 Zero Coupon Secured Notes due 2032 (the “Notes”)**

We refer to the Issuer Redemption Notice dated [●].

We attach evidence hereto of our holding of Notes and represent that we have instructed our clearing system to block our interest in the Notes until the conclusion of a period beginning on the Business Day on which the Issuer Redemption Notice was delivered to our clearing system and ending on (and including) the date on which the Early Redemption Assets are delivered to our account specified below.

We acknowledge that this Noteholder Delivery Instruction shall not be valid unless (i) our evidence of holding of Notes is so attached and (ii) our interest in the Notes are blocked as described above.

In accordance with item 22 of the Terms of the Notes, in our capacity as a Noteholder 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 transfer are as set out below:

*[securities and, if applicable, cash 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:

## **USE OF PROCEEDS**

The net proceeds from the issue of the Notes, being EUR 21,262,500, 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 Collateral Swap. The Swap Counterparty has a corresponding obligation to transfer the Collateral Securities to the Issuer on the Issue Date.

## SUMMARY OF THE CHARGED AGREEMENT

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

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

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

- (A) The transaction 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, bankruptcy and merger without assumption (as such events are more particularly described in the Master Swap Terms). The transaction 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 the 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 the 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) In the event that a withholding or deduction will be imposed on any payment to be made to the Issuer under a transaction comprised in the Charged Agreement as a result of a merger event affecting the Swap Counterparty, the Issuer may have the right to terminate the transaction.
- (E) If at any time the Notes become repayable in full prior to the Maturity Date, a proportionate part of the transaction comprised in the Charged Agreement shall terminate automatically.
- (F) If the Notes are repurchased by the Issuer pursuant to Condition 7(g), a proportionate part of the transaction comprised in the Charged Agreement will terminate.
- (G) 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 such termination of the Charged Agreement an amount may be payable by the Issuer to the Swap Counterparty (which shall comprise part of the Unwind Costs (as defined in item 22 of the Terms of the Notes)), but in no circumstances shall any amount be payable by the Swap Counterparty to the Issuer.

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

Payments to the Noteholders under the Notes are entirely contingent on the full and timely performance of the obligations of the Swap Counterparty under the Charged Agreement.

If the Charged Agreement is terminated (in whole but not in part and other than as a consequence of the Notes having otherwise fallen due for redemption), the Notes will fall due for redemption. Upon the Notes falling due for redemption in such circumstances, the Notes shall be redeemed by delivery of the Early Redemption Assets, subject as provided in item 22 of the Terms of the Notes.



## FORM OF COLLATERAL SWAP CONFIRMATION

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

ELM B.V.  
Prins Bernardplein 200  
1097 JB Amsterdam  
The Netherlands  
(“**ELM**”)

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

18 March 2011

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 “**Collateral 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 146 EUR 33,750,000 Zero Coupon Secured Notes due 2032 (the “**Notes**”).

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 Notes 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 Collateral Swap Transaction

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

Trade Date	:	24 February 2011
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 Collateral Securities.
- ELM Initial Exchange Amount : An amount equal to the Issue Price multiplied by the Aggregate Nominal Amount of the Notes.
- Initial Exchange Date : Effective Date

### Fixed and Floating Payments

- Fixed and Floating Rate Payer : ELM.
- Fixed and Floating Rate Payer Fixed and Floating Amounts : Amounts equal to each Collateral Securities Interest Amount payable to ELM in respect of the Collateral Securities. 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.

**“Collateral Securities Interest Amount”** means (i) with respect to any Collateral Securities in the Collateral Account at any time, an amount equal to any amount of interest due in respect of such Collateral Securities in accordance with their terms and conditions in force as at the Effective Date and (ii) with respect to any proceeds of redemption of any Collateral Securities credited to the Collateral Account at any time, an amount equal to any amount of interest due in respect of the Collateral Account and such proceeds of redemption.

- Fixed and Floating Rate Payer Payment Dates : Not later than the Business Day following the date the relevant Collateral Securities Interest Amount is payable.

### Final Exchange

- UBS Final Exchange Amount : An amount equal to the Scheduled Redemption Amount payable in respect of the Notes on the Maturity Date.
- ELM Final Exchange Amount : On the Final Exchange Date, ELM shall transfer to UBS the Charged Assets or the proceeds of redemption thereof (provided that it is not impossible, illegal or impracticable for ELM to deliver the same (in which case such transfer shall be effected in such other manner as may be agreed between UBS and ELM, 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.

**3. Other Provisions**

Section 6(d) and Section 6(e) of the Agreement shall not apply. Subject as otherwise provided in this Section 3 in relation to the occurrence of a Mandatory Redemption Event, if this Collateral Swap Transaction and the Agreement are terminated pursuant to Section 6(a) or Section 6(b) of the Agreement for any reason (including following the occurrence of an Additional Termination Event due to the Notes falling due for redemption prior to their stated Maturity Date), no further amounts shall be payable by either party to the other under or in respect of this Collateral Swap Transaction or the Agreement, except that ELM shall pay the Swap Termination Amount (as defined in item 22 of the Terms of the Notes) to UBS on or as soon as practicable after the date on which the relevant Affected Securities are sold pursuant to the Terms of the Notes.

If a Mandatory Redemption Event occurs with respect to the Notes, an Additional Termination Event shall occur as of the relevant Mandatory Redemption Date in respect of which ELM shall be the Affected Party, provided that if less than all of the Collateral Securities comprised in the Charged Assets at such time are Affected Securities, such Additional Termination Event shall apply only with respect to the amounts that would have been payable and the securities that would have been deliverable hereunder by ELM with reference to such Affected Securities and the amounts that would have been payable hereunder by UBS with reference to the proportion of the Notes that are subject to redemption by reason of the occurrence of such Mandatory Redemption Event and ELM shall pay the Swap Termination Amount (as defined in item 22 of the Terms of the Notes) to UBS on or as soon as practicable after the date on which the relevant Affected Securities are sold pursuant to the Terms of the Notes and for the avoidance of doubt this Collateral Swap Transaction and the Agreement shall not terminate in full as of such Mandatory Redemption Date (but only to the extent set out above).

The parties agree that the Swap Termination Amount represents a reasonable pre-estimate of UBS' loss resulting from the early termination of this Collateral Swap Transaction and not a penalty.

**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 COLLATERAL SECURITIES

*The following information has been produced on the basis of information available to the Issuer. 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. The Issuer's responsibility for such information is limited to the correctness of its extraction. Furthermore, the issuer of the Collateral Securities does not accept any responsibility or liability for the accuracy or completeness of the information set out below. The following information and other information contained in this Series Memorandum relating to the Collateral Securities is a summary only of certain terms and conditions.*

### **General Information**

<b>Collateral Securities:</b>	EUR 10,460,000 in principal amount of the 5.75% Notes due 30 July 2032 (ISIN: ES0000012411)
<b>Issuer of Collateral Securities:</b>	Kingdom of Spain
<b>Registered Address:</b>	Dirección General del Tesoro y Política Financiera Subdirección General de Financiación y Gestión de la Deuda Pública Paseo del Prado, 6 28014 Madrid
<b>Country of Incorporation:</b>	Spain
<b>Description of business/principal activities:</b>	Sovereign state
<b>Listing:</b>	The Issuer of the Charged Assets has securities listed on the Madrid Stock Exchange.
<b>Governing Law:</b>	Spanish
<b>Collateral Securities:</b>	EUR 16,900,000 in principal amount of the 4.25% A6 Covered Bonds due 10 April 2031 (ISIN: ES0371622020)
<b>Issuer of Collateral Securities:</b>	Programe Cédulas TDA, Fondo de Titulización de Activos
<b>Registered Address:</b>	69, calle Orense, Madrid
<b>Country of Incorporation:</b>	Spain
<b>Description of business/principal activities:</b>	Investment Fund
<b>Listing:</b>	AIAF
<b>Governing Law:</b>	Spanish

*The Collateral Securities are scheduled to redeem prior to the Maturity Date of Notes. Upon the redemption of the Collateral Securities, the redemption proceeds shall be credited to the Issuer's Collateral Account with UBS AG in its capacity as Custodian for the Issuer and subject to English law. The Issuer's Collateral Account in respect of the Notes will expire on the Maturity Date of the Notes.*

## INFORMATION RELATING TO THE SWAP COUNTERPARTY

*UBS accepts sole responsibility for the following information. To the best of the knowledge and belief of UBS 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, or accepts any liability whatsoever for the accuracy of such information and prospective investors should make their own independent investigations into UBS.*

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

### Corporate Information

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

UBS AG is incorporated and resident in Switzerland and operates under Swiss Code of Obligations and Swiss Federal Banking Law as an Aktiengesellschaft, a corporation that has issued shares of common stock to investors. As of 31 December 2011, UBS AG had total invested assets of CHF 2,152 billion, a market capitalisation of CHF 58,803 million and employed 64,617 people. As at the date of this document, UBS AG has a long-term debt credit rating of Aa3 from Moody's, A+ from S&P and A+ from Fitch Ratings.

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

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

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

### Where Investors Can Find More Information

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

## **INFORMATION RELATING TO THE ISSUER**

### **1. Authorisation**

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was duly authorised by a resolution of the board of directors of the Issuer dated 18 March 2011.

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

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

### **3. Significant or Material Change**

There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer since 31 December 2009, being the date of the Issuer's last published audited financial statements.

### **4. Litigation**

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

### **5. Documents Available**

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

- (i) this Series Memorandum and the Programme Memorandum;
- (ii) the Constituting Instrument dated 18 March 2011 and the Charged Agreement dated 18 March 2011;
- (iii) the Memorandum and Articles of Association of the Issuer; and
- (iv) the audited financial statements of the Issuer for the financial year ending on 31 December 2009.

### **6. Clearing Systems and Settlement**

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg or such other clearing system approved by the Issuer and the Trustee. The common code and ISIN for the Notes, will be 059761439 and XS0597614394 respectively.

### **7. Post Issuance Reporting**

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

### **8. Estimated Total Expenses**



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

**9. Withholding taxes**

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

## **INFORMATION RELATING TO THE LISTING AGENT**

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

**REGISTERED OFFICE OF THE ISSUER**

**ELM B.V.**

Prins Bernardplein 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

**PRINCIPAL PAYING AGENT AND  
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

**IRISH LISTING AGENT**

**Arthur Cox Listing Services Limited**

Earlsfort Centre  
Earlsfort Terrace  
Dublin 2  
Ireland

**LEGAL ADVISERS**

*To the Arranger and the Trustee  
as to English law:*

**Simmons & Simmons LLP**

CityPoint  
One Ropemaker Street  
London EC2Y 9SS

*To the Arranger  
as to Dutch law:*

**Simmons & Simmons LLP**

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