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Confirmation of your representation: The attached document is delivered to you at your request and on the basis that you have confirmed to each of Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities plc, Merrill Lynch International and Morgan Stanley & Co. International plc (the "**Managers**") and Demeter Investments B.V. (the "**Issuer**") that (i) you are located outside the United States and are not, nor are you acting for the account or benefit of, a U.S. person (as defined in Regulation S under the Securities Act); and (ii) if you are in the UK, you are a relevant person; (iii) if you are in any member state of the EEA other than the UK, you are a Qualified Investor; (iv) if you are acting as a financial intermediary (as that term is used in Article 3(2) of the

Prospectus Directive), the securities acquired by you as a financial intermediary in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in any member state of the EEA which has implemented the Prospectus Directive to Qualified Investors (as defined in the Prospectus Directive); (v) you are outside of the UK or EEA (and the electronic mail addresses that you gave us and to which this document has been delivered are not located in such jurisdictions) or (vi) you are a person into whose possession this document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

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Neither the Managers nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by any of them, or on any of their behalf, in connection with the Issuer or the offer. The Managers and their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by any of the Managers or their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this document.

The Managers are acting exclusively for the Issuer and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the offer and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

You are responsible for protecting against viruses and other destructive items. Your receipt of the electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

DEMETER INVESTMENTS B.V.

(incorporated with limited liability in the Netherlands, having its statutory seat in Amsterdam)

U.S.$700,000,000
Fixed-to-Floating Rate Non Step-Up Callable Notes with a scheduled maturity in 2050
issued under the Secured Note Programme

secured by, among other things,
a Facility Agreement
entered into with
SWISS RE LTD
and

up to U.S.$700,000,000
Subordinated Fixed-to-Floating Rate Non Step-Up Callable Loan Notes with a scheduled maturity in 2050
of
SWISS RE LTD

Issue Price: 100 per cent.

Demeter Investments B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated in the Netherlands, with its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands (the "**Issuer**") is offering its U.S.$700,000,000 Fixed-to-Floating Rate Non Step-Up Callable Notes with a scheduled maturity in 2050 (the "**Notes**") secured by (i) a loan note issuance facility agreement dated 6 November 2015 (the "**Facility Agreement**") between the Issuer and Swiss Re Ltd (the "**Loan Notes Issuer**"), (ii) certain principal and/or interest strips of direct obligations of the United States Treasury held by the Issuer from time to time (the "**Demeter Eligible Assets**") and/or (iii) up to U.S.$700,000,000 Subordinated Fixed-to-Floating Rate Non Step-Up Callable Loan Notes with a scheduled maturity in 2050 of the Loan Notes Issuer held by the Issuer from time to time (the "**Loan Notes**"). The Notes are secured, limited recourse obligations of the Issuer.

The Notes will bear interest from (and including) 13 November 2015 (the "**Interest Commencement Date**"), payable in arrear on each Interest Payment Date (as defined in the "Conditions of the Notes"). From (and including) the Interest Commencement Date to (but excluding) 15 August 2025, the Notes will bear interest at a rate of 5.75 per cent. per annum and, thereafter, the Notes will bear interest at a rate of interest, reset quarterly, equal to the floating rate for deposits in U.S. dollars for a period of three months plus 3.593 per cent. per annum to (but excluding) the Loan Notes Maturity Date (as defined in the "Conditions of the Notes"), provided that interest will only be payable to the extent that a corresponding amount in aggregate is received by the Issuer in respect of the Loan Notes, the Demeter Eligible Assets and/or the Facility Agreement, as applicable. Under certain circumstances such interest may be deferred, as more particularly described in "Conditions of the Notes – 7. Interest".

The Notes will mature on the Maturity Date (as defined in the "Conditions of the Notes"), but may be redeemable prior to such date in the circumstances described in this series prospectus (the "**Series Prospectus**"). The Notes will be issued in registered form with a minimum specified denomination of U.S.$200,000 or in integral multiples of U.S.$1,000 in excess thereof (the "**Specified Denomination**").

The Notes are expected to be rated BBB+ by Standard & Poor's Credit Market Services Europe Limited. Standard & Poor's Credit Market Services Europe Limited is established in the European Union and is registered under the EU Regulation on credit rating agencies (Regulation (EC) No.1060/2009), as amended.

The Issuer has established its Secured Note Programme (the "**Programme**") under which the Issuer may from time to time issue notes. Holders of the Notes will not have access to the assets of the Issuer held in connection with any other notes issued pursuant to the Programme and similarly, holders of any other notes issued pursuant to the Programme will not have access to the assets held in connection with the Notes described in this Series Prospectus.

This document is a Series Prospectus, prepared for the purposes of Article 5(1) of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EC, the "**Prospectus Directive**"). This Series Prospectus contains information relating to the Notes issued by the Issuer. The Series Prospectus should be read in conjunction with the base prospectus dated 22 December 2014 relating to the Programme of the Issuer which has been approved by the Central Bank (as defined below) (the "**Base Prospectus**"). Unless defined herein, terms defined in the Base Prospectus have the same meanings in this Series Prospectus.

This Series Prospectus constitutes a "prospectus" for the purposes of the Prospectus Directive. This Series Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive. The Central Bank only approves this Series Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that any such listing will be obtained, or if obtained, will be maintained.

References in this Series Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the regulated market of the Irish Stock Exchange and have been admitted to the Official List (the "**Official List**"). The regulated market of the Irish Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not at any time be offered or sold within the United States or to, or for the account or benefit of, any person who is a U.S. person (as defined in Regulation S under the Securities Act ("**Regulation S**")).

Managers

BofA Merrill Lynch	**Citigroup**	**Credit Suisse**	**J.P. Morgan**	**Morgan Stanley**

The date of this Series Prospectus is 6 November 2015

This Series Prospectus is supplemental to, and should be read in conjunction with, the Base Prospectus (see the section entitled "Documents Incorporated by Reference" below). This Series Prospectus includes particulars for the purpose of giving information with regard to the issue by the Issuer of the Notes.

The Issuer accepts responsibility for the information contained in this Series Prospectus (which, for the purpose of this section of the Series Prospectus, will include the sections of the Base Prospectus incorporated by reference herein). To the best of the Issuer's knowledge (having taken all reasonable care to ensure that such is the case) the information contained in this Series Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information contained in the section of the Series Prospectus entitled "Information Concerning the Loan Notes Issuer" and in the Appendix to this Series Prospectus (the "**Third Party Information**") has been obtained directly from the Loan Notes Issuer. The Issuer confirms that the Third Party Information has been accurately reproduced as received and that, so far as it is aware and is able to ascertain from the Third Party Information published, no facts have been omitted which would render the reproduced Third Party Information inaccurate or misleading.

The Issuer has not conducted extensive due diligence on the Third Party Information, or made any enquiries as to its own possession of non-publicly available information. The Issuer has only made very limited enquiries in relation to the Third Party Information, and none of the Issuer, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited ("**Credit Suisse**"), J.P. Morgan Securities plc, Merrill Lynch International and Morgan Stanley & Co. International plc (together the "**Managers**") makes any representation or warranty, express or implied, as to the accuracy or completeness of the Third Party Information and prospective investors in the Notes should not rely upon, and should make their own independent investigations and enquiries in respect of the same.

Subject to the above the Issuer, having made all reasonable enquiries, confirms that this Series Prospectus contains all information with respect to the Issuer and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuer are in every material respect true and accurate and not misleading, the opinions and intentions expressed in this Series Prospectus with regard to the Issuer are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuer or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Series Prospectus misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

No person has been authorised to give any information or to make any representation other than those contained in this Series Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any Manager. Neither the Issuer nor any Manager is making an offer to sell the Notes in any jurisdiction where the offer or sale is not permitted. Neither the delivery of this Series Prospectus nor any sale of Notes made in connection therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Loan Notes Issuer since the date of this Series Prospectus or the date upon which this Series Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Loan Notes Issuer since the date of this Series Prospectus or the date upon which this Series Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The language of the Series Prospectus 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 the applicable law.

This document is based on information provided by the Issuer, except for the Third Party Information which has been provided to the Issuer. The Managers, and the Issuer in respect of the Third Party Information, are not making any representation or warranty that this information is accurate or complete and the Managers are not responsible for this information. This Series Prospectus summarises certain documents and other information in a manner the Issuer believes to be accurate, but investors should refer to the actual documents for a more complete understanding of the matters discussed in this Series Prospectus. In making an investment decision, investors must rely on their own examination of the terms of this offering and the Notes, including the merits and risks involved. This offering is being made on the basis of this Series Prospectus. Any decision to purchase the Notes in this offering must be based solely on the information contained in this Series Prospectus.

Neither the Issuer nor the Managers are making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by it under any legal investment or similar laws or regulations. Investors should not consider any information in this document to be legal, business or tax advice. Investors should consult their own lawyers, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Notes.

The Issuer reserves the right to withdraw the offering of the Notes at any time. The Issuer and the Managers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason and to allot to any prospective investor less than the full amount of Notes sought by it.

In connection with the issue of the Notes, the Managers may, in accordance with all laws and regulations, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Managers will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Managers in accordance with all applicable laws and rules.

The distribution of this Series Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Series Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not at any time be offered or sold within the United States or to, or for the account or benefit of, any person who is a U.S. person (as defined in Regulation S). For a description of certain restrictions on offers and sales of Notes and on distribution of this Series Prospectus, see “Subscription and Sale” below.

Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank or any other deposit protection scheme. The Issuer is not and will not be regulated by the Central Bank as a result of issuing the Notes or entering into any other transaction.

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland. Neither this Series Prospectus nor any other offering or marketing material relating to the Notes constitutes (i) an Offering Memorandum as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, (ii) a listing Offering Memorandum within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or (iii) a

simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Series Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Series Prospectus nor any other offering and marketing material relating to the offering, the Issuer or the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, including the Swiss Financial Markets Supervisory Authority FINMA, or any successor authority ("**FINMA**"), and investors in the Notes will not benefit from protection or supervision by such authority.

This Series Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or any Manager to subscribe for, or purchase, any Notes or to enter into any other transactions.

The Managers have not separately verified the information contained in this Series Prospectus. None of the Managers makes any representation, express or implied, or, to the fullest extent permitted by law, accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Series Prospectus or for any other statement made or purported to be made by a Manager or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Series Prospectus or any such statement.

Prospective purchasers of Notes should have regard to the factors described under the section headed "Risk Factors" in this Series Prospectus. This Series Prospectus does not describe all of the risks of an investment in the Notes. Neither this Series Prospectus nor any financial statements referred to herein are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Managers that any recipient of this Series Prospectus or any such other financial statements should purchase the Notes.

Prospective purchasers of the Notes should conduct such independent investigation and analysis regarding the Issuer, the security arrangements, the Loan Notes, the Loan Notes Issuer, the Facility Agreement, the Eligible Assets, the Eligible Assets Obligor and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes. Prospective purchasers of the Notes should have sufficient knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in, or incorporated by reference into, this Series Prospectus and the merits and risks of investing in the Notes in the context of their financial position and circumstances. None of the Managers undertakes to review the financial condition or affairs of the Issuer, the Loan Notes, the Loan Notes Issuer, the Facility Agreement, the Eligible Assets or the Eligible Assets Obligor during the life of the arrangements contemplated by this Series Prospectus or the term of any Notes issued nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Managers. The risk factors identified in this Series Prospectus are provided as general information only and the Managers disclaim any responsibility to advise purchasers of the Notes of the risks and investment considerations associated therewith as they may exist at the date hereof or as they may from time to time alter.

The Issuer will not be providing any post-issuance information in relation to the Notes.

In this Series Prospectus, unless otherwise specified or the context otherwise requires, references to "**U.S.$**", "**U.S. dollar**" and "**USD**" are to the lawful currency of the United States of America.

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RISK FACTORS

The risk factors set out below should be read in addition to those set out in pages 15 to 41 of the Base Prospectus and, in the event of any inconsistency, the risk factors set out below shall prevail. The risk factors below should also be read in conjunction with the risk factors set out in the sub-section titled "**Risk Factors**" of the Loan Notes Documentation attached at the Appendix hereto.

Such risk factors are risk factors that are material to the Notes in order to assess the market risk associated with them or which may affect the Issuer's ability to fulfil its obligations under them. Neither the Issuer nor any Manager is in a position to express a view on the likelihood of any contingency highlighted by a risk factor occurring.

For the purposes hereof, capitalised terms used but not otherwise defined herein will have the meaning given to them in the Conditions of the Notes.

Risks Related to the Notes

Limitations on claims against the Issuer

The Notes are solely obligations of the Issuer and neither the Loan Notes Issuer nor the Eligible Assets Obligor has any obligation to the Noteholders for payment of any amount due in respect of the Notes. The Issuer is a special purpose vehicle established, *inter alia*, for the purpose of issuing the Notes. The Notes and the other Secured Payment Obligations are limited in recourse to the Mortgaged Property which includes, *inter alia*, the Issuer's rights in respect of the Facility Agreement, the Loan Notes Collateral and the Demeter Eligible Assets. Other than the Mortgaged Property, there are no other assets of the Issuer available to meet any outstanding claims of the Secured Creditors, including the Noteholders.

Priority of claims

During the term of the Notes, following the occurrence of a Liquidation Event or an Enforcement Event, the Loan Notes Issuer will first have the right to receive all Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) in exchange for the issuance of new Loan Notes, in each case by reason of an Automatic Issuance Event. To the extent that there has been no Loan Notes Bankruptcy Enforcement Event or Failure to Issue Residual Amount payable to the Noteholders following a Failure to Issue, then no Demeter Eligible Assets (or any proceeds thereof), Demeter Eligible Asset Income or Demeter Facility Fees will be available to any Secured Creditor (other than the Loan Notes Issuer) upon a redemption of the Notes. Only after the Loan Notes Issuer has taken all steps required to issue (or, in the case of a Failure to Issue, attempt to issue) such Loan Notes and the transfer of the Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) (or proceeds thereof) has been settled will any Liquidation or enforcement of the Security commence for the purposes of redeeming the Notes, and the rights of the Noteholders to be paid amounts due under the Notes will thereafter be subordinated to (i) the payment or satisfaction of all taxes owing by the Issuer, (ii) the fees, costs, charges, expenses and liabilities due and payable to the Trustee including costs incurred in the enforcement of the Security (which may include, for example, the fees of any receiver appointed by the Trustee in the case of an enforcement of the Security and, in all instances, the Trustee's remuneration), (iii) the fees, costs, charges, expenses and liabilities due and payable to the Enforcement Agent including costs incurred in the enforcement of the Security (which may include, for example, the Enforcement Agent's remuneration), (iv) certain amounts owing to the Agents in respect of reimbursement for sums paid by them in advance of receipt by them of the funds to make such payment and (v) the fees of the Disposal Agent.

There is no assurance that the proceeds and/or assets available following (i) a Loan Notes Bankruptcy Enforcement Event or the issue (or attempted issue) by the Loan Notes Issuer of Loan Notes following

an Automatic Issuance Event in exchange for the Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) (or proceeds thereof) and (ii) payment of any priority claims as set out above, will be sufficient to pay in full the amounts that the relevant Noteholders would expect to receive or that such Noteholders will receive back the amount they originally invested.

Final Redemption of the Notes

Provided that no Loan Notes Call Redemption Date, Early Redemption Commencement Date or Early Redemption Date has occurred, the Notes will be redeemed on the Maturity Date at their Final Redemption Amount. The Maturity Date will be the second Business Day immediately following the Loan Notes Maturity Date, which is expected to be on or around the Loan Notes Scheduled Maturity Date. If, however, on or prior to the Loan Notes Scheduled Maturity Date, a Solvency Event (as defined in the Loan Notes Conditions) has occurred and is continuing on such Loan Notes Scheduled Maturity Date (as evidenced by the absence of any public statement by the Loan Notes Issuer that the Solvency Event has been cured) and FINMA has not given such consent, approval or non-objection (if any) as is required under the relevant rules and regulations of FINMA (such consent, approval or non-objection, the "**Consent**") to the final redemption of the Loan Notes, the Loan Notes Maturity Date will be postponed until the quarterly Loan Notes Interest Payment Date immediately following the day on which the Solvency Event has ceased to continue (as evidenced by a public statement by the Loan Notes Issuer that the Solvency Event has been cured) and FINMA has given its Consent to the final redemption of the Loan Notes.

Noteholders should therefore be aware that if the Notes do not redeem early, they may be required to bear the financial risk of an investment in the Notes until at least the Loan Notes Scheduled Maturity Date, if not longer. For more information regarding the maturity of the Loan Notes, please refer to the risk factor contained in the Loan Notes Documentation entitled "**Loan Noteholders may be required to bear the financial risks of an investment in the Loan Notes for a significant period of time**".

The Final Redemption Amount in respect of each Note is expected to be equal to its outstanding nominal amount. However, there is no guarantee that the Issuer will receive from the Loan Notes Issuer the Loan Notes Final Redemption Amount in full in order to fund the Final Redemption Amount on the Notes. Noteholders must therefore be able and willing to accept a return, even on final redemption, that is less than their original investment.

Early Redemption of the Notes

The Notes may be redeemed prior to the Maturity Date upon the occurrence of any of a Loan Notes Call, a Loan Notes Event (a Loan Notes Call and a Loan Notes Event being events relating to the Loan Notes and the Loan Notes Issuer), a Tax Event, an Illegality Event or an Event of Default (a Tax Event, an Illegality Event and an Event of Default being events relating to the Notes and/or the Issuer and/or amounts receivable by the Issuer in respect of the Loan Notes and/or the Facility Agreement).

Following the occurrence of a Loan Notes Call, the Notes will become due and payable at an amount equal to their *pro rata* share of the aggregate early redemption amounts payable by the Loan Notes Issuer in respect of each series of Loan Notes. If such amount that is payable on the Loan Notes is not paid when due, and an order is made or an effective resolution is passed for the winding up of the Loan Notes Issuer in Switzerland, then a Loan Notes Event shall occur. A Loan Notes Event will also occur if a Loan Notes Bankruptcy Enforcement Event occurs. Following the occurrence of either such event constituting a Loan Notes Event, or the occurrence of a Tax Event, Illegality Event or an Event of Default, the Loan Notes Collateral and Demeter Eligible Assets may be liquidated by the Disposal Agent (where such event constitutes a Liquidation Event) or the Security, including the Security in respect of the Loan Notes, the Demeter Eligible Assets and the Facility Agreement, may be enforced (refer to Condition 15(b) (*Enforcement of Security*) for a description of when the Security may become

enforceable) in order to fund the payment of the Early Redemption Amount on early redemption of the Notes.

If the Notes are redeemed early upon the occurrence of a Loan Notes Event, a Tax Event, an Illegality Event or an Event of Default, the amount actually received by a Noteholder in respect of each Note may be less than the principal amount of such Note. In addition, if there is a perception in the market that a Loan Notes Call may occur, or a Loan Notes Call does occur, such perception or occurrence may have an adverse effect on the market value of the Notes.

Refer to Condition 8 (*Redemption and Purchase*) and the risk factor contained in the Loan Notes Documentation entitled "**The Issuer may redeem the Loan Notes under certain circumstances and such redemption might occur when the prevailing interest rates are low**" for more details.

See "**The Notes are linked to the creditworthiness of the Loan Notes Issuer and the Loan Notes Collateral, and not to Eligible Assets**", "**Any liquidation of the Loan Notes Collateral may yield sales proceeds that are substantially below the aggregate principal amount of the Notes**", "**Loan Notes Collateral and Demeter Eligible Assets**" and "**Any Automatic Issuance Event, Failure to Issue, Failure to Deliver or Reset Failure to Perform may lead to a delay in payments under the Notes**" below for a description of the risks associated with any early redemption of the Notes.

The Notes are linked to the creditworthiness of the Loan Notes Issuer and the Loan Notes Collateral, and not to Eligible Assets

The ability of Noteholders to receive principal and interest on their Notes will depend in large part on the ability of the Loan Notes Issuer to pay principal and interest on the Loan Notes and/or other amounts under the Facility Agreement (in each case if, and when, due), including in circumstances where scheduled payments on the Demeter Eligible Assets are not made and Loan Notes are to be issued in exchange for such defaulted Demeter Eligible Assets, which in turn will be subject to the risk factors and other disclosures set forth in the Loan Notes Documentation. The information in the Loan Notes Documentation speaks as of the date thereof, and the Loan Notes Issuer is under no obligation to update such information including in connection with any issuance from time to time of Loan Notes.

Although the Notes are also secured upon the Demeter Eligible Assets held from time to time, the Issuer will primarily use such Demeter Eligible Assets (or the proceeds thereof) to satisfy claims of the Loan Notes Issuer against the Issuer under the Facility Agreement in connection with any issue of Loan Notes. Only where (i) a Loan Notes Bankruptcy Enforcement Event has occurred (and the Issuer still holds some Demeter Eligible Assets, Demeter Eligible Asset Income and/or Demeter Facility Fees following settlement of any outstanding Failure to Deliver or Reset Failure to Perform) or (ii) a Failure to Issue Residual Amount is payable to the Noteholders following a Failure to Issue, will the Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and/or Demeter Facility Fees (if any), or any proceeds in connection thereof, not be paid and/or transferred in whole to the Loan Notes Issuer in connection with an issue of Loan Notes to the Issuer. Also, in all scenarios where the Notes are being redeemed early (other than as a result of a Loan Notes Bankruptcy Enforcement Event), the Loan Notes Issuer will have issued Loan Notes, or will be obliged (subject to no Deferral Event having occurred) to make payments pursuant to the Facility Agreement as if it had issued such Loan Notes, in return for taking delivery from the Issuer of any remaining Demeter Eligible Assets, Demeter Eligible Asset Income and/or Demeter Facility Fees.

If a Loan Notes Bankruptcy Enforcement Event occurs, any Demeter Eligible Assets, Demeter Eligible Asset Income and/or Demeter Facility Fees still held by the Issuer following settlement of any outstanding Failure to Deliver or Reset Failure to Perform shall be Liquidated and the proceeds thereof used to fund in whole or in part the aggregate Early Redemption Amounts that are payable on the Notes. In such circumstances the Early Redemption Amount payable on each Note shall be determined, in whole or in part, by reference to the value realised in respect of the Demeter Eligible Assets.

Refer to the risk factors contained in the Loan Notes Documentation for more details regarding risks relating to the business of the Loan Notes Issuer and the creditworthiness of the Loan Notes Issuer and the Loan Notes.

Issue of Loan Notes to the Issuer

The circumstances under which the Loan Notes Issuer may require the Issuer to take delivery of Loan Notes in return for receipt of the Relevant Portion of the Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) and/or Demeter Facility Fees (if any) pursuant to the Facility Agreement may be the circumstances in which the Loan Notes Issuer is not able to obtain other sources of financing and in which the Noteholders would find the issuance of the Loan Notes to, and the corresponding delivery of Demeter Eligible Assets (and any Demeter Eligible Asset Income relating thereto) by, the Issuer, to be most disadvantageous.

In addition, when Loan Notes are issued to the Issuer in an amount equal to the Maximum Commitment, they will be the sole funding source from which the Issuer will be able to make necessary payments on the Notes.

Loan Notes subordination and potential deferral of interest and/or Facility Fee payments

The obligations of the Loan Notes Issuer under the Facility Agreement and under any Loan Notes are subordinated and will rank junior in priority of payment to the Loan Notes Issuer's obligations under any Senior Securities (as defined in the Loan Notes Conditions). Refer to the risk factor contained in the Loan Notes Documentation entitled "**Loan Noteholders' rights to receive payment on the Loan Notes are subordinated in right of payment to holders of existing and future Senior Securities**" for more details.

Furthermore, the Loan Notes Issuer (i) has the option to defer payments of interest on any Loan Notes and/or Facility Fees in certain circumstances and (ii) may be required to defer payment of interest on any Loan Notes and/or Facility Fees if (a) a Solvency Event (as defined in the Loan Notes Conditions) has occurred and is continuing (as evidenced by the absence of any public statement by the Loan Notes Issuer that the Solvency Event has been cured) or would occur as a result of such payment (unless FINMA authorises the relevant payment) or (b) where FINMA has required that such deferral be made. Upon the occurrence of a Deferral Event, unless an Optional Exchange subsequently occurs, no Facility Fees will thereafter become payable by the Loan Notes Issuer to the Issuer under the Facility Agreement and, for the avoidance of doubt, any Demeter Eligible Asset Income and/or Demeter Facility Fees then held by the Issuer will be required to be paid to the Loan Notes Issuer as consideration for the automatic issue of Loan Notes. Therefore, if the Loan Notes Issuer defers interest payments and/or Facility Fees as permitted by the Loan Notes Conditions and/or the Facility Agreement, as applicable, no corresponding Interest Amounts shall be payable on the Notes until such time as the deferred interest amounts (that may be payable under any Loan Notes outstanding prior to the Deferral Event, any Loan Notes issued as a result of the Deferral Event and/or any Relevant Notional Loan Notes outstanding) are paid, and it is possible that the Notes will remain outstanding without any interest being payable until the Maturity Date or such time, if any, as the Notes are redeemed early following a Loan Notes Call, Loan Notes Event, Tax Event, Illegality Event or Event of Default, as described above.

Any failure on the part of the Loan Notes Issuer to make all or part of any scheduled payments on the Loan Notes and/or under the Facility Agreement will result in corresponding delays in respect of interest and principal (if any) expected to be payable in respect of the Notes and could result in Noteholders receiving less on the Notes than they had expected. In addition, if there is a perception in the market that an event may occur that will cause the Loan Notes Issuer not to be able to make all or part of any payments on the Loan Notes or under the Facility Agreement, or such an event does occur, such perception or occurrence may have an adverse effect on the market value of the Notes.

Noteholders may lose all or a portion of their investment in the Notes should the Loan Notes Issuer become insolvent.

Any Liquidation of the Loan Notes Collateral may yield sales proceeds that are substantially below the aggregate principal amount of the Notes

Following the occurrence of a Liquidation Event in respect of the Notes (refer to the Conditions and in particular Condition 1(a) (*Definitions*), Condition 8(d) (*Redemption for Taxation Reasons*) and Condition 8(e) (*Redemption Following an Illegality Event*) for a description of the instances where a Liquidation Event may occur, provided that no intervening Loan Notes Event occurs), the amount payable to the Noteholders is dependent on the proceeds of sale on a Liquidation of the Loan Notes Collateral and/or the Facility Agreement. The amount of such proceeds may be affected by factors other than the occurrence of such Liquidation Event. In particular, the Loan Notes Collateral and/or the Facility Agreement may be illiquid, thereby adversely affecting the market value of such Loan Notes Collateral and/or the Facility Agreement, which in turn will impact the amount payable to the Noteholders in respect of such Liquidation Event. The transfer of the Loan Notes and/or the assignment or transfer of rights and obligations under the Facility Agreement is also subject to certain restrictions meaning they can only be transferred to certain Qualifying Banks or a Permitted Non-Qualifying Lender (refer to the Loan Notes Documentation set out in the Appendix to this Series Prospectus, in particular the restrictions set out in Loan Notes Condition 1 (*Form, Denomination and Transfer*)). Such transfer restrictions may also affect the liquidity of the Loan Notes Collateral and/or the Facility Agreement. Further, there is no established trading market in the Loan Notes, and the Loan Notes are not listed.

As a result of such illiquidity, on a Liquidation of the Loan Notes Collateral and/or the Facility Agreement, the proceeds of sale received on such Liquidation may be substantially lower than the aggregate principal amount of the Notes.

The Issuer may be substituted in order to avoid certain adverse tax or legal consequences

On the occurrence of a Tax Event or an Illegality Event, the Issuer may be substituted in order to avoid the occurrence of certain adverse tax or legal consequences. Such substitution must be approved beforehand in writing by the Trustee and no such substitution may occur where it results in any rating assigned to the Notes being adversely affected. Refer to Condition 8(d) (*Redemption for Taxation Reasons*) and Condition 8(e) (*Redemption Following an Illegality Event*) for further details.

In connection with any such substitution of the Issuer, the Trustee need not have regard to the consequences of such substitution for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. Any such substitution could result in a Noteholder becoming subject to certain taxes, levies or other charges as may be required by the law of the relevant territory (including, but not limited to, where such substitution is considered to result in a disposal of the previously issued Notes).

Payment of additional amounts or recalculated interest as a result of Swiss withholding taxes may be null, void and unenforceable in Switzerland

The Loan Notes Conditions provide that, subject to certain exemptions, the Loan Notes Issuer shall make all payments of principal and interest in respect of the Loan Notes free and clear of any withholding or deduction for any taxes, duties, assessments or governmental charges imposed, levied, collected, withheld or assessed by or on behalf of Switzerland or any political subdivision or any authority thereof, unless such withholding or deduction is required by law. In addition, the Facility Agreement provides that, subject to certain exemptions, the Loan Notes Issuer shall make all payments under the Facility Agreement, free and clear of, and without any withholding or deduction for, any taxes, duties, assessments or governmental charges in Switzerland unless such withholding or deduction is required by law.

Although the terms of the Loan Notes Collateral provide that, in the event of any withholding or deduction on account of Swiss tax being required by Swiss law, the Loan Notes Issuer shall, subject to certain exceptions, pay additional amounts so that the net amount received by the holders of the Loan Notes Collateral shall equal the amount which would have been received by such holder in the absence of such withholding or deduction, such an obligation may contravene Swiss legislation and be null, void and unenforceable in Switzerland. Although the terms of the Loan Notes Collateral provide in such circumstance for the rate of interest on the Loan Notes Collateral to be adjusted to take into account such withholding or deduction, such adjustment may also contravene Swiss legislation. In that event the amount received by the Issuer, as the holder of the Loan Notes Collateral, and the corresponding amounts payable by the Issuer to the holders of the Notes would be reduced by any such withholding or deduction.

Although the terms of the Facility Agreement provide that, in the event of any withholding or deduction on account of Swiss tax being required by Swiss law, the Loan Notes Issuer shall, subject to certain exceptions, pay additional amounts so that the net amount received by the Issuer shall equal the amount which would have been received by Demeter in the absence of such withholding or deduction, such an obligation may contravene Swiss legislation and be null, void and unenforceable in Switzerland. In that event the amount received by the Issuer, and the corresponding amounts payable by the Issuer to the holders of the Notes would be reduced by any such withholding or deduction.

If (i) the Loan Notes Issuer becomes obliged to pay additional amounts in respect of the Loan Notes following the imposition of any withholding or deduction in respect of payments of principal and interest under the Loan Notes as a result of a change in, or amendment to, the laws and regulations of Switzerland or (ii) there has been a recalculation of the rate of interest on the Loan Notes, the Loan Notes Issuer may redeem all (but not part only) of the Loan Notes early, which will result in the redemption of all of the Notes in accordance with Condition 8(b) (*Redemption Following a Loan Notes Call*).

In addition, if the Loan Notes Issuer becomes obliged to pay additional amounts in respect of the Facility Agreement following the imposition of any withholding or deduction in respect of payments under the Facility Agreement as a result of a change in, or amendment to, the laws and regulations of Switzerland, the Loan Notes Issuer may terminate the Facility Agreement and redeem all of the outstanding Loan Notes early, which will result in the early redemption of all of the Notes in accordance with Condition 8(b) (*Redemption Following a Loan Notes Call*).

Withholding on, or other taxes or tax reporting requirements with respect to, the Notes and/or the Loan Notes or under the Facility Agreement

The Issuer expects that payments of interest and principal (if any) on the Notes will ordinarily not be subject to withholding tax or any other taxes, duties or charges in the Netherlands or any other jurisdiction. In the event that (i) any tax, duty or charge must be withheld, accounted for or deducted from payments of principal or interest in respect of the Notes (other than a withholding or deduction in respect of FATCA), (ii) any tax, duty or charge must be withheld, accounted for or deducted from any income of the Issuer such that it would be unable to make any payment in respect of the Notes in full when due, (iii) the Issuer is or will be unable to receive any payment due in respect of the Loan Notes or under the Facility Agreement in full without a deduction for or on account of any withholding tax, back-up withholding or other tax, duty or charge in any jurisdiction, (iv) the Issuer is or will be required to pay any tax, duty or charge in any jurisdiction in respect of any payment received in respect of the Loan Notes or under the Facility Agreement, (v) the Issuer is or will be required to comply with any tax reporting requirement (other than in respect of FATCA) in the Netherlands or Switzerland in respect of any payment received in respect of the Loan Notes or under the Facility Agreement, (vi) a FATCA Withholding Tax is imposed on payments in respect of the Loan Notes or under the Facility Agreement or (vii) any other Tax Event has occurred in accordance with Condition 8(d) (*Redemption for Taxation*

Reasons), the Issuer shall use all reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction as the principal debtor or to change its residence for taxation purposes to another jurisdiction and, if it is not able to arrange such substitution or change, it shall redeem the Notes early (subject to certain exceptions and all as more fully set out in, and subject to, Condition 8(d) (*Redemption for Taxation Reasons*)).

In the event that any withholding tax or deduction for tax is imposed on payments of interest on the Notes, the Noteholders will not be entitled to receive grossed-up amounts to compensate for such withholding tax nor be reimbursed for the amount of any shortfall and no Event of Default shall occur as a result of any such withholding or deduction; however, as set out above, the Notes shall be redeemed early pursuant to Condition 8(d) (*Redemption for Taxation Reasons*).

Modification, waivers and substitution

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all the Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions of the Notes and the Trust Deed also provide that the Trustee shall, in certain circumstances and without the consent of Noteholders, agree to (i) any modification of any of the Conditions or any of the provisions of the Transaction Documents that in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or (ii) any modification of any of the provisions of the Trust Deed, or any other documentation in connection with the issue of the Notes, if the Loan Notes Issuer has exercised its rights pursuant to Loan Notes Condition 9 (*Substitution*) to substitute the Loan Notes Issuer or Loan Notes Condition 11 (*Modification*) to vary the terms of the Loan Notes. The Trustee may also agree, without the consent of the Noteholders but, for such time as the Loan Notes Issuer is a Secured Creditor, with the prior written consent of the Loan Notes Issuer, to (i) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of the Conditions or any provisions of the Transaction Documents that in the opinion of the Trustee is not materially prejudicial to the interest of the Noteholders or (ii) the substitution of another company as principal debtor under any Notes in place of the Issuer.

Managers' Security

The proceeds of the Managers' Security will, in the event that the Managers' Security becomes enforceable, be held by the Managers' Trustee on behalf of itself and the Managers and applied in respect of any Manager's Claims. Noteholders have no direct or indirect interest in the Managers' Security and will not be entitled to the proceeds of enforcement of the Managers' Security.

Credit Ratings

The Notes and the Loan Notes are rated securities. Prospective investors should ensure they understand what any rating associated with the Notes means and what it addresses and what it does not address. The assignment of a rating to the Notes should not be treated by a prospective investor as meaning that such investor does not need to make its own investigations into, and determinations of, the risks and merits of an investment in the Notes.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. None of the Issuer, Credit Suisse or the other Managers in any way represent that a rating is an accurate reflection of the risks involved in an investment in the Notes, that the relevant rating agency is an appropriate rating agency or the models used by such rating agency are appropriate for the Notes. The fact that Credit Suisse and the other Managers request a rating should not be treated by a prospective investor as meaning that Credit Suisse or the other Managers accept any responsibility for the rating or the work of the relevant rating agency or that Credit Suisse or the other Managers share

the views of such rating agency, and each investor needs to make its own investigations into, and determinations of, the risks and merits of an investment in the Notes. Further, the terms on which a rating is provided by a rating agency may include a disclaimer or an exclusion by such rating agency of any liability to any person in respect of such rating.

During its holding of a Note, a Noteholder should take such steps as it considers necessary to evaluate the ongoing risks and merits of a continued investment in such Note. Such steps should not rely solely on ratings. In particular, prospective investors should not rely solely on downgrades of ratings as indicators of deteriorating credit. Market indicators (such as rising credit default spreads and yield spreads with respect to the relevant entity) often indicate significant credit issues prior to any downgrade. No assurance can be given that the Notes will have the same credit rating as the Loan Notes subsequent to any reduction in the credit rating of an Agent or otherwise.

During the global financial crisis, rating agencies have been the subject of criticism from a number of global governmental bodies that they did not downgrade entities on a sufficiently quick basis.

Prospective investors who place too much reliance on ratings, or who do not understand what the rating addresses, may be subject to unexpected losses as a result.

In addition, ratings may be solicited or unsolicited. If the Notes were to become subject to an unsolicited rating and the rating of the Notes were to be subsequently lowered, this may have a negative impact on the market price of the Notes.

Risks Related to the Market

Limited liquidity of the Notes

Although application has been made to admit the Notes to the Official List of the Irish Stock Exchange and admit them to trading on the regulated market of the Irish Stock Exchange, there is currently no secondary market for the Notes. There can be no assurance that a secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the Noteholders with liquidity or that it will continue for the life of the Notes. Consequently, any investor of the Notes must be prepared to hold such Notes to their Maturity Date (which will, at the earliest, be the second Business Day following the Loan Notes Scheduled Maturity Date, or later if the Loan Notes Maturity Date is postponed). If the Managers begin making a market for the Notes, they are under no obligation to continue to do so and may stop making a market at any time.

Risks Related to the Loan Notes Collateral, the Facility Agreement and/or the Demeter Eligible Assets

Limited Access to Information

None of the Issuer, the Trustee or the Noteholders or any other person will have any right to receive any information regarding the Loan Notes Issuer, the Facility Agreement, the Loan Notes, the Demeter Eligible Assets or the Eligible Assets Obligor (save to the extent that the Issuer is entitled to receive information relating to the Loan Notes Issuer, the Facility Agreement, the Loan Notes, the Demeter Eligible Asset or the Eligible Assets Obligor by virtue of its being party to the Facility Agreement and/or holding of Loan Notes and/or Demeter Eligible Assets). During the term of the Notes, the Managers may acquire confidential information with respect to the Loan Notes Issuer, any obligations or duties of the Loan Notes Issuer (including in respect of the Facility Agreement), the Eligible Assets Obligor or any obligations or duties of the Eligible Assets Obligor (including in respect of the Demeter Eligible Assets) and they shall not be under any duty to disclose such confidential information to any Noteholder.

Provision of information

None of the Issuer, the Trustee, the Managers' Trustee, the Managers or any affiliate of such persons (i) has provided (beyond what is included in this Series Prospectus) or will provide prospective purchasers of Notes with any information or advice with respect to the Loan Notes Collateral, the Loan Notes Issuer, the Facility Agreement, the Demeter Eligible Assets, the Eligible Assets Obligor or the Custodian, or (ii) makes any representation as to the credit quality of the Loan Notes Collateral, the Loan Notes Issuer, the Demeter Eligible Assets, the Eligible Assets Obligor or the Custodian. The Issuer, the Trustee, the Managers' Trustee, the Managers or any affiliate of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Loan Notes Collateral, the Loan Notes Issuer, the Facility Agreement, the Demeter Eligible Assets or the Eligible Assets Obligor which will not be disclosed to Noteholders. The timing and limited scope of the information provided to Noteholders regarding the Loan Notes Collateral, the Loan Notes Issuer, the Facility Agreement, the Demeter Eligible Assets, the Eligible Assets Obligor and the occurrence of a Loan Notes Event or a Loan Notes Call may affect the liquidity of the Notes and the ability of Noteholders to value the Notes accordingly. None of the Issuer, the Trustee, the Managers' Trustee, the Managers or any affiliate of such persons is under any obligation to make such information, whether or not confidential, available to Noteholders.

No investigations

No investigations, searches or other enquiries have been made by or on behalf of the Issuer, the Managers, the Trustee, the Managers' Trustee or the Enforcement Agent in respect of the Loan Notes Collateral, the Loan Notes Issuer, the Demeter Eligible Assets or the Eligible Assets Obligor. None of the Issuer, the Managers, the Trustee, the Managers' Trustee or the Enforcement Agent makes any representation or warranty, express or implied, in respect of the Facility Agreement, the Loan Notes Collateral, the Loan Notes Issuer, the Demeter Eligible Assets or the Eligible Assets Obligor or in respect of any information contained in any documents prepared, provided or filed by or on behalf of the Loan Notes Issuer or the Eligible Assets Obligor in respect of the Facility Agreement, the Loan Notes Collateral or the Demeter Eligible Assets with any exchange, governmental, supervisory or self-regulatory authority or any other person.

Limitations on enforcement against the Loan Notes Issuer

In no circumstances shall the Trustee or, as the case may be, the Managers' Trustee be permitted when acting in its capacity as trustee for the Noteholders and the other Secured Creditors (other than the Loan Notes Issuer) or the Managers, nor shall any Noteholder or other Secured Creditor (other than the Loan Notes Issuer) or the Managers (when acting in their respective capacities) be permitted, to take any action against the Loan Notes Issuer or enforce any claim that the Issuer may have against the Loan Notes Issuer under the Loan Notes or the Facility Agreement or otherwise whether before, upon, or after any security created by or pursuant to the Trust Deed becoming enforceable. Further, no Noteholder or other Secured Creditor (other than the Loan Notes Issuer) or Manager shall be entitled to give directions to the Enforcement Agent in relation to the manner in which any enforcement action is pursued against the Loan Notes Issuer. In no circumstances will any Loan Notes be delivered, or any interest in the Facility Agreement be transferred, to a Noteholder.

Where the Loan Notes Issuer fails to make any payment of interest and/or principal due under the Loan Notes, and such failure has not been remedied within the relevant grace period, the Issuer will be limited to its right to institute proceedings for the winding up of the Loan Notes Issuer in Switzerland (but not elsewhere) in accordance with Loan Notes Condition 10 (*Enforcement*). However, no amounts shall become immediately due and payable unless an order is made or an effective resolution is passed for the winding up of the Loan Notes Issuer in Switzerland (but not elsewhere), and the Issuer may take no further action against the Loan Notes Issuer in respect of such default. Consequently, upon any payment

default under the Loan Notes, the Issuer (and ultimately the Noteholders and the other Secured Creditors (other than the Loan Notes Issuer)) may have to wait for significant periods of time before it receives any payments from the Loan Notes Issuer, if at all.

Loan Notes Collateral and Demeter Eligible Assets

Except where (i) a Loan Notes Bankruptcy Enforcement Event has occurred (and the Issuer still holds some Demeter Eligible Assets, Demeter Eligible Asset Income and/or Demeter Facility Fees following settlement of any outstanding Failure to Deliver or Reset Failure to Perform) or (ii) a Failure to Issue Residual Amount is payable to the Noteholders following a Failure to Issue, the Noteholders will derive no direct benefit from the Demeter Eligible Assets. Where the Issuer must Liquidate or enforce the Security to fund any payments, Noteholders are exposed to the market value of the Loan Notes Collateral, any amounts realisable under the Facility Agreement and, in the limited circumstances described above, the Demeter Eligible Assets. The market value of the Loan Notes Collateral, any amounts realisable under the Facility Agreement and the Demeter Eligible Assets will generally fluctuate with, among other things, the liquidity and volatility of the financial markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the Loan Notes Issuer or the Eligible Assets Obligor, as applicable.

In addition, any event that causes (i) the Loan Notes Issuer not to make all or part of any payments on the Loan Notes and/or under the Facility Agreement or (ii) the Eligible Assets Obligor not to make all or part of any payments on the Demeter Eligible Assets, may result in corresponding reductions and delays in respect of interest and principal (if any) payable in respect of the Notes.

Prior to issue of the Loan Notes in whole, the Issuer will be expected to fund a portion of its payments on the Notes out of amounts that are payable on the Demeter Eligible Assets and not from the Loan Notes Issuer

Until (i) the Loan Notes Issuer issues Loan Notes to the Issuer in an aggregate amount equal to the Maximum Commitment or (ii) where a Failure to Issue has occurred, the aggregate amount of Loan Notes and Relevant Notional Loan Notes outstanding together equal the Maximum Commitment, a portion of the scheduled payments on the Notes will be funded through amounts received by the Issuer under the Demeter Eligible Assets and fees payable by the Loan Notes Issuer under the Facility Agreement. If the Demeter Eligible Assets default in payment, then no Interest Amounts shall become payable under the Notes pending the occurrence of an Automatic Issuance Event. As a result, there could be a delayed payment under the Notes that results from a default of the Demeter Eligible Assets rather than any default of the Loan Notes Issuer itself.

Early redemption of the Notes will, in many circumstances, depend on the Loan Notes becoming redeemable early

Noteholders will be exposed to each of the early redemption events that are applicable to any Loan Notes as set out in the terms and conditions thereof. An early redemption of any Loan Notes will result in the early redemption of the Notes. Consequently, if at any time any Loan Notes become redeemable early for whatever reason, the Issuer shall redeem each Note early on the Loan Notes Call Redemption Date or Early Redemption Date, as the case may be. The amount payable to a Noteholder in such circumstances will be (i) in the case of a Loan Notes Call, each Note's pro rata share of the Loan Notes Call Amount or (ii) in the case of a Loan Notes Event, each Note's *pro rata* share of the Available Proceeds on enforcement of the Security.

Any right of the Loan Notes Issuer to redeem the Loan Notes early shall be subject to (i) no Solvency Event (as defined in the Loan Notes Conditions) having occurred that is continuing at the time of delivery of the relevant notice (as evidenced by the absence of any public statement by the Loan Notes Issuer that a Solvency Event has been cured), (ii) FINMA having given its Consent (if any) to the early

redemption as is required under relevant rules and regulations and (iii) in the case of an early redemption that is within five years of the related Drawing Date (other than the Drawing Date in respect of an Automatic Issuance Event resulting from the Loan Notes Issuer's election to terminate the Facility Agreement) and if so required by any future rules and regulations applicable to the Loan Notes Issuer, such early redemption being (a) funded out of the proceeds of a new issuance of capital of at least the same quality as the Loan Notes and (b) otherwise permitted under relevant rules and regulations.

Although the terms and conditions of the Loan Notes and the Facility Agreement provide for the possibility of the Loan Notes being redeemed early at the option of the Loan Notes Issuer from the Reset Date onwards, the first Loan Notes Optional Redemption Date may be delayed if the Loan Notes Issuer makes a Delayed Call Election in connection with an issue of Loan Notes in the period from (and including) 15 August 2020 to (but excluding) the Reset Date. Where an issue of Loan Notes during such period will lead to a delay of the first Loan Notes Optional Redemption Date, the amount of Loan Notes issued on the related Drawing Date must be an amount equal to the then Available Commitment, notwithstanding that such amount on the Drawing Date may differ from the Available Commitment as at the date of the Drawing Notice and the first Loan Notes Optional Redemption Date in respect of all Loan Notes outstanding will be a date falling no later than the Loan Notes Interest Payment Date scheduled to fall on, or failing which that immediately follows, the fifth anniversary of such Drawing Date.

Irrespective of any delay to the first Loan Notes Optional Redemption Date, the Loan Notes Issuer will be under no obligation to exercise its option to redeem the Loan Notes early on such date, or on any Loan Notes Optional Redemption Date thereafter. Accordingly, Noteholders should be aware that the Notes may not be redeemed early despite any right having arisen for the Loan Notes Issuer to redeem the Loan Notes early and must therefore be prepared, and able, to hold the Notes for a period of time extending beyond the Reset Date.

Any Automatic Issuance Event, Failure to Issue, Failure to Deliver or Reset Failure to Perform may lead to a delay in payments under the Notes

Any Automatic Issuance Event (including, in particular, a Loan Notes Issuer Bankruptcy Event), Failure to Issue, Failure to Deliver or Reset Failure to Perform may lead to a delay in the making of payments of interest or principal under the Notes. The occurrence of a Loan Notes Event or a Demeter Event will lead to a delay in the commencement of Liquidation (in the case of a Liquidation Event) or enforcement of Security (in the case of an Enforcement Event) as the Drawing Date may fall several days after the date of the occurrence of the Demeter Event. The occurrence of a Loan Notes Issuer Bankruptcy Event will lead to a cessation in payments under the Notes until a Bankruptcy Order is received by the Issuer. Such an order may not be capable of being delivered and, if it is capable of being delivered, it may take a significant amount of time to be provided. This may in turn cause payments under the Notes to be delayed for a significant period of time.

If a Bankruptcy Order is received by the Issuer within a one year period after the Issuer becomes aware (whether by notice thereof from the Calculation Agent, Loan Notes Issuer or otherwise) of a Loan Notes Issuer Bankruptcy Event, then the Issuer shall receive Loan Notes from the Loan Notes Issuer, the value of which may be substantially less than the original investment of the Noteholders (given the insolvency of the Loan Notes Issuer) or the Demeter Eligible Assets and/or Demeter Eligible Asset Income and/or Demeter Facility Fees transferred to the Loan Notes Issuer in connection therewith. If a Loan Notes Repudiation occurs, or a Bankruptcy Order is not received by the Issuer within such one year period, then the Issuer shall, following settlement of any outstanding Failure to Deliver or Reset Failure to Perform, receive the proceeds of Liquidation of any remaining Demeter Eligible Assets and/or Demeter Eligible Asset Income and/or Demeter Facility Fees then held by the Issuer, together with any other assets forming part of the Mortgaged Property at such time, the value of which may be substantially less than the original investment of the Noteholders.

In the case of (i) a Failure to Issue or a Failure to Deliver occurring after a Liquidation Event or an Enforcement Event or (ii) a Failure to Issue, Failure to Deliver or Reset Failure to Perform having occurred prior to, but as yet unresolved upon the occurrence of, the Liquidation Event or Enforcement Event, the commencement of Liquidation (in the case of a Liquidation Event) or enforcement of Security (in the case of an Enforcement Event) could be significantly delayed as the Loan Notes Issuer seeks to settle its claim in respect of the Failure to Issue Payment Amount, Failure to Deliver Shortfall Amount, Failure to Deliver Payment Amount or Reset Failure to Perform Payment Amount, as the case may be.

In each case, such delay may affect the amounts that can be realised upon any Liquidation or enforcement of Security, and may consequently affect the return a Noteholder may receive in respect of such Liquidation Event or Enforcement Event.

Determinations

The determination as to whether a Loan Notes Event has occurred shall be made by the Calculation Agent and without regard to any related determination by the Loan Notes Issuer or any action taken, omitted to be taken or suffered to be taken by any other person, including, without limitation, any creditor of the Loan Notes Issuer.

Purchase, Exchange or Retirement of Notes: Tender Offers and Exchange Offers

The terms of the Notes provide that in certain circumstances (as set out in Condition 8(g) (*Purchases*)), the Issuer may participate in a Loan Notes Issuer Tender Offer or a Loan Notes Issuer Exchange Offer (each as defined in Condition 8(g) (*Purchases*)) with respect to the Loan Notes. If, in such circumstances, the Loan Notes Issuer defaults in the performance of its payment obligations under the terms of any such Loan Notes Issuer Tender Offer or Loan Notes Issuer Exchange Offer, then the Issuer will not be able to satisfy its corresponding payment obligations to Noteholders in respect of any corresponding Issuer Tender Offer or Issuer Exchange Offer (each as defined in Condition 8(g) (*Purchases*)). Any failure by the Issuer to make a payment due in connection with any Issuer Tender Offer or Issuer Exchange Offer shall constitute a default in payment in respect of the Notes for purposes of Condition 8(f) (*Redemption Following the Occurrence of an Event of Default*), leading to the Security for the Notes becoming enforceable. Accordingly, Noteholders must recognise that they will be exposed to the risk of default by the Loan Notes Issuer in respect of any Loan Notes Issuer Tender Offer or Loan Notes Issuer Exchange Offer, regardless of whether or not they participate in any corresponding Issuer Tender Offer or Issuer Exchange Offer.

Transfer restrictions in respect of the Loan Notes Collateral

The transfer of the Loan Notes Collateral is subject to certain restrictions, including but not limited to the restrictions set out in Loan Notes Condition 1 (*Form, Denomination and Transfer*). The Loan Notes Collateral is not listed or admitted to trading on any exchange and has not been accepted for clearance through any clearing system. As a result, there will be no established trading market in the Loan Notes Collateral and the Loan Notes Collateral will be illiquid. The illiquidity of the Loan Notes Collateral may have a severely adverse effect on the market value of the Loan Notes Collateral.

Risks Related to the Trustee and/or the Agents

Trustee and/or Enforcement Agent indemnity and remuneration

In certain circumstances, the Noteholders may be dependent on the Trustee and/or Enforcement Agent to take certain steps, actions or proceedings in respect of the Notes, in particular if the Security in respect of the Notes becomes enforceable under the Conditions. Prior to taking such steps, actions or proceedings the Trustee and/or Enforcement Agent may require to be indemnified and/or secured and/or prefunded to its satisfaction. If the Trustee and/or Enforcement Agent is not indemnified and/or secured and/or prefunded to its satisfaction, it may decide not to take such steps, actions or proceedings and

such inaction will not constitute a breach by it of its obligations under the Trust Deed. Consequently, the Noteholders would have to either arrange for such indemnity and/or security and/or prefunding or accept the consequences of such inaction by the Trustee and/or Enforcement Agent. Noteholders should be prepared to bear the costs associated with any such indemnity and/or security and/or prefunding and/or the consequences of any such inaction by the Trustee and/or Enforcement Agent. Such inaction by the Trustee and/or Enforcement Agent will not entitle Noteholders to take action directly against the Issuer to pursue remedies for any breach by the Issuer of the Trust Deed or the Notes (although the events giving rise to the need for Trustee action might also permit the Noteholders to exercise certain rights directly under the Conditions).

So long as any Note is outstanding, the Issuer shall pay the Trustee and Agents remuneration for their services. Unless alternative arrangements are in place to finance such remuneration, such remuneration may reduce the amount payable to Noteholders.

Replacement of the Trustee or any Agent

If the Trustee or any Agent needs to be replaced, whether by reason of a Bankruptcy Event (in the case of the Calculation Agent, Disposal Agent or Enforcement Agent) or otherwise, such replacement may delay certain determinations and related payments and/or deliveries on the Notes and there is no guarantee that any replacement will be found. Any delay or failure to appoint such a replacement may have adverse consequences for the Noteholders.

Business relationships

There is no limitation or restriction on any Manager or any of its affiliates with regard to acting as adviser (or acting in any other similar role) to other parties or persons or entering into, performing or enforcing its rights in respect of a broad range of transactions in various capacities for its own account and for the account of other persons from time to time in relation to its business. This, and other future activities of it and/or its affiliates, may give rise to conflicts of interest. These interests may conflict with the interests of the Noteholders, and the Noteholders may suffer a loss as a result.

The Issuer and/or each Manager may have existing or future business relationships with the Loan Notes Issuer (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that it deems or they deem necessary or appropriate to protect their and/or its interests (in whatever capacity) arising therefrom (including, without limitation, any action which might constitute or give rise to a Loan Notes Call or Loan Notes Event) without regard to the consequences for a Noteholder.

The Issuer and each Manager may deal in any derivatives linked to the obligations or shares of the Loan Notes and any other obligations of the Loan Notes Issuer and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with the Loan Notes Issuer and may act with respect to them in the same manner as it would have had had the Notes not been in issue, regardless of whether any such action might have an adverse effect on the Loan Notes Collateral, the Loan Notes Issuer or the position of a Noteholder or otherwise.

General Risks

Third Party Information

The Issuer has only made very limited enquiries with regards to, and none of the Managers has verified or accepts any responsibility for, the accuracy and completeness of the information in this Series Prospectus regarding the Third Party Information. Prospective investors in the Notes should not rely upon, and should make their own independent investigations and enquiries in respect of, the accuracy and completeness of the Third Party Information.

Exchange rates and exchange controls

The Issuer will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to a devaluation of U.S. dollars or a revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal and interest payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less principal than expected, or no principal at all.

EU Savings Directive

The European Union has adopted a directive regarding the taxation of savings income (the "**EU Savings Directive**"). The EU Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or secured by such a person for the benefit of) an individual resident, or to (or secured for) certain other types of entity established in that other EU Member State, except that Austria instead imposes a withholding tax system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise. On 24 March 2014, the Council of the European Union adopted a Directive (the "**Amending Savings Directive**") which would, when implemented, inter alia, amend and broaden (i) the scope of the information reporting or withholding requirements of the EU Savings Directive described above to include payments to (or secured for) an entity or legal arrangement having its place of effective management in an EU Member State and not being subject to effective taxation and persons, entities and legal arrangements established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the EU Savings Directive) where the payment indirectly benefits an individual resident in an EU Member State, (ii) the circumstances in which an economic operator, entity or legal arrangement may be required to report information or withhold tax, (iii) the types of payment to which the EU Savings Directive applies and (iv) the circumstances in which an individual resident in an EU Member State is to be treated as the beneficial owner of such payments. The Amending Savings Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

The European Commission has published a proposal for a Council Directive repealing the EU Savings Directive from 1 January 2016 (1 January 2017 in the case of Austria) (in each case subject to transitional arrangements). If the proposal to repeal the EU Savings Directive is adopted in its current form, Member States would not be obliged to apply the new requirements of the Amending Savings Directive. This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU) (the "**Amending Cooperation Directive**"). The Amending Cooperation Directive was adopted to introduce an extended automatic exchange of information regime in accordance with the Global Standard released by the Council of the Organisation for Economic Co-operation and Development (the "**OECD Council**") in July 2014. The Amending Cooperation Directive requires EU Member States to adopt national legislation necessary to comply with it by 31 December 2015, which legislation must apply from 1 January 2016 onwards (or, in the case of Austria, from 1 January 2017 onwards). The Amending Cooperation Directive is generally broader in scope than the EU Savings Directive (although it does not impose withholding

taxes) and to the extent that there is any overlap in scope, the Amending Cooperation Directive provides that it shall prevail.

A number of countries and territories outside the European Union, including Switzerland, have adopted similar measures to the EU Savings Directive. On 27 May 2015, Switzerland and the European Community signed an amendment protocol to the agreement between the European Community and the Swiss Confederation dated 26 October 2004 (the "**Swiss Agreement**"), which if ratified would (a) expand the range of payments covered and (b) starting from 2018, introduce an extended automatic exchange of information regime in accordance with the Global Standard released by the OECD Council in July 2014 to replace the withholding system currently in place in Switzerland.

If a payment were to be made or collected through an EU Member State (or a country or territory outside of the European Union that has adopted similar measures) which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

Prospective investors should be aware that any custodians or intermediaries through which they hold their interest in the Notes may be obliged to withhold or deduct tax pursuant to such laws unless the investor meets certain conditions, including providing any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the EU Savings Directive, as amended.

Prospective investors should inform themselves of, and where appropriate take advice on, the impact of the Directives referred to above on their investment.

DOCUMENTS INCORPORATED BY REFERENCE

This Series Prospectus should be read and construed in accordance with:

1 The Base Prospectus which, except for the following sections, shall be deemed to be incorporated in, and form part of, this Series Prospectus:

(i) Master Conditions (pages 43 to 112 inclusive)

(ii) Pass-Through Note Terms Product Supplement (pages 113 to 114 inclusive);

(iii) CLN Conditions Product Supplement (pages 115 to 176 inclusive);

(iv) Collateral Basket Product Supplement (pages 177 to 184 inclusive);

(v) Summary of Provisions relating to the Notes while in Global Form (pages 185 to 189 inclusive);

(vi) Crest Clearing Arrangements (pages 190 to 191 inclusive);

(vii) Description of the Swap Counterparty (page 195);

(viii) Original Collateral (page 196);

(ix) The Swap Agreement (pages 197 to 200 inclusive);

(x) Subscription and Sale (pages 208 to 211 inclusive);

(xi) Appendix 1 – Form of Final Terms (page 214 to 222 inclusive); and

(xii) Appendix 2 – Form of Issue Terms of an Alternative Drawdown Document (page 223 to 235 inclusive).

The non-incorporated sections of the Base Prospectus are either not relevant for investors in the Notes or are covered elsewhere in this Series Prospectus. A copy of the Base Prospectus can be found at:

http://www.ise.ie/debt_documents/Base%20Prospectus_7c38c433-965e-4ab7-8aef-4115284b3566.PDF?v=312015

2 For the purpose of this Series Prospectus, references in the Base Prospectus to the Master Conditions shall be to the terms and conditions set out below under "Conditions of the Notes".

The Master Conditions set out in the Principal Trust Deed (as such term is defined in the Base Prospectus) shall be deemed not to apply to the Notes and the terms and conditions set out below under "Conditions of the Notes" shall apply to the Notes instead.

3 The audited financial statements of the Issuer for the financial year ended 31 December 2014 (the "**2014 Accounts**") shall be deemed to be incorporated in, and form part of, this Series Prospectus. The 2014 Accounts have been filed with the Central Bank of Ireland and the Dutch Chamber of Commerce and can be found at:

http://www.demeterinvestmentsbv.nl/documenten/34278112/Demeter%20Investments%20B.V.%20-%20Annual%20Accounts%202014%20(unsigned).pdf.

There has been no material adverse change in the financial position or the prospects of the Issuer since 31 December 2014, being the date of the Issuer's last audited financial statements.

OVERVIEW OF THE NOTES

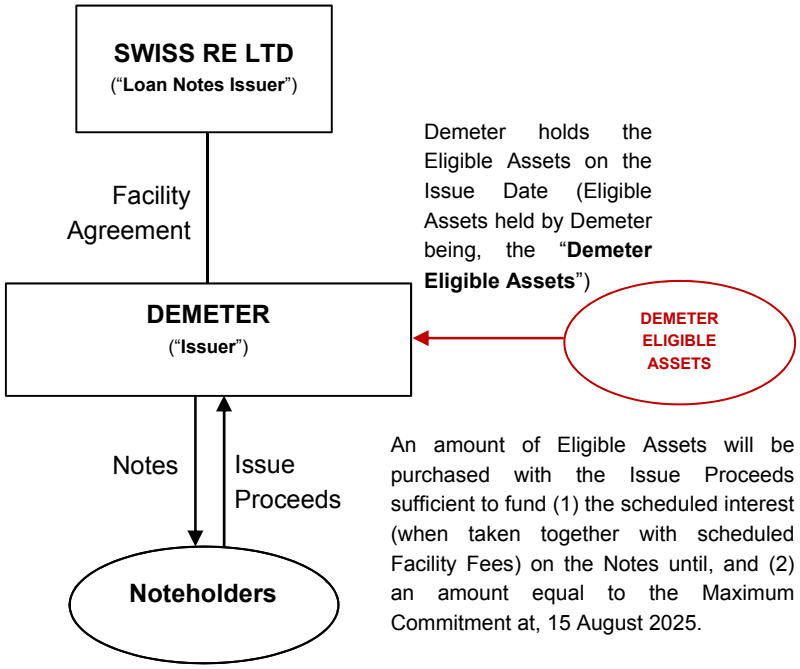
The following is an overview of the Notes which does not purport to be complete and is qualified in its entirety by the applicable sections of the Base Prospectus and the other sections of this Series Prospectus. Any capitalised terms used but not defined in this "Overview of the Notes" section of this Series Prospectus shall have the meanings given to them in "Conditions of the Notes" below.

TRANSACTION STRUCTURE

The following diagrams provide an overview of the transaction structure and the expected flow of scheduled funds relating to the Notes in different scenarios that may arise during their term. The diagrams are qualified in their entirety by the more detailed information included elsewhere in this Series Prospectus.

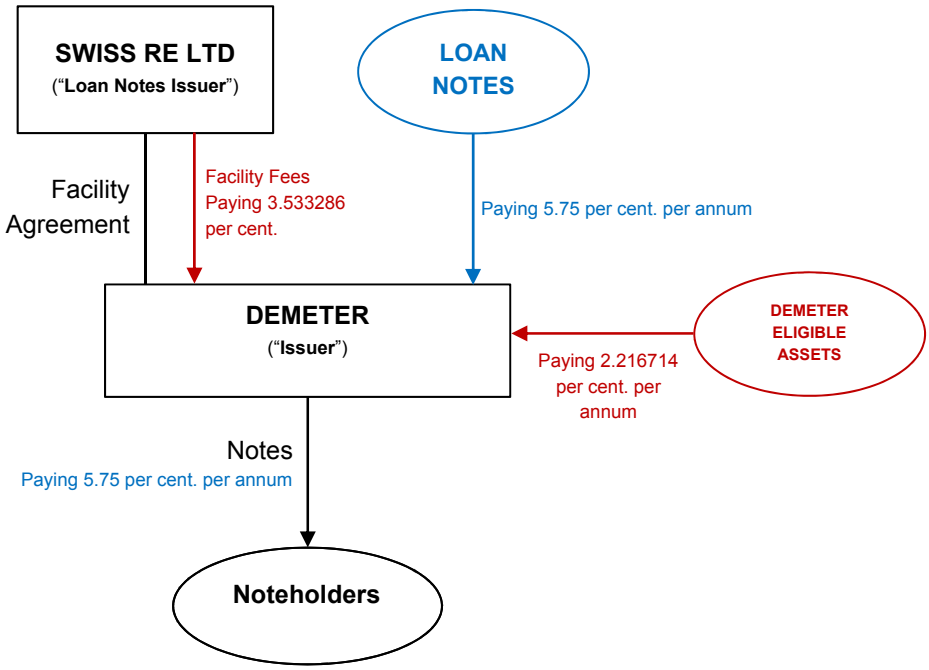
Diagram 1: On Issue Date

Pursuant to the Facility Agreement, prior to 15 August 2025, the Loan Notes Issuer may (1) draw under the Facility Agreement by issuing Loan Notes to the Issuer in return for a proportion of Demeter Eligible Assets and/or any income therefrom and (2) may unwind a drawing by delivering Eligible Assets and, if necessary, cash (in U.S.$) to the Issuer in exchange for Loan Notes held by the Issuer.



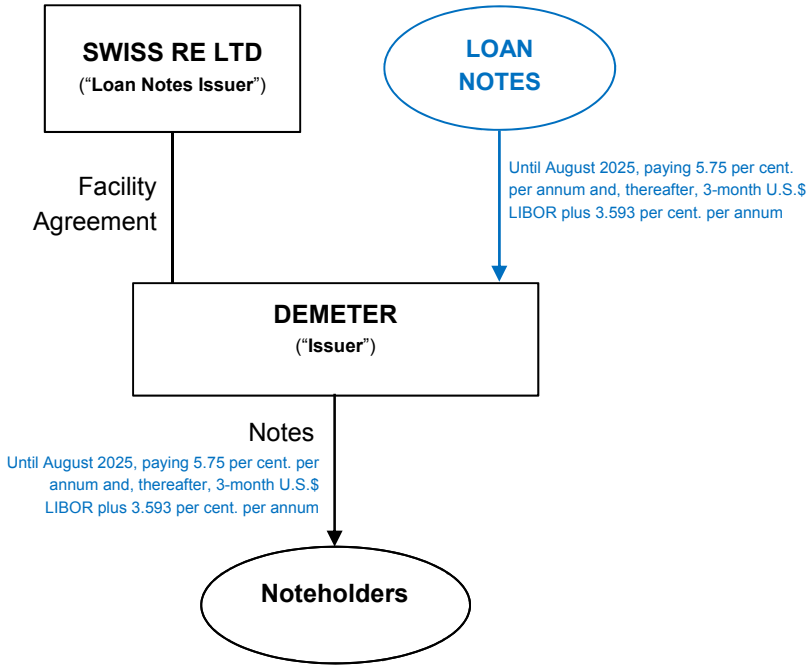
An amount of Eligible Assets will be purchased with the Issue Proceeds sufficient to fund (1) the scheduled interest (when taken together with scheduled Facility Fees) on the Notes until, and (2) an amount equal to the Maximum Commitment at, 15 August 2025.

Diagram 2: If Loan Notes are issued in a principal amount that is less than the Maximum Commitment under the Facility Agreement (only possible prior to the Reset Date)



The Issuer expects to fund scheduled interest on the Notes (5.75 per cent. per annum) from amounts received (1) on any drawn Loan Notes (5.75 per cent. per annum) and (2) on the Demeter Eligible Assets (2.216714 per cent. per annum) and as Facility Fees (3.533286 per cent. per annum).

Diagram 3: If Loan Notes are issued in a principal amount that is equal to the Maximum Commitment under the Facility Agreement



The Issuer expects to fund scheduled interest payments on the Notes (until August 2025, 5.75 per cent. per annum and, thereafter, 3-month U.S.$ LIBOR plus 3.593 per cent. per annum) from amounts received on the Loan Notes (until August 2025, 5.75 per cent. per annum and, thereafter, 3-month U.S.$ LIBOR plus 3.593 per cent. per annum). No Eligible Assets are then held by the Issuer, having been delivered (or proceeds thereof paid) to the Loan Notes Issuer against issue of the Loan Notes, and no Facility Fees are then payable under the Facility Agreement.

THE OFFERING	
Issuer of the Notes	Demeter Investments B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated in the Netherlands, with its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands.
Notes	U.S.$700,000,000 Fixed-to-Floating Rate Non Step-Up Callable Notes with a scheduled maturity in 2050 secured by the Mortgaged Property (as described under "The Offering – Mortgaged Property and the Trust Deed" below).
Status	The Notes are secured, limited recourse obligations of the Issuer, at all times ranking *pari passu* and without any preference among themselves, and secured in the manner described in "Conditions of the Notes – Condition 5 (*Security*)". Recourse in respect of the Notes will be limited to the Mortgaged Property and claims of Noteholders, the Loan Notes Issuer (in its capacity as counterparty under the Facility Agreement) and any other Secured Creditor shall be dealt with in the manner described in "Conditions of the Notes – Condition 13 (*Demeter Eligible Assets Liquidation*)", "Conditions of the Notes – Condition 15 (*Enforcement of Security*)", "Conditions of the Notes – Condition 17 (*Application of Available Proceeds, Failure to Issue Residual Proceeds or Managers' Available Proceeds*)", "Conditions of the Notes – Condition 18 (*Enforcement of Rights or Security*)" and "Conditions of the Notes – Condition 19(a) (*General Limited Recourse*)".
Issue Date	13 November 2015.
Use of Proceeds	The Issuer will use the issue proceeds of the Notes to purchase a portfolio of Eligible Assets on the Issue Date. Although the Demeter Eligible Assets from time to time will form part of the Mortgaged Property, they are primarily secured for the benefit of the Loan Notes Issuer in connection with the Issuer's obligation to deliver the Relevant Portion of each of the Demeter Eligible Assets (if any), the Demeter Eligible Asset Income (if any) and the Demeter Facility Fees (if any) to the Loan Notes Issuer when any Loan Notes are to be issued to the Issuer pursuant to a loan note issuance facility agreement entered into between the Issuer and the Loan Notes Issuer on the Issue Date (the "**Facility Agreement**"). The Issuer will hold the Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) and exercise its rights under the Facility Agreement, subject to the provisions of the Trust Deed. For more information, see "The Offering – Eligible Assets and Demeter Eligible Assets", "The Offering – Mortgaged Property

and the Trust Deed" and "The Offering – Facility Agreement, issue of Loan Notes and Optional Exchange" below.

Loan Notes

Up to an aggregate principal amount of U.S.$700,000,000 Subordinated Fixed-to-Floating Rate Non Step-Up Callable Loan Notes with a scheduled maturity in 2050 may, at the Loan Notes Issuer's election, and in certain limited circumstances must, be issued by the Loan Notes Issuer to the Issuer from time to time on or prior to the Reset Date (see "The Offering – Facility Agreement, issue of Loan Notes and Optional Exchange" below). Pursuant to the terms of the Facility Agreement, Loan Notes will be issued to the Issuer in return for delivery to the Loan Notes Issuer of the Relevant Portion of each of the Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any).

If, and when, issued, the Loan Notes will be scheduled to pay interest until the Loan Notes Maturity Date (unless previously redeemed, exchanged or purchased and cancelled in accordance with the Loan Notes Conditions) (i) on 15 August (or, if such date is not a Business Day, the next following Business Day, without any adjustment being made to the interest amount that is payable) in each year until (and including) 15 August 2025 (the "**Reset Date**"), commencing 15 August 2016 (in respect of any Loan Notes issued prior thereto) and (ii) thereafter, to the extent outstanding, on 15 February, May, August and November in each year (or if such date is not a Business Day, the following Business Day unless postponement of such date would fall into the next calendar month, in which case it shall be the Business Day immediately preceding such date) commencing 15 November 2025 (each such payment date, a "**Loan Notes Interest Payment Date**"), provided that, in respect of a series of Loan Notes that is issued due to an Automatic Issuance Event resulting from the failure by the Eligible Assets Obligor to make one or more payments when due (without giving effect to any applicable grace period) in respect of the Demeter Eligible Assets, the first interest payment on such series of Loan Notes shall be made on the Business Day immediately following the Drawing Date in respect of such issuance (each such date, a "**Loan Notes Additional Interest Payment Date**"). Unless previously redeemed, exchanged or purchased and cancelled in accordance with the Loan Notes Conditions, the Loan Notes will mature on the Loan Notes Maturity Date at the Loan Notes Final Redemption Amount.

Interest payable on the Loan Notes in respect of an Interest Accrual Period may also be deferred (in whole or in part) prior to any Loan Notes Interest Payment Date. Upon any such deferral, the Loan Notes will pay interest in respect of the related Interest Accrual Period on such later date as is determined in accordance with the Loan Notes Conditions

	and, in respect of each Interest Accrual Period thereafter, on its related Loan Notes Interest Payment Date (see "The Offering – Deferral of Interest and/or Facility Fees" below). See "The Offering – Interest", "The Offering – Deferral of Interest and/or Facility Fees" below and "Loan Notes Documentation" for more information. Where: "**FINMA**" means the Swiss Financial Market Supervisory Authority (FINMA) or any successor authority; "**Loan Notes Final Redemption Amount**" means any amounts payable upon final redemption of the Loan Notes (but excluding any amount included in any Loan Notes Interest Amount and/or any Loan Notes Accrued Interest Amount) once the Loan Notes have become redeemable in accordance with the provisions of Loan Notes Condition 4.1 (*Redemption at Maturity*); "**Loan Notes Maturity Date**" means: (i) if, on or prior to the Loan Notes Scheduled Maturity Date, none of the circumstances described in paragraph (ii) below has occurred, the Loan Notes Scheduled Maturity Date; or (ii) if, on or prior to the Loan Notes Scheduled Maturity Date, a Solvency Event (as defined in the Loan Notes Conditions) has occurred and is continuing (as evidenced by the absence of any public statement by the Loan Notes Issuer that the Solvency Event has been cured) and FINMA has not given such consent, approval or non-objection (if any) as is required under the relevant rules and regulations of FINMA (such consent, approval or non-objection, the "**Consent**") to the final redemption of the Loan Notes, the Loan Notes Interest Payment Date immediately following the day on which the Solvency Event has ceased to continue (as evidenced by a public statement by the Loan Notes Issuer that the Solvency Event has been cured) and FINMA has given its Consent to the final redemption of the Loan Notes; and "**Loan Notes Scheduled Maturity Date**" means the Loan Notes Interest Payment Date falling on or nearest to 15 August 2050.
Loan Notes Issuer	Swiss Re Ltd, having its registered office at Mythenquai 50/60, 8002 Zurich, Switzerland.
Eligible Assets and Demeter Eligible Assets	On the Issue Date, the Issuer shall purchase Eligible Assets such that the Demeter Eligible Assets then comprise a portfolio of Eligible Assets that are scheduled to make payments (i) in respect of each Interest Accrual Period falling

within the Initial Interest Period, in an aggregate amount equal to 2.216714 per cent. per annum applied to the Maximum Commitment (being U.S.$700,000,000 as defined in the Facility Agreement) and (ii) on the Reset Date, in an amount equal to such Maximum Commitment.

The portfolio of Demeter Eligible Assets may vary from time to time to the extent that Loan Notes are (i) issued to the Issuer or (ii) subsequently exchanged for Exchange Collateral pursuant to an Optional Exchange (each as defined in "The Offering – Facility Agreement, issue of Loan Notes and Optional Exchange" and "Overview of the Facility Agreement – Optional Exchange", respectively, below), in each case by the Loan Notes Issuer.

On any date when the Available Commitment is greater than zero (which may only be the case prior to the Reset Date), the Demeter Eligible Assets shall comprise a portfolio of Eligible Assets that are scheduled to make payments which, when taken together with any Demeter Eligible Asset Income on such date, amount to not less than (i) in respect of each Interest Accrual Period falling within the Initial Interest Period, an aggregate amount equal to 2.216714 per cent. per annum applied to the Available Commitment as of the close of business on the relevant date (each a "**Demeter Eligible Asset Interest Amount**") and (ii) on the Reset Date, an amount equal to the Available Commitment as of such date (see "The Offering - Interest" and "The Offering - Facility Agreement, issue of Loan Notes and Optional Exchange" below). The amounts due in respect of the Demeter Eligible Assets for each Interest Accrual Period shall be payable on the corresponding Loan Notes Interest Payment Date for such Interest Accrual Period.

The Issuer will hold, *inter alia*, any Demeter Eligible Assets (and any Demeter Eligible Asset Income) subject to the security granted by it pursuant to the Trust Deed, and may be required to transfer some or all of such Demeter Eligible Assets or the proceeds thereof (and pay some or all of any Demeter Eligible Asset Income) to the Loan Notes Issuer in connection with the receipt from the Loan Notes Issuer of an issue of Loan Notes or an equivalent claim arising under the Facility Agreement (as described under "The Offering – Mortgaged Property and the Trust Deed" below).

Where:

"**Demeter Eligible Asset Income**" means, with respect to any date, the cash amount then held by the Issuer that has been received on any Demeter Eligible Assets (including, for the avoidance of doubt, any amounts (including in respect of principal) received on or around the Reset Date) or as a result of an Optional Exchange;

"**Demeter Eligible Assets**" means, from time to time, the Eligible Assets held by the Issuer in respect of the Notes. For

	the avoidance of doubt, any Demeter Eligible Assets that have been redeemed, transferred to the Loan Notes Issuer pursuant to the Facility Agreement, sold or otherwise disposed of shall thereafter cease to constitute Demeter Eligible Assets; "**Eligible Assets**" means principal and/or interest strips of U.S. Treasury Securities; "**Initial Interest Period**" means the period from (and including) the Issue Date to (but excluding) the Reset Date; and "**U.S. Treasury Securities**" means securities that are direct obligations of the United States Treasury, issued other than on a discount rate basis.
Mortgaged Property and the Trust Deed	The Notes and any secured claims of the Secured Creditors (including the Loan Notes Issuer in respect of any claim under the Facility Agreement) against the Issuer will be secured, pursuant to the terms of the trust deed entered into in connection with the Notes (the "**Trust Deed**") and the Facility Agreement, by the Issuer's rights, title and interest under, or attaching or relating to, among other things: (i) the Facility Agreement (to the extent such rights, title and interest do not relate to the Managers' Security Rights under the Facility Agreement); (ii) from time to time, any Demeter Facility Fees; (iii) from time to time, any Demeter Eligible Assets and any Demeter Eligible Asset Income; and (iv) from time to time, any Loan Notes held by the Issuer, and, in each case, together with any sums, asset or property (which may, for the avoidance of doubt, include the benefit of contractual rights) into which any of the Mortgaged Property is converted or exchanged or that is issued to the Issuer (or any relevant person holding such Mortgaged Property for or on behalf of the Issuer) by virtue of its holding thereof. Any Mortgaged Property converted or exchanged for other assets (including as a result of an issuance of Loan Notes or an Optional Exchange) shall thereafter cease to comprise Mortgaged Property once converted or exchanged. Any claim of the Loan Notes Issuer in respect of the Issuer's obligation to deliver and/or pay Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) to the Loan Notes Issuer in connection with an issue of Loan Notes under the Facility Agreement, will rank in priority to claims of the Noteholders (see "The Offering - Settlement of Loan Notes prior to Liquidation and/or Enforcement" below). The Managers' claims, if any, against the Issuer in respect of certain rights under the Syndication Agreement will be secured, pursuant to the terms of the Trust Deed, by the Issuer's rights, title and interest under, or attaching or relating

to, the Facility Agreement, but solely to the extent such rights, title and interest relate to the representations and warranties or Loan Notes Documentation, in each case provided by the Loan Notes Issuer, and its indemnity relating thereto (such rights, the "**Managers' Security Rights**" and such security, the "**Managers' Security**").

Facility Agreement, issue of Loan Notes and Optional Exchange

Election and Obligation to issue Loan Notes

Under the Facility Agreement, the Loan Notes Issuer has the right, and in certain circumstances the obligation, to issue and deliver Loan Notes to the Issuer from time to time on or prior to the Reset Date against the right to receive from the Issuer (or the Custodian acting on behalf of the Issuer) the Relevant Portion of each of the Demeter Eligible Assets (if any), the Demeter Eligible Asset Income (if any) and the Demeter Facility Fees (if any).

The Loan Notes Issuer may not, except where Loan Notes are being issued to replace Relevant Notional Loan Notes (see "Overview of the Facility Agreement – Failure to Issue Loan Notes" below), issue an amount of Loan Notes exceeding the then Available Commitment.

Drawing Notice and Drawing Date

In respect of any issuance of Loan Notes, the Loan Notes Issuer must deliver to the Issuer a notice specifying, amongst other things, the amount of Loan Notes to be issued, the proposed date of issue of such Loan Notes and, in respect of a Delayed Call Election (as defined below), the first Loan Notes Optional Redemption Date thereafter applicable to all Loan Notes (such notice a "**Drawing Notice**", and such proposed issue date to fall not less than two Business Days but not more than five Business Days following the date of delivery (or deemed delivery) of such notice, each a "**Drawing Date**"), provided that:

(i) no Drawing Date shall fall on a day that is less than five Business Days prior to any Loan Notes Early Redemption Date;

(ii) if the Drawing Notice is delivered in respect of an Eligible Asset Event, the proposed Drawing Date must be no later than the day falling two Business Days following the occurrence of such Eligible Asset Event;

(iii) in the case of an automatic issue of Loan Notes following a Loan Notes Issuer Bankruptcy Event, the delivery, pursuant to the Facility Agreement, of an order of the court, administrator or other person or authority administering the bankruptcy, receivership, liquidation or similar proceeding of the Loan Notes Issuer confirming that the Facility Agreement shall continue to be performed by the Loan Notes Issuer following the occurrence of such Loan Notes Issuer Bankruptcy Event (including, without limitation, the issuance and delivery of

Loan Notes by the Loan Notes Issuer to the Issuer as a consequence of the occurrence of such Loan Notes Issuer Bankruptcy Event) and having the effect that the Loan Notes Issuer's obligations under the Facility Agreement and all Loan Notes issued or to be issued shall be enforceable (a "**Bankruptcy Order**") shall be deemed as delivery of a Drawing Notice and the related Drawing Date in respect of such deemed Drawing Notice shall be the day falling two Business Days after the date of receipt by the Issuer of such order; and

(iv) if the proposed Drawing Date were to fall on the Business Day prior to an Interest Payment Date, then such Drawing Date shall be postponed until the Business Day immediately following such Interest Payment Date and no Expected Amounts (as defined in "The Offering – Interest" below) received by the Issuer relating to the Interest Accrual Period for such Interest Payment Date shall be payable by the Issuer to the Loan Notes Issuer in respect of such issue of Loan Notes (as they will be used to fund the Interest Amount payable on the Notes on that Interest Payment Date).

For a summary of the consequences of a Failure to Issue or the impact on Drawing Notices, Drawing Dates and Optional Exchanges following a Loan Notes Issuer Bankruptcy Event, see "Overview of the Facility Agreement – Failure to Issue Loan Notes" and "Overview of the Facility Agreement – Loan Notes Bankruptcy Enforcement Event" below, respectively.

Settlement of Loan Notes issuances

If the Loan Notes Issuer delivers a Drawing Notice (other than in respect of an issue of Loan Notes pursuant to an Automatic Issuance Event resulting from (a) an Election Not to Terminate or (b) a Loan Notes Optional Redemption on the Reset Date (each, a "**Reset Draw**")) and issues the relevant Loan Notes on the related Drawing Date specified in such Drawing Notice, the Issuer (or the Custodian acting on its behalf and in accordance with the written instructions of the Issuer) shall, as soon as is reasonably practicable following such Drawing Date (or, in the case of a Loan Notes Issuer Bankruptcy Event, as soon as is reasonably practicable following the Drawing Date that is deemed to occur two Business Days after receipt of a Bankruptcy Order), deliver and pay to the Loan Notes Issuer the Relevant Portion of each of the Demeter Eligible Assets, the Demeter Eligible Asset Income (if any) and the Demeter Facility Fees (if any) in accordance with the Facility Agreement (the date of such delivery and payment being completed in full, a "**Settlement Date**"). Such delivery and payment shall be in exchange, and by way of consideration, for the relevant principal amount of Loan Notes so issued.

The Issuer will always be entitled to receive Loan Notes

before it is obliged to transfer such Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) to the Loan Notes Issuer except that, upon the occurrence of a Failure to Issue, the Issuer will be required to make payment to the Loan Notes Issuer of the Failure to Issue Payment Amount before it receives a corresponding subordinated claim against the Loan Notes Issuer under the Facility Agreement in respect of the Relevant Notional Loan Notes (see "Overview of the Facility Agreement – Failure to Issue Loan Notes" and "Overview of the Facility Agreement – Settlement of Issuances" below for more information).

If the Loan Notes Issuer delivers a Drawing Notice in respect of a Reset Draw and issues the relevant Loan Notes on the related Drawing Date specified in such Drawing Notice, the Issuer (or the Custodian acting on its behalf and in accordance with the written instructions of the Issuer) shall:

(i) on each Business Day during the period commencing on (and including) the Business Day immediately prior to the Reset Date to (and including) the tenth Business Day after the Reset Date (the "**Reset Settlement Cut-off Date**"), pay to the Loan Notes Issuer the Relevant Portion of the Demeter Eligible Asset Income (if any, which shall include any amounts falling due from the Eligible Assets Obligor on or around the Reset Date) and Demeter Facility Fees (if any) held by the Issuer as at open of business on such Business Day (each, a "**Reset Payment Obligation**" and the amount payable in respect of a Reset Payment Obligation in respect of a particular Business Day, a "**Reset Payment Amount**"); and

(ii) if by close of business on the Reset Settlement Cut-off Date, any amounts remain unpaid on the Demeter Eligible Assets that were held as at the relevant Drawing Date, the Issuer (or the Custodian acting on its behalf and in accordance with the written instructions of the Issuer) shall deliver such remaining Demeter Eligible Assets (together with any Demeter Eligible Asset Income and/or any Demeter Facility Fees, in each case, received by the Issuer following the Reset Settlement Cut-off Date) (together, the "**Reset Delivery Amount**") to the Loan Notes Issuer by close of business on the second Business Day following such Reset Settlement Cut-off Date (the "**Reset Delivery Obligation**" and, together with the Reset Payment Obligations, the "**Reset Performance Obligations**"),

in each case, in accordance with the Facility Agreement (the first date on which all Reset Performance Obligations are satisfied in full, the "**Reset Settlement Date**"). Such payment and/or delivery shall be by way of consideration for the

relevant principal amount of Loan Notes so issued on the related Drawing Date (as further described in "Overview of the Facility Agreement – Settlement of Issuances" below).

For a summary of the consequences where no Settlement Date or Reset Settlement Date has occurred in respect of an issue of Loan Notes due to a failure to pay and/or deliver the relevant amounts by the Issuer to the Loan Notes Issuer, see "Overview of the Facility Agreement – Failure to Deliver Demeter Eligible Assets, Demeter Eligible Asset Income and/or Demeter Facility Fees" and "Overview of the Facility Agreement – Reset Failure to Perform" below.

Permitted Drawings

The aggregate principal amount of Loan Notes (together with any Relevant Notional Loan Notes) outstanding at any one time shall not exceed U.S.$700,000,000, as may be reduced from time to time by the aggregate principal amount of Loan Notes that have been purchased in accordance with Loan Notes Condition 4.4 (*Purchase of Loan Notes*) and Condition 8(g) (*Purchases*) (the "**Maximum Commitment**"). At any time, to the extent that the aggregate principal amount of Loan Notes outstanding is less than the Maximum Commitment, the principal amount that remains capable of being issued under the Facility Agreement shall be referred to as the "**Available Commitment**". For the avoidance of doubt:

(i) the Available Commitment shall be reduced in respect of an issue of Loan Notes upon the related Drawing Date, and only in such amount as is equal to the actual amount of Loan Notes that are validly issued on that Drawing Date (if any);

(ii) where there has been a Failure to Issue, the Available Commitment shall be reduced in respect of the Relevant Notional Loan Notes upon the related Facility Agreement Settlement Date, in an amount equal to the Relevant Notional Loan Notes for such Failure to Issue (see "Overview of the Facility Agreement – Failure to Issue Loan Notes" below);

(iii) where no Loan Notes are outstanding at any time, the Available Commitment for such purposes shall be the Maximum Commitment; and

(iv) in respect of an issue of Loan Notes pursuant to an Automatic Issuance Event, any Loan Notes to be issued in respect of a Drawing Notice pending at the time of such Automatic Issuance Event shall, to the extent so issued, satisfy in whole or in part the Loan Notes Issuer's obligation to issue Loan Notes in a principal amount equal to the then Available Commitment.

Optional Exchange

The Loan Notes Issuer may also, at its discretion, at any time prior to the earliest of (i) the Drawing Date specified in any

Drawing Notice in which a Delayed Call Election is made (as described below), (ii) the delivery of a Loan Notes Early Redemption Notice, (iii) the occurrence of a Loan Notes Issuer Bankruptcy Event and (iv) the date falling 30 days prior to the Reset Date, exchange some or all of the Loan Notes then outstanding and held by the Issuer (in minimum increments of U.S.$100,000,000 in principal amount) for Exchange Collateral (as defined in "Overview of the Facility Agreement – Optional Exchange" below) (an "**Optional Exchange**"). Such an Optional Exchange is conditional upon (i) all Outstanding Expected Amounts (if any) having been, or concurrently being, settled, (ii) no Solvency Event (as defined in the Loan Notes Conditions) having occurred that is continuing at the time of delivery of the relevant notice (as evidenced by the absence of any public statement by the Loan Notes Issuer that a Solvency Event has been cured), (iii) FINMA having given its Consent to the Optional Exchange as is required under relevant rules and regulations and (iv) in the case of an Optional Exchange that is within five years of the related Drawing Date and if so required by any future rules and regulations applicable to the Loan Notes Issuer, such Optional Exchange being (a) funded out of the proceeds of a new issuance of capital of at least the same quality as the Loan Notes and (b) otherwise permitted under relevant rules and regulations.

To the extent that any cash in U.S. dollars is paid to the Issuer in connection with an Optional Exchange, such cash shall be treated as forming part of the Demeter Eligible Asset Income then held by the Issuer. Following an Optional Exchange, the Loan Notes Issuer at its discretion may, or in certain circumstances will be required to, issue new Loan Notes to the Issuer, provided that the aggregate principal amount of Loan Notes outstanding at any one time does not exceed the Maximum Commitment. See also "Overview of the Facility Agreement – Voluntary Issuance", "Overview of the Facility Agreement – Automatic Issuance" and "Overview of the Facility Agreement – Optional Exchange" below.

Optional Cash Redemption and Delayed Call Election

Any Loan Notes issued by the Loan Notes Issuer will be callable obligations and the Loan Notes Issuer will have a right to call all (but not some only) of the Loan Notes then outstanding on a Loan Notes Optional Redemption Date. The first Loan Notes Optional Redemption Date for any Loan Notes shall be the Reset Date unless, in respect of Loan Notes issued in the period from (and including) 15 August 2020, to (but excluding) the Reset Date, the Loan Notes Issuer elects to issue such Loan Notes with a first Loan Notes Optional Redemption Date that falls after the Reset Date (a "**Delayed Call Election**"), in which case the first Loan Notes Optional Redemption Date for all Loan Notes shall be the

date specified in the Drawing Notice which shall fall no later than the Loan Notes Interest Payment Date scheduled to fall on, or failing which that immediately follows, the fifth anniversary of the Drawing Date for such Loan Notes issued.

If the Loan Notes Issuer makes a Delayed Call Election, the aggregate principal amount of Loan Notes that the Loan Notes Issuer must issue in conjunction therewith will be equal to the Available Commitment immediately prior to such issuance, irrespective of whether such Available Commitment has changed since the date of the Drawing Notice. Upon the issue of such Loan Notes in connection with a Delayed Call Election, no further Loan Notes may be issued under the Facility Agreement (other than to replace obligations in respect of Relevant Notional Loan Notes under the Facility Agreement) nor may any subsequent Optional Exchange be requested.

Facility Fees

In consideration for its rights under the Facility Agreement, the Loan Notes Issuer shall, subject to no Deferral Event (as defined and described under "The Offering – Interest" and "The Offering – Deferral of Interest and/or Facility Fees" below) having occurred, make payments to the Issuer with respect to each Interest Accrual Period on 15 August in each year (from (and including) 15 August 2016 to (and including) 15 August 2025) or, if any such date is not a Business Day, the immediately following Business Day, in an aggregate amount equal to 3.533286 per cent. per annum applied to the Available Commitment as of the close of business on the final Business Day of such Interest Accrual Period (each a "**Commitment Fee**" and, together with any Additional Fee (as defined under "Overview of the Facility Agreement – Additional Fees" below), the "**Facility Fees**"). For the avoidance of doubt, at any time when the Available Commitment has been reduced to zero as at the close of business on the final Business Day of an Interest Accrual Period, no Facility Fees will be due in respect of such Interest Accrual Period.

Any Facility Fees that have been received by the Issuer from the Loan Notes Issuer in respect of an Interest Accrual Period, but that are yet to be paid to the Noteholders on the Interest Payment Date in respect of such Interest Accrual Period, shall constitute "**Demeter Facility Fees**". For the avoidance of doubt, any Demeter Facility Fees that are (i) paid to Noteholders on an Interest Payment Date or (ii) returned to the Loan Notes Issuer in respect of an issue of Loan Notes, shall thereafter cease to constitute Demeter Facility Fees once so paid or returned.

Deferral Event and Facility Fees

Upon the occurrence of a Deferral Event, no Facility Fees will thereafter be payable by the Loan Notes Issuer to the Issuer

for the Interest Accrual Period in respect of which such Deferral Event occurs (as Loan Notes will be required to be issued in an amount that reduces the Available Commitment to zero, see "The Offering – Deferral of Interest and/or Facility Fees" below), unless an Optional Exchange occurs prior to the close of business on the final Business Day of such Interest Accrual Period.

Where:

"**Relevant Portion**" means, with respect to any Loan Notes to be issued to the Issuer on a Drawing Date, a portion of each of the Demeter Eligible Assets (if any), the Demeter Eligible Asset Income (if any) and the Demeter Facility Fees (if any) held by the Issuer on such Drawing Date equal to the quotient of (i) the principal amount of Loan Notes so issued on such Drawing Date, and (ii) the amount of the Available Commitment as at the close of business on the Business Day immediately prior to such Drawing Date, the composition and calculation of which shall be determined by the Calculation Agent.

Interest

Unless previously redeemed or purchased and cancelled (in accordance with the Conditions), and subject as described under "The Offering – Deferral of Interest and/or Facility Fees" below, provided that the Issuer has received amounts under the Facility Agreement, any Demeter Eligible Assets and any Loan Notes held by it that were intended to fund the amount of interest scheduled to be paid on the Notes in respect of an Interest Accrual Period (the "**Expected Amounts**" and each constituent amount, as applicable, an "**Expected Amount**"), interest will be payable on the Notes in arrear on the Business Day immediately following the date on which the Issuer has received all such Expected Amounts (each date on which interest is payable on the Notes following an Interest Accrual Period shall be the related "**Interest Payment Date**"). In respect of each Interest Accrual Period, the Expected Amounts are scheduled to be received by the Issuer no later than the corresponding Loan Notes Interest Payment Date.

Interest is scheduled to accrue on the Specified Denomination of each Note (i) at a fixed rate of 5.75 per cent. per annum in respect of each annual Interest Accrual Period falling within the Initial Interest Period and (ii) thereafter, in respect of each quarterly Interest Accrual Period, at the relevant Screen Rate (or, if the Screen Rate is unavailable, such fall back rate as is described in Condition 1(a) (*Definitions*)) for such Interest Accrual Period plus the Margin.

In respect of any period of less than a full Interest Accrual Period, interest on a Note shall be calculated by applying the applicable rate of interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent

being rounded upwards), and multiplying such rounded figure by a number equal to the Specified Denomination of such Note divided by the Calculation Amount.

The record date for the determination of holders of the Notes (the "**Noteholders**") entitled to receive payments of interest on any Interest Payment Date will be the close of business on the fifteenth Business Day preceding such Interest Payment Date.

The Expected Amounts relating to an Interest Accrual Period shall comprise:

(i) any Demeter Eligible Asset Income that was scheduled to be payable on the Demeter Eligible Assets within such Interest Accrual Period and which is not payable to the Loan Notes Issuer in connection with any issuance of Loan Notes the Drawing Date for which falls prior to the Business Day preceding the Interest Payment Date relating to such Interest Accrual Period;

(ii) any Facility Fees due and payable by the Loan Notes Issuer under the Facility Agreement in respect of the Available Commitment as of the close of business on the final Business Day of such Interest Accrual Period and which are not repayable to the Loan Notes Issuer in connection with any issuance of Loan Notes the Drawing Date for which falls prior to the Business Day preceding the Interest Payment Date relating to such Interest Accrual Period;

(iii) following the occurrence of a Failure to Issue, any amounts due and payable by the Loan Notes Issuer under the Facility Agreement in respect of the Relevant Notional Loan Notes (as defined in "Overview of the Facility Agreement - Failure to Issue Loan Notes" below); and

(iv) any interest payments made by the Loan Notes Issuer on (a) any Loan Notes held by the Issuer, as of the close of business on the final Business Day of such Interest Accrual Period, in respect of such Interest Accrual Period and (b) any New Loan Notes.

Subject as described under "The Offering – Deferral of Interest and/or Facility Fees" below, if, in respect of an Interest Accrual Period, the Issuer does not receive all Expected Amounts by the corresponding Loan Notes Interest Payment Date, then an Interest Payment Date shall not arise in respect of such Interest Accrual Period until the earlier of:

(i) if all such outstanding Expected Amounts are received before an Automatic Issuance Event has occurred, the Business Day immediately following receipt of payments such that no Expected Amounts remain outstanding in respect of that Interest Accrual Period; or

(ii) following an Automatic Issuance Event, the Business

Day immediately following the date on which each Expected Amount on (i) the Loan Notes held by the Issuer as of the close of business on the Business Day immediately preceding the date of such Automatic Issuance Event; and (ii) the New Loan Notes, is received.

Where:

"**Calculation Amount**" means U.S.$1,000;

"**Day Count Fraction**" means (i) with respect to the Initial Interest Period, a fraction reflecting that interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days and (ii) thereafter, a fraction reflecting that interest shall be calculated on the basis of a 360-day year consisting of 12 calendar months containing the actual number of days in each month and, in the case of an incomplete month, the number of days elapsed on the basis of the number of actual days in such month;

"**Interest Accrual Period**" means (i) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Period Date and (ii) each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

"**Interest Period Date**" means (i) with respect to the Initial Interest Period, 15 August in each year from, and including, 15 August 2016 to, and including, the Reset Date (without adjustment in accordance with a Business Day Convention) and (ii) thereafter, each quarterly Loan Notes Interest Payment Date from, and including, 15 November 2025;

"**Margin**" means 3.593 per cent. per annum;

"**New Loan Notes**" means, with respect to any Interest Accrual Period, Loan Notes issued pursuant to the Facility Agreement in the period following the relevant Interest Accrual Period but prior to the Interest Payment Date relating to such Interest Accrual Period; and

"**Screen Rate**" means the rate determined by the Calculation Agent in accordance with Condition 7 (*Interest*), in respect of a relevant Interest Accrual Period as of 11.00 a.m. (London time) on the day that is two Business Days prior to the commencement of the relevant Interest Accrual Period by reference to the rate for deposits in U.S. dollars for a period of three months and displayed on page LIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page that displays that rate).

Deferral of Interest and/or Facility Fees

In respect of each Interest Accrual Period, the Loan Notes Issuer may elect, and in certain circumstances shall be required, to defer (in whole or in part) the payment of interest

and/or Facility Fees otherwise scheduled to be paid on the related Loan Notes Interest Payment Date as provided for in (i) Loan Notes Condition 3.5 (*Payment of Interest and Deferral of Interest Payments*) in respect of any Loan Notes, (ii) under Clause 2.8 (*Failure to Issue*) of the Facility Agreement in respect of any Relevant Notional Loan Notes and/or (iii) Clause 11.3 (*Cancellation of Facility Fees upon occurrence of a Deferral Event*) under the Facility Agreement in respect of any Facility Fees, as applicable. In such case, the Loan Notes Issuer must deliver to the Issuer a notice identifying the relevant Loan Notes Interest Payment Date in respect of which such payment is to be deferred (and, in the case of a partial deferral, must also include the amount to be deferred), which notice must be provided not later than the third Business Day immediately preceding such Loan Notes Interest Payment Date (the provision of such a notice, a "**Deferral Event**").

Pursuant to the Facility Agreement, the occurrence of a Deferral Event prior to the Reset Date shall trigger an Automatic Issuance Event to the extent that the Available Commitment at such time is greater than zero, and any deferral of interest will relate to all Loan Notes (including, for the avoidance of doubt, any Relevant Notional Loan Notes) outstanding after such automatic issuance. In such circumstances, unless an Optional Exchange subsequently occurs, no Facility Fees will thereafter become payable by the Loan Notes Issuer to the Issuer under the Facility Agreement and, for the avoidance of doubt, any Demeter Eligible Asset Income and/or Demeter Facility Fees then held by the Issuer will be required to be paid to the Loan Notes Issuer as consideration for the automatic issue of Loan Notes.

If a Deferral Event occurs, the Issuer shall, with respect to such Interest Accrual Period, defer payment of the corresponding amount of interest on the Notes (with respect to a Note, the "**Note Deferred Interest**") until the Business Day following the date (if any) on which it receives payment in aggregate of the Outstanding Expected Amounts (as defined below) under the Loan Notes (including, where relevant, any Loan Notes issued pursuant to the related Automatic Issuance Event).

Pursuant to the Loan Notes Conditions, if interest becomes payable by the Loan Notes Issuer following a Deferral Event, then the amount payable on the relevant date in respect of the Loan Notes (including, for the avoidance of doubt, any Relevant Notional Loan Notes) shall (i) with respect to Loan Notes outstanding as at the date of the Deferral Event, include all interest amount(s) that have or would have (to the extent that no such Deferral Event had occurred) fallen due and payable on such Loan Notes and for which payment has not been made and (ii) with respect to Loan Notes issued as

	a result of the Automatic Issuance Event resulting from the Deferral Event (if any), include the interest amount(s) that would have been payable on such Loan Notes (assuming that no Deferral Event had occurred) had they been in issue during each Interest Accrual Period in respect of which an Interest Amount on the Notes has been deferred and remains outstanding (such amounts, together, the "**Outstanding Expected Amounts**").
Withholding Tax	All payments in respect of the Notes will be made subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature that the Issuer or any Agent is required by applicable law to make. In that event, the Issuer or such Agent shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount(s) so required to be withheld or deducted. This may result in the early redemption of the Notes. Neither the Issuer nor any Agent nor any other person will be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.
Final redemption of the Notes	Each Note will mature on the Maturity Date at the Final Redemption Amount. Where: "**Final Redemption Amount**" means, in respect of each Note, an amount in U.S.$ equal to such Note's *pro rata* share of the Loan Notes Final Redemption Amount; and "**Maturity Date**" means the second Business Day immediately following the Loan Notes Maturity Date.
Early redemption following termination of the Facility Agreement	The Loan Notes Issuer may, at its discretion, terminate the Facility Agreement and redeem the Loan Notes, in whole but not in part, (i) on the first Loan Notes Optional Redemption Date or on any quarterly Loan Notes Interest Payment Date thereafter (a "**Loan Notes Optional Redemption**" and each such date, a "**Loan Notes Optional Redemption Date**"), or (ii) at any time, upon the occurrence of certain events specified in the Facility Agreement and the Loan Notes Conditions (each, a "**Loan Notes Early Redemption/Termination Event**"), in each case by delivering a Loan Notes Early Redemption Notice (as defined below) to the Issuer. If the Loan Notes Issuer wishes to exercise its right to terminate the Facility Agreement and redeem the Loan Notes on a Loan Notes Optional Redemption Date or upon the occurrence of a Loan Notes Early Redemption/Termination Event, it must (via the agent for the Loan Notes) deliver a notice (a "**Loan Notes Early Redemption Notice**", which shall also serve as a notice of termination in respect of the Facility Agreement) to the Issuer specifying a date not less than 30 nor more than 60 days' following the date of such

Loan Notes Early Redemption Notice on which the Facility Agreement shall terminate and the Loan Notes redeem (a "**Loan Notes Early Redemption Date**"). The Issuer (or the Issuing and Paying Agent on its behalf) shall give Noteholders notice of the occurrence of such Loan Notes Call no later than five Business Days after receipt of such Loan Notes Early Redemption Notice.

If a Loan Notes Early Redemption Notice is not provided by the Loan Notes Issuer (via the agent for the Loan Notes) on or prior to the 30th day prior to the Reset Date, an "**Election Not to Terminate**" shall occur under the Facility Agreement and result in an Automatic Issuance Event (see "Overview of the Facility Agreement – Automatic Issuance" below). The Issuer shall give Noteholders notice not later than five Business Days following an Election Not to Terminate.

Any election to terminate the Facility Agreement and redeem the Loan Notes shall constitute an Automatic Issuance Event, such that the Loan Notes Issuer shall (if the Available Commitment is greater than zero at such time) issue Loan Notes to the Issuer so as to reduce the Available Commitment to zero, with the relevant Drawing Date for such issue to fall no later than five Business Days prior to the Loan Notes Early Redemption Date. In return, the Issuer (or the Custodian acting on its behalf and at the instruction of the Issuer) shall:

(i) other than in respect of a Loan Notes Optional Redemption on the Reset Date, deliver and pay, as applicable, to the Loan Notes Issuer the Relevant Portion of each of the Demeter Eligible Assets, the Demeter Eligible Asset Income (if any) and the Demeter Facility Fees (if any), in each case, held by it as at the close of business on the Drawing Date; and

(ii) in the case of a Loan Notes Optional Redemption on the Reset Date, (i) pay the Relevant Portion of the Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) and/or (ii) in certain circumstances, deliver the Demeter Eligible Assets (if any), in each case, to the Loan Notes Issuer, all as further described in "The Offering – Facility Agreement, issue of Loan Notes and Optional Exchange" above and "Overview of the Facility Agreement – Reset Failure to Perform" below.

On the Loan Notes Early Redemption Date, all outstanding Loan Notes (including any issued to reduce the Available Commitment to zero) are required to be redeemed by the Loan Notes Issuer at their outstanding principal amount, together with (i) any accrued and unpaid interest thereon to (but excluding) the Loan Notes Early Redemption Date and (ii) to the extent there is any unpaid but deferred interest, any Outstanding Expected Amounts as at the Loan Notes Early Redemption Date (together, but excluding any amount

included in any Loan Notes Interest Amount and/or any Loan Notes Accrued Interest Amount, the "**Loan Notes Call Amount**"). Unless a Failure to Issue has occurred in respect of the Automatic Issuance Event, the Facility Agreement shall terminate upon the redemption of all outstanding Loan Notes pursuant to any such Loan Notes Early Redemption Notice.

The receipt by the Issuer of any Loan Notes Early Redemption Notice shall constitute a "**Loan Notes Call**" and each Note shall consequently be redeemed on the Loan Notes Call Redemption Date at its Loan Notes Call Redemption Amount.

Where:

"**Loan Notes Call Redemption Amount**" means such Note's *pro rata* share of the related Loan Notes Call Amount; and

"**Loan Notes Call Redemption Date**" means the Business Day immediately following the later of (i) the earliest date upon which (a) the Available Commitment has been reduced to zero and (b) all of the Loan Notes outstanding (including, for the avoidance of doubt, any Relevant Notional Loan Notes) have become redeemable in whole following the occurrence of a Loan Notes Call and (ii) the date on which the Issuer (or the Custodian on its behalf) has provided the Calculation Agent with all information required in respect of the Loan Notes Call Amount in order to enable the Calculation Agent to determine the related amounts payable in respect of each Note.

Early redemption following an event at Issuer level

Following the occurrence of:

(i) a Tax Event where no substitution or change in residence for taxation purposes is effected and the Issuer has delivered a certificate signed by a director (or by two directors if the Issuer has more than one director) to the Trustee, upon which certificate the Trustee shall rely without enquiry and without incurring liability to any person for so doing, stating that it has taken reasonable measures to arrange such substitution or change in residence for taxation purposes in accordance with the terms of Condition 8(d) (*Redemption for Taxation Reasons*);

(ii) an Illegality Event where no substitution or change in legal characteristics is effected and the Issuer has delivered a certificate signed by a director (or by two directors if the Issuer has more than one director) to the Trustee, upon which certificate the Trustee shall rely without enquiry and without incurring liability to any person for so doing, stating that it has taken reasonable measures to arrange such substitution or change in legal characteristics in accordance with the terms of Condition 8(e) (*Redemption Following an Illegality Event*);

(iii) a Tax Event where no substitution or change in

residence for taxation purposes is effected and the Issuer, in the determination of the Trustee (acting on the instruction of an Extraordinary Resolution), has failed to take reasonable measures to arrange a substitution or change in residence in accordance with the terms of Condition 8(d) (*Redemption for Taxation Reasons*);

(iv) an Illegality Event where no substitution or change in legal characteristics is effected and the Issuer, in the determination of the Trustee (acting on the instruction of an Extraordinary Resolution), has failed to take reasonable measures to arrange a substitution or change in legal characteristics in accordance with the terms of Condition 8(e) (*Redemption Following an Illegality Event*); or

(v) an Event of Default relating to the Issuer and the Notes,

(each a "**Demeter Event**"), the Issuer shall deliver a notice in accordance with the Facility Agreement to the Loan Notes Issuer informing it of the occurrence of such event and specifying the applicable Demeter Event (each a "**Demeter Event Notice**"), the receipt of which by the Loan Notes Issuer shall trigger an Automatic Issuance Event under the Facility Agreement. The occurrence of (i) or (ii) above shall constitute a Liquidation Event (refer to "The Offering – Redemption due a Liquidation Event" below) whilst the occurrence of (iii) to (v) above shall constitute an Enforcement Event (refer to "The Offering – Redemption due an Enforcement Event" below) and, in each case, the Notes shall be redeemed thereafter in accordance with the Conditions.

Settlement of Loan Notes prior to Liquidation and/or Enforcement

Immediately prior to the delivery of any Liquidation Commencement Notice (see "The Offering – Redemption due to a Liquidation Event" below) or Enforcement Notice (see "The Offering – Redemption due to an Enforcement Event" below), the Loan Notes Issuer will have been required (to the extent that the Available Commitment was greater than zero at such time) to deliver a Drawing Notice in respect of such Automatic Issuance Event and issue an amount of Loan Notes under the Facility Agreement equal to the Available Commitment as of the close of business on the Business Day immediately preceding the date of such Drawing Notice.

Therefore, the Loan Notes Issuer will have had first opportunity to receive all Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) in exchange for Loan Notes. To the extent that there is no Failure to Issue in respect of such Automatic Issuance Event and no Loan Notes Bankruptcy Enforcement Event has occurred, then no Demeter Eligible Assets (or proceeds thereof), Demeter Eligible Asset Income or Demeter Facility Fees shall form part of the Mortgaged Property available to any other Secured Creditor (as they will have been paid and/or delivered in full to the Loan Notes Issuer in connection

with the Automatic Issuance Event).

Where there is a Failure to Issue and the proceeds of Liquidation of the Demeter Eligible Assets (together with any Demeter Eligible Asset Income and Demeter Facility Fees then held by the Issuer) exceeds the principal amount of Loan Notes that the Loan Notes Issuer should have issued had such Failure to Issue not occurred, the other Secured Creditors shall have the opportunity to benefit from such Failure to Issue Residual Amount (as defined in "Overview of the Facility Agreement – Failure to Deliver Demeter Eligible Assets, Demeter Eligible Asset Income and/or Demeter Facility Fees" below, being the excess of the Liquidation proceeds of the Demeter Eligible Assets (together with any Demeter Eligible Asset Income and Demeter Facility Fees then held by the Issuer) over the principal amount of Loan Notes that should have been issued had such Failure to Issue not occurred).

For more information, see "Overview of the Facility Agreement – Failure to Issue Loan Notes", "Overview of the Facility Agreement – Failure to Deliver Demeter Eligible Assets, Demeter Eligible Asset Income and/or Demeter Facility Fees", "Overview of the Facility Agreement – Reset Failure to Perform", "The Offering – Redemption due to a Liquidation Event" and "The Offering – Redemption due to a Enforcement Event" below.

Early redemption due to a Liquidation Event

Prior to the Issuer (or the Disposal Agent on behalf of the Issuer) effecting any Liquidation of any assets pursuant to a Liquidation Event, the Loan Notes Issuer shall (to the extent that the Available Commitment was greater than zero at such time) deliver a Drawing Notice in respect of such Automatic Issuance Event and issue an amount of Loan Notes under the Facility Agreement equal to the Available Commitment as at the close of business on the date of such Liquidation Event.

A Liquidation Commencement Notice shall be delivered by the Issuer in respect of such Liquidation Event:

(i) where all the Loan Notes have been issued and no Failure to Issue or Failure to Deliver has occurred in respect of such Automatic Issuance Event, on the Business Day immediately following the related Settlement Date; or

(ii) where a Failure to Issue (a) has occurred in respect of such Automatic Issuance Event or (b) had previously occurred and has yet to be resolved prior to the occurrence of such Liquidation Event, on the Business Day immediately following the related Facility Agreement Settlement Date (see "Overview of the Facility Agreement – Failure to Issue Loan Notes" below); or

(iii) where a Failure to Deliver (a) has occurred in respect of such Automatic Issuance Event or (b) had previously

occurred in respect of an issue of Loan Notes for the full Available Commitment and has yet to be resolved prior to the occurrence of such Liquidation Event, on the Business Day immediately following the related Facility Agreement Settlement Date (see "Overview of the Facility Agreement – Failure to Deliver Demeter Eligible Assets, Demeter Eligible Asset Income and Demeter Facility Fees" below); or

(iv) where a Failure to Deliver had previously occurred in respect of an issue of Loan Notes for less than the full Available Commitment and has yet to be resolved prior to the occurrence of such Liquidation Event, on the Business Day immediately following the Settlement Date in respect of the Automatic Issuance Event resulting from such Liquidation Event, provided that the Drawing Date specified in respect of such Automatic Issuance Event must fall after the Facility Agreement Settlement Date in respect of such Failure to Deliver; or

(v) where a Reset Failure to Perform had previously occurred and has yet to be resolved prior to the occurrence of such Liquidation Event, on the Business Day immediately following the related Facility Agreement Settlement Date (see "Overview of the Facility Agreement – Reset Failure to Perform" below),

provided that no Liquidation Commencement Notice shall be delivered to any party prior to the occurrence of any of the dates specified in (i) to (v) above.

Where a Liquidation Commencement Notice has been delivered, the Disposal Agent, on behalf of the Issuer, shall Liquidate:

(i) any Loan Notes held by the Issuer on such date; and

(ii) any rights, title and interest of the Issuer under the Facility Agreement other than with respect to the Managers' Security Rights,

the aggregate proceeds of such Liquidation being the "**Available Proceeds**", and each Note shall be redeemed early for an amount equal to such Note's *pro rata* share of the Available Proceeds subject to application of the Available Proceeds in the order of priority set out in Condition 17(a) (*Application of Available Proceeds of Liquidation or Failure to Issue Residual Amounts*).

Early redemption due to an Enforcement Event

Prior to any realisation and/or enforcement of the Security following a Loan Notes Enforcement Event or a Demeter Event that results in an Enforcement Event, the Loan Notes Issuer shall (to the extent that the Available Commitment was greater than zero at such time) deliver a Drawing Notice in respect of such Automatic Issuance Event and issue an amount of Loan Notes under the Facility Agreement equal to the Available Commitment as at the close of business on the

date of such Enforcement Event.

An Enforcement Entitlement Notice shall be delivered by the Issuer in respect of an Enforcement Event to the Trustee, the Custodian and the Disposal Agent:

(i) where the Enforcement Event results from a Demeter Event or a Loan Notes Enforcement Event:

(a) where all the Loan Notes have been issued and no Failure to Issue or Failure to Deliver has occurred in respect of such Automatic Issuance Event, on the Business Day immediately following the related Settlement Date; or

(b) where a Failure to Issue (A) has occurred in respect of such Automatic Issuance Event or (B) had previously occurred and has yet to be resolved prior to the occurrence of such Enforcement Event, on the Business Day immediately following the related Facility Agreement Settlement Date (see "Overview of the Facility Agreement – Failure to Issue Loan Notes" below); or

(c) where a Failure to Deliver (A) has occurred in respect of such Automatic Issuance Event or (B) had previously occurred in respect of an issue of Loan Notes for the full Available Commitment and has yet to be resolved prior to the occurrence of such Enforcement Event, on the Business Day immediately following the related Facility Agreement Settlement Date (see "Overview of the Facility Agreement – Failure to Deliver Demeter Eligible Assets, Demeter Eligible Asset Income and Demeter Facility Fees" below); or

(d) where a Failure to Deliver had previously occurred in respect of an issue of Loan Notes for less than the full Available Commitment and has yet to be resolved prior to the occurrence of such Enforcement Event, on the Business Day immediately following the Settlement Date in respect of the Automatic Issuance Event resulting from such Enforcement Event, provided that the Drawing Date specified in respect of such Automatic Issuance Event must fall after the Facility Agreement Settlement Date in respect of such Failure to Deliver; or

(e) where a Reset Failure to Perform had previously occurred and has yet to be resolved prior to the occurrence of such Enforcement Event, on the Business Day immediately following the related Facility Agreement Settlement Date (see "Overview of the Facility Agreement – Reset Failure to Perform" below),

provided that no Enforcement Entitlement Notice shall be delivered to any party following a Demeter Event or a Loan Notes Enforcement Event prior to the occurrence of any of the dates specified in (a) to (e) above;

(ii) where the Enforcement Event resulted from a Loan Notes Bankruptcy Enforcement Event:

(a) where there is no Failure to Deliver or Reset Failure to Perform that has yet to be resolved at the time of such Loan Notes Bankruptcy Enforcement Event, immediately following the occurrence of such Loan Notes Bankruptcy Enforcement Event; or

(b) where there is a Failure to Deliver that has yet to be resolved at the time of such Loan Notes Bankruptcy Enforcement Event, on the Business Day immediately following the related Facility Agreement Settlement Date; or

(c) where there is a Reset Failure to Perform that has yet to be resolved at the time of such Loan Notes Bankruptcy Enforcement Event, on the Business Day immediately following the related Facility Agreement Settlement Date,

provided that no Enforcement Entitlement Notice shall be delivered to any party following a Loan Notes Bankruptcy Enforcement Event other than in accordance with (a) to (c) above; and

(iii) where the Enforcement Event resulted from an event other than a Demeter Event or a Loan Notes Event, immediately following the occurrence of such Enforcement Event.

Where an Enforcement Entitlement Notice has been delivered by the Issuer, the Trustee shall be entitled to deliver an Enforcement Notice in respect of such Enforcement Event to the Issuer, the Custodian and the Disposal Agent.

Upon receipt of an Enforcement Entitlement Notice from the Issuer, the Trustee may (but shall have no obligation to), and if directed by an Extraordinary Resolution of Noteholders shall (provided in each case that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), deliver an Enforcement Notice to the Issuer, the Custodian and the Disposal Agent and thereafter enforce the Security constituted by the Trust Deed (excluding any rights in respect of the Managers' Security), provided that in no circumstances shall the Trustee be permitted when acting in its capacity as trustee for the Noteholders and the other Secured Creditors (other than the Loan Notes Issuer) to take any action against the Loan Notes Issuer or enforce any claim that the Issuer may have against the Loan Notes Issuer or under the Facility Agreement (see Condition 15(b)

	(*Enforcement of Security*)). Notwithstanding the foregoing, at any time after the Security has become enforceable, the Enforcement Agent shall, if the Issuer is directed to do so by an Extraordinary Resolution of Noteholders (subject to the Enforcement Agent being indemnified and/or secured and/or prefunded to its satisfaction) (i) exercise on behalf of the Issuer as the Issuer's agent any rights of the Issuer in the Issuer's capacity as holder of the Loan Notes and/or the Issuer's rights, title and interest under the Facility Agreement (excluding the Managers' Rights) and/or (ii) instruct the Disposal Agent, as agent of the Issuer, to arrange for any relevant disposal, transfer or receipt of securities to be delivered to or by the Issuer in connection therewith, in accordance with the terms of the Agency Agreement and, in each case, the Enforcement Agent will act only in accordance with any Extraordinary Resolution. Where an Enforcement Notice has been validly delivered by the Trustee, the Trustee and the Enforcement Agent shall (subject to each being indemnified and/or secured and/or prefunded to its satisfaction) enforce any Security or exercise any rights related thereto as of such date. The proceeds of any realisation and/or enforcement following an Enforcement Event shall be the "**Available Proceeds**", and each Note shall be redeemed early for an amount equal to such Note's *pro rata* share of the Available Proceeds subject to application of the Available Proceeds in the order of priority set out in Condition 17(b) (*Application of Available Proceeds of Enforcement of Security*).
Restrictions	So long as the Notes remain outstanding, the Issuer will not, without the consent of the Trustee engage in any business other than the issuance of, or entry into, bonds, notes or other securities or the entry into loans or other agreements for the payment or repayment of borrowed money, and provided always that such obligations are secured on assets of the Issuer other than the Issuer's share capital and those assets securing any other obligations of the Issuer and that they are entered into on a limited recourse and non-petition basis (see "The Offering – Limited Recourse and Non-Petition" below). In addition, the Issuer will be subject to certain other restrictions including that it will not, without the consent of the Trustee, declare any dividends, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property, consolidate or merge with any other person, convey or transfer its properties or assets substantially as an entity to any person (other than as contemplated by the Conditions) or issue any further shares.
Limited Recourse and Non-Petition	The Notes comprise secured, limited recourse obligations of the Issuer.

Limited Recourse to the Mortgaged Property

The Secured Creditors, including the Noteholders but excluding the Loan Notes Issuer, shall have recourse only to the Mortgaged Property in respect of the Notes, subject always to the Security, and not to any other assets of the Issuer.

If after (i) the Mortgaged Property is exhausted, whether following Liquidation or enforcement of the Security or otherwise, and (ii) application of the proceeds derived from the Mortgaged Property as provided in "Conditions – Condition 17 (*Application of Available Proceeds, Failure to Issue Residual Proceeds or Managers' Available Proceeds*)", any outstanding claim, debt or liability against the Issuer in respect of the Notes or Transaction Documents relating to the Notes remains unpaid, then such outstanding claim, debt or liability, as the case may be, shall be extinguished and, following such extinguishment, the Issuer shall have no further obligation in respect thereof.

Following extinguishment in accordance with "Conditions – Condition 19(a)(i) (*Limited Recourse to the Mortgaged Property*)", none of the Secured Creditors, including the Noteholders but excluding the Loan Notes Issuer, or any person acting on behalf of any of them shall be entitled to take any further steps against the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors to recover any further sum in respect of the extinguished claim, debt or liability and no debt shall be owed to any such persons by the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors in respect of such further sum in respect of the Notes.

Limited Recourse of the Loan Notes Issuer to Available Amount

The obligations of the Issuer to pay any amounts due and payable to the Loan Notes Issuer at any time in respect of any claim that the Loan Notes Issuer may bring (or may be brought on its behalf) against the Issuer (whether arising under (a) the Facility Agreement, (b) Loan Notes Condition 6(d) (*Taxation*), (c) general law, or (d) otherwise) shall be limited to sums received by the Issuer in respect of any tax-related refund(s) that the Issuer retains as contemplated by Loan Notes Condition 6(d) (*Taxation*) and the proceeds available out of the Failure to Issue Available Amount or the Failure to Deliver Available Amount (the "**Available Amounts**"), as the case may be, at such time.

Notwithstanding anything to the contrary contained in the Conditions, the Loan Notes Issuer shall have recourse only to the Available Amounts, subject always to the Security, and not to any other assets of the Issuer. After the Available Amounts are exhausted when applied in accordance with the

Conditions, neither the Loan Notes Issuer nor any other person acting on its behalf shall have any further rights against the Issuer in respect of such claim or shall be entitled to take any further steps against the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors to recover any further sum in respect of the claim and no debt shall be owed to any such persons by the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors in respect of such further sum.

Limited Recourse to the proceeds of the Managers' Secured Property

The obligations of the Issuer to pay any amounts due and payable in respect of any Manager's Claim, or to any other Managers' Secured Party, at any time shall be limited to the proceeds available out of the Managers' Secured Property at such time.

Notwithstanding anything to the contrary contained in the Conditions or in any Transaction Document, the Managers' Trustee and the other Managers' Secured Parties shall have recourse only to the proceeds of the Managers' Secured Property, subject always to the Managers' Security, and not to any other assets of the Issuer. If, after (i) the Managers' Secured Property is exhausted and (ii) application of the Managers' Available Proceeds relating to the Managers' Security, as provided in Condition 17 (*Application of Available Proceeds, Failure to Issue Residual Proceeds or Managers' Available Proceeds*), any outstanding claim, debt or liability against the Issuer in relation to the Managers' Security remains unpaid, then such outstanding claim, debt or liability, as the case may be, shall be extinguished and, following such extinguishment, no debt shall be owed by the Issuer in respect thereof.

Following extinguishment in accordance with "Condition 19(a)(ii) (*Limited Recourse to the proceeds of the Managers' Secured Property*)", none of the Managers' Trustee, the other Managers' Secured Parties or any other person acting on behalf of any of them shall be entitled to take any further steps against the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors to recover any further sum in respect of the extinguished claim, debt or liability and no debt shall be owed to any such persons by the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors in respect of such further sum.

Non-Petition

None of the Transaction Parties (save for the Trustee or the Managers' Trustee who may lodge a claim in liquidation of the Issuer which is initiated by another party or take proceedings to obtain a declaration or judgment as to the obligations of the

	Issuer), the Noteholders or any person acting on behalf of any of them may, at any time, institute, or join with any other person in bringing, instituting or joining, insolvency, administration, bankruptcy, winding-up, examinership or any other similar proceedings (whether court-based or otherwise) in relation to the Issuer or any of its officers, shareholders, members, corporate service providers or directors or any of its assets, and none of them shall have any claim arising with respect to the assets and/or property attributable to any other notes issued by, or other Obligations entered into by, the Issuer. Such limited recourse and non-petition provisions shall survive maturity of the Notes and the expiration or termination of the agreements to which the Secured Creditors and Transaction Parties are party.
Specified Denomination	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Rating	BBB+
Form of Notes	Registered
ISIN	XS1261170515
Common Code	126117051
Governing Law	English law
Selling Restrictions	Denmark, France, Hong Kong, Italy, The Netherlands, Norway, Portugal, Singapore, Spain, Switzerland, United Kingdom and United States
OVERVIEW OF THE FACILITY AGREEMENT	
Facility Agreement	The Issuer will enter into the Facility Agreement with the Loan Notes Issuer on the Issue Date. The aggregate principal amount of Loan Notes outstanding at any one time may not exceed the Maximum Commitment (as defined in "The Offering – Facility Agreement, issue of Loan Notes and Optional Exchange" above). The Facility Agreement shall terminate upon the redemption of all outstanding Loan Notes otherwise than pursuant to an Optional Exchange.
Commitment Fee	Subject to any issue of Loan Notes or a Deferral Event (see "The Offering – Facility Agreement, issue of Loan Notes and Optional Exchange", "The Offering – Interest" and "The Offering – Deferral of Interest and/or Facility Fees" above), in respect of each Interest Accrual Period falling within the Initial Interest Period, the Loan Notes Issuer shall pay a Commitment Fee to the Issuer with respect to each Interest Accrual Period on 15 August in each year (from (and including) 15 August 2016 to (and including) 15 August 2025) or, if any such date is not a Business Day, the immediately following Business Day, in an aggregate amount equal to 3.533286 per cent. per annum applied to the Available Commitment as of the close of business on the

	final Business Day of such Interest Accrual Period. For the avoidance of doubt, at any time when the Available Commitment has been reduced to zero as at the close of business on the final Business Day of an Interest Accrual Period, no Commitment Fee will be due in respect of such Interest Accrual Period.
Additional Fee	All payments by the Loan Notes Issuer under the Facility Agreement shall be made free and clear of, and without withholding or deduction (collectively, a "**Tax Deduction**") for, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within or on behalf of Switzerland or any political subdivision thereof, or any authority thereof having the power to tax, unless such Tax Deduction is required by applicable law, in which event the Loan Notes Issuer shall, subject to certain restrictions and limitations consistent with those for the Loan Notes Collateral as set forth in Loan Notes Condition 6(b) (*Taxation*), pay an additional fee ("**Additional Fee**") as shall result in receipt by the Issuer of such amounts as would have been received by it had no such Tax Deduction been required.
Voluntary Issuance	The Loan Notes Issuer may, from time to time, at its discretion but subject to the terms of the Facility Agreement and there being no amounts due and unpaid by the Loan Notes Issuer under the Facility Agreement, elect to issue Loan Notes (having a principal amount of U.S.$100,000,000 or integral multiples thereof) to the Issuer by delivering a Drawing Notice to the Issuer. Upon issue of the Loan Notes pursuant to such Drawing Notice on the related Drawing Date, the Available Commitment shall be reduced (but not below zero) by the outstanding principal amount of Loan Notes issued to the Issuer in respect thereof. The Loan Notes will be issued by the Loan Notes Issuer against the right to receive, on the relevant Settlement Date or Reset Settlement Date, as applicable, from the Issuer (or the Custodian acting on its behalf) the Relevant Portion of each of the Demeter Eligible Assets (if any), the Demeter Eligible Asset Income (if any) and the Demeter Facility Fees (if any), subject as further described under "The Offering – Facility Agreement, issue of Loan Notes and Optional Exchange" above and "Overview of the Facility Agreement - Settlement of Issuances" below.
Automatic Issuance	The Loan Notes Issuer shall, by no later than the Business Day immediately following the occurrence of an Automatic Issuance Event (as defined below), deliver a Drawing Notice to the Issuer for a principal amount equal to the Available Commitment as of the close of business on the Business Day immediately preceding the date of such Drawing Notice. Each of the following shall trigger an "**Automatic Issuance**

Event" on the relevant date specified:

(i) upon the occurrence of a Loan Notes Issuer Payment Default, on the relevant date on which such Loan Notes Issuer Payment Default occurs;

(ii) upon the occurrence of a Deferral Event, on the date of the relevant notice of deferral;

(iii) upon the occurrence of an Election Not to Terminate, on the date that is seven Business Days prior to the Reset Date;

(iv) upon the occurrence of an Eligible Assets Event, on the due date for the payment triggering such event;

(v) upon the occurrence of a Loan Notes Issuer Bankruptcy Event, on the date constituting the relevant event;

(vi) upon the occurrence of a Termination Event or the Loan Notes Issuer's election to terminate the Facility Agreement pursuant to the terms of the Facility Agreement, on the date of delivery of a Loan Notes Early Redemption Notice to the Issuer; or

(vii) upon the occurrence of a Demeter Event, on the date the related Demeter Event Notice is delivered by the Issuer to the Loan Notes Issuer.

If the Drawing Notice is delivered in respect of an Eligible Assets Event, the proposed Drawing Date must be no later than the day falling two Business Days following the occurrence of such Eligible Assets Event.

In the case of a Loan Notes Issuer Bankruptcy Event, the delivery, pursuant to the Facility Agreement, of a Bankruptcy Order shall be deemed as delivery of a Drawing Notice and the related Drawing Date in respect of such deemed Drawing Notice shall be the day falling two Business Days after the date of receipt by the Issuer of such order.

See 'Description of the Facility Agreement' for further details on each of the events giving rise to an Automatic Issuance Event.

Loan Notes Bankruptcy Enforcement Event

Notwithstanding anything to the contrary contained in this "Overview of the Notes" section, upon the occurrence of a Loan Notes Issuer Bankruptcy Event:

(i) in respect of any pending Drawing Notice for which the Drawing Date has yet to occur, no further action shall be taken in respect of such Drawing Notice until after receipt by the Issuer of a Bankruptcy Order (or a copy thereof);

(ii) in respect of any pending Optional Exchange for which the Optional Exchange Date has yet to occur, no further action shall be taken in respect of such Optional Exchange until after receipt by the Issuer of a Bankruptcy Order (or a copy thereof);

(iii) in respect of any Failure to Issue for which the Facility

Agreement Settlement Date has yet to occur, no Failure to Issue Available Amount shall be distributed, and no partial enforcement of Security shall be permitted, in respect of such Failure to Issue until after receipt by the Issuer of a Bankruptcy Order (or a copy thereof);

(iv) no further Drawing Notice (whether voluntary, by reason of an Automatic Issuance Event or otherwise) may be delivered in respect of any Loan Notes until after receipt by the Issuer of a Bankruptcy Order (or a copy thereof), and no Failure to Issue, Failure to Deliver or Reset Failure to Perform shall occur as a result of any such non-delivery of a Drawing Notice; and

(v) no further Optional Exchange may be requested by the Loan Notes Issuer.

If (i) a Loan Notes Repudiation has occurred or (ii) a Bankruptcy Order (or a copy thereof) has not been received by the Loan Notes Issuer by close of business on the day falling one calendar year after the date on which the Issuer became aware (whether by notice thereof from the Calculation Agent, Loan Notes Issuer or otherwise) of such Loan Notes Issuer Bankruptcy Event, then (a) no Drawing Notice shall be deemed to have been delivered (and is no longer capable of being deemed to be delivered) in connection with such Loan Notes Issuer Bankruptcy Event, (b) the Loan Notes Issuer shall have no further right or obligation to issue Loan Notes or effect an Optional Exchange and (c) an Enforcement Event shall have occurred (a "**Loan Notes Bankruptcy Enforcement Event**"). For more information on this, please refer to "The Offering – Redemption due to an Enforcement Event" above.

Where:

"**Loan Notes Repudiation**" means that the court, administrator or other person or authority administering the bankruptcy, receivership, liquidation or similar proceeding of the Loan Notes Issuer communicates that the Facility Agreement shall not be further performed by the Loan Notes Issuer.

Settlement of Issuances

Issue of Loan Notes other than for a Reset Draw

If the Loan Notes Issuer delivers a Drawing Notice (other than in respect of a Reset Draw) and there is no Failure to Issue in respect of such Drawing Notice, the Issuer (or the Custodian acting on its behalf and in accordance with the written instructions of the Issuer) shall, as soon as is reasonably practicable following the Drawing Date specified in such Drawing Notice (or, in the case of a Loan Notes Issuer Bankruptcy Event, as soon as is reasonably practicable following the Drawing Date that is deemed to occur two Business Days after receipt by the Issuer of a Bankruptcy Order), deliver and pay to the Loan Notes Issuer,

in exchange, and by way of consideration, for the relevant principal amount of Loan Notes issued on such Drawing Date, the Relevant Portion of each of the Demeter Eligible Assets, the Demeter Eligible Asset Income (if any) and the Demeter Facility Fees (if any) (as further described in "The Offering – Facility Agreement, issue of Loan Notes and Optional Exchange" above).

If the Issuer (or the Custodian acting on its behalf) fails to deliver such Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and/or Demeter Facility Fees (if any) by the Settlement Cut-off Date, then a Failure to Deliver will have occurred (see "Overview of the Facility Agreement – Failure to Deliver Demeter Eligible Assets, Demeter Eligible Asset Income and/or Demeter Facility Fees" below for more information).

Reset Draws

If the Loan Notes Issuer delivers a Drawing Notice in respect of a Reset Draw and there is no Failure to Issue in respect of such Drawing Notice, the Issuer (or the Custodian acting on its behalf and in accordance with the written instructions of the Issuer) shall:

(i) on each Business Day during the period commencing on (and including) the Reset Date to (and including) the Reset Settlement Cut-off Date, pay to the Loan Notes Issuer the related Reset Payment Amount; and

(ii) if by close of business on the Reset Settlement Cut-off Date, any amounts remain unpaid on the Demeter Eligible Assets that were held as at the relevant Drawing Date, the Issuer shall deliver the Reset Delivery Amount to the Loan Notes Issuer by close of business on the day falling two Business Days immediately after such Reset Settlement Cut-off Date,

in each case, in accordance with the Facility Agreement. Such payment and/or delivery shall be by way of consideration for the relevant principal amount of Loan Notes so issued on the related Drawing Date (all as further described in "The Offering – Facility Agreement, issue of Loan Notes and Optional Exchange" above).

If the Issuer (or the Custodian acting on its behalf) fails to comply with any Reset Performance Obligation, then a Reset Failure to Perform will have occurred (see "Overview of the Facility Agreement – Reset Failure to Perform" below for more information).

Optional Exchange

The Loan Notes Issuer may, at its discretion, on any date (the "**Optional Exchange Date**") within the optional exchange period specified in the relevant pricing supplement for such Loan Notes, exchange, for Exchange Collateral, outstanding Loan Notes, in whole or in part, in increments of U.S.$100,000,000 in principal amount. No Optional

Exchange Date may occur following the earliest of (i) the Drawing Date relating to a Delayed Call Election, (ii) the delivery of a Loan Notes Early Redemption Notice, (iii) the occurrence of a Loan Notes Issuer Bankruptcy Event and (iv) the date falling 30 days prior to the Reset Date.

In the case of a partial exchange, the Loan Notes to be exchanged shall be selected by the Loan Notes Issuer by whatever method the Loan Notes Issuer elects. Thereafter, where Loan Notes are held by the Issuer, the Loan Notes Issuer in its own discretion may (provided that no amounts are due and unpaid by the Issuer under the Facility Agreement), or in certain circumstances would be required to, issue Loan Notes to the Issuer.

Where:

"**Exchange Collateral**" means an amount of Eligible Assets and, if necessary, cash in U.S. dollars which, when taken together with the Demeter Eligible Assets (if any), the Demeter Eligible Asset Income (if any) and the Demeter Facility Fees (if any), in each case, held by the Issuer immediately prior to the Optional Exchange Date, will be sufficient to fund payments following such Optional Exchange (i) in respect of the Interest Accrual Period in which the Optional Exchange Date falls and each Interest Accrual Period thereafter falling within the Initial Interest Period, equal to the Demeter Eligible Asset Interest Amount for each such Interest Accrual Period and (ii) on the Reset Date, in an amount equal to the Available Commitment immediately following the Optional Exchange Date. It shall only be necessary for the Loan Notes Issuer to pay cash in respect of an Optional Exchange where it is not possible to meet the funding requirement through delivery of Eligible Assets alone.

Failure to Issue Loan Notes

In respect of any voluntary issuance of Loan Notes by the Loan Notes Issuer (see "Overview of the Facility Agreement – Voluntary Issuance" above), if the Issuer does not receive by 10 a.m. (London time) on the related Drawing Date a copy of the duly executed Loan Notes certificate evidencing such Loan Notes to be issued, then the Drawing Notice shall be deemed to be null and void and no further obligations in respect of such Drawing Notice shall be due including, in particular, any obligation of the Issuer (or any party on its behalf) to deliver any Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and/or Demeter Facility Fees (if any) to the Loan Notes Issuer.

A "**Failure to Issue**" shall occur if, in respect of an issue of Loan Notes resulting from an Automatic Issuance Event, the Issuer does not receive by 10 a.m. (London time) on the related Drawing Date a copy of the duly executed Loan Notes certificate evidencing such Loan Notes to be issued, and the difference between (i) the Available Commitment as

at the close of business on the Business Day prior to the relevant Drawing Date and (ii) the aggregate principal amount of Loan Notes actually issued by the Loan Notes Issuer on such Drawing Date, shall be the "**Loan Notes Shortfall Amount**".

Following receipt by the Disposal Agent of a valid Failure to Issue Notice, it shall, on behalf of the Issuer, Liquidate all of the Demeter Eligible Assets as soon as is reasonably practicable and thereafter apply the proceeds (together with any Demeter Eligible Asset Income and any Demeter Facility Fees held at such time) on the day falling two Business Days immediately following the final day of the related Target Liquidation Period (such date the "**Failure to Issue Payment Date**") as follows:

(i) first, in payment to the Loan Notes Issuer of an amount equal to the lesser of (a) the aggregate principal amount of Loan Notes that should have been issued had such Failure to Issue not occurred; and (b) the proceeds of Liquidation of such Demeter Eligible Assets together with any Demeter Eligible Asset Income and any Demeter Facility Fees held at such time (such lesser amount being a "**Failure to Issue Payment Amount**"); and

(ii) second, in payment of any residual amounts to the Issuer (each a "**Failure to Issue Residual Amount**"),

(the date on which such proceeds have been applied in full being a "**Facility Agreement Settlement Date**"). Upon application of the Liquidation proceeds in accordance with the order of priority above, the Loan Notes Issuer shall have no further claim against the Issuer in respect of such Failure to Issue Payment Amount for such Failure to Issue.

To the extent a Failure to Issue Residual Amount has been received by the Issuer in connection with a Failure to Issue, on the second Business Day following such date of receipt, an amount shall be payable in respect of each Note equal to such Note's *pro rata* share of such Failure to Issue Residual Amount, with payment of such amounts being subject to application in accordance with the order of priority set out in Condition 17(a) *Application of Available Proceeds of Liquidation or Failure to Issue Residual Amounts*). Where a Liquidation Commencement Date or Enforcement Commencement Date has occurred prior to such distribution of a Failure to Issue Residual Amount, such Failure to Issue Residual Amount shall form part of the Available Proceeds in respect of such Liquidation Event or Enforcement Event and the preceding sentence shall be disregarded.

If the Issuer has either (a) failed to Liquidate the Demeter Eligible Assets in full within the Target Liquidation Period or (b) Liquidated the Demeter Eligible Assets in full within the

Target Liquidation Period but not paid the Failure to Issue Payment Amount to the Loan Notes Issuer by the close of business on the Failure to Issue Payment Date for such Failure to Issue, the Loan Notes Issuer (but no other Secured Creditor) shall be entitled to direct the Trustee (subject to the Loan Notes Issuer indemnifying and/or securing and/or prefunding the Trustee to its satisfaction) as soon as is reasonably practicable to effect, or to appoint a receiver to effect, a partial enforcement of the Security constituted by the Trust Deed in respect of (A) any Demeter Eligible Assets that remain unsold as at the close of business of the Failure to Issue Payment Date in respect of such Failure to Issue (which the Trustee may direct the Disposal Agent to Liquidate) and (B) any Failure to Issue Available Amount held by the Issuer in respect of such Failure to Issue. If so directed (subject to the Loan Notes Issuer indemnifying and/or securing and/or prefunding the Trustee to its satisfaction), the Trustee shall, as soon as is reasonably practicable following Liquidation of the remaining Demeter Eligible Assets in full (which Liquidation the Trustee may direct the Disposal Agent to perform), pay to the Loan Notes Issuer an amount equal to the Failure to Issue Payment Amount and the Loan Notes Issuer shall thereafter have no further claim against the Issuer in respect of such Failure to Issue Payment Amount for such Failure to Issue. The date on which any such Failure to Issue Payment Amount is paid to the Loan Notes Issuer following a partial enforcement shall be a "**Facility Agreement Settlement Date**".

In consideration for the payment by the Issuer of the Failure to Issue Payment Amount, the Loan Notes Issuer shall be required, pursuant to the Facility Agreement, to make such payments to the Issuer in respect of interest, principal and other amounts (if any) as though the Issuer was the holder of an aggregate principal amount of Loan Notes equal to the Loan Notes Shortfall Amount (the "**Relevant Notional Loan Notes**"), with such payments falling due to be made by the Loan Notes Issuer on the same dates and subject to the same terms as if the Relevant Notional Loan Notes had been issued by the Loan Notes Issuer to the Issuer on the relevant Drawing Date. For the purposes of this "Overview of the Notes" section, to the extent that there are any Relevant Notional Loan Notes outstanding at any time, such Relevant Notional Loan Notes shall be treated as if they were Loan Notes outstanding, and any references to the Loan Notes outstanding at any given time shall include any such Relevant Notional Loan Notes outstanding at such time.

The obligation of the Loan Notes Issuer to make payments on the relevant due dates in respect of any Relevant Notional Loan Notes will terminate on the day that the Loan

Notes Issuer issues to the Issuer an aggregate principal amount of Loan Notes equal to the Loan Notes Shortfall Amount (irrespective of whether such amount would exceed the Available Commitment on such date and such issuance having no effect on the Available Commitment or Maximum Commitment thereafter) or, if earlier, when no payments would remain outstanding in respect of the Relevant Notional Loan Notes assuming they had been issued on the relevant Drawing Date. Where the Loan Notes Issuer issues an aggregate principal amount of Loan Notes equal to the Loan Notes Shortfall Amount, the Issuer shall owe no corresponding obligation to deliver any Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and/or Demeter Facility Fees (if any) to the Loan Notes Issuer.

If the Loan Notes Issuer fails to make any payment in respect of the Relevant Notional Loan Notes when due and such failure has not been remedied within the relevant grace period as would have applied under the Relevant Notional Loan Notes if in issue, the Enforcement Agent may at its discretion, and shall if the Issuer is directed to do so by an Extraordinary Resolution, subject to the Enforcement Agent in each case being indemnified and/or secured and/or prefunded to its satisfaction by Noteholders, institute proceedings for the winding up of the Loan Notes Issuer in respect of the obligations of the Loan Notes Issuer under the Loan Notes and/or the Facility Agreement in Switzerland in accordance with Loan Notes Condition 10(a) (*Enforcement*).

Further, if an order is made or an effective resolution is passed for the winding up of the Loan Notes Issuer in Switzerland (but not elsewhere), otherwise than for the purposes of a reconstruction, amalgamation, merger or other similar transaction on terms previously approved in writing by the Issuer, then the Enforcement Agent may at its discretion, and shall if the Issuer is directed to do so by an Extraordinary Resolution, subject to the Enforcement Agent in each case being indemnified and/or secured and/or prefunded to its satisfaction by Noteholders, give notice to the Loan Notes Issuer that the Loan Notes are immediately due and repayable at their principal amount, plus accrued but unpaid interest and any Deferred Interest (as defined in the Loan Notes Conditions), but may take no further action in respect of such payment.

Failure to Deliver Demeter Eligible Assets, Demeter Eligible Asset Income and/or Demeter Facility Fees

A "**Failure to Deliver**" shall occur if, in respect of any Drawing Notice other than a Drawing Notice relating to a Reset Draw, the Issuer (or the Custodian acting on its behalf and in accordance with the written instructions of the Issuer) fails to deliver and pay to the Loan Notes Issuer in full an amount equal to the Relevant Portion of each of the Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) by the close of business on

the second Business Day following the related Drawing Date (the "**Settlement Cut-off Date**"). Upon the occurrence of a Failure to Deliver, the Loan Notes Issuer (but no other Secured Creditor) shall be entitled to direct the Trustee (subject to the Loan Notes Issuer indemnifying and/or securing and/or prefunding the Trustee to its satisfaction) to effect, or to appoint a receiver to effect, a partial enforcement of the Security constituted by the Trust Deed in respect of the Failure to Deliver Shortfall Amount. Notwithstanding the above, the Issuer (or the Custodian acting on its behalf) shall continue to attempt to deliver to the Loan Notes Issuer the Failure to Deliver Shortfall Amount until the occurrence of either of the following:

(i) the Loan Notes Issuer delivers written notification to the Issuer, the Trustee and the Disposal Agent directing the Trustee (subject to the Loan Notes Issuer indemnifying and/or securing and/or prefunding the Trustee, any receiver and the Disposal Agent to their satisfaction) to (a) enforce the Security in respect of the Failure to Deliver Shortfall Amount by directing the Disposal Agent or appointing a receiver to Liquidate the Demeter Eligible Asset Shortfall Amount and (b) as soon as reasonably practicable thereafter to pay, or procure the payment of, the Failure to Deliver Payment Amount to the Loan Notes Issuer; or

(ii) any Liquidation Event or Enforcement Event, upon which the Trustee (subject to the Loan Notes Issuer indemnifying and/or securing and/or prefunding the Trustee, any receiver and the Disposal Agent to their satisfaction) shall direct the Disposal Agent or appoint a receiver to immediately Liquidate the Demeter Eligible Asset Shortfall Amount and as soon as reasonably practicable thereafter pay, or procure the payment of, the Failure to Deliver Payment Amount to the Loan Notes Issuer.

The Loan Notes Issuer shall have no further claim in respect of such Failure to Deliver upon the earlier of:

(i) payment and delivery by the Issuer (or the Custodian acting on its behalf) to the Loan Notes Issuer of the Failure to Deliver Shortfall Amount; and

(ii) payment by the Issuer or, as the case may be, the Trustee or the Disposal Agent to the Loan Notes Issuer of the Failure to Deliver Payment Amount,

and the date of such delivery or payment shall be a "**Facility Agreement Settlement Date**".

Where:

"**Demeter Eligible Asset Income Shortfall Amount**" means the lesser of (i) the amount of Demeter Eligible Asset Income that should have been paid (if any) by the Issuer to the Loan

Notes Issuer in respect of an issue of Loan Notes in accordance with the Facility Agreement, but which the Issuer failed to so pay to the Loan Notes Issuer and (ii) all Demeter Eligible Asset Income then held by the Issuer;

"**Demeter Eligible Asset Shortfall Amount**" means the lesser of (i) the amount of Demeter Eligible Assets that should have been delivered by the Issuer to the Loan Notes Issuer in respect of an issue of Loan Notes in accordance with the Facility Agreement, but which the Issuer failed to so deliver to the Loan Notes Issuer and (ii) all Demeter Eligible Assets then held by the Issuer;

"**Demeter Facility Fees Shortfall Amount**" means the lesser of (i) the amount of Demeter Facility Fees that should have been paid (if any) by the Issuer to the Loan Notes Issuer in respect of an issue of Loan Notes in accordance with the Facility Agreement, but which the Issuer failed to so pay to the Loan Notes Issuer and (ii) all Demeter Facility Fees then held by the Issuer;

"**Failure to Deliver Payment Amount**" means the sum of (i) the proceeds of Liquidation of the Demeter Eligible Asset Shortfall Amount, (ii) the Demeter Eligible Asset Income Shortfall Amount (if any) and (iii) the Demeter Facility Fees Shortfall Amount (if any); and

"**Failure to Deliver Shortfall Amount**" means (i) the Demeter Eligible Asset Shortfall Amount, (ii) the Demeter Eligible Asset Income Shortfall Amount (if any) and (iii) the Demeter Facility Fees Shortfall Amount (if any).

Reset Failure to Perform

A "**Reset Failure to Perform**" shall occur if the Issuer has failed to comply with any Reset Performance Obligation.

Upon the occurrence of a Reset Failure to Perform, the Loan Notes Issuer (but no other Secured Creditor) shall be entitled to direct the Trustee (subject to the Loan Notes Issuer indemnifying and/or securing and/or prefunding the Trustee to its satisfaction) to effect, or to appoint a receiver to effect, a partial enforcement of the Security constituted by the Trust Deed in respect of the Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) held at such time (and the Trustee may direct the Disposal Agent to Liquidate such Demeter Eligible Assets (if any)). Notwithstanding the above, the Issuer (or the Custodian acting on its behalf and in accordance with the written instruction of the Issuer) shall continue to attempt to pay or deliver to the Loan Notes Issuer the relevant Reset Payment Amount or Reset Delivery Amount, as applicable, until the occurrence of either of the following:

(i) the Loan Notes Issuer delivers written notification to the Issuer, the Trustee and the Disposal Agent directing the Trustee (subject to the Loan Notes Issuer indemnifying and/or securing and/or prefunding the Trustee, any

receiver and the Disposal Agent to their satisfaction) to (a) enforce the Security in respect of the Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) held at such time by directing the Disposal Agent or appointing a receiver (such date of direction or appointment by the Trustee being the "**Reset Failure to Perform Liquidation Commencement Date**") to Liquidate the remaining Demeter Eligible Assets then held by the Issuer and (b) as soon as reasonably practicable thereafter pay, or procure the payment of, the Reset Failure to Perform Payment Amount to the Loan Notes Issuer; or

(ii) any Liquidation Event or Enforcement Event, upon which the Trustee (subject to the Loan Notes Issuer indemnifying and/or securing and/or prefunding the Trustee, any receiver and the Disposal Agent to their satisfaction) shall (a) direct the Disposal Agent or appoint a receiver (such date of direction or appointment by the Trustee being the "**Reset Failure to Perform Liquidation Commencement Date**") to immediately Liquidate the remaining Demeter Eligible Assets then held by the Issuer and (b) as soon as reasonably practicable thereafter pay or procure the payment of the Reset Failure to Perform Payment Amount to the Loan Notes Issuer.

The Loan Notes Issuer shall have no further claim in respect of each Reset Failure to Perform upon the earlier of:

(i) payment or delivery by the Issuer (or the Custodian acting on its behalf) to the Loan Notes Issuer of the relevant Reset Payment Amount or Reset Delivery Amount, as applicable; and

(ii) payment by the Issuer or, as the case may be, the Trustee or the Disposal Agent to the Loan Notes Issuer of the Reset Failure to Perform Payment Amount.

In the case of (i), the date of such a delivery or payment such that no further Reset Payment Amounts or Reset Delivery Amounts are due to the Loan Notes Issuer shall be a "**Facility Agreement Settlement Date**". In the case of (ii), the Loan Notes Issuer shall also have no further claim in respect of any other Reset Payment Obligation or Reset Delivery Obligation thereafter, and the date of such payment shall be a "**Facility Agreement Settlement Date**".

For these purposes:

"**Reset Failure to Perform Payment Amount**" means the sum of (i) the proceeds of Liquidation of the remaining Demeter Eligible Assets held by the Issuer as at the Reset Failure to Perform Liquidation Commencement Date, (ii) the Demeter Eligible Asset Income held by the Issuer as at the

	Facility Agreement Settlement Date (if any) and (iii) the Demeter Facility Fees held by the Issuer as at the Facility Agreement Settlement Date (if any).
Waiver of Objections to Purchase of the Loan Notes	The purpose of the issuance of the Loan Notes to the Issuer is to provide the Loan Notes Issuer with a source of liquid assets by permitting it to require the Issuer to deliver Demeter Eligible Assets (and/or any Demeter Eligible Asset Income relating thereto and/or any Demeter Facility Fees) against the issue of Loan Notes, subject as described under "Overview of the Facility Agreement – Settlement of Issuances" above, regardless of the financial condition of the Loan Notes Issuer (other than following a Loan Notes Issuer Bankruptcy Event), market developments or any other factors. Each Noteholder, by purchasing a Note, waives, forfeits and surrenders, to the fullest extent permitted by applicable law, any right it may have, on any basis or theory, to object to the Issuer delivering any Demeter Eligible Assets (and/or any Demeter Eligible Asset Income and/or any Demeter Facility Fees), or to seek to restrain or prohibit, temporarily or permanently, the Issuer from delivering any Demeter Eligible Assets (and/or any Demeter Eligible Asset Income and/or any Demeter Facility Fees) against the issue of any Loan Notes in accordance with the Facility Agreement or taking any other action described in the Conditions.
GENERAL	
Managers	Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited J.P. Morgan Securities plc, Merrill Lynch International and Morgan Stanley & Co. International plc
Trustee and Managers' Trustee:	The Bank of New York Mellon, London Branch
Enforcement Agent:	BNY Mellon Corporate Trustee Services Limited
Issuing and Paying Agent	The Bank of New York Mellon, London Branch
Custodian:	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent:	The Bank of New York Mellon (Luxembourg) S.A.
Calculation Agent and Disposal Agent:	Credit Suisse International

CONDITIONS OF THE NOTES

The following is the text of the terms and conditions applicable to the Notes. The full text of these terms and conditions shall be endorsed on any Certificate relating to the Notes.

The Notes are constituted and secured by the Trust Deed entered into between the Issuer, the Trustee, the Managers' Trustee and the Enforcement Agent. These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Certificates referred to below.

An Agency Agreement has been entered into in relation to the Notes between the Issuer, the Trustee, The Bank of New York Mellon as initial issuing and paying agent and the other agents named in it.

The Issuer and the Managers have entered into a syndication agreement dated 6 November 2015 with respect to the Notes (the "**Syndication Agreement**").

The Issuer and the Loan Notes Issuer have entered into a facility agreement dated 6 November 2015 (the "**Facility Agreement**") pursuant to which, amongst other things, the Loan Notes Issuer shall be entitled to elect (or, in certain circumstances, be required) on or prior to 15 August 2025 (the "**Reset Date**") to issue up to U.S.$700,000,000 Subordinated Fixed-to-Floating Rate Non Step-Up Callable Loan Notes with a scheduled maturity in 2050 in aggregate (any such Loan Notes issued, the "**Loan Notes**") which the Issuer shall be obliged to take delivery of in exchange, by way of consideration, for the Relevant Portion of each of the Demeter Eligible Assets (if any), the Demeter Eligible Asset Income (if any) and the Demeter Facility Fees (if any) then held (in each case as defined below). In connection with its entry into the Facility Agreement, the Issuer has used the issue proceeds of the Notes to purchase the Initial Demeter Eligible Assets that comprise the Demeter Eligible Assets on the Issue Date. The Loan Notes Issuer may also, at its discretion, at any time prior to the earliest of (i) the Drawing Date specified in any Drawing Notice that elects a first Loan Notes Optional Redemption Date that falls after the Reset Date (a "**Delayed Call Election**") (as described in the Facility Agreement), (ii) the delivery of a Loan Notes Early Redemption Notice (as defined below), (iii) the occurrence of a Loan Notes Issuer Bankruptcy Event (as defined below) and (iv) the date falling 30 days prior to the Reset Date, exchange some or all of the Loan Notes then outstanding and held by the Issuer (in increments of U.S.$100,000,000 in principal amount) for Eligible Assets and, where necessary, cash (in U.S. dollars) (an "**Optional Exchange**").

The issuing and paying agent, the calculation agent, the custodian, the disposal agent, the enforcement agent, the registrar and the transfer agents for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Calculation Agent**", the "**Custodian**", the "**Disposal Agent**", the "**Enforcement Agent**", the "**Registrar**" and the "**Transfer Agents**" (which expression shall include the Registrar) and collectively as the "**Agents**".

Copies of the Programme Deed, the execution of which most recently amended and restated the Principal Trust Deed and the Agency Agreement, together with any amendments and/or supplements to such Programme Deed that are relevant to the Notes and the applicable versions of the relevant master terms documents incorporated into such Programme Deed, the Syndication Agreement, and the Facility Agreement are available for inspection, so long as any of the Notes remain outstanding, during usual business hours at the registered office of the Issuer and the principal office of the Trustee and at the Specified Offices of the Issuing and Paying Agent and the Registrar.

The Noteholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them in the Agency Agreement and the Facility Agreement.

As used in the Conditions, "**Tranche**" means Notes of the Series that are issued on the same date and that are identical in all respects.

1 Definitions and Interpretation

(a) Definitions

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed. In the event of any inconsistency between the terms of the Issue Deed relating to the Notes and the terms of the Principal Trust Deed, the terms of the Issue Deed shall prevail. In addition, the following expressions have the following meanings:

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

"**Agency Agreement**" means the agency agreement originally entered into by the Issuer, The Bank of New York Mellon as initial Issuing and Paying Agent and the other agents named in the Original Programme Deed by execution of the Original Programme Deed, as amended by the provisions of the Issue Deed relating thereto.

"**Agents**" has the meaning given to it in the recitals to these Conditions.

"**Automatic Issuance Event**" means any event that shall, upon its occurrence, oblige the Loan Notes Issuer under the Facility Agreement to:

(i) deliver a Drawing Notice for a principal amount of Loan Notes equal to the then Available Commitment, or

(ii) seek a Bankruptcy Order, the delivery of which shall deem a Drawing Notice to have been delivered in respect of the same.

For further information on the events that would trigger an Automatic Issuance Event, please refer to "Overview of the Facility Agreement – Automatic Issuance" above and "Description of the Facility Agreement – Automatic Loan Note Issuances" below.

"**Available Commitment**" means the undrawn portion of the Maximum Commitment available for drawing from time to time under the Facility Agreement that equates to the aggregate principal amount of Loan Notes (and/or Relevant Notional Loan Notes) that may then be issued by the Loan Notes Issuer to the Issuer, as determined in accordance with the Facility Agreement.

"**Available Proceeds**" means, with respect to a Liquidation Event or Enforcement Event, as of a particular day:

(i) all cash sums derived from any Liquidation of Loan Notes Collateral and/or the Facility Agreement to the extent such rights, title and interest do not relate to the Managers' Security Rights (as applicable), any amounts realised by the Trustee, the Enforcement Agent or any receiver on enforcement of the Security and all other cash sums available to the Issuer or the Trustee, as the case may be, derived from the Mortgaged Property; less

(ii) any cash sums which have already been applied by the Issuer pursuant to Condition 17(a) (*Application of Available Proceeds of Liquidation or Failure to Issue Residual Amounts*) on any Issuer Application Date or by the Trustee pursuant to Condition 17(b) (*Application of Available Proceeds of Enforcement of Security*) on any Trustee Application Date, as the case may be.

"**Bank**" means a bank in the principal financial centre for the Specified Currency.

"**Bankruptcy Credit Event**" means the occurrence of a Credit Event as a result of Bankruptcy, and with each of "Credit Event" and "Bankruptcy" having the meaning given to them in the ISDA Credit Derivatives Definitions.

"**Bankruptcy Event**" means, with respect to a party, (i) such party (A) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (B) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (C) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective; (D) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other 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 either 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 is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (E) has a resolution passed for its winding up or liquidation (other than pursuant to a consolidation, amalgamation or merger); (F) 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; (G) 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; or (H) 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 clauses (i)(A) to (G) above, (ii) a Credit Derivatives Determinations Committee has Resolved that a Bankruptcy Credit Event has occurred in respect of such party, or any analogous determination has been made by a committee or person under any definitions that replace the ISDA Credit Derivatives Definitions as the market standard terms for credit derivatives or under any amendment or supplement to the ISDA Credit Derivatives Definitions and/or (iii) such party is an Affiliate of another party and a Bankruptcy Event has occurred with respect to such other party (provided that, for the purposes of determining whether a Bankruptcy Event has occurred with respect to such other party, sub-paragraph (iii) of this definition shall be disregarded).

"**Bankruptcy Order**" means an order of the court, administrator or other person or authority administering the bankruptcy, receivership, liquidation or similar proceeding of the Loan Notes Issuer confirming that the Facility Agreement shall continue to be performed by the Loan Notes Issuer following the occurrence of a Loan Notes Issuer Bankruptcy Event (including, without limitation, the issuance and delivery of Loan Notes by the Loan Notes Issuer to the Issuer as a consequence of the occurrence of such Loan Notes Issuer Bankruptcy Event) and having the effect that the Loan Notes Issuer's obligations under the Facility Agreement and all Loan Notes issued or to be issued shall be enforceable.

"**Business Day**" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets in Zurich, Switzerland, New York, New York and London, England settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits), provided that "Business Day" shall, with respect to Drawing Notices only, also initially include Luxembourg City, Luxembourg and thereafter any such other location as an agent may specify by notice to the Loan Notes Issuer and the Issuer as its specified office.

"**Calculation Agent**" has the meaning given to it in the recitals to these Conditions.

"**Calculation Agent Bankruptcy Event**" means (i) the Calculation Agent (A) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (B) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (C) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective; (D) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other 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 either 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 is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (E) has a resolution passed for its winding up or liquidation (other than pursuant to a consolidation, amalgamation or merger); (F) 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; (G) 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; or (H) 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 clauses (i)(A) to (G) above and/or (ii) a Credit Derivatives Determinations Committee has Resolved that a Bankruptcy Credit Event has occurred in respect of the Calculation Agent, or any analogous determination has been made by a committee or person under any definitions that replace the ISDA Credit Derivatives Definitions as the market standard terms for credit derivatives or under any amendment or supplement to the ISDA Credit Derivatives Definitions.

"**Calculation Agent Business Day**" means a business day in the jurisdiction of the Calculation Agent.

"**Certificates**" has the meaning given to it in Condition 2 (*Form, Specified Denomination and Title*).

"**Conditions**" means, in respect of the Notes, these terms and conditions. References to a particularly numbered Condition shall be construed as a reference to the Condition so numbered in these terms and conditions.

These Conditions shall be as defined above but as completed, amended, supplemented and/or varied by the terms of the Global Certificate.

"**Credit Derivatives Determinations Committee**" has the meaning given to it in the ISDA Credit Derivatives Definitions.

"**Custodian**" has the meaning given to it in the recitals to these Conditions.

"**Default Interest**" has the meaning given to it in Condition 7(b) (*Accrual of Interest and Notes Accrued Interest Amounts*).

"**Delayed Call Election**" has the meaning given to it in the recitals to these Conditions.

"**Demeter Eligible Asset Income**" means, with respect to any date, the cash amount then held by the Issuer that has been received on any Demeter Eligible Assets (including, for the avoidance of doubt, any amounts (including in respect of principal) received on or after the Reset Date) or as a result of an Optional Exchange.

"**Demeter Eligible Asset Income Shortfall Amount**" means the lesser of (i) the amount of Demeter Eligible Asset Income that should have been paid (if any) by the Issuer to the Loan Notes Issuer in respect of an issue of Loan Notes in accordance with the Facility Agreement, but which the Issuer failed to so pay to the Loan Notes Issuer and (ii) all Demeter Eligible Asset Income then held by the Issuer.

"**Demeter Eligible Asset Amount**" means, in respect of an Interest Accrual Period falling within the Initial Interest Period, an aggregate amount of Demeter Eligible Asset Income equal to 2.216714 per cent. per annum applied to the Available Commitment as at the close of business on the final Business Day of such Interest Accrual Period. Such amount shall be reduced by the Relevant Portion of Demeter Eligible Asset Income where (i) a Demeter Eligible Asset Amount Receipt Date has occurred but the Interest Payment Date in respect of such Interest Accrual Period has yet to occur and (ii) the Loan Notes Issuer has delivered a Drawing Notice and the relevant Drawing Date precedes such Interest Payment Date.

"**Demeter Eligible Asset Amount Receipt Date**" means any date on which the Demeter Eligible Asset Amount in respect of an Interest Accrual Period is received in full by, or on behalf of, the Issuer.

"**Demeter Eligible Asset Shortfall Amount**" means the lesser of (i) the amount of Demeter Eligible Assets that should have been delivered by the Issuer to the Loan Notes Issuer in respect of an issue of Loan Notes in accordance with the Facility Agreement, but which the Issuer failed to so deliver to the Loan Notes Issuer and (ii) all Demeter Eligible Assets then held by the Issuer.

"**Demeter Eligible Assets**" means, from time to time, the Eligible Assets held by the Issuer in respect of the Notes. For the avoidance of doubt, any Demeter Eligible Assets that have been redeemed, transferred to the Loan Notes Issuer pursuant to the Facility Agreement, sold or otherwise disposed of, shall thereafter cease to constitute Demeter Eligible Assets.

"**Demeter Event**" means any Tax Event, any Illegality Event and any Event of Default.

"**Demeter Event Notice**" has the meaning given to it in Condition 14(a) (*Liquidation Event*) and Condition 15(a)(i) (*Enforcement Entitlement Notice following a Demeter Event*).

"**Demeter Facility Fees**" means, from time to time, any Facility Fees that have been received by the Issuer from the Loan Notes Issuer, but that are yet to be paid to the Noteholders on the Interest Payment Date in respect of such Interest Accrual Period. For the avoidance of doubt, any Demeter Facility Fees that have been (i) paid to the Noteholders on an Interest Payment Date or (ii) returned to the Loan Notes Issuer in respect of an issue of Loan Notes, shall thereafter cease to constitute Demeter Facility Fees once so paid or returned.

"**Demeter Facility Fees Shortfall Amount**" means the lesser of (i) the amount of Demeter Facility Fees that should have been paid (if any) by the Issuer to the Loan Notes Issuer in respect of an issue of Loan Notes in accordance with the Facility Agreement, but which the Issuer failed to so pay to the Loan Notes Issuer and (ii) all Demeter Facility Fees then held by the Issuer.

"**Disposal Agent**" has the meaning given to it in the recitals to these Conditions.

"**Disposal Agent Bankruptcy Event**" means (i) the Disposal Agent (A) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (B) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (C) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective; (D) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other

similar relief under any bankruptcy or insolvency law or other 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 either 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 is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (E) has a resolution passed for its winding up or liquidation (other than pursuant to a consolidation, amalgamation or merger); (F) 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; (G) 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; or (H) 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 clauses (i)(A) to (G) above and/or (ii) a Credit Derivatives Determinations Committee has Resolved that a Bankruptcy Credit Event has occurred in respect of the Disposal Agent, or any analogous determination has been made by a committee or person under any definitions that replace the ISDA Credit Derivatives Definitions as the market standard terms for credit derivatives or under any amendment or supplement to the ISDA Credit Derivatives Definitions.

"**Disposal Agent Fees**" has the meaning given to it in Condition 14(d) (*Costs and Expenses*).

"**Drawing Date**" means the date specified in the applicable pricing supplement for a series of Loan Notes to be issued pursuant to a Drawing Notice.

"**Drawing Notice**" means a written notice given in respect of an issuance of a series of Loan Notes.

"**Early Redemption Amount**" means, in respect of each Note outstanding on the relevant Early Redemption Date, an amount in U.S.$ equal to such Note's *pro rata* share of the Available Proceeds after all amounts ranking in priority to amounts due to the Noteholders under Condition 17 (*Application of Available Proceeds, Failure to Issue Residual Proceeds or Managers' Available Proceeds*) have been satisfied in full.

"**Early Redemption Commencement Date**" has the meaning given to it in Condition 8 (*Redemption and Purchase*).

"**Early Redemption Date**" means:

(i) the thirty-fifth Business Day following the relevant Liquidation Commencement Date or Enforcement Commencement Date, as applicable; or

(ii) if:

(a) in respect of a Liquidation Commencement Date, Liquidation of all Loan Notes Collateral and/or the Facility Agreement has been completed in full prior to the thirty-second Business Day following the Liquidation Commencement Date; or

(b) in respect of an Enforcement Commencement Date, realisation and/or enforcement of the Security has been completed in full prior to the thirty-second Business Day following the Enforcement Commencement Date,

the third Business Day following the date on which all proceeds of such Liquidation (in the case of (a)) and/or realisation and/or enforcement (in the case of (b)) has been received by or on behalf of the Issuer.

"**Early Redemption Notice**" means an irrevocable notice from the Issuer to the Noteholders in accordance with Condition 24 (*Notices*) (or, in the case of Condition 8(f) (*Redemption Following the Occurrence of an Event of Default*), from the Trustee to the Issuer) that specifies that the Notes are to be redeemed pursuant to one of Conditions 8(c) (*Redemption Following a Loan Notes Event*) to 8(f) (*Redemption Following the Occurrence of an Event of Default*). An Early Redemption Notice given pursuant to Condition 8 (*Redemption and Purchase*) must contain a description in reasonable detail of the facts relevant to the determination that the Notes are to be redeemed and, in the case of an Early Redemption Notice given by the Issuer, must specify which of Conditions 8(c) (*Redemption Following a Loan Notes Event*) to 8(e) (*Redemption Following an Illegality Event*), as the case may be, are applicable. A copy of any Early Redemption Notice shall also be sent by the Issuer, or the Trustee, as the case may be, to all Transaction Parties, save that any failure to deliver a copy shall not invalidate the relevant Early Redemption Notice.

"**Early Valuation Date**" means the thirtieth Business Day following the relevant Liquidation Commencement Date.

"**Electronic Consent**" has the meaning given to it in Condition 21(a) (*Meetings of Noteholders*).

"**Eligible Assets**" means principal and/or interest strips of U.S. Treasury Securities, issued other than on a discount rate basis.

"**Eligible Assets Obligor**" means the United States Treasury.

"**Enforcement Agent**" has the meaning given to it in the recitals to these Conditions.

"**Enforcement Agent Bankruptcy Event**" means (i) the Enforcement Agent (A) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (B) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (C) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective; (D) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other 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 either 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 is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (E) has a resolution passed for its winding up or liquidation (other than pursuant to a consolidation, amalgamation or merger); (F) 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; (G) 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; or (H) 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 clauses (i)(A) to (G) above and/or (ii) a Credit Derivatives Determinations Committee has Resolved that a Bankruptcy Credit Event has occurred in respect of the Enforcement Agent, or any analogous determination has been made by a committee or person under any definitions that replace the ISDA Credit Derivatives Definitions as the market standard terms for credit derivatives or under any amendment or supplement to the ISDA Credit Derivatives Definitions.

"**Enforcement Commencement Date**" means the day on which the Disposal Agent receives an Enforcement Notice.

"**Enforcement Entitlement Notice**" has the meaning given to it in Condition 15(a) (*Enforcement Entitlement Notice*).

"**Enforcement Event**" means the occurrence of any of the events specified in Condition 15(b) (*Enforcement of Security*).

"**Enforcement Notice**" means a notice stating that (i) the Trustee intends to enforce the Security constituted by the Trust Deed and (ii) the Disposal Agent is to cease to effect any further Liquidation of any Loan Notes Collateral and/or Demeter Eligible Assets and/or the Facility Agreement (if such Liquidation is taking place) save that any transaction entered into in connection with the Liquidation on or prior to the effective date of such Enforcement Notice shall be settled and the Disposal Agent shall take any steps and actions necessary to settle such transaction and/or that are incidental thereto.

"**Equivalent Obligations**" means any Obligations that are issued in fungible form and that share common terms and conditions.

"**Event of Default**" has the meaning given to it in Condition 8(f) (*Redemption Following the Occurrence of an Event of Default*).

"**Facility Agreement**" has the meaning given to it in the recitals to these Conditions.

"**Facility Agreement Secured Claims**" means any claims of the Loan Notes Issuer under the Facility Agreement with respect to (a) any Failure to Issue Payment Amount, (b) any Failure to Deliver Payment Amount and (c) any Reset Failure to Perform Payment Amount.

"**Facility Agreement Settlement Date**" has the meaning given to it in each of Condition 13(a) (*Failure to Issue Loan Notes by the Loan Notes Issuer*), Condition 13(b) (*Failure to Deliver Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and/or Demeter Facility Fees (if any) by the Issuer*) and Condition 13(c) (*Reset Failure to Perform by the Issuer*).

"**Facility Fees Amount**" means, in respect of an Interest Accrual Period falling within the Initial Interest Period, an amount of Facility Fees equal to 3.533286 per cent. per annum applied to the Available Commitment as at the close of business on the final Business Day of such Interest Accrual Period. Such amount shall be reduced by the Relevant Portion of Demeter Facility Fees where (i) a Facility Fees Amount Receipt Date has occurred but the Interest Payment Date in respect of such Interest Accrual Period has yet to occur and (ii) the Loan Notes Issuer has delivered a Drawing Notice and the relevant Drawing Date precedes such Interest Payment Date.

"**Facility Fees Amount Receipt Date**" means any date on which the Facility Fees Amount in respect of an Interest Accrual Period is received in full by, or on behalf of, the Issuer.

"**Facility Fees**" means (i) any Commitment Fees (as defined in the Facility Agreement) receivable by, or on behalf of, the Issuer under the Facility Agreement in accordance with Clause 11.1 (*Commitment Fees*) of the Facility Agreement, and (ii) any Additional Fees (as defined in the Facility Agreement) related to any such Commitment Fees receivable by, or on behalf of, the Issuer under the Facility Agreement in accordance with Clause 11.2 (*Additional Fees*) of the Facility Agreement.

Commitment Fees and Additional Fees are further described in "Overview of the Notes" above and "Description of the Facility Agreement" below.

"**Failure to Deliver**" means a failure by the Issuer (or the Custodian acting on its behalf and in accordance with the written instructions of the Issuer) to deliver, pursuant to the Facility Agreement, the Relevant Portion of each of the Demeter Eligible Assets, the Demeter Eligible Asset Income (if any) and the Demeter Facility Fees (if any) by the close of business on the second Business Day following the Drawing Date (other than in respect of a Reset Draw) in respect of an issue of Loan Notes.

"**Failure to Deliver Available Amount**" means the cash sums held by or on behalf of the Issuer following the Liquidation of the Demeter Eligible Asset Shortfall Amount in accordance with Condition 13(b) (*Failure to Deliver Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and/or Demeter Facility Fees (if any) by the Issuer*), together with any Demeter Eligible Asset Income Shortfall Amount and the Demeter Facility Fees Shortfall Amount held by the Issuer at that time.

"**Failure to Deliver Liquidation Commencement Date**" has the meaning given to it in Condition 13(b)(iii) (*Liquidation Process*).

"**Failure to Deliver Notice**" means a notice from the Issuer in writing to the Loan Notes Issuer, the Disposal Agent, the Custodian, the Trustee and the Noteholders of the occurrence of a Failure to Deliver.

"**Failure to Deliver Payment Amount**" means an amount equal to the cash sums derived from the Liquidation of the Demeter Eligible Asset Shortfall Amount in accordance with Condition 13(b) (*Failure to Deliver Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and/or Demeter Facility Fees (if any) by the Issuer*), together with the Demeter Eligible Asset Income Shortfall Amount (if any) and the Demeter Facility Fees Shortfall Amount (if any).

"**Failure to Deliver Shortfall Amount**" means (i) the Demeter Eligible Asset Shortfall Amount, (ii) the Demeter Eligible Asset Income Shortfall Amount (if any) and (iii) the Demeter Facility Fees Shortfall Amount (if any).

"**Failure to Issue**" means, in respect of an issue of Loan Notes following an Automatic Issuance Event, a failure by the Loan Notes Issuer to deliver to the Issuer by 10 a.m. (London time) on the related Drawing Date a copy of the duly executed Loan Notes certificate evidencing such Loan Notes to be issued.

"**Failure to Issue Available Amount**" means the cash sums held by or on behalf of the Issuer following the Liquidation in full of the Demeter Eligible Assets in accordance with Condition 13(a) (*Failure to Issue Loan Notes by the Loan Notes Issuer*), together with any Demeter Eligible Asset Income and Demeter Facility Fees held by the Issuer at that time.

"**Failure to Issue Liquidation Commencement Date**" means the day on which the Disposal Agent receives a Failure to Issue Notice.

"**Failure to Issue Notice**" means a notice from the Issuer in writing to the Loan Notes Issuer, the Disposal Agent, the Custodian, the Trustee and the Noteholders of the occurrence of a Failure to Issue.

"**Failure to Issue Payment Amount**" means an amount equal to the lesser of (a) the aggregate principal amount of Loan Notes that should have been issued in respect of the relevant Automatic Issuance Event, as applicable; and (b) the Failure to Issue Available Amount.

"**Failure to Issue Payment Date**" has the meaning given to it in Condition 13(a)(iii) (*Failure to Issue Available Amount and Limitation of Claim*).

"**Failure to Issue Residual Amount**" has the meaning given to it in Condition 13(a)(iii) (*Failure to Issue Available Amount and Limitation of Claim*).

"**FATCA**" means (i) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986; (ii) any similar or successor legislation to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986; (iii) any agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986; (iv) any regulations or guidance pursuant to any of the foregoing; (v) any official interpretations of any of the foregoing; (vi) any intergovernmental agreement to facilitate the implementation of any of the foregoing (an "**IGA**"); or (vii) any law implementing an IGA.

"**FATCA Test Date**" has the meaning given to it in Condition 8(d) (*Redemption for Taxation Reasons*).

"**FATCA Withholding Tax**" means any withholding imposed on any payments pursuant to FATCA.

"**Final Redemption Amount**" means, in respect of each Note, an amount in U.S.$ equal to such Note's *pro rata* share of the Loan Notes Final Redemption Amount.

"**FINMA**" means the Swiss Financial Market Supervisory Authority (FINMA) or any successor authority.

An "**Illegality Event**" shall occur if, due to the adoption of, or any change in, any applicable law after the Issue Date, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful for the Issuer (i) to perform any absolute or contingent obligation to make a payment or delivery in respect of the Notes or any agreement entered into in connection with the Notes, (ii) to hold any Loan Notes Collateral or to receive a payment or delivery in respect of any Loan Notes Collateral or the Facility Agreement or (iii) to comply with any other material provision of any agreement entered into in connection with the Notes.

"**Initial Demeter Eligible Assets**" means a portfolio of Eligible Assets that are scheduled to make payments (i) in respect of each Interest Accrual Period falling within the Initial Interest Period, in an aggregate amount equal to 2.216714 per cent. per annum applied to the Maximum Commitment (being U.S.$700,000,000) and (ii) on the Reset Date, in an amount equal to such Maximum Commitment.

"**Initial Interest Period**" means the period from (and including) the Interest Commencement Date to (but excluding) the Reset Date.

"**interest**", in the context of amounts payable in respect of the Notes and as mentioned in these Conditions, shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 7 (*Interest*).

"**Interest Accrual Period**" means (i) the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and (ii) each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means, in respect of a Note and an Interest Payment Date, such Note's *pro rata* share of an amount equal to the Underlying Interest Amount actually received by, or on behalf of, the Issuer corresponding to the relevant Interest Accrual Period relating to such Interest Payment Date, as determined by the Calculation Agent.

"**Interest Commencement Date**" means the Issue Date.

"**Interest Payment Date**" means the Business Day immediately following an Underlying Interest Amount Receipt Date.

"**Interest Period Date**" means:

(i) in respect of the Initial Interest Period, 15 August in each year from, and including, 15 August 2016 to, and including, the Reset Date which, for the avoidance of doubt, shall not be subject to any adjustment in accordance with a Business Day Convention; and

(ii) thereafter, each quarterly Loan Notes Interest Payment Date from, and including, 15 November 2025.

"**Investor Presentation Materials**" means the information contained in the investor presentation materials approved by the Loan Notes Issuer for any preliminary presentations (howsoever called) as well as presentations in connection with the offering of the Loan Notes.

"**ISDA**" means the International Swaps and Derivatives Association, Inc.

"**ISDA Credit Derivatives Definitions**" means the 2014 ISDA Credit Derivatives Definitions, as published by ISDA.

"**Issue Date**" has the meaning given to it in Condition 1(b) (*Interpretation*).

"**Issue Deed**" means the issue deed entered into by the Transaction Parties and such other parties specified therein in relation to the Notes which, to the extent agreed amongst the parties thereto, amends the Trust Deed and the Agency Agreement in respect of the Notes (but provided that where one or more further Tranches of Notes are issued in accordance with Condition 23 (*Further Issues*) so as to be consolidated and form a single series with the Notes, and where the context so requires, references to the Issue Deed shall be deemed to include the Issue Deed entered into in respect of such further Tranche or Tranches).

"**Issuer**" means Demeter Investments B.V..

"**Issuer Application Date**" means each date on which the Issuer determines to apply the Available Proceeds or any Failure to Issue Residual Amount in accordance with these Conditions.

"**Issuer Exchange Offer**" has the meaning given to it in Condition 8(g) (*Purchases*).

"**Issuer Tender Offer**" has the meaning given to it in Condition 8(g) (*Purchases*).

"**Issuing and Paying Agent**" has the meaning given to it in the recitals to these Conditions.

"**Liquidation**" means, in respect of any Loan Notes Collateral, Demeter Eligible Assets or the Facility Agreement, the realisation of such Loan Notes Collateral, Demeter Eligible Assets or the Issuer's rights, title and interest under the Facility Agreement to the extent such rights, title and interest do not relate to the Managers' Security Rights, as applicable, for cash proceeds whether by way of sale, early redemption, early repayment or agreed termination or by such other means as the Disposal Agent determines appropriate, or, in the case of a Bankruptcy Event affecting the Issuer, realisation by such means as determined by any competent bankruptcy officer and "**Liquidate**", "**Liquidated**" and "**Liquidating**" shall be construed accordingly.

"**Liquidation Commencement Date**" means the day on which the Disposal Agent receives a Liquidation Commencement Notice.

"**Liquidation Commencement Notice**" means a notice from the Issuer in writing to the Disposal Agent, the Custodian and the Trustee of the occurrence of a Liquidation Event.

"**Liquidation Event**" means the occurrence of an Early Redemption Commencement Date as a result of any of the following:

(i) a Tax Event where no substitution or change in residence for taxation purposes is effected pursuant to Condition 8(d) (*Redemption for Taxation Reasons*) and the Issuer has delivered a certificate signed by a director (or by two directors if the Issuer has more than one director) to the Trustee, upon which certificate the Trustee shall rely without enquiry and without incurring liability to any person for so doing, stating that it has taken reasonable measures to arrange such substitution or change in residence for taxation purposes pursuant to Condition 8(d)(i)(A); or

(ii) an Illegality Event where no substitution or change in legal characteristics is effected pursuant to Condition 8(e) (*Redemption following an Illegality Event*) and the Issuer has delivered a certificate signed by a director (or by two directors if the Issuer has more than one director) to the Trustee, upon which certificate the Trustee shall rely without enquiry and without incurring liability to any person for so doing, stating that it has taken reasonable measures to arrange such substitution or change in legal characteristics pursuant to Condition 8(e)(i)(A).

"**Liquidation Expenses**" has the meaning given to it in Condition 14(d) (*Costs and Expenses*).

"**Loan Notes Accrued Interest Amount**" has the meaning given to it in Condition 7(b) (*Accrual of Interest and Notes Accrued Interest Amounts*).

"**Loan Notes Additional Interest Payment Date**" means the Business Day following the Drawing Date in respect of an issuance of a series of Loan Notes under the Facility Agreement, resulting from the failure by the Eligible Assets Obligor to make one or more payments when due (without giving effect to any applicable grace period) in respect of the Demeter Eligible Assets.

"**Loan Notes Agency Agreement**" means the agreement relating to the Loan Notes dated 13 November 2015 between the Loan Notes Issuer, The Bank of New York Mellon, London Branch and the other agents named therein, as amended and/or supplemented and/or restated from time to time.

"**Loan Notes Bankruptcy Enforcement Event**" means (i) a Loan Notes Repudiation has occurred or (ii) a Bankruptcy Order (or a copy thereof) has not been received by the Issuer by close of business on the day falling one calendar year after the date on which the Issuer became aware (whether by notice thereof from the Calculation Agent, Loan Notes Issuer or otherwise) of a Loan Notes Issuer Bankruptcy Event.

"**Loan Notes Call**" means a Loan Notes Early Redemption Notice is given by the Loan Notes Issuer to the Issuer.

"**Loan Notes Call Amount**" means any amount payable upon early redemption of the Loan Notes (but excluding any amount included in any Loan Notes Interest Amount and/or any Loan Notes Accrued Interest Amount) once the Loan Notes have become redeemable in accordance with the provisions of Loan Notes Condition 4.2 (*Optional redemption upon the occurrence of certain events*) or Loan Notes Condition 4.3 (*Redemption otherwise at the option of the Issuer*).

"**Loan Notes Call Notification Date**" has the meaning given to it in Condition 8(b) (*Redemption Following a Loan Notes Call*).

"**Loan Notes Call Redemption Amount**" has the meaning given to it in Condition 8(b) (*Redemption Following a Loan Notes Call*).

"**Loan Notes Call Redemption Date**" has the meaning given to it in Condition 8(b) (*Redemption Following a Loan Notes Call*).

"**Loan Notes Collateral**" means the Issuer's rights, title and/or interest in and to any Loan Notes held by the Issuer from time to time (as defined above but excluding any Loan Notes that the Issuer may have sold or otherwise disposed of as permitted by these Conditions) and shall include the rights, title and/or interest in and to (i) any further Loan Notes acquired by the Issuer in connection with any further issue of notes that are to be consolidated and form a single series with the Notes and (ii) any asset or property other than Demeter Eligible Assets or Demeter Eligible Asset Income (which may, for the avoidance of doubt, include the benefit of contractual rights) into which any of the Loan Notes are converted or exchanged, or for which any of the Loan Notes are substituted, or that is issued to the Issuer (or any relevant person holding such Loan Notes for or on behalf of the Issuer) by virtue of its holding thereof.

"**Loan Notes Conditions**" means the terms and conditions of the Loan Notes as at the issue date thereof. The Loan Notes Conditions for the Loan Notes, as at the Issue Date, are as set out in the Loan Notes Agency Agreement. Any reference herein to a Loan Notes Condition is to the corresponding Loan Notes Condition as contained in the Loan Notes Conditions as at the Issue Date.

See also the Information Memorandum in respect of the Loan Notes that is appended to this Series Prospectus and which contains the Loan Notes Conditions for the Loan Notes Collateral as at the Issue Date. The Loan Notes Conditions may be modified and supplemented by a pricing supplement relating to that particular series on each issue of Loan Notes.

"**Loan Notes Deferred Interest Payment Date**" means each date upon which any deferred interest is scheduled to be payable on any Loan Notes in issue (or any Relevant Notional Loan Notes) in accordance with Loan Notes Condition 3.5(d) (*Deferred Interest Payments*) (or under the Facility Agreement).

"**Loan Notes Documentation**" means the Information Memorandum relating to the Loan Notes that may be issued by the Loan Notes Issuer and which is annexed to this Series Prospectus.

"**Loan Notes Early Redemption Notice**" means a notice given by the Loan Notes Issuer to the Issuer stating that the Loan Notes are called for redemption in whole in accordance with the provisions of Loan Notes Condition 4.2 (*Optional redemption upon the occurrence of certain events*) or Loan Notes Condition 4.3 (*Redemption otherwise at the option of the Issuer*).

"**Loan Notes Enforcement Event**" means if at any time any Loan Notes become repayable for any reason other than a Loan Notes Call, including (without limitation) in accordance with the provisions of Loan Notes Condition 10 (*Enforcement*).

"**Loan Notes Event**" means (i) a Loan Notes Enforcement Event or (ii) a Loan Notes Bankruptcy Enforcement Event.

"**Loan Notes Extraordinary Resolution**" means a resolution (i) passed at a meeting duly convened and held in accordance with the Loan Notes Agency Agreement by a majority of at least 75 per cent. of the votes cast or (ii) in writing, signed by or on behalf of the holders of the Loan Notes representing not less than 75 per cent. in principal amount of the Loan Notes at the time being outstanding.

"**Loan Notes Final Redemption Amount**" means any amounts payable upon final redemption of the Loan Notes (but excluding any amount included in any Loan Notes Interest Amount and/or any Loan Notes Accrued Interest Amount) once the Loan Notes have become redeemable in accordance with the provisions of Loan Notes Condition 4.1 (*Redemption at Maturity*).

"**Loan Notes Interest Amount**" means, in respect of each Loan Notes Interest Payment Date, Loan Notes Additional Interest Payment Date or Loan Notes Deferred Interest Payment Date, the interest amount receivable by, or on behalf of, the Issuer on such date in respect of the outstanding Loan Notes under Loan Notes Condition 3.1 (*Fixed Interest Payments*), Loan Notes Condition 3.2 (*Floating Interest Payments*) or Loan Notes Condition 3.5(d) (*Deferred Interest Payments*) (as may be modified and supplemented by a pricing supplement relating to that particular series of Loan Notes). For the avoidance of doubt, any interest deferred pursuant to Loan Notes Condition 3.5 (*Payment of Interest and Deferral of Interest Payments*) shall not constitute a Loan Notes Interest Amount until such interest is receivable under a Loan Notes Deferred Interest Payment Date.

"**Loan Notes Interest Amount Receipt Date**" means any date on which the Loan Notes Interest Amount receivable in respect of a Loan Notes Interest Payment Date, Loan Notes Additional Interest Payment Date or Loan Notes Deferred Interest Payment Date is received in full by, or on behalf of, the Issuer pursuant to the Loan Notes Conditions.

"**Loan Notes Interest Payment Date**" means each date upon which interest is scheduled to be payable on any Loan Notes in issue (or any Relevant Notional Loan Notes in connection with a Failure to Issue), which is expected to be (i) 15 August in each year, from and including 15 August 2016 (in respect of any Loan Notes issued prior thereto) to and including the Reset Date (or if any such date is not a Business Day, the following Business Day, but without any adjustment being made to the interest amount that is payable) and (ii) thereafter, to the extent outstanding, on 15 February, May, August and November in each year, commencing 15 November 2025, subject to adjustment in accordance with the Modified Following Business Day Convention.

"**Loan Notes Issuer**" means Swiss Re Ltd, or any successor thereof that has an obligation or duty to the Issuer (or any relevant person holding such Loan Notes Collateral for or on behalf of the Issuer) in respect of the Loan Notes Collateral or the Facility Agreement in its respective capacities as issuer pursuant to the terms of such Loan Notes Collateral and under the Facility Agreement.

"**Loan Notes Issuer Bankruptcy Event**" means:

(i) the Loan Notes Issuer is insolvent or bankrupt or unable to pay its debts as and when they fall due; or

(ii) a resolution is passed or an order of a court of competent jurisdiction is made that the Loan Notes Issuer be wound up or dissolved or the Loan Notes Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction the terms of which shall have previously been approved by a Loan Notes Extraordinary Resolution of the holders of the Loan Notes or as a result of a Permitted Reorganisation; or

(iii) an encumbrancer takes possession or a receiver is appointed of the whole or any substantial part of the assets or undertaking of the Loan Notes Issuer; or

(iv) a distress, execution or seizure before judgment is levied or enforced upon or sued out against any substantial part of the property, assets or revenues of the Loan Notes Issuer and (a) is not discharged or stayed within 60 days thereof or (b) is not being contested in good faith and by appropriate means; or

(v) the Loan Notes Issuer shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, composition, postponement of bankruptcy, administration or

insolvency law or make a general assignment for the benefit of, or enter into any composition with, its creditors; or

(vi) proceedings shall have been initiated against the Loan Notes Issuer under any applicable bankruptcy, composition, administration or insolvency law in respect of a sum claimed in aggregate of at least U.S.$100,000,000 or its equivalent in other currencies and such proceedings shall not have been discharged or stayed within a period of 60 days or are not being contested in good faith and by appropriate means.

"**Loan Notes Issuer Exchange Offer**" has the meaning given to it in Condition 8(g) (*Purchases*).

"**Loan Notes Issuer Tender Offer**" has the meaning given to it in Condition 8(g) (*Purchases*).

"**Loan Notes Maturity Date**" means:

(i) if, on or prior to the Loan Notes Scheduled Maturity Date, none of the circumstances described in paragraph (ii) below has occurred, the Loan Notes Scheduled Maturity Date; or

(ii) if, on or prior to the Loan Notes Scheduled Maturity Date, a Solvency Event (as defined in the Loan Notes Conditions) has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) and FINMA has not given such consent, approval or non-objection (if any) as is required under the relevant rules and regulations of FINMA (such consent, approval or non-objection, the "**Consent**") to the final redemption of the Loan Notes, the Loan Notes Interest Payment Date immediately following the day on which the Solvency Event has ceased to continue (as evidenced by a public statement by the Issuer that the Solvency Event has been cured) and FINMA has given its Consent to the final redemption of the Loan Notes.

"**Loan Notes Optional Redemption Date**" means the Reset Date and each quarterly Loan Notes Interest Payment Date thereafter on which the Loan Notes Issuer may, at its discretion, terminate the Facility Agreement and redeem the Loan Notes (in whole but not in part) early in accordance with the Facility Agreement and the Loan Notes Conditions, provided that, the first Loan Notes Optional Redemption Date is subject to adjustment in accordance with any Delayed Call Election.

"**Loan Notes Rate of Interest**" means:

(i) in respect of each Interest Accrual Period falling within the Initial Interest Period, a fixed rate of 5.75 per cent. per annum being equivalent to the rate of interest expected to be payable under Loan Notes Condition 3.1(a) (*Fixed Interest Payments*); and

(ii) thereafter, a floating rate of interest determined by the Calculation Agent in respect of a relevant Interest Accrual Period as of 11.00 a.m. (London time) on the Floating Interest Determination Date by reference to the rate for three-month deposits in U.S. dollars displayed on page LIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page on that service which displays that rate) (the "**Screen Rate**"), plus the Margin, being equivalent to the floating rate of interest as determined pursuant to Loan Notes Condition 3.2 (*Floating Interest Payments*),

provided that:

(A) where no Screen Rate is available on a Floating Interest Determination Date, the Calculation Agent shall determine the floating rate of interest to be the corresponding floating rate of interest as determined pursuant to Loan Notes Condition 3.2 (*Floating Interest Payments*) in accordance with the below:

(I) if the Screen Rate is unavailable on a Floating Interest Determination Date, the Loan Notes Agent will request the principal London office of each of the Reference Banks to

provide the Loan Notes Agent with the rate at which deposits in U.S. dollars are offered by it to prime banks in the London interbank market for three months at approximately 11.00 a.m. (London time) on the Floating Interest Determination Date in question and for a Representative Amount;

(II) if at least two of the Reference Banks provide a rate in accordance with (I) above, the floating rate of interest payable will be equal to the arithmetic mean of such rates (as established by the Loan Notes Agent and rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards) plus the Margin;

(III) if fewer than two rates are provided by the Reference Banks, the floating rate of interest payable for that Interest Accrual Period will be the arithmetic mean of the rates quoted by major banks in London, selected by the Loan Notes Agent, at approximately 11.00 a.m. (London time) on the first day of such Interest Accrual Period for loans in U.S. dollars to leading European banks for a period of three months commencing on the first day of such Interest Accrual Period and for a Representative Amount, plus the Margin;

(IV) if the floating rate of interest for an Interest Accrual Period cannot be determined in accordance with the above provisions, such floating rate of interest shall be determined as at the last preceding Floating Interest Determination Date, or, in the case of the first Interest Accrual Period after the Reset Date, the floating rate of interest shall be 5.75 per cent. per annum; and

(V) the following terms used in this paragraph (A) have the following meanings:

"**Loan Notes Agent**" means the agent in respect of the Loan Notes or its duly appointed successor;

"**Reference Banks**" means the principal London office of each of four major banks engaged in the London interbank market selected by the Loan Notes Agent, provided that, once a Reference Bank has been selected by the Loan Notes Agent, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such; and

"**Representative Amount**" means, in relation to any quotation of a rate for which a Representative Amount is relevant, an amount that is representative for a single transaction in the relevant market at the relevant time;

(B) "**Floating Interest Determination Date**" means the second day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets in London, England settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits), before the commencement of the relevant Interest Accrual Period;

(C) "**Margin**" means 3.593 per cent. per annum; and

(D) for the purpose of any Interest Amount, if a Tax Deduction is required by law to be made by the Loan Notes Issuer (in respect of any payment to the Issuer of interest in respect of the Loan Notes Collateral), and it would be unlawful for the Loan Notes Issuer to (I) make such payment free and clear of such Tax Deduction, or (II) pay such additional amount where required to ensure that the Issuer as a holder of the Loan Notes Collateral would have received an amount equal to that which it would have received if no Tax Deduction had been required, such rate of interest will be adjusted by the Calculation Agent to reflect any adjustment made in accordance with Loan Notes Condition 3.4 (*Recalculation of Interest*)

and the adjusted rate of interest will be the quotient of (x) the interest rate which would have applied to that interest payment affected by such Tax Deduction, and (y) one minus the rate at which such Tax Deduction is required to be made (such rate for these purposes to be expressed as a fraction of one). For the purposes hereof, "Tax Deduction" shall have the meaning given to it in the Loan Notes Conditions.

"**Loan Notes Repudiation**" means that the court, administrator or other person or authority administering the bankruptcy, receivership, liquidation or similar proceeding of the Loan Notes Issuer communicates that the Facility Agreement shall not be further performed by the Loan Notes Issuer.

"**Loan Notes Scheduled Maturity Date**" means the Loan Notes Interest Payment Date falling on or nearest to 15 August 2050.

"**Loan Notes Shortfall Amount**" means, in respect of a Failure to Issue, the difference between (i) the Available Commitment as at the close of business on the Business Day prior to the relevant Drawing Date and (ii) the aggregate principal amount of Loan Notes actually issued by the Loan Notes Issuer on such Drawing Date.

"**Manager**" means each of Credit Suisse Securities (Europe) Limited, Citigroup Global Markets Limited, J.P. Morgan Securities plc, Merrill Lynch International and Morgan Stanley & Co. International plc.

"**Managers' Available Proceeds**" means all monies received by the Managers' Trustee (or any receiver appointed by it) in connection with the realisation or enforcement of the Managers' Security.

"**Manager's Claim**" has the meaning given to it in Condition 5(b) (*Managers' Security*).

"**Managers' Secured Parties**" means the Managers, the Managers' Trustee and the Enforcement Agent (to the extent that it has taken any action in connection with the Managers' Security).

"**Managers' Secured Property**" means the assets and contractual rights, including the Managers' Security Rights, in respect of the agreements comprising the property over which the Managers' Security are secured pursuant to the Trust Deed, as described in Condition 5(b) (*Managers' Security*).

"**Managers' Security**" means the security constituted by the Trust Deed in respect of the Notes as described in sub-paragraphs (i), (ii) and (iii) of Condition 5(b) (*Managers' Security*).

"**Managers' Security Rights**" means the Issuer's rights, title and interest relating to the representations and warranties under Clause 4 (*Representations and Warranties*) of the Facility Agreement or the Loan Notes Documentation, in each case provided by the Loan Notes Issuer, and the Loan Notes Issuer's indemnity relating thereto under Clause 8 (*Indemnity*) of the Facility Agreement.

"**Managers' Security Obligations**" means any obligation of the Issuer to make payment to a Manager in respect of a Manager's Claim under the Syndication Agreement or to the Managers' Trustee or the Enforcement Agent pursuant to Condition 17(c) (*Application of Managers' Available Proceeds of Enforcement of Managers' Security*).

"**Managers' Trustee**" means The Bank of New York Mellon, acting through its London branch, as trustee in respect of the Managers' Security.

"**Managers' Trustee Application Date**" means each date on which the Managers' Trustee determines to apply the Managers' Available Proceeds in accordance with these Conditions and the provisions of the Trust Deed.

"**Maturity Date**" means the second Business Day immediately following the Loan Notes Maturity Date.

"**Maximum Commitment**" means, at any time, the maximum aggregate principal amount of (i) Loan Notes that may have been issued and be outstanding and (ii) Relevant Notional Loan Notes in respect of which payments are being made, in each case pursuant to the Facility Agreement, equal to U.S.$700,000,000 and subject to reduction from time to time by the aggregate principal amount of Loan Notes that have been purchased in accordance with Loan Notes Condition 4.4 (*Purchase of Loan Notes*) and Condition 8(g) (*Purchases*).

"**Mortgaged Property**" means:

(i) the Loan Notes Collateral and all property, assets and sums derived therefrom;

(ii) the Demeter Eligible Assets and all property, assets and sums derived therefrom;

(iii) all cash (if any) held by the Issuer in respect of the Series;

(iv) the rights, title and interest of the Issuer under the Facility Agreement and the rights, title and interest of the Issuer in all property, assets and sums derived from the Facility Agreement, but only to the extent they do not relate to the Managers' Security Rights;

(v) the rights, title and interest of the Issuer under the Agency Agreement and the rights, title and interest of the Issuer in all property, assets and sums derived from the Agency Agreement; and

(vi) the rights, title and interest of the Issuer in any other assets, property, income, rights and/or agreements of the Issuer (other than the Issuer's share capital) from time to time charged or assigned or otherwise made subject to the Security created by the Issuer in favour of the Trustee pursuant to the Trust Deed, as the case may be,

in each case securing the Secured Payment Obligations and includes, where the context permits, any part of that Mortgaged Property.

"**Notes Accrued Interest Amount**" has the meaning given to it in Condition 7(b) (*Accrual of Interest and Notes Accrued Interest Amounts*).

"**Note Tax Event**" has the meaning given to it in Condition 8(d)(i) (*Redemption for Taxation Reasons*).

"**Noteholder**" means the person in whose name any Note is registered and "**holder**" (in relation to a Note) shall mean the same.

"**Notes**" means the secured notes issued in accordance with these Conditions.

"**Obligation**" means any obligation of the Issuer for the payment or repayment of borrowed money, which shall include, without limitation, any Note and any other obligation that is in the form of, or represented by, a bond, note, certificated debt security or other debt security and any obligation that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement.

"**Optional Exchange**" means the Loan Notes Issuer's option to exchange some or all of the Loan Notes then outstanding and held by the Issuer for Eligible Assets and, where necessary, cash (in U.S. dollars) in accordance with the Facility Agreement.

"**Original Programme Deed**" means an agreement entered into by the Issuer and other parties the execution of which originally created the Principal Trust Deed, the Agency Agreement and certain other documentation in respect of the Programme.

"**Permitted Reorganisation**" means a consolidation, amalgamation, merger or reconstruction entered into by the Loan Notes Issuer, under which: (i) the whole of the business, undertaking and assets of the Loan Notes Issuer is transferred to, and all the liabilities and obligations of the Loan Notes Issuer are assumed by, the new or surviving entity either (a) automatically by operation of applicable law or (b) by some other means so long as, in relation to the obligations of the Loan Notes Issuer under or in respect of the Loan Notes, all the obligations of the Loan Notes Issuer under the terms of the Loan Notes are so transferred or assumed by agreement, as fully as if the new or surviving entity had been named in the Loan Notes, in place of the Loan Notes Issuer; and, in either case, (ii) the new or surviving entity will immediately after such consolidation, amalgamation, merger or reconstruction be subject to the same regulation and supervision by the same regulatory authority as the regulation and supervision to which the Loan Notes Issuer was subject immediately prior thereto.

"**principal**" shall be deemed to include any premium payable in respect of the Notes, the Final Redemption Amount, any Early Redemption Amount, any Loan Notes Call Redemption Amount and all other amounts in the nature of principal payable pursuant to Conditions 8(b) to 8(e) (*Redemption and Purchase*) and/or Condition 8(f) (*Redemption Following the Occurrence of an Event of Default*).

"**Principal Trust Deed**" means the principal trust deed (i) originally entered into by the Issuer, The Bank of New York Mellon and others by execution of the Original Programme Deed, and (ii) entered into for this Series by the Managers' Trustee and the Enforcement Agent by execution of the Issue Deed.

"**Proceedings**" has the meaning given to it in Condition 27(b) (*Jurisdiction*).

"**Programme**" means a programme for the issuance of secured notes, which programme was established by the Issuer by execution of the Original Programme Deed.

"**Programme Date**" means, in respect of the Issuer and considered as at the Issue Date, the date on which the Issuer and the other parties thereto most recently entered into a Programme Deed to update the Programme.

"**Programme Deed**" means an agreement entered into by the Issuer and other parties on the Programme Date and the execution of which amended and restated the Principal Trust Deed, the Agency Agreement and certain other documentation in respect of the Programme.

"**Prospectus Directive**" means Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU.

"**Qualifying Bank**" means any legal entity acting for its own account which is recognised as a bank by the banking laws in force in its jurisdiction of incorporation, and any branch of a legal entity, which is recognised as a bank by the banking laws in force in the jurisdiction where such branch is situated, and which, in each case, exercises as its main purpose a true banking activity, having bank personnel, premises, communication devices of its own and authority of decision making.

"**Quotation**" has the meaning given to it in each of Condition 13(a)(ii)(B) (*Liquidation Process*), Condition 13(b)(iii)(B) (*Liquidation Process*), Condition 13(c)(iii)(B) (*Liquidation Process*) and Condition 14(b)(ii)(B) (*Liquidation Process following a Liquidation Event*).

"**Quotation Dealer**" means a dealer in obligations of the type for which Quotations are to be obtained, as selected by the Calculation Agent acting in a commercially reasonable manner.

"**Record Date**" has the meaning given to it in Condition 10(a) (*Payments of Principal and Interest*).

"**Register**" has the meaning given to it in Condition 2 (*Form, Specified Denomination and Title*).

"**Registered Notes**" has the meaning given to it in Condition 2 (*Form, Specified Denomination and Title*).

"**Registrar**" has the meaning given to it in the recitals to these Conditions.

"**Relevant Date**" means, in respect of any Note, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the relevant Certificate being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

"**Relevant Noteholder Proportion**" means the Noteholders in respect of which a meeting is convened or in respect of which an Extraordinary Resolution is proposed to be passed by way of Written Resolution or Electronic Consent.

"**Relevant Notional Loan Notes**" means, in connection with a Failure to Issue, a principal amount of Loan Notes equal to the Loan Notes Shortfall Amount.

"**Relevant Notional Loan Notes Amount**" means, in respect of each Loan Notes Interest Payment Date or Loan Notes Deferred Interest Payment Date on which Relevant Notional Loan Notes are outstanding, the amount receivable by, or on behalf of, the Issuer on such date under the Facility Agreement in respect of such Relevant Notional Loan Notes. For the avoidance of doubt, any amounts deferred under the Facility Agreement and in accordance with Loan Notes Condition 3.5 (*Payment of Interest and Deferral of Interest Payments*) shall not constitute a Relevant Notional Loan Notes Amount until such amounts are receivable under a Loan Notes Deferred Interest Payment Date.

"**Relevant Notional Loan Notes Amount Receipt Date**" means any date on which the Relevant Notional Loan Notes Amount receivable in respect of a Loan Notes Interest Payment Date or Loan Notes Deferred Interest Payment Date is received in full by, or on behalf of, the Issuer pursuant to the Facility Agreement.

"**Relevant Portion**" means, with respect to any Loan Notes to be issued to the Issuer on a Drawing Date, a portion of each of the Demeter Eligible Assets (if any), the Demeter Eligible Asset Income (if any) and the Demeter Facility Fees (if any) held by the Issuer on such Drawing Date equal to the quotient of (i) the principal amount of Loan Notes so issued on such Drawing Date, and (ii) the amount of the Available Commitment as at the close of business on the Business Day immediately prior to such Drawing Date, the composition and calculation of which shall be determined by the Calculation Agent.

"**Required Ratings**" has the meaning given to it in Condition 11(d) (*Replacement of Custodian and/or Issuing and Paying Agent upon a Ratings Downgrade*).

"**Reset Date**" means 15 August 2025.

"**Reset Delivery Amount**" means, if any amounts remain unpaid on the Demeter Eligible Assets that were held as at the Drawing Date for such Reset Draw by close of business on the Reset Settlement Cut-off Date, such remaining Demeter Eligible Assets (together with any Demeter Eligible Asset Income and/or any Demeter Facility Fees, in each case, received by the Issuer following the Reset Settlement Cut-off Date).

"**Reset Delivery Obligation**" means an obligation of the Issuer (or the Custodian acting on its behalf and in accordance with the written instructions of the Issuer) to deliver and/or pay to the

Loan Notes Issuer the Reset Delivery Amount by close of business on the second Business Day following the Reset Settlement Cut-off Date.

"**Reset Draw**" means any issue of Loan Notes pursuant to an Automatic Issuance Event resulting from (i) an Election Not to Terminate (as defined in the Facility Agreement) or (ii) an optional redemption of the Loan Notes under Loan Notes Condition 4.3 (*Redemption otherwise at the option of the Issuer*) in respect of which the redemption date is to fall on the Reset Date.

For further information on such events, please refer to the "Overview of the Notes" section above, the "Description of the Facility Agreement" section below and the Loan Notes Documentation appended to the back of this Series Prospectus.

"**Reset Failure to Perform**" means a failure by the Issuer to comply with any Reset Performance Obligation.

"**Reset Failure to Perform Available Amount**" means the cash sums held by or on behalf of the Issuer following the Liquidation of the remaining Demeter Eligible Assets in accordance with Condition 13(c) (*Reset Failure to Perform by the Issuer*), together with any Demeter Eligible Asset Income and Demeter Facility Fees held by the Issuer at that time.

"**Reset Failure to Perform Liquidation Commencement Date**" has the meaning given to it in Condition 13(c)(iii) (*Liquidation Process*).

"**Reset Failure to Perform Notice**" means a notice from the Issuer in writing to the Loan Notes Issuer, the Disposal Agent, the Custodian, the Trustee and the Noteholders of the occurrence of a Reset Failure to Perform.

"**Reset Failure to Perform Payment Amount**" means the sum of (i) the proceeds of Liquidation of the remaining Demeter Eligible Assets then held by the Issuer as at the Reset Failure to Perform Liquidation Commencement Date, (ii) the Demeter Eligible Asset Income held by the Issuer as at the related Facility Agreement Settlement Date (if any) and (iii) the Demeter Facility Fees held by the Issuer as at the related Facility Agreement Settlement Date (if any).

"**Reset Payment Amount**" means the amount payable in respect of a Reset Payment Obligation in respect of a particular day.

"**Reset Payment Obligation**" means an obligation of the Issuer to pay to the Loan Notes Issuer, on each Business Day during the period commencing on (and including) the Reset Date to (and including) the Reset Settlement Cut-off Date, the Relevant Portion of the Demeter Eligible Asset Income (if any, which shall include any amounts falling due from the Eligible Assets Obligor on the Reset Date) and Demeter Facility Fees (if any) held by the Issuer as at the open of business on such Business Day.

"**Reset Performance Obligation**" means each Reset Payment Obligation and the Reset Delivery Obligation.

"**Reset Settlement Cut-off Date**" means the tenth Business Day after the Reset Date.

"**Residual Amount**" means, with respect to an application of Available Proceeds or Managers' Available Proceeds, as applicable, all remaining proceeds (if any) after the application of the Available Proceeds or Managers' Available Proceeds, as applicable, to satisfy the payments set out in Condition 17(a)(i) to (vi) (*Application of Available Proceeds of Liquidation or Failure to Issue Residual Amounts*), in Condition 17(b)(i) to (vi) (*Application of Available Proceeds of Enforcement of Security*) or in Condition 17(c)(i) to (iv) (*Application of Managers' Available Proceeds of Enforcement of Managers' Security*), as applicable.

"**Resolved**" has the meaning given to it in the ISDA Credit Derivatives Definitions.

"**Sanctions**" means any sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, any other agency of the US Government, the United Nations, the European Union, Her Majesty's Treasury or any other relevant governmental authority.

"**Secured Creditor**" means each person that is entitled to the benefit of Secured Payment Obligations (including, for the avoidance of doubt, the Loan Notes Issuer).

"**Secured Payment Obligations**" means (i) the Facility Agreement Secured Claims and (ii) the payment obligations of the Issuer under the Trust Deed and each Note, together with any obligation of the Issuer to make payment to the Disposal Agent or any other Agent pursuant to Condition 17(a) (*Application of Available Proceeds of Liquidation or Failure to Issue Residual Amounts*) or Condition 17(b) (*Application of Available Proceeds of Enforcement of Security*), as the case may be.

"**Security**" means the security constituted by the Trust Deed in respect of the Notes described in Condition 5(a) (*Security*).

"**Settlement Date**" means, in respect of an issue of Loan Notes (other than in respect of a Reset Draw), the date on which the Issuer delivers the Relevant Portion of each of the Demeter Eligible Assets, the Demeter Eligible Asset Income (if any) and the Demeter Facility Fees (if any) to the Loan Notes Issuer.

"**Special Quorum**" has the meaning given to it in Condition 21(a) (*Meetings of Noteholders*).

"**Specified Currency**" means U.S.$, being the currency in which the Notes are denominated.

"**Specified Date**" has the meaning given to it in Condition 7(b) (*Accrual of Interest and Notes Accrued Interest Amounts*).

"**Specified Denomination**" has the meaning given to it in Condition 2 (*Form, Specified Denomination and Title*).

"**Specified Office**" means, in relation to an Agent, the office identified with its name in these Conditions or any other office approved by the Trustee and notified to the Noteholders in accordance with the Principal Trust Deed.

"**Standard & Poor's**" means Standard & Poor's Credit Market Services Europe Limited, established in the European Union and registered under Regulation (EC) 1060/2009 on credit rating agencies.

"**Syndication Agreement**" has the meaning given to it in the recitals to these Conditions.

"**Target Liquidation Period**" has the meaning given to it in each of Condition 13(a)(ii)(B) (*Liquidation Process*), Condition 13(b)(iii)(B) (*Liquidation Process*), Condition 13(c)(iii)(B) (*Liquidation Process*) and Condition 14(b)(ii)(A) (*Liquidation Process following a Liquidation Event*).

"**Tax Event**" has the meaning given to it in Condition 8(d) (*Redemption for Taxation Reasons*).

"**Transaction Document**" means, in respect of the Notes, each of the Trust Deed, the Issue Deed, the Agency Agreement, the Programme Deed, the Syndication Agreement and the Facility Agreement.

"**Transaction Party**" means each party to a Transaction Document (excluding the Programme Deed) other than the Issuer, and any other person specified as a Transaction Party in the Issue Deed.

"**Transfer Agents**" has the meaning given to it in the recitals to these Conditions.

"**Trust Deed**" means the Principal Trust Deed together with the provisions of the Issue Deed which are expressed therein as forming part of the Trust Deed.

"**Trustee**" means The Bank of New York Mellon, London Branch as initial trustee, but which definition shall include all persons for the time being acting as the trustee or trustees under the Trust Deed.

"**Trustee Application Date**" means each date on which the Trustee determines to apply the Available Proceeds in accordance with these Conditions and the provisions of the Trust Deed.

"**Underlying Interest Amount**" means, on any Underlying Interest Amount Receipt Date, the sum of (i) any Demeter Eligible Asset Amount, (ii) any Loan Notes Interest Amount, (iii) any Facility Fees Amount and (iv) any Relevant Notional Loan Notes Amount.

"**Underlying Interest Amount Receipt Date**" means the date (since the immediately preceding Underlying Interest Amount Receipt Date or, if there is no such preceding Underlying Interest Amount Receipt Date, the Issue Date) on which the latest of each of (i) a Loan Notes Interest Amount Receipt Date, (ii) a Demeter Eligible Asset Amount Receipt Date, (iii) a Facility Fees Amount Receipt Date and (iv) a Relevant Notional Loan Notes Amount Receipt Date has occurred, provided that:

(A) where the Available Commitment equals the Maximum Commitment there shall be no Loan Notes Interest Amount Receipt Date or Relevant Notional Loan Notes Amount Receipt Date;

(B) where the Available Commitment equals zero, there shall be no Demeter Eligible Asset Amount Receipt Date or Facility Fees Amount Receipt Date and any Demeter Eligible Asset Amount Receipt Date or Facility Fees Amount Receipt Date that has occurred since the last Underlying Interest Amount Receipt Date or, if there is no preceding Underlying Interest Amount Receipt Date, the Issue Date shall be disregarded;

(C) where Loan Notes are issued by the Loan Notes Issuer after the Loan Notes Interest Payment Date in respect of that Interest Accrual Period, there may be more than one Loan Notes Interest Amount Receipt Date and the Underlying Interest Amount Receipt Date shall be the later of (i) the Relevant Notional Loan Notes Amount Receipt Date (if any Relevant Notional Loan Notes are outstanding at such time) and (ii) the latest of the Loan Notes Interest Amount Receipt Dates after which no further interest amounts in respect of the Loan Notes then held by the Issuer shall be due in respect of such Interest Accrual Period; and

(D) where there are no Relevant Notional Loan Notes outstanding, there shall be no Relevant Notional Loan Notes Receipt Date.

"**Underlying Tax Event**" has the meaning given to it in Condition 8(d)(i) (*Redemption for Taxation Reasons*).

"**Written Resolution**" has the meaning given to it in Condition 21(a) (*Meetings of Noteholders*).

(b) Interpretation

With respect to the Notes, references to the Principal Trust Deed and the Agency Agreement, as the case may be, are to those documents as amended or supplemented from time to time (whether by way of any supplements to, or amendment and restatements of, the Original Programme Deed, as the case may be, or otherwise) in relation to the Programme as they stand as of 13 November 2015 (the "**Issue Date**" with respect to the Notes) (including any amendments or supplements made with respect only to the Notes in the Issue Deed) and thereafter, together with references to the Syndication Agreement and the Facility Agreement, are to those documents as they may then be subsequently amended, supplemented or replaced in respect of the Notes as permitted by these Conditions and the Trust Deed with respect to the Notes. Notwithstanding the foregoing, where one or more further Tranches of Notes are issued in accordance with Condition 23 (*Further Issues*) so as to be consolidated and form a single series with the Notes, the reference to Issue Date in this paragraph and in the rest of the Conditions shall be to the Issue Date of the first Tranche of Notes.

For the avoidance of doubt, any references in these Conditions to any assets forming part of the Mortgaged Property being "held" by the Issuer shall be construed as including any such assets in respect of which the Issuer has a beneficial ownership interest.

2 Form, Specified Denomination and Title

The Notes issued pursuant to these Conditions constitute a series ("**Series**") issued pursuant to the Programme.

The Notes are issued in registered form ("**Registered Notes**") with a specified denomination of not less than U.S.$200,000 or in integral multiples of U.S.$1,000 in excess thereof (the "**Specified Denomination**").

The Notes are represented by registered certificates ("**Certificates**") and each Certificate shall represent the entire holding of Notes by the same holder.

Title to the Notes shall pass by registration in the register that the Issuer shall procure will be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of the related Certificate, and no person shall be liable for so treating the holder.

3 No Exchange of Notes and Transfers of Notes

(a) No Exchange of Notes

The Notes are Registered Notes and may not be exchanged for bearer Notes.

(b) Transfers of Notes

One or more Notes may be transferred upon the surrender (at the Specified Office of the Registrar or any Transfer Agent) of the Certificate representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed, and any such other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect

of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be subject to and effected in accordance with the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

See "Form of the Notes" for a summary of the provisions relating to the Notes while in global form.

(c) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 3(b) (*Transfers of Notes*) shall be available for delivery within three business days of the surrender of the relevant Certificate together with the relevant form of transfer and relevant evidence required by the Registrar or Transfer Agent. Delivery of the new Certificate(s) shall be made at the Specified Office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 3(c), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the Specified Office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) Transfers Free of Charge

Transfers of Notes and Certificates pursuant to Condition 3(b) (*Transfers of Notes*) shall be effected without charge by or on behalf of the Issuer, the Registrar or the relevant Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) Closed Periods

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on the Loan Notes Call Redemption Date or the Maturity Date; (ii) after the occurrence of any Early Redemption Commencement Date and/or any Liquidation Event in relation to such Note; or (iii) during the period of seven days ending on (and including) any Record Date.

4 Constitution, Status and Assets

(a) Constitution and Status of Notes

The Notes are constituted and secured by the Trust Deed. The Notes are secured, limited recourse obligations of the Issuer, at all times ranking *pari passu* and without any preference among themselves, secured in the manner described in Condition 5 (*Security*) and recourse in respect of which is limited in the manner described in Conditions 17 (*Application of Available Proceeds, Failure to Issue Residual Amounts or Managers' Available Proceeds*), 18 (*Enforcement of Rights or Security*) and 19(a) (*General Limited Recourse*).

(b) Loan Notes Collateral and Demeter Eligible Assets

In connection with the issue of the Notes and its entry into the Facility Agreement, the Issuer will acquire rights, title and/or interest in and to the Initial Demeter Eligible Assets on the Issue Date. Pursuant to the Facility Agreement, the Issuer may be required to take delivery of Loan Notes

from time to time prior to the Reset Date in exchange for, *inter alia*, certain of the Demeter Eligible Assets at that time. In addition, to the extent that the Loan Notes Issuer effects an Optional Exchange pursuant to the Facility Agreement, then the Issuer shall be required to deliver back Loan Notes that have been requested by the Loan Notes Issuer for redemption in exchange, by way of consideration, for Eligible Assets and, where necessary, cash (in U.S. dollars). Security will be granted by the Issuer over any such Loan Notes Collateral and Demeter Eligible Assets in the manner set out in Condition 5 (*Security*). Any Loan Notes of the Issuer will be held by the Custodian on behalf of the Issuer subject to the provisions of Loan Notes Condition 1 (*Form, Denomination and Transfer*). The Demeter Eligible Assets will be held by or on behalf of the Issuer in accordance with the Agency Agreement and subject to the provisions of the Trust Deed.

(c) Payments in respect of the Notes linked to the Loan Notes Collateral, the Demeter Eligible Assets and the Facility Agreement

At any time payments of principal and interest in respect of the Notes will be linked to (i) payments of principal and interest in respect of the Loan Notes (if any), (ii) payments in respect of the Demeter Eligible Assets (if any) and (iii) payments of Demeter Facility Fees (if any) in respect of the Facility Agreement. Any event that permits or requires the Loan Notes Issuer not to make all or part of any scheduled payment in respect of Loan Notes or Facility Fees, or to delay any such scheduled payments, may result in corresponding delays to the interest and/or principal payable in respect of the Notes. Further, to the extent that any scheduled payment on any of the Loan Notes or Demeter Eligible Assets, or under the Facility Agreement, is not made to the Issuer when due, such event will result in a corresponding delay to the interest and/or principal payable in respect of the Notes and could result in a reduction of such amounts.

5 Security

(a) Security

The Secured Payment Obligations are secured in favour of the Trustee on trust for the benefit of itself and the other Secured Creditors (which, for the avoidance of doubt, includes the Loan Notes Issuer and the Noteholders), pursuant to the Trust Deed, by:

(i) a first fixed charge over the Loan Notes Collateral and all property, assets and sums derived therefrom (from time to time);

(ii) a first fixed charge over the Demeter Eligible Assets and all property, assets and sums derived therefrom including, for the avoidance of doubt, any Demeter Eligible Asset Income (from time to time);

(iii) an assignment by way of security of the Issuer's rights, title and interest attaching or relating to the Loan Notes Collateral and/or Demeter Eligible Assets and all property, sums or assets derived therefrom, including, without limitation, any right to delivery thereof or to an equivalent number or nominal value thereof which arises in connection with any such assets being held in a clearing system or through a financial intermediary;

(iv) an assignment by way of security of the Issuer's rights, title and interest under the Facility Agreement, but only to the extent they do not relate to the Managers' Security Rights;

(v) a first fixed charge over all proceeds of, income from, and sums arising from enforcement of any claim under the Facility Agreement including, for the avoidance of doubt, any Demeter Facility Fees, but only to the extent any such proceeds, income and/or sums do not relate to the Managers' Security Rights;

(vi) an assignment by way of security of the Issuer's rights, title and interest against the Custodian, to the extent that they relate to the Loan Notes Collateral, Demeter Eligible Assets, Demeter Eligible Asset Income, Demeter Facility Fees and/or the Notes;

(vii) an assignment by way of security of the Issuer's rights, title and interest under the Agency Agreement, to the extent they relate to the Loan Notes Collateral, Demeter Eligible Assets, Demeter Eligible Asset Income, Demeter Facility Fees and/or the Notes;

(viii) an assignment by way of security of the Issuer's rights, title and interest under the Agency Agreement, to the extent that they relate to any assets held by the Custodian in respect of the Notes;

(ix) an assignment by way of security over the Issuer's rights, title and interest under the Trust Deed, to the extent they relate to the appointment of the Enforcement Agent as the Issuer's agent in connection with the rights and assets of the Issuer referred to in paragraphs (i) to (viii) above;

(x) an assignment by way of security of the Issuer's rights, title and interest against the Disposal Agent under the terms of the Agency Agreement (or any other agreement entered into between the Issuer and the Disposal Agent) to the extent that such rights relate to the Loan Notes Collateral, Demeter Eligible Assets, Demeter Eligible Asset Income, Demeter Facility Fees and/or the Notes;

(xi) a first fixed charge over all sums held or received by the Issuing and Paying Agent, the Custodian and/or the Enforcement Agent to meet payments due in respect of any Secured Payment Obligation (including, for the avoidance of doubt, any Demeter Eligible Asset Income and/or any Demeter Facility Fees);

(xii) a first fixed charge over all property, sums and assets held or received by the Disposal Agent relating to the Transaction Documents and the Loan Notes Collateral, Demeter Eligible Assets, Demeter Eligible Asset Income and/or Demeter Facility Fees; and

(xiii) an assignment by way of security of the Issuer's rights, title and interest against Credit Suisse Securities (Europe) Limited, as vendor of the Initial Demeter Eligible Assets, under the terms of the Issue Deed.

Notwithstanding the above, investors should note that where any Loan Notes Collateral, Demeter Eligible Assets and/or any property, sums and assets derived therefrom are held by the Custodian in book-entry form, the security interests granted in respect of the same might, as a result of such book-entry holding, take the form only of a security interest over the Issuer's rights against the Custodian in respect of such Loan Notes Collateral, Demeter Eligible Assets and/or property, sums and assets, as the case may be, rather than a charge over such Loan Notes Collateral, Demeter Eligible Assets and/or property, sums and assets derived therefrom themselves.

Certain of the assets being the subject of the Security shall be released automatically, without the need for any notice or other formalities, to the extent required for the Issuer to be able to duly make any payment or delivery in respect of the Notes and/or the other Transaction Documents which is due and payable or deliverable, or in connection with the purchase of Notes or as otherwise provided for under these Conditions or the relevant Transaction Documents. In particular, if Loan Notes are to be issued in accordance with the Facility Agreement or an Optional Exchange is to occur with respect to any Loan Notes, the Issuer shall be required to transfer to the Loan Notes Issuer (i) in respect of an issue of Loan Notes, the Relevant Portion of Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) or (ii) in respect of an Optional Exchange, the requested Loan Notes, and in each case such assets shall be automatically released from the Security.

Noteholders should be aware that as a result of the Loan Notes Issuer's rights under the Facility Agreement and the operation of Conditions 13 (*Demeter Eligible Assets Liquidation*) and 17 (*Application of Available Proceeds, Failure to Issue Residual Amounts or Managers' Available Proceeds*), the Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) forming part of the Mortgaged Property that is the subject of the Security will, except where a Loan Notes Bankruptcy Enforcement Event has occurred or a Failure to Issue Residual Amount exists after payment to the Loan Notes Issuer of a Failure to Issue Payment Amount, be exclusively for the benefit of the Loan Notes Issuer and no other Secured Creditor to the extent that the Loan Notes Issuer wishes to, or is required under the Facility Agreement to, issue Loan Notes to the Issuer. As such, Noteholders can not directly benefit from any potential increase in the value of Demeter Eligible Assets other than in the limited circumstances as described above. Any claim of the Loan Notes Issuer against the Issuer in respect of the Facility Agreement Secured Claims shall never exceed the related Failure to Issue Payment Amount, Failure to Deliver Payment Amount or Reset Failure to Perform Payment Amount, as applicable.

The Loan Notes Issuer shall cease to be a Secured Creditor with effect from the earliest date after the Issue Date on which any outstanding Facility Agreement Secured Claims are satisfied and no further Facility Agreement Secured Claims may thereafter arise, such date being the earlier to occur of (i) the date on which the Issuer no longer beneficially owns, in accordance with the Facility Agreement, any Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) and no further Optional Exchange may be requested by the Loan Notes Issuer and (ii) the delivery by the Issuer of an Enforcement Entitlement Notice in respect of a Loan Notes Bankruptcy Enforcement Event.

(b) Managers' Security

Pursuant to the Trust Deed, the Managers' Security Obligations are secured in favour of the Managers' Trustee for the benefit of itself, the Managers and the Enforcement Agent by:

(i) an assignment by way of security of the Issuer's rights, title and interest under the Facility Agreement, but only to the extent they relate to the Managers' Security Rights and all sums and assets derived therefrom;

(ii) a first fixed charge over all proceeds of, income from, and sums arising from, the enforcement of any claim under the Facility Agreement, but only to the extent they relate to the Managers' Security Rights; and

(iii) an assignment by way of security of the Issuer's rights, title and interest under the Trust Deed to the extent they relate to the appointment of the Enforcement Agent as the Issuer's agent in connection with the rights and assets referred to in paragraphs (i) and (ii) above.

The Managers' Security is granted as continuing security in respect of (i) any claim a Manager may have (a "**Manager's Claim**") against the Issuer under the Syndication Agreement arising from any representation, warranty, covenant or agreement given therein by the Issuer regarding the Loan Notes Collateral, the Loan Notes Issuer, the Loan Notes Documentation and the Investor Presentation Materials prepared by the Loan Notes Issuer in respect of the Loan Notes and (ii) certain fees, costs, remuneration, charges, expenses and liabilities of the Managers' Trustee and the Enforcement Agent (if any) relating to their respective functions under the Trust Deed in connection with the Managers' Security.

No person other than the Managers' Secured Parties shall have any interest in the Managers' Security and the Managers' Security shall not form part of the Mortgaged Property. If the

Managers' Security becomes enforceable, the Security for the Notes shall not consequently become enforceable and the Notes shall not be affected thereby and shall accordingly remain outstanding.

Each Managers' Secured Party (when acting in such capacity), in respect of the Managers' Security, is subject to limited recourse provisions as described in Condition 19 (*Limited Recourse and Non-Petition*) in respect of the Managers' Secured Property, in accordance with the provisions of the Syndication Agreement and the Trust Deed in relation to the Notes, as applicable.

None of the Managers nor the Managers' Trustee (when acting in such capacity) are permitted to take any action against the Loan Notes Issuer or to enforce any claim that the Issuer may have against the Loan Notes Issuer in respect of the Loan Notes Collateral or the Facility Agreement or otherwise whether before, upon or after the Managers' Security becomes enforceable. The Managers' Secured Parties must rely on similar (but not identical) rights to those of the Noteholders, including a right of consultation and agreement with the Issuer (or, where applicable, the Enforcement Agent acting as agent of the Issuer) in relation to any such action or enforcement of any such claim and/or a right to remove the Managers' Trustee, in each case in accordance with the provisions of the Trust Deed in relation to the Notes.

For the avoidance of doubt, (i) the assignment by way of security in favour of the Trustee of the Issuer's rights, title and interest under the Facility Agreement (but only to the extent they do not relate to Managers' Security Rights), and (ii) the first fixed charge in favour of the Trustee of all proceeds from, income from, and sums arising from enforcement of any claim under the Facility Agreement (but only to the extent they do not relate to Managers' Security Rights), shall, in each case, form part of the Mortgaged Property and not the Managers' Secured Property.

(c) Issuer's Rights as Beneficial Owner of the Mortgaged Property

Prior to the Trustee effectively giving a valid Enforcement Notice to the Issuer (copied to the Custodian, the Enforcement Agent and any Disposal Agent appointed at that time), the Issuer may, with the prior written consent of the Trustee or with the sanction of an Extraordinary Resolution (unless it relates to taking action or exercising rights in respect of the Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) or Demeter Facility Fees (if any) in accordance with paragraph (iii) below prior to a Loan Notes Bankruptcy Enforcement Event, in which case, for so long as the Loan Notes Issuer remains a Secured Creditor, the prior written consent of the Loan Notes Issuer will be required for that purpose instead of the sanction of an Extraordinary Resolution) or, where applicable, as provided for or contemplated in these Conditions or any Transaction Document (including the Facility Agreement) without the requirement for any such consent:

(i) take such action in relation to the Mortgaged Property other than Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) or Demeter Facility Fees (if any) as it may think expedient (including to direct the Enforcement Agent to enforce the terms of the Loan Notes Collateral as contemplated thereby, or its rights, title and interest under the Facility Agreement (to the extent such rights, title and interest do not relate to the Managers' Security Rights));

(ii) exercise any rights incidental to the ownership of the Mortgaged Property other than Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) or Demeter Facility Fees (if any) and, in particular (but without limitation and without responsibility for their exercise), any voting rights in respect of such property and all rights to enforce any ownership interests in respect of such property; and

(iii) take such action in relation to the Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) or Demeter Facility Fees (if any) as it may think expedient and exercise any rights incidental to the ownership of the Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) or Demeter Facility Fees (if any) and, in particular (but without limitation and without responsibility for their exercise), any voting rights in respect of such property and all rights to enforce any ownership interests in respect of such property.

The Issuer will not exercise any rights with respect to Mortgaged Property unless it has the relevant consent or sanction referred to above, or is acting in accordance with the Conditions or any Transaction Document and, if such consent or sanction is given, the Issuer will act only in accordance with such consent or sanction or, if it is acting in accordance with the Conditions or any Transaction Document, the Issuer will only act in accordance with the provisions of such Condition or Transaction Document.

Notwithstanding the foregoing, the Issuer shall use reasonable endeavours to exercise any rights that may arise for any holder of a Loan Note pursuant to Loan Notes Condition 10 (*Enforcement*).

(d) Issuer's Rights as Party to the Facility Agreement

The Issuer shall in good faith consult with the Managers to agree the manner in which the Issuer will exercise any of the Managers' Security Rights under the Facility Agreement, being the subject matter of the Managers' Security and shall (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) act in accordance with any such agreement.

(e) Disposal Agent's Right Following Liquidation Event, Failure to Issue, Failure to Deliver and Failure to Perform

Notwithstanding the above, following the effective delivery of a valid Liquidation Commencement Notice, Failure to Issue Notice, Failure to Deliver Notice or Reset Failure to Perform Notice to the Disposal Agent (copied to each of the other Transaction Parties), the Disposal Agent on behalf of the Issuer shall have the right to undertake any action as contemplated by these Conditions and the Agency Agreement as it considers appropriate, and any actions in furtherance thereof or ancillary thereto as they relate to the relevant Mortgaged Property, without requiring any sanction referred to therein. Pursuant to the terms of the Trust Deed, upon the effective delivery of a valid Liquidation Commencement Notice, Failure to Issue Notice, Failure to Deliver Notice or Reset Failure to Perform Notice to the Disposal Agent the Security described in Condition 5(a) (*Security*) will automatically be released without further action on the part of the Trustee to the extent necessary for the Disposal Agent to effect the Liquidation of the relevant Mortgaged Property, provided that nothing in this Condition 5(e) will operate to release the charges and other security interests over the proceeds of the Liquidation of the Mortgaged Property or over any Mortgaged Property not subject to such Liquidation.

6 Restrictions

So long as any Note remains outstanding, the Issuer shall not, without the prior consent in writing of the Trustee, but subject to the provisions of Condition 14 (*Liquidation*):

(a) engage in any business other than the issuance or entry into of Obligations, the entry into of related agreements and transactions and the performing of acts incidental thereto or necessary in connection therewith, and provided that:

(i) such Obligations are secured on assets of the Issuer other than the Issuer's share capital and any assets securing any other Obligations (other than Equivalent Obligations); and

(ii) such Obligations and any related agreements contain provisions that limit the recourse of any holder of, or counterparty to, such Obligations and of any party to any related agreement to assets other than those to which any other Obligations (other than Equivalent Obligations) have recourse;

(b) sell, transfer or otherwise dispose of any of the Mortgaged Property or any right or interest therein or create any mortgage, charge or other security or right of recourse in respect thereof;

(c) cause or permit the priority of the Security created by the Trust Deed to be amended, terminated or discharged;

(d) release any party to the Trust Deed or the Issue Deed from any existing obligations thereunder;

(e) have any subsidiaries;

(f) consent to any variation of, or exercise any powers of consent or waiver pursuant to, the terms of these Conditions, the Trust Deed, the Issue Deed or any other Transaction Document;

(g) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any person;

(h) have any employees;

(i) issue any shares (other than such shares as are in issue at the date hereof) or make any distribution to its shareholders (other than in relation to the above-mentioned shares already in issue at the date hereof);

(j) open or have any interest in any account with a bank or financial institution unless (i) such account relates to the issuance or entry into of Obligations and such Obligations have the benefit of security over the Issuer's interest in such account or (ii) such account is opened in connection with the administration and management of the Issuer and only moneys necessary for that purpose are credited to it;

(k) declare any dividends;

(l) purchase, own, lease or otherwise acquire any real property (including office premises or like facilities);

(m) guarantee, act as surety for or become obligated for the debts of any other entity or person or enter into any agreement with any other entity or person whereby it agrees to satisfy the obligations of such entity or person or any other entity or person;

(n) acquire any securities or shareholdings whatsoever from its shareholders or enter into any agreements whereby it would be acquiring the obligations and/or liabilities of its shareholders;

(o) except as required in connection with the issuance or entry into of Obligations, advance or lend any of its moneys or assets, including but not limited to the Mortgaged Property, to any other entity or person; or

(p) approve, sanction or propose any amendment to its constitutional documents,

and in each case except as provided for or contemplated in these Conditions or any Transaction Document.

7 Interest

(a) Interest on the Notes

Each Note bears interest on its outstanding nominal amount at the relevant Loan Notes Rate of Interest in respect of the relevant Interest Accrual Period from (and including) the Interest Commencement Date to (but excluding) the Loan Notes Maturity Date. The Loan Notes Rate of Interest in respect of the Initial Interest Period is a fixed rate of interest and, thereafter, is a floating rate of interest.

Interest shall be payable on the Notes in arrear on each Interest Payment Date in respect of the relevant Interest Accrual Period. Subject to Condition 7(c) (*Deferral or Delay of Interest Amounts*) and Condition 9 (*Calculations, Rounding and Business Day Convention*), for each Interest Payment Date on which a Note is outstanding, the relevant Interest Amount shall be due and payable in respect of the relevant Note on such Interest Payment Date.

For the avoidance of doubt, the Issuer will only be obliged to pay an Interest Amount on the Notes if it actually receives the corresponding Underlying Interest Amount under the Loan Notes Collateral, the Demeter Eligible Assets and/or under the Facility Agreement, as applicable, and in no event shall Noteholders at any time be entitled to any Interest Amounts in excess of their *pro rata* share of the Underlying Interest Amount and assuming that no Swiss Withholding Tax (as defined in the Loan Notes Conditions) is deducted on any payments under the Loan Notes, the Demeter Eligible Assets and/or the Facility Agreement.

(b) Accrual of Interest and Notes Accrued Interest Amounts

Subject to the remaining provisions of this Condition 7(b), interest shall cease to accrue on each Note from the end of the day preceding the date on which the final Interest Accrual Period is stated to end.

If, as a result of the Loan Notes Issuer failing to redeem any Loan Notes in accordance with the Loan Notes Conditions, the Issuer is entitled to receive an amount of accrued interest pursuant to Loan Note Condition 3.3 (*Interest Accrual*) (such aggregate amount, the "**Loan Notes Accrued Interest Amount**"), then an amount shall become payable on each Note equal to such Note's *pro rata* share of the Loan Notes Accrued Interest Amount (each such amount, a "**Notes Accrued Interest Amount**") on the Business Day immediately following the day on which the Issuer has received such Loan Notes Accrued Interest Amount.

If, upon due presentation of a Note, payment of the full amount of principal and/or interest due on such due date for redemption is improperly withheld or refused at a time when the Issuer has received equivalent amounts on the Loan Notes (the "**Specified Date**"), interest will accrue daily on the unpaid amount of principal and/or interest (after as well as before judgment) from, and including, the Specified Date to, but excluding, the Relevant Date at the overnight rate for deposits in U.S.$ as determined by the Calculation Agent in a commercially reasonable manner. Such overnight rate of interest (the "**Default Interest**") shall be compounded daily with respect to the overdue sum at the above rate.

(c) Deferral or Delay of Interest Amounts

Under the terms of the Loan Notes Conditions and/or the Facility Agreement, in certain circumstances the Loan Notes Issuer may elect to, or be required to, defer payments of interest on any Loan Notes Collateral and/or Facility Fees. Any such deferral, or any other event that causes the Loan Notes Issuer or the Eligible Assets Obligor not to make all or part of any payments on the Loan Notes Collateral, the Demeter Eligible Assets and/or under the Facility Agreement, as applicable, by the date due for such payment may result in a corresponding delay in respect of the Interest Amount payable on the Notes.

For further details on the circumstances in which such deferrals may occur, see the "Description of the Facility Agreement" section below and the Information Memorandum in respect of the Loan

Notes that is appended to this Series Prospectus and which contains the Loan Notes Conditions for such Loan Notes.

8 Redemption and Purchase

(a) Final Redemption

Provided that no Loan Notes Call Redemption Date, Early Redemption Commencement Date or Early Redemption Date has occurred pursuant to any other Condition in respect of the Notes, each Note shall become due and payable on the Maturity Date at its Final Redemption Amount.

(b) Redemption Following a Loan Notes Call

(i) Provided that no Early Redemption Commencement Date or Early Redemption Date has occurred pursuant to any other Condition (which, for the avoidance of doubt, may have occurred separately pursuant to one or more Conditions), if a Loan Notes Call occurs with respect to the Loan Notes (the date on which the Issuer receives notice of such Loan Notes Call pursuant to Loan Notes Condition 4.2 (*Optional redemption upon the occurrence of certain events*) or Loan Notes Condition 4.3 (*Redemption otherwise at the option of the Issuer*) being the "**Loan Notes Call Notification Date**"), then:

(A) as soon as reasonably practicable, and in any event within the period of five Business Days commencing on (and including) the Loan Notes Call Notification Date, the Issuer (or the Issuing and Paying Agent on its behalf, having been supplied by the Issuer or the Calculation Agent with the relevant notice) will give a notice to the Noteholders (copied to the Issuing and Paying Agent and the Trustee, as applicable) of the occurrence of the Loan Notes Call, including a description in reasonable detail of the facts relevant to such event; and

(B) each Note shall become due and payable at an amount (the "**Loan Notes Call Redemption Amount**") equal to such Note's *pro rata* share of the related Loan Notes Call Amount on the second Business Day immediately following the later of (I) the earliest date upon which (x) the Available Commitment has been reduced to zero and (y) all of the Loan Notes outstanding (including, for the avoidance of doubt, any Relevant Notional Loan Notes) have become redeemable in whole following the occurrence of a Loan Notes Call and (II) the date on which the Issuer (or the Custodian on its behalf) has provided the Calculation Agent with all information required in respect of the Loan Notes Call Amount in order to enable the Calculation Agent to determine the related amounts payable in respect of each Note (the "**Loan Notes Call Redemption Date**"), irrespective of whether the event(s) giving rise to such Loan Notes Call are then continuing.

(ii) Notwithstanding any provision to the contrary, if at any time following a Loan Notes Call Notification Date, but prior to the consequential redemption of the Notes pursuant to this Condition 8(b), a Loan Notes Event occurs, then the Issuer shall give notice of an Early Redemption Date pursuant to Condition 8(c) (*Redemption Following a Loan Notes Event*), the Notes shall be redeemed pursuant to the provisions of Condition 8(c) (*Redemption Following a Loan Notes Event*) and any notice of redemption given pursuant to this Condition 8(b) shall be deemed to be void.

(iii) For the avoidance of doubt, none of the Issuer, the Trustee, the Disposal Agent, the Custodian, the Issuing and Paying Agent or the Calculation Agent shall be required to monitor, enquire or satisfy itself as to whether any Loan Notes Call has occurred. None of the Trustee, the Custodian or the Calculation Agent shall have any obligation, responsibility

or liability for giving or not giving any notice thereof to the Issuer or any Secured Creditor. If the Issuer effectively gives a notice to the Trustee of the occurrence of a Loan Notes Call, the Trustee shall be entitled to rely conclusively on such notice without further investigation.

(c) Redemption Following a Loan Notes Event

(i) If the Calculation Agent determines that a Loan Notes Event has occurred with respect to the Loan Notes Collateral and gives notice of such determination (including a description in reasonable detail of the facts relevant to such determination) to the Issuer (copied to the Issuing and Paying Agent, the Custodian and the Trustee) (the date of such determination being the "**Early Redemption Commencement Date**" for the purposes of this paragraph), then:

(A) on the related Enforcement Commencement Date (as determined in accordance with Condition 15 (*Enforcement of Security*)), the Issuer (or the Issuing and Paying Agent on its behalf, having been supplied by the Issuer or the Calculation Agent with the relevant Early Redemption Notice) will give an Early Redemption Notice to the Noteholders (which shall include a description in reasonable detail of the facts relevant to the determination of such Loan Notes Event either by inclusion of a copy of the notice delivered by the Calculation Agent with respect to the Early Redemption Commencement Date or a description of the information provided therein); and

(B) each Note shall become due and payable on the related Early Redemption Date at its Early Redemption Amount (and there will be no separate payment of any unpaid accrued interest thereon), irrespective of whether the relevant Loan Notes Event is continuing.

(ii) Notwithstanding any provision to the contrary, if at any time prior to the redemption of the Notes pursuant to any of Condition 8(b) (*Redemption Following a Loan Notes Call*), 8(d) (*Redemption for Taxation Reasons*) or 8(e) (*Redemption Following an Illegality Event*), (A) a Loan Notes Event occurs; and (B) (I) following the occurrence of a Liquidation Event, the Issuer, or the Disposal Agent on the Issuer's behalf, has not entered into any binding agreement to effect a Liquidation of any Loan Notes Collateral, Demeter Eligible Assets and/or rights under the Facility Agreement, and (II) neither the Trustee nor the Enforcement Agent has enforced the Security, then, in each case, the Issuer shall give notice of an Early Redemption Date pursuant to this Condition 8(c), the Notes shall be redeemed pursuant to the provisions of this Condition 8(c) and any notice of redemption given pursuant to Condition 8(b) (*Redemption Following a Loan Notes Call*), 8(d) (*Redemption for Taxation Reasons*) or 8(e) (*Redemption Following an Illegality Event*) shall be deemed to be void.

(iii) For the avoidance of doubt, none of the Issuer, the Trustee, the Disposal Agent, the Custodian, the Issuing and Paying Agent or the Calculation Agent shall be required to monitor, enquire or satisfy itself as to whether any Loan Notes Event has occurred. None of the Trustee, the Custodian or the Calculation Agent shall have any obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer or any Secured Creditor. If the Issuer or the Calculation Agent effectively gives a notice to the Trustee of the occurrence of a Loan Notes Event, the Trustee shall be entitled to rely conclusively on such notice without further investigation.

(d) Redemption for Taxation Reasons

(i) Subject to Condition 8(d)(ii) and provided that no Loan Notes Call Redemption Date, Early Redemption Commencement Date or Early Redemption Date has occurred pursuant to any other Condition in respect of all Notes then outstanding (which, for the avoidance of doubt,

may have occurred separately pursuant to one or more Conditions), the Issuer shall, as soon as is practicable after becoming aware (whether by notice thereof from the Calculation Agent or otherwise) of the occurrence of a Tax Event (or, in any case, within two Business Days thereof), inform the Trustee, and shall use all reasonable endeavours to arrange, in accordance with the Trust Deed, the substitution of a company incorporated in another jurisdiction approved beforehand in writing by the Trustee (provided that such substitution will not, at the time of substitution, result in any rating assigned to the Notes being adversely affected, as confirmed in writing by Standard & Poor's) as the principal obligor or to change (to the satisfaction of the Trustee and provided that such change will not, at the time of such change, result in any rating assigned to the Notes being adversely affected, as confirmed in writing by Standard & Poor's) its residence for taxation purposes to another jurisdiction approved beforehand in writing by the Trustee, and:

(A) if it is unable to arrange such substitution or change in residence subsequent to taking reasonable measures to do so before the next payment is due in respect of the Notes, then:

(I) the Issuer shall deliver to the Trustee a certificate signed by a director of the Issuer (or by two directors if the Issuer has more than one director) stating that the obligations referred to in the definition of "Note Tax Event" and/or "Underlying Tax Event" (as applicable) below cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall accept and rely on such certificate as sufficient evidence that the Issuer has taken such reasonable measures, without further enquiry and without incurring any liability to any person for so doing, and such certificate shall be conclusive and binding on the Noteholders;

(II) following delivery by the Issuer of such certificate to the Trustee (the date of such certificate being the "**Early Redemption Commencement Date**" for the purposes of this paragraph), the Issuer shall as soon as is reasonably practicable provide a Demeter Event Notice to the Loan Notes Issuer;

(III) on the related Liquidation Commencement Date thereafter (as determined in accordance with Condition 14 (Liquidation)), the Issuer shall give an Early Redemption Notice to the Noteholders; and

(IV) each Note shall become due and payable on the related Early Redemption Date at its Early Redemption Amount (and there will be no separate payment of any unpaid accrued interest thereon); or

(B) if it is unable to arrange such substitution or change in residence and it fails, in the determination of the Trustee (acting on the instruction of an Extraordinary Resolution), to take reasonable measures to do so before the next payment is due in respect of the Notes, then:

(I) upon making such determination and on the instruction of an Extraordinary Resolution, the Trustee shall give notice to the Issuer and the Noteholders of such determination and instruction (the date such notice is deemed to have been given being the "**Early Redemption Commencement Date**" for the purposes of this paragraph);

(II) upon receiving such notice informing it of such determination, the Issuer shall provide a Demeter Event Notice to the Loan Notes Issuer;

(III) upon receipt by the Trustee of the related Enforcement Entitlement Notice in accordance with Condition 15(a) (*Enforcement Entitlement Notice*), the Security will become enforceable in accordance with Condition 15(b) (*Enforcement of Security*) and the Trustee may, or if directed by an Extraordinary Resolution shall, so enforce the Security to the extent it is permitted to do so under the Trust Deed (subject, in each case, to it being secured and/or indemnified and/or prefunded to its satisfaction) and in accordance with Condition 15 (*Enforcement of Security*), and, for the avoidance of doubt, in doing so the Trustee shall be entitled to undertake all such actions that the Issuer was entitled to undertake if it were to have arranged such a substitution;

(IV) on the related Enforcement Commencement Date thereafter (as determined in accordance with Condition 15 (*Enforcement of Security*)), the Issuer shall give an Early Redemption Notice to the Noteholders; and

(V) each Note shall become due and payable on the related Early Redemption Date at its Early Redemption Amount (and there will be no separate payment of any unpaid accrued interest thereon).

A "**Tax Event**" means a Note Tax Event or an Underlying Tax Event.

A "**Note Tax Event**" will occur if:

(I) either the Issuer or the Calculation Agent determines that on the due date for any payment in respect of the Notes, the Issuer will be required by any applicable law to withhold, deduct or account for an amount for any present or future taxes, duties or charges of whatsoever nature other than a FATCA Withholding Tax or would suffer the same in respect of its income so that it would be unable to make in full the payment in respect of the Notes in respect of such due date; or

(II) on the due date for any payment in respect of the Notes, such a withholding, deduction or account is actually made in respect of any payment in respect of the Notes,

other than where such event constitutes an Underlying Tax Event.

An "**Underlying Tax Event**" will occur if the Issuer, in its or the Calculation Agent's determination:

(I) is or will be unable to receive any payment due in respect of any Loan Notes Collateral or under the Facility Agreement in full on the due date therefor without a deduction for or on account of any withholding tax, back-up withholding or other tax, duties or charges of whatsoever nature imposed by any authority of any jurisdiction;

(II) is or will be required to pay any tax, duty or charge of whatsoever nature imposed by any authority of any jurisdiction in respect of any payment received in respect of any Loan Notes Collateral or under the Facility Agreement; and/or

(III) is or will be required to comply with any tax reporting requirement (other than in respect of FATCA) of any authority of the Netherlands or Switzerland in respect of any payment received in respect of any Loan Notes Collateral or under the Facility Agreement,

provided that the Issuer, using reasonable efforts prior to the due date for the relevant payment, is (or would be) unable to avoid such deduction(s) and/or payment(s) and/or

comply with such reporting requirements described in sub-paragraphs (I) to (III) of this definition by filing a valid declaration that it is not a resident of such jurisdiction and/or by executing any certificate, form or other document in order to make a claim under a double taxation treaty or other exemption available to it or otherwise to comply with such reporting requirements. If the action that the Issuer would be required to undertake so as to avoid any such deduction(s), payment(s) and/or comply with such reporting requirements would involve any material expense or is, in the sole opinion of the Issuer (acting in good faith), unduly onerous, the Issuer shall not be required to take any such action. Without prejudice to the generality of the foregoing, a withholding imposed on payments in respect of any Loan Notes Collateral or under the Facility Agreement as a result of FATCA shall constitute an Underlying Tax Event. For the purposes of this definition, if on the date falling 60 days prior to the earliest date on which FATCA Withholding Tax could apply to payments under, or in respect of sales proceeds of, the relevant Loan Notes Collateral or the Facility Agreement (such 60th day prior being the "**FATCA Test Date**"), the Issuer is a "nonparticipating foreign financial institution" (as such term is used under section 1471 of the U.S. Internal Revenue Code or in any regulations or guidance thereunder), the Issuer will be deemed on the FATCA Test Date to be unable to receive a payment due in respect of such Loan Notes Collateral or under the Facility Agreement in full on the due date therefor without deduction for or on account of any withholding tax and, therefore, an Underlying Tax Event will have occurred on the FATCA Test Date.

(ii) Notwithstanding the foregoing, if the requirement to withhold, deduct or account for any present or future taxes, duties or charges of whatsoever nature referred to in paragraph (i) above arises solely as a result of:

(A) any Noteholder's connection with the jurisdiction of incorporation of the Issuer otherwise than by reason only of the holding of any Note or receiving or being entitled to any payment in respect thereof; or

(B) a withholding or deduction imposed on a payment by or on behalf of the Issuer to an individual required to be made pursuant to (I) European Council Directive 2003/48/EC (the "**Directive**"), (II) the Swiss Agreement, which provides for measures equivalent to those laid down in the Directive, or (III) any law or agreement implementing or complying with, or introduced in order to conform to, the Directive or the Swiss Agreement; or

(C) where such withholding or deduction is required to be made pursuant to any agreement between Switzerland and other countries on final withholding taxes (*internationale Quellensteuern*) levied by Swiss paying agents (being any agents receiving payments) in respect of an individual resident in the other country on interest or capital gain paid, or credited to an account, relating to a Note,

then, to the extent possible, the Issuer shall deduct such taxes, duties or charges, as applicable, from the amount(s) payable to such Noteholder and provided that payments to other Noteholders would not be impaired, the Issuer shall not give an Early Redemption Notice pursuant to Condition 8(d)(i) (*Redemption for Taxation Reasons*). Any such deduction shall not constitute an Event of Default under Condition 8(f) (*Redemption Following the Occurrence of an Event of Default*), a Liquidation Event under Condition 14 (*Liquidation*) or an Enforcement Event under Condition 15 (*Enforcement of Security*).

(iii) In respect of this Condition 8(d), if a tax deduction or withholding is required by law to be made by the Loan Notes Issuer in respect of any payment of principal or interest in respect of the Loan Notes Collateral or any payments under the Facility Agreement for any taxes,

duties, assessments or governmental charges of whatever nature imposed by or on behalf of Switzerland (collectively, a "**Loan Notes Issuer Tax Deduction**"), such Loan Notes Issuer Tax Deduction shall not constitute an Underlying Tax Event if:

(A) there is an actual payment by the Loan Notes Issuer of a corresponding payment of additional amounts pursuant to Loan Notes Condition 6(a) (*Taxation*);

(B) no such additional amounts pursuant to Loan Notes Condition 6(a) (*Taxation*) are paid by the Loan Notes Issuer due to it being unlawful for the Loan Notes Issuer to make such payments but an adjustment is instead made to the rate of interest in respect of the Loan Notes Collateral pursuant to Loan Notes Condition 3.4 (*Recalculation of Interest*) and reflected in the Loan Notes Rate of Interest on the Notes; or

(C) there is a payment of an additional fee pursuant to the Facility Agreement that shall result in receipt by the Issuer of such amounts as would have been received by the Issuer had no such Loan Notes Issuer Tax Deduction been required.

(iv) Notwithstanding any provision to the contrary, if at any time following an Early Redemption Commencement Date under, but prior to the consequential redemption of the Notes pursuant to, this Condition 8(d), (A) a Loan Notes Event occurs; and (B) (I) the Issuer, or the Disposal Agent on the Issuer's behalf, has not entered into any binding agreement to effect a Liquidation of any Loan Notes Collateral, Demeter Eligible Assets and/or rights under the Facility Agreement, and (II) neither the Trustee nor the Enforcement Agent has enforced the Security, then the Issuer shall give notice of an Early Redemption Date pursuant to Condition 8(c) (*Redemption Following a Loan Notes Event*), the Notes shall be redeemed pursuant to the provisions of Condition 8(c) (*Redemption Following a Loan Notes Event*) and any notice of redemption given pursuant to this Condition 8(d) shall be deemed to be void.

(v) For the avoidance of doubt, none of the Issuer, the Trustee, the Disposal Agent, the Custodian or the Calculation Agent shall be required to monitor, enquire or satisfy itself as to whether any Tax Event has occurred. None of the Trustee, the Custodian or the Calculation Agent shall have any obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer or any Secured Creditor. If the Issuer effectively gives a notice to the Trustee of the occurrence of a Tax Event, the Trustee shall be entitled to rely conclusively on such notice without further investigation.

(e) Redemption Following an Illegality Event

(i) Provided that no Loan Notes Call Redemption Date, Early Redemption Commencement Date or Early Redemption Date has occurred pursuant to any other Condition in respect of all Notes then outstanding (which, for the avoidance of doubt, may have occurred separately pursuant to one or more Conditions), the Issuer shall, as soon as is practicable after becoming aware (whether by notice thereof from the Calculation Agent or otherwise) of the occurrence of an Illegality Event (or, in any case, within two Business Days thereof), inform the Trustee, and shall use all reasonable endeavours to arrange, in accordance with the Trust Deed, the substitution of a company, being a company whose legal characteristics are such that if it were to perform the obligations of the Issuer, no Illegality Event would arise, that is approved beforehand in writing by the Trustee (provided that such substitution will not, at the time of substitution, result in any rating assigned to the Notes being adversely affected, as confirmed in writing by Standard & Poor's) as the principal obligor or to change (subject to the prior written consent of the Trustee and provided that such change will not, at the time of such change, result in any rating assigned to the Notes being

adversely affected, as confirmed in writing by Standard & Poor's) its legal characteristics such that no Illegality Event arises in respect of it and:

(A) if it is unable to arrange such substitution or change in legal characteristics subsequent to taking reasonable measures to do so before the next payment is due in respect of the Notes, then:

(I) the Issuer shall deliver to the Trustee a certificate signed by a director of the Issuer (or by two directors if the Issuer has more than one director) stating that the Illegality Event cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall accept and rely on such certificate as sufficient evidence that the Issuer has taken such reasonable measures, without further enquiry and without incurring any liability to any person for so doing, and such certificate shall be conclusive and binding on the Noteholders;

(II) following delivery by the Issuer of such certificate to the Trustee (the date of such certificate being the "**Early Redemption Commencement Date**" for the purposes of this paragraph), the Issuer shall as soon as is reasonably practicable provide a Demeter Event Notice to the Loan Notes Issuer;

(III) on the related Liquidation Commencement Date thereafter (as determined in accordance with Condition 14 (Liquidation)), the Issuer shall give an Early Redemption Notice to the Noteholders; and

(IV) each Note shall become due and payable on the related Early Redemption Date at its Early Redemption Amount (and there will be no separate payment of any unpaid accrued interest thereon); or

(B) if it is unable to arrange such substitution or change in legal characteristics and it fails, in the determination of the Trustee (acting on the instruction of an Extraordinary Resolution), to take reasonable measures to do so before the next payment date is due in respect of the Notes, then:

(I) upon making such determination and on the instruction of an Extraordinary Resolution, the Trustee shall give notice to the Issuer and the Noteholders of such determination and instruction (the date such notice is deemed to have been given being the "**Early Redemption Commencement Date**" for the purposes of this paragraph);

(II) upon receiving such notice informing it of such determination, the Issuer shall provide a Demeter Event Notice to the Loan Notes Issuer;

(III) upon receipt by the Trustee of the related Enforcement Entitlement Notice in accordance with Condition 15(a) (*Enforcement Entitlement Notice*), the Security will become enforceable in accordance with Condition 15(b) (*Enforcement of Security*) and the Trustee may, or if directed by an Extraordinary Resolution shall, so enforce the Security to the extent it is permitted to do so under the Trust Deed (subject, in each case, to it being secured and/or indemnified and/or prefunded to its satisfaction) in accordance with Condition 15 (*Enforcement of Security*), and, for the avoidance of doubt, in doing so the Trustee shall be entitled to undertake all such actions that the Issuer was entitled to undertake if it were to have arranged such a substitution;

(IV) on the related Enforcement Commencement Date thereafter (as determined in accordance with Condition 15 (*Enforcement of Security*)), the Issuer shall give an Early Redemption Notice to the Noteholders; and

(V) each Note shall become due and payable on the related Early Redemption Date at its Early Redemption Amount (and there will be no separate payment of any unpaid accrued interest thereon).

(ii) Notwithstanding any provision to the contrary, if at any time following an Early Redemption Commencement Date under, but prior to the consequential redemption of the Notes pursuant to, this Condition 8(e), (A) a Loan Notes Event occurs; and (B) (I) the Issuer, or the Disposal Agent on the Issuer's behalf, has not entered into any binding agreement to effect a Liquidation of any Loan Notes Collateral, Demeter Eligible Assets and/or rights under the Facility Agreement, and (II) neither the Trustee nor the Enforcement Agent has enforced the Security, then the Issuer shall give notice of an Early Redemption Date pursuant to Condition 8(c) (*Redemption Following a Loan Notes Event*), the Notes shall be redeemed pursuant to the provisions of Condition 8(c) (*Redemption Following a Loan Notes Event*) and any notice of redemption given pursuant to this Condition 8(e) shall be deemed to be void.

(iii) For the avoidance of doubt, none of the Issuer, the Trustee, the Disposal Agent, the Custodian or the Calculation Agent shall be required to monitor, enquire or satisfy itself as to whether any Illegality Event has occurred. None of the Trustee, the Custodian or the Calculation Agent shall have any obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer or any Secured Creditor. If the Issuer effectively gives notice to the Trustee and/or the Calculation Agent of the occurrence of an Illegality Event, the Trustee and/or Calculation Agent, as the case may be, shall be entitled to rely on such notice without further investigation.

(f) Redemption Following the Occurrence of an Event of Default

(i) The occurrence of any of the following events shall constitute an "**Event of Default**":

(A) default is made for more than 14 days in the payment of any interest (which, for the avoidance of doubt, shall not apply to any payment that relates to interest that has been deferred pursuant to the Loan Notes Conditions) or any other sum in respect of any Notes other than (I) the Final Redemption Amount or any interest that has become due and payable on the Maturity Date, (II) a Loan Notes Call Redemption Amount or any interest that has become due and payable on a Loan Notes Call Redemption Date, (III) an Early Redemption Amount, (IV) a Notes Accrued Interest Amount or (V) where any such default occurs as a result of a Loan Notes Event, a Tax Event or an Illegality Event;

(B) the Issuer does not perform or comply with any one or more of its other obligations under any Notes or the Trust Deed (other than any failure to comply or perform any of its obligations in respect of a Failure to Deliver pursuant to Condition 13(b) (*Failure to Deliver Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and/or Demeter Facility Fees (if any) by the Issuer*)) which default is incapable of remedy or, if in the opinion of the Trustee such default is capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been effectively given to the Issuer by the Trustee; or

(C) the Issuer: (1) is dissolved (other than pursuant to a consolidation, amalgamation or merger on terms previously approved in writing by the Trustee or sanctioned by an

Extraordinary Resolution); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (3) save to the extent contemplated in the Trust Deed, makes a general assignment, arrangement, scheme or composition with or for the benefit of the Noteholders, or such a general assignment, arrangement, scheme or composition becomes effective; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other 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 either 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 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 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 any assets on which the liabilities of the Issuer under the relevant Notes are secured pursuant to the Trust Deed; (7) other than the Trustee (except in circumstances where the Trustee is enforcing the Security pursuant to the Trust Deed) or the Custodian, has a secured party take possession of any assets on which the liabilities of the Issuer under the relevant Notes are secured pursuant to the Trust Deed or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against any assets on which the liabilities of the Issuer under the relevant Notes are secured pursuant to the Trust Deed and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; or (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 clauses (1) to (7) above.

(ii) If an Event of Default occurs, provided that no Loan Notes Call Redemption Date, Early Redemption Commencement Date or Early Redemption Date has occurred pursuant to this or any other Condition in respect of all Notes outstanding (which, for the avoidance of doubt, may have occurred separately pursuant to one or more Conditions),

(A) the Trustee at its discretion may, and if directed by an Extraordinary Resolution shall (provided, in each case, that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), notify the Issuer to deliver a Demeter Event Notice to the Loan Notes Issuer (the date such notice is deemed to have been given by the Trustee being the "**Early Redemption Commencement Date**" for the purposes of this paragraph);

(B) upon receiving such notice, the Issuer shall provide a Demeter Event Notice to the Loan Notes Issuer;

(C) upon receipt by the Trustee of the related Enforcement Entitlement Notice, the Security will become enforceable in accordance with Condition 15(b) (*Enforcement of Security*) and the Trustee may, or if directed by an Extraordinary Resolution shall, so enforce the Security to the extent it is permitted to do so under the Trust Deed (subject, in each case, to it being secured and/or indemnified and/or prefunded to its satisfaction) in accordance with Condition 15 (*Enforcement of Security*); and

(D) on the related Enforcement Commencement Date thereafter (as determined in accordance with Condition 15 (Enforcement of Security)), the Trustee shall give an Early Redemption Notice to the Issuer that all but not some only of the Notes shall become due and payable at the Early Redemption Amount (and there will be no separate payment of any unpaid accrued interest thereon) on the Early Redemption Date.

(iii) The Issuer has undertaken in the Principal Trust Deed that, within ten Business Days of the publication of the Issuer's annual financial statements in each year and within 14 days of any request from the Trustee, it will send to the Trustee a certificate signed by a director of the Issuer (or by two directors if the Issuer has more than one director) to the effect that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as at a date not more than five days prior to the date of the certificate, no Event of Default or event or circumstance that could with the giving of notice, lapse of time and/or issue of a certificate, become an Event of Default has occurred since the certification date of the last such certificate or (if none) the date of such Principal Trust Deed or, if such an event had occurred, giving details thereof.

(g) Purchases

(i) The Issuer may purchase Notes in the open market or otherwise at any price. Such Notes will be purchased by the Issuer, subject to the consent of the Trustee, and surrendered to the Registrar for cancellation. The consent of the Trustee in such circumstances shall be dependent upon the Issuer satisfying the Trustee that the Issuer has made arrangements for the realisation of no more than the equivalent proportion of the assets then comprising the Mortgaged Property in connection with the proposed purchase of the Notes, which transactions will leave the Issuer with no assets or net liabilities in respect thereof. With respect to a proposed purchase of Notes by the Issuer, such arrangements will require a proportionate reduction in the Maximum Commitment under the Facility Agreement.

(ii) In addition:

(A) The Issuer may at any time make an offer to purchase the Notes for cash consideration (an "**Issuer Tender Offer**") and/or to exchange the Notes for non-cash assets (an "**Issuer Exchange Offer**") (in each case, whether by private treaty or tender offer). Any Issuer Tender Offer or Issuer Exchange Offer may only be made on a limited recourse basis and upon terms that will ensure that after any such purchase or exchange of Notes, the aggregate nominal amount of Notes outstanding will be the same as the Maximum Commitment under the Facility Agreement and that the Issuer will have the assets that are expected to generate aggregate cashflows which would be sufficient for the Issuer to use in making payments in respect of such outstanding Notes. The Issuer shall not make an Issuer Tender Offer or an Issuer Exchange Offer (I) without first having entered into an agency agreement with an agent to act as tender agent or, as the case may be, exchange agent for the Issuer in connection with the Issuer Tender Offer or the Issuer Exchange Offer and (II) without first being satisfied (whether by it being indemnified and/or secured and/or prefunded to its satisfaction or otherwise) that its costs and expenses in connection with the same will be met.

(B) If at any time the Loan Notes Issuer makes an offer to the Issuer, or to the Custodian on behalf of the Issuer, to purchase the Loan Notes for cash consideration (a "**Loan Notes Issuer Tender Offer**") or for non-cash assets (a "**Loan Notes Issuer Exchange Offer**"), then the Issuer shall not accept such Loan

Notes Issuer Tender Offer or Loan Notes Issuer Exchange Offer (notwithstanding anything to the contrary in Condition 21(a) (*Meetings of Noteholders*)), and the Trustee shall not be permitted to release the Security created over the Loan Notes pursuant to the Trust Deed, other than in accordance with paragraphs (C) and (D) below.

(C) Subject to the requirements of paragraph (A) above, the Issuer shall make an Issuer Tender Offer or, as the case may be, an Issuer Exchange Offer, upon the occurrence of a Loan Notes Issuer Tender Offer or, as the case may be, a Loan Notes Issuer Exchange Offer unless in the reasonable opinion of the Issuer, the Issuer would be materially disadvantaged by the same.

(D) For purposes of any Issuer Tender Offer or Issuer Exchange Offer, whether or not relating to any Loan Notes Issuer Tender Offer or Loan Notes Issuer Exchange Offer, the Trustee shall not release the Security created over the Loan Notes pursuant to the Trust Deed except that it may release the Security if a director of the Issuer (or two directors if the Issuer has more than one director) certifies to the Trustee, upon which certificate the Trustee shall be entitled to rely without liability, that after such release and taking into account any purchase or exchange of Notes pursuant to any Issuer Tender Offer or Issuer Exchange Offer, the Maximum Commitment under the Facility Agreement will be the same as the aggregate nominal amount of Notes outstanding and the Issuer will have assets that are expected to generate aggregate cashflows which would be sufficient for the Issuer to use in making payments in respect of such outstanding Notes. To the extent that such Issuer Tender Offer or Issuer Exchange Offer relates to any Loan Notes Issuer Tender Offer or, as the case may be, Loan Notes Issuer Exchange Offer, following the release of such Security the Issuer shall accept (or procure the acceptance of) such Loan Notes Issuer Tender Offer or Loan Notes Issuer Exchange Offer in respect of the Security so released.

(iii) Any purchase, Issuer Tender Offer or Issuer Exchange Offer shall be subject to any terms and conditions required by the Trustee and shall, for as long as the Notes are listed on the official list of the Irish Stock Exchange and admitted to trading on the regulated market of the Irish Stock Exchange, be in accordance with all applicable rules and regulations of the Irish Stock Exchange.

(iv) Any failure by the Issuer to make a payment or delivery due in connection with any such purchase (including under a Issuer Tender Offer or Issuer Exchange Offer) shall constitute a default in payment in respect of the Notes for the purposes of Condition 8(f)(i)(A) (*Redemption Following the Occurrence of an Event of Default*).

(h) Cancellation

All Notes purchased by or on behalf of the Issuer will be surrendered for cancellation by surrendering the Certificate representing such Notes to or to the order of the Registrar and shall, together with all Notes redeemed by the Issuer, be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(i) Effect of Redemption, Purchase and Cancellation

Upon any of the Notes being redeemed or purchased and cancelled, Conditions 8(a) (*Final Redemption*) to 8(f) (*Redemption Following the Occurrence of an Event of Default*) (inclusive) shall no longer apply to such Notes. In addition, and for the avoidance of doubt, Conditions 8(b)

(*Redemption Following a Loan Notes Call*) to 8(f) (*Redemption Following the Occurrence of an Event of Default*) (inclusive) shall have no effect on or after the Maturity Date.

9 Calculations, Rounding and Business Day Convention

(a) Calculation of any payment amounts in respect of interest or principal

(i) In respect of each Interest Payment Date, the Calculation Agent shall, subject to Condition 9(a)(iv), calculate the Interest Amount due and payable on such Interest Payment Date in respect of each Note outstanding on such Interest Payment Date.

(ii) In respect of the Maturity Date, the Calculation Agent shall, subject to Condition 9(a)(iv), calculate the Final Redemption Amount due and payable on such date in respect of each Note outstanding on such date.

(iii) In respect of each date on which the following amounts become due and payable, the Calculation Agent shall, subject to Condition 9(a)(iv), calculate any Loan Notes Call Redemption Amount, Early Redemption Amount, Failure to Issue Payment Amount, Failure to Deliver Payment Amount, Reset Failure Perform Payment Amount, Notes Accrued Interest Amount or any other amount due and payable in respect of each Note outstanding on such date.

(iv) In order to enable the Calculation Agent to perform its functions under these Conditions, the Issuer shall provide to the Calculation Agent (or procure the provision of) any information required in order to enable the Calculation Agent to determine any Interest Amount, Final Redemption Amount, Loan Notes Call Redemption Amount, Early Redemption Amount, Failure to Issue Payment Amount, Failure to Deliver Payment Amount, Reset Failure to Perform Payment Amount, Notes Accrued Interest Amount or any other amount payable hereunder. The Calculation Agent shall not be liable for any failure to comply with its obligations under these Conditions as a result of any failure by the Issuer to provide (or procure the provision of) any such information.

(b) Determination or Calculation by Trustee

If the Calculation Agent does not at any time for any reason determine or calculate any Interest Amount, Final Redemption Amount, Loan Notes Call Redemption Amount, Early Redemption Amount, Failure to Issue Payment Amount, Failure to Deliver Payment Amount, Reset Failure to Perform Payment Amount, Notes Accrued Interest Amount or any other amount, then the Trustee, subject to it being indemnified and/or secured and/or prefunded to its satisfaction, may make such determinations and calculations in place of the Calculation Agent (or may appoint an agent on its behalf to do so). Any such determination or calculation so made by the Trustee (or its agent) shall, for the purposes of these Conditions and the Transaction Documents, be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the provisions of these Conditions and/or the relevant Transaction Document(s) with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(c) Rounding

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (i) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up to 0.00001) and (ii) all currency amounts that fall due and payable shall be rounded to the nearest cent (half a cent being rounded upwards).

(d) Business Day Convention

Where any date referred to in these Conditions that is specified to be subject to adjustment in accordance with the Modified Following Business Day Convention would otherwise fall on a day that is not a Business Day, then such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day.

10 Payments

(a) Payments of Principal and Interest

(i) Payments of principal in respect of the Notes shall be made against presentation and surrender of the relevant Certificate at the Specified Office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest on Notes shall be paid to the person shown on the Register at the close of business on the 15th day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made in the Specified Currency by transfer to an account nominated by such person shown in the Register maintained by the payee with a Bank.

(b) Payments Subject to Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(c) Non-Business Days

If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day or to any interest or other sum in respect of such postponed payment. In this Condition 10(c), "**business day**" means (i) a Business Day and (ii) a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation.

11 Agents

(a) Appointment of Agents

The Issuing and Paying Agent, the Registrar, the Transfer Agent, the Custodian, the Disposal Agent, the Enforcement Agent and the Calculation Agent initially appointed by the Issuer and their respective Specified Offices are listed below:

(i)	Issuing and Paying Agent:	The Bank of New York Mellon, acting through its London Branch One Canada Square London E14 5AL
(ii)	Registrar	The Bank of New York Mellon (Luxembourg) S.A. Vertigo Building - Polaris 2-4 rue Eugène Ruppert L-2453 Luxembourg
(iii)	Transfer Agent	The Bank of New York Mellon (Luxembourg) S.A. Vertigo Building - Polaris

		2-4 rue Eugène Ruppert L-2453 Luxembourg
(iv)	Custodian:	The Bank of New York Mellon, acting through its London Branch One Canada Square London E14 5AL
(v)	Disposal Agent:	Credit Suisse International One Cabot Square London E14 4QJ
(vi)	Enforcement Agent:	BNY Mellon Corporate Trustee Services Limited One Canada Square London E14 5AL
(vii)	Calculation Agent:	Credit Suisse International One Cabot Square London E14 4QJ

Subject to the provisions of the Trust Deed and the Agency Agreement, the Issuing and Paying Agent, the Registrar, the Transfer Agent, the Custodian, the Disposal Agent, the Enforcement Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time with the approval of the Trustee (except that the approval of the Trustee shall not be required for the appointment of a replacement Disposal Agent, Enforcement Agent or Calculation Agent where Noteholders direct the Issuer to appoint such replacement pursuant to this Condition) to vary or terminate the appointment of the Issuing and Paying Agent, the Registrar, any Transfer Agent, the Custodian, the Disposal Agent, the Enforcement Agent or the Calculation Agent and to appoint additional or other Transfer Agents, Custodian(s), Disposal Agent(s), Enforcement Agent(s), Calculation Agent(s) or such other agents as may be required provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) a Disposal Agent, (v) a Calculation Agent, (vi) a Custodian, and (vii) an Enforcement Agent where the Conditions so require (except where the Trust Deed permits the Enforcement Agent to resign without a replacement having been appointed).

Notice of any such change or any change of any Specified Office shall promptly be given by the Issuer to the Noteholders in accordance with Condition 24 (*Notices*).

Following the occurrence of an Enforcement Agent Bankruptcy Event, if Noteholders representing at least 75 per cent. in outstanding aggregate nominal amount of the Notes (subject to such Noteholders providing evidence of their holdings of the Notes to the satisfaction of the Issuer and the Trustee) direct the Issuer in writing to appoint a party chosen by the Noteholders as the replacement Enforcement Agent, provided that such party chosen (i) is a financial institution of international repute, or a group company of international repute of such financial institution of international repute, and (ii) is not subject to Sanctions, then the Issuer shall act in accordance with such direction and, upon a letter of appointment being executed by, or on behalf of, the Issuer and any person appointed as such Enforcement Agent, such person shall become a party to the Trust Deed as if originally named in it and shall act as such Enforcement Agent in respect of the Notes.

(b) Calculation Agent Appointment, Termination and Replacement

If the Calculation Agent fails duly to make any calculation or determination required of it under these Conditions or the Agency Agreement or any other Transaction Document, as the case may be, or fails to comply with any other material requirement under these Conditions, the Agency Agreement or any other Transaction Document, and in each case such failure has not been remedied within a reasonable period, or a Calculation Agent Bankruptcy Event occurs, then:

(i) the Issuer shall use reasonable endeavours (provided it has funds available for such purpose) with the prior approval of the Trustee to appoint a leading bank or financial institution engaged in the interbank market or other appropriate market that is most closely connected with the calculation(s) and/or determination(s) to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place, provided that the terms of such appointment are substantially the same as the terms on which the outgoing Calculation Agent is appointed; or

(ii) if the Issuer has been directed by an Extraordinary Resolution that the Issuer appoint a replacement Calculation Agent, provided that such replacement is a financial institution of international repute and the terms of such appointment are substantially the same as the terms on which the outgoing Calculation Agent is appointed and to the extent of any difference to such terms, that such terms do not adversely affect the terms on which the Trustee or any other Agent is appointed, without the prior consent of such adversely affected party and the Issuer has been indemnified and/or secured and/or pre-funded to its satisfaction for any initial or ongoing costs, charges, fees and/or expenses the Issuer may incur in connection with the appointment of a replacement Calculation Agent (whether by one or more Noteholders, a Secured Creditor or any other third party), the Issuer shall use reasonable endeavours (provided it has funds available for such purpose) to appoint the person nominated in such Extraordinary Resolution as Calculation Agent in respect of the Notes.

(c) Disposal Agent Appointment, Termination and Replacement

If the Disposal Agent fails duly to establish any rate, amount or value required to be determined by it under these Conditions or any Transaction Document or to take the steps required of it under these Conditions or the Agency Agreement or any other Transaction Document to Liquidate the Loan Notes Collateral, Demeter Eligible Assets and/or rights under the Facility Agreement, as the case may be, or fails to comply with any other material requirement pursuant to these Conditions, the Agency Agreement or any other Transaction Document, or a Disposal Agent Bankruptcy Event occurs, then:

(i) the Issuer shall use reasonable endeavours (provided it has funds available for such purpose) with the prior written approval of the Trustee to appoint a leading bank or financial institution engaged in the interbank market or other appropriate market to act as such in its place, provided that the terms of such appointment are substantially the same as the terms on which the outgoing Disposal Agent is appointed; or

(ii) if the Issuer has been directed by an Extraordinary Resolution resolving that the Issuer appoint a replacement Disposal Agent, provided that such replacement is a financial institution of international repute and the terms of such appointment are substantially the same as the terms on which the outgoing Disposal Agent is appointed and to the extent of any difference to such terms, that such terms do not adversely affect the terms on which the Trustee or any other Agent is appointed, without the prior consent of such adversely affected party and the Issuer has been indemnified and/or secured and/or pre-funded to its

satisfaction for any initial or ongoing costs, charges, fees and/or expenses the Issuer may incur in connection with the appointment of a replacement Disposal Agent (whether by one or more Noteholders, a Secured Creditor or any other third party), the Issuer shall use its reasonable endeavours (provided it has funds available for such purpose) to appoint the person nominated in such Extraordinary Resolution as Disposal Agent in respect of the Notes,

provided that where the appointment of the Disposal Agent is terminated as a result of a Bankruptcy Event in respect of the Issuer, the Disposal Agent will no longer be required to liquidate the Mortgaged Property. The Mortgaged Property will be realised in the manner determined by the competent bankruptcy officer in the context of the bankruptcy proceedings.

(d) Replacement of Custodian and/or Issuing and Paying Agent upon a Ratings Downgrade

Clause 20.6 (*Ratings*) of the Agency Agreement shall apply, as amended by the Issue Deed, and the "**Required Ratings**" will be:

(i) to the extent that the Custodian or the Issuing and Paying Agent, as the case may be, has a short-term issuer credit rating by Standard & Poor's,

(A) a short-term issuer credit rating higher than or equal to "A-1" by Standard & Poor's; and

(B) a long term issuer credit rating higher than or equal to "A" by Standard & Poor's; and

(ii) if the Custodian or the Issuing and Paying Agent, as the case may be, has no short-term issuer credit rating by Standard & Poor's, a long-term issuer credit rating higher than or equal to "A+" by Standard & Poor's.

In the event that the Required Ratings are not met by the Custodian or the Issuing and Paying Agent, as the case may be, for any reason whatsoever, the Issuer shall elect to terminate the Custodian's appointment or the Issuing and Paying Agent's appointment, as the case may be, and procure the replacement of the Custodian or the Issuing and Paying Agent, as the case may be, within 30 calendar days of the date on which the Required Ratings are no longer met by the Custodian or the Issuing and Paying Agent, as the case may be, in each case in accordance with the provisions of the Agency Agreement.

12 Taxation

(a) Withholding or Deductions on Payments in respect of the Notes

Without prejudice to Condition 8(d) (*Redemption for Taxation Reasons*), all payments in respect of the Notes will be made subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature that the Issuer or any Agent is required by applicable law to make. In that event, the Issuer or such Agent shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount(s) so required to be withheld or deducted. Neither the Issuer nor any Agent will be obliged to make any additional payments to Noteholders in respect of such withholding or deduction. For the purposes of this Condition 12(a), any FATCA Withholding Tax shall be deemed to be required by applicable law.

(b) FATCA Information

Each Noteholder and beneficial owner of Notes shall provide the Issuer and/or any agent acting on behalf of the Issuer with such documentation, information or waiver as may be requested by the Issuer and/or any agent acting on behalf of the Issuer in order for the Issuer or any such agent

to comply with any obligations any such party may have in connection with the Notes under FATCA and under any agreement entered into by the Issuer and/or any agent acting on behalf of the Issuer pursuant to, or in respect of, FATCA. Each Noteholder and beneficial owner of the Notes further agrees and consents that in respect of FATCA the Issuer may, but is not obliged and owes no duty to any person to, comply with the terms of any intergovernmental agreement between the U.S. and another jurisdiction with respect to FATCA or any legislation implementing such an intergovernmental agreement or enter into an agreement with the U.S. Internal Revenue Service in such form as may be required to avoid the imposition of withholding under FATCA on payments made to the Issuer. In connection therewith, the Issuer may make such amendments to the Notes as are necessary to enable the Issuer to enter into, or comply with the terms of, any such agreement or legislation. Any such amendment will be binding on the Noteholders.

13 Demeter Eligible Assets Liquidation

In accordance with the terms of the Facility Agreement and in respect of any issue of Loan Notes, the following provisions shall apply with respect to any Failure to Issue, Failure to Deliver or Reset Failure to Perform.

(a) Failure to Issue Loan Notes by the Loan Notes Issuer

(i) *Provision of a Failure to Issue Notice*

Upon the Issuer becoming aware (whether by notice thereof from the Calculation Agent or otherwise) of the occurrence of a Failure to Issue, it shall as soon as is reasonably practicable thereafter provide a Failure to Issue Notice to the Loan Notes Issuer, the Disposal Agent, the Custodian, the Trustee and the Noteholders thereof, provided that if at such time there is no Disposal Agent, then if a replacement Disposal Agent is appointed pursuant to Condition 11 (*Agents*), such notice shall be provided to such replacement Disposal Agent (if any) upon its appointment as Disposal Agent.

(ii) *Liquidation Process*

Subject to the provisions of Condition 13(d) (*Liquidation Provisions*) below, following receipt by it of a valid Failure to Issue Notice, the Disposal Agent shall, as soon as is reasonably practicable thereafter and on behalf of the Issuer:

(A) subject to paragraph (B) below, effect a Liquidation of all Demeter Eligible Assets held by the Issuer at such time commencing on the Failure to Issue Liquidation Commencement Date with a view to Liquidating all such Demeter Eligible Assets as soon as is reasonably practicable and provided that neither the Disposal Agent nor the Issuer shall have any liability if the Demeter Eligible Assets are Liquidated at a price of zero, or at any other price, in accordance with paragraph (B) below; and

(B) for the purposes of paragraph (A) above:

(I) the Disposal Agent shall seek to Liquidate all the Demeter Eligible Assets as soon as is reasonably practicable, and in any event within five Business Days, following the relevant Failure to Issue Liquidation Commencement Date (the "**Target Liquidation Period**"); and

(II) in respect of the Liquidation of such Demeter Eligible Assets, the Disposal Agent shall request each of three Quotation Dealers (which may include up to one Affiliate of the Disposal Agent) to provide its all-in, firm executable bid price (a "**Quotation**") in the Specified Currency to purchase such Demeter Eligible Assets on a day within the Target Liquidation Period, and it shall sell

such Demeter Eligible Assets on such date to the Quotation Dealer who provides the highest Quotation (which will be zero if the Disposal Agent has not received any Quotations greater than zero).

(iii) *Failure to Issue Available Amount and Limitation of Claim*

Following Liquidation of the Demeter Eligible Assets in full, the Issuer (or the Custodian acting on its behalf and in accordance with the written instructions of the Issuer, or Disposal Agent acting on its behalf) shall, on the day falling two Business Days immediately following the final day of the Target Liquidation Period (such date the "**Failure to Issue Payment Date**"), apply the Failure to Issue Available Amount in the following order:

(A) first, in payment to the Loan Notes Issuer of the Failure to Issue Payment Amount; and

(B) second, in payment of any residual amounts to the Issuer to hold as part of the Mortgaged Property (in respect of each Failure to Issue, a "**Failure to Issue Residual Amount**").

Any claims of the Loan Notes Issuer in respect of a Failure to Issue Payment Amount shall be limited to the Failure to Issue Available Amount. To the extent that the Failure to Issue Available Amount is exhausted when applied in accordance with this Condition 13(a)(iii), the Loan Notes Issuer shall have no further claim against the Issuer in respect of such Failure to Issue Payment Amount for such Failure to Issue. The date, if any, on which the Failure to Issue Available Amount is applied in accordance with this Condition 13(a)(iii) shall be a "**Facility Agreement Settlement Date**".

(iv) *Right to Partial Enforcement and Limitation of Claim*

If the Issuer has either (x) failed to Liquidate the Demeter Eligible Assets in full within the Target Liquidation Period or (y) Liquidated the Demeter Eligible Assets in full within the Target Liquidation Period but failed to pay the Failure to Issue Payment Amount to the Loan Notes Issuer by the close of business on the Failure to Issue Payment Date for such Failure to Issue, the Loan Notes Issuer (but no other Secured Creditor) shall be entitled to direct the Trustee (subject to the Loan Notes Issuer indemnifying and/or securing and/or prefunding the Trustee to its satisfaction) as soon as is reasonably practicable to effect, or to appoint a receiver to effect, a partial enforcement of the Security constituted by the Trust Deed in respect of:

(A) any Demeter Eligible Assets that remain unsold as at the close of business of the Failure to Issue Payment Date for such Failure to Issue (which the Trustee may direct, and without incurring any liability for so doing, the Disposal Agent to Liquidate in accordance with the provisions of 13(a)(ii) (*Liquidation Process*) above); and

(B) any Failure to Issue Available Amount for such Failure to Issue.

If directed by the Loan Notes Issuer to partially enforce the Security in accordance with this Condition 13(a)(iv), upon all remaining Demeter Eligible Assets having been Liquidated in accordance with (A) above, the Trustee, the receiver or the Disposal Agent shall, as soon as is reasonably practicable following completion of the Liquidation, pay to the Loan Notes Issuer an amount equal to the Failure to Issue Payment Amount provided that for these purposes, the Failure to Issue Available Amount shall be the sum of (I) the Failure to Issue Available Amount as at the close of business on the Failure to Issue Payment Date and (II) the Liquidation proceeds of all remaining Demeter Eligible Assets Liquidated in accordance with (A) above. The protections in favour of the Trustee set out in the Master Trust Terms

(including, without limitation, those set out in Clauses 5, 9 and 10 therein) shall apply in relation to any such partial enforcement of the Security.

The Trustee shall take no action to enforce any Security in respect of such failure to (x) Liquidate the Demeter Eligible Assets in full or (y) pay the Failure to Issue Payment Amount, in each case, other than in accordance with this Condition 13(a)(iv), and any enforcement in accordance with this Condition 13(a)(iv) shall only be in respect of the assets specified in (A) and (B) above, with no recourse to any other assets comprising the Mortgaged Property.

Upon such payment of the Failure to Issue Payment Amount, the Loan Notes Issuer shall have no further claim against the Issuer in respect of any Failure to Issue Payment Amount for such Failure to Issue. The date, if any, on which such Failure to Issue Payment Amount is paid to the Loan Notes Issuer shall be a "**Facility Agreement Settlement Date**".

(v) *Distribution of Failure to Issue Residual Amounts*

To the extent a Failure to Issue Residual Amount has been received by the Issuer in connection with a Failure to Issue in accordance with Condition 13(a)(iii) (*Failure to Issue Available Amount and Limitation of Claim*) above, on the second Business Day following such date of receipt, an amount shall be payable in respect of each Note equal to such Note's *pro rata* share of such Failure to Issue Residual Amount subject to application of any such Failure to Issue Residual Amount in the order of priority set out in Condition 17(a) (*Application of Available Proceeds of Liquidation or Failure to Issue Residual Amounts*).

Where a Liquidation Commencement Date or Enforcement Commencement Date has occurred prior to the distribution of any Failure to Issue Residual Amount in accordance with this Condition 13(a)(v), such Failure to Issue Residual Amount shall form part of the Available Proceeds in respect of such Liquidation Event or Enforcement Event and the provisions of the preceding paragraph shall be disregarded.

(b) Failure to Deliver Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and/or Demeter Facility Fees (if any) by the Issuer

(i) *Provision of a Failure to Deliver Notice*

Upon the Issuer becoming aware (whether by notice thereof from the Calculation Agent or otherwise) of the occurrence of a Failure to Deliver, it shall as soon as is reasonably practicable thereafter provide a Failure to Deliver Notice to the Loan Notes Issuer, the Disposal Agent, the Custodian, the Trustee and the Noteholders thereof, provided that if at such time there is no Disposal Agent, then if a replacement Disposal Agent is appointed pursuant to Condition 11 (*Agents*), such notice shall be provided to such replacement Disposal Agent (if any) upon its appointment as Disposal Agent.

(ii) *Right to Partial Enforcement*

Upon the occurrence of a Failure to Deliver, the Loan Notes Issuer (but no other Secured Creditor) shall be entitled to direct the Trustee (subject to the Loan Notes Issuer indemnifying and/or securing and/or prefunding the Trustee to its satisfaction) to effect, or to appoint a receiver to effect, a partial enforcement of the Security constituted by the Trust Deed in respect of the Failure to Deliver Shortfall Amount forming part of the Mortgaged Property. Notwithstanding the above, the Issuer (or the Custodian acting on its behalf and in accordance with the written instructions of the Issuer) shall continue to attempt to deliver to the Loan Notes Issuer the Failure to Deliver Shortfall Amount until the occurrence of either of the following:

(A) the Loan Notes Issuer delivers written notification to the Issuer, the Trustee and the Disposal Agent directing the Trustee (subject to the Loan Notes Issuer indemnifying and/or securing and/or prefunding the Trustee, any receiver and the Disposal Agent to their satisfaction) to (I) enforce the Security in respect of the Failure to Deliver Shortfall Amount by directing the Disposal Agent or appointing a receiver to Liquidate the Demeter Eligible Asset Shortfall Amount and (II) as soon as is reasonably practicable thereafter, pay or procure the payment of the Failure to Deliver Payment Amount to the Loan Notes Issuer; or

(B) any Liquidation Event or Enforcement Event, upon which the Trustee (subject to the Loan Notes Issuer indemnifying and/or securing and/or prefunding the Trustee, any receiver and the Disposal Agent to their satisfaction) shall, as soon as is reasonably practicable thereafter, direct the Disposal Agent or appoint a receiver immediately to Liquidate the Demeter Eligible Asset Shortfall Amount and, as soon as reasonably practicable thereafter, pay or procure the payment of the Failure to Deliver Payment Amount to the Loan Notes Issuer.

The Trustee shall take no action to enforce any Security in respect of such Failure to Deliver other than pursuant to Condition 13(b)(ii)(A) or 13(b)(ii)(B) above, and any enforcement in accordance with this Condition 13(b)(ii) shall only be in respect of the Failure to Deliver Shortfall Amount, with no recourse to any other assets comprising the Mortgaged Property. The protections in favour of the Trustee set out in the Master Trust Terms (including, without limitation, those set out in Clauses 5, 9 and 10 therein) shall apply in relation to any such partial enforcement of the Security by the Trustee.

Any Liquidation by the Disposal Agent pursuant to this Condition 13(b)(ii) shall be effected in accordance with the provisions of Condition 13(b)(iii) (*Liquidation Process*).

Condition 13(d) (*Liquidation Provisions*) and Condition 13(e) (*No Duty to Monitor*) shall apply to the enforcement or partial enforcement of the Demeter Eligible Assets and/or Security described in this Condition 13. In particular, and without limiting the generality of the foregoing, the Disposal Agent, including when it is directed by the Trustee to Liquidate in accordance with the provisions of this Condition 13, shall not be regarded as an agent of the Trustee in any circumstances and shall be regarded as an agent of the Issuer for all purposes and the Trustee shall incur no liability to any person in respect of the acts or omissions or the exercise of any discretion by the Disposal Agent.

(iii) *Liquidation Process*

Subject to the provisions of Condition 13(d) (*Liquidation Provisions*), following (x) receipt by the Trustee of written notification to enforce the Security in respect of the Failure to Deliver Shortfall Amount pursuant to Condition 13(b)(ii)(A) (*Right to Partial Enforcement*) or (y) the

occurrence of any Liquidation Event or Enforcement Event, the Trustee shall (subject to the Loan Notes Issuer indemnifying and/or securing and/or prefunding the Trustee to its satisfaction) direct the Disposal Agent or appoint a receiver (such date of direction or appointment by the Trustee being the "**Failure to Deliver Liquidation Commencement Date**") to, and the Disposal Agent or receiver shall (acting as agent of the Issuer for these purposes and for whose acts, omissions or representations the Trustee shall incur no liability), as soon as is reasonably practicable thereafter and on behalf of the Issuer or the Trustee or the Enforcement Agent, as the case may be:

(A) subject to paragraph (B) below, effect a Liquidation of the Demeter Eligible Asset Shortfall Amount commencing on the Failure to Deliver Liquidation Commencement Date with a view to Liquidating such Demeter Eligible Asset Shortfall Amount as soon as is reasonably practicable and provided that none of the Disposal Agent, the Trustee, the Enforcement Agent and the Issuer shall have any liability if the Demeter Eligible Asset Shortfall Amount is Liquidated at a price of zero, or at any other price, in accordance with paragraph (B) below; and

(B) for the purposes of paragraph (A) above:

(I) the Disposal Agent shall seek to Liquidate the Demeter Eligible Asset Shortfall Amount as soon as is reasonably practicable, and in any event within five Business Days, following the relevant Failure to Deliver Liquidation Commencement Date, as applicable (the "**Target Liquidation Period**"); and

(II) in respect of the Liquidation of such Demeter Eligible Asset Shortfall Amount, the Disposal Agent shall request each of three Quotation Dealers (which may include up to one Affiliate of the Disposal Agent) to provide its all-in, firm executable bid price (a "**Quotation**") in the Specified Currency to purchase such Demeter Eligible Asset Shortfall Amount on a day within the Target Liquidation Period, and it shall sell such Demeter Eligible Asset Shortfall Amount on such date to the Quotation Dealer who provides the highest Quotation (which will be zero if the Disposal Agent has not received any Quotations greater than zero).

(iv) *Joining of Claims*

If at any time, more than one Failure to Deliver is outstanding, then such claims shall be aggregated and for such purposes thereafter:

(A) any requirement of the Issuer to deliver a Failure to Deliver Shortfall Amount shall be treated as a requirement to deliver the aggregate of all the Failure to Deliver Shortfall Amounts in respect of each Failure to Deliver then outstanding;

(B) any Liquidation undertaken by the Disposal Agent shall be a Liquidation of the aggregate Demeter Eligible Asset Shortfall Amounts in respect of each Failure to Deliver then outstanding; and

(C) any requirement of the Issuer to pay the Failure to Deliver Payment Amount shall be treated as a requirement to pay the sum of all the Failure to Deliver Payment Amounts in respect of each Failure to Deliver then outstanding.

(v) *Failure to Deliver Available Amount, Failure to Deliver Shortfall Amount and Limitation of Claim*

Upon Liquidation in full of the Demeter Eligible Asset Shortfall Amount, the Issuer (or the Trustee or the Disposal Agent, as the case may be) shall, as soon as is reasonably practicable thereafter, make payment to the Loan Notes Issuer of the Failure to Deliver Payment Amount. Any claims of the Loan Notes Issuer in respect of a Failure to Deliver Payment Amount shall be limited to the Failure to Deliver Available Amount.

Subject to Condition 13(b)(iv) (*Joining of Claims*) above, the Loan Notes Issuer shall have no further claim in respect of the Failure to Deliver Payment Amount for such Failure to Deliver upon the earlier of:

(A) payment and delivery by the Issuer (or the Custodian acting on its behalf) to the Loan Notes Issuer of the Failure to Deliver Shortfall Amount; and

(B) payment by the Issuer or, as the case may be, the Trustee or the Disposal Agent to the Loan Notes Issuer of the Failure to Deliver Payment Amount,

and the date of such final delivery or payment shall be a "**Facility Agreement Settlement Date**".

(c) Reset Failure to Perform by the Issuer

(i) *Provision of a Reset Failure to Perform Notice*

Upon the Issuer becoming aware (whether by notice thereof from the Calculation Agent or otherwise) of the occurrence of a Reset Failure to Perform, it shall as soon as is reasonably practicable thereafter provide a Reset Failure to Perform Notice to the Loan Notes Issuer, the Disposal Agent, the Custodian, the Trustee and the Noteholders thereof, provided that if at such time there is no Disposal Agent, then if a replacement Disposal Agent is appointed pursuant to Condition 11 (*Agents*), such notice shall be provided to such replacement Disposal Agent (if any) upon its appointment as Disposal Agent.

(ii) *Right to Partial Enforcement*

Upon the occurrence of a Reset Failure to Perform, the Loan Notes Issuer (but no other Secured Creditor) shall be entitled to direct the Trustee (subject to the Loan Notes Issuer indemnifying and/or securing and/or prefunding the Trustee to its satisfaction) to effect, or to appoint a receiver to effect, a partial enforcement of the Security constituted by the Trust Deed in respect of the Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) held at such time (and the Trustee may direct the Disposal Agent to Liquidate such Demeter Eligible Assets (if any)). Notwithstanding the above, the Issuer (or the Custodian acting on its behalf and in accordance with the written instructions of the Issuer) shall continue to attempt to pay or deliver to the Loan Notes Issuer the relevant Reset Payment Amount or Reset Delivery Amount, as applicable, until the occurrence of either of the following:

(A) the Loan Notes Issuer delivers written notification to the Issuer, the Trustee and the Disposal Agent directing the Trustee (subject to the Loan Notes Issuer indemnifying and/or securing and/or prefunding the Trustee, any receiver and the Disposal Agent to their satisfaction) to (I) enforce the Security in respect of the Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) held at such time by directing the Disposal Agent or appointing a receiver to Liquidate the remaining Demeter Eligible Assets then held by the Issuer and (II) as

soon as is reasonably practicable thereafter, deliver or pay or procure the payment of the Reset Failure to Perform Payment Amount to the Loan Notes Issuer; or

(B) any Liquidation Event or Enforcement Event, upon which the Trustee (subject to the Loan Notes Issuer indemnifying and/or securing and/or prefunding the Trustee, any receiver and the Disposal Agent to their satisfaction) shall, as soon as is reasonably practicable thereafter (I) direct the Disposal Agent or appoint a receiver immediately to Liquidate the Demeter Eligible Asset then held by the Issuer and (II) as soon as reasonably practicable thereafter, deliver the Reset Failure to Perform Payment Amount to the Loan Notes Issuer.

The Trustee shall take no action to enforce any Security in respect of such Reset Failure to Perform other than pursuant to Condition 13(c)(ii)(A) or 13(c)(ii)(B) above, and any enforcement in accordance with this Condition 13(c)(ii) shall only be in respect of the Demeter Eligible Assets and/or any Demeter Eligible Asset Income and/or any Demeter Facility Fees, in each case then held by the Issuer, with no recourse to any other assets comprising the Mortgaged Property. The protections in favour of the Trustee set out in the Master Trust Terms (including, without limitation, those set out in Clauses 5, 9 and 10 therein) shall apply in relation to any such partial enforcement of the Security by the Trustee.

Any Liquidation by the Disposal Agent pursuant to this Condition 13(c)(ii) shall be effected in accordance with the provisions of Condition 13(c)(iii) (*Liquidation Process*).

Condition 13(d) (*Liquidation Provisions*) and Condition 13(e) (*No Duty to Monitor*) shall apply to the enforcement or partial enforcement of the Demeter Eligible Assets and/or Security described in this Condition 13. In particular, and without limiting the generality of the foregoing, the Disposal Agent, including when it is directed by the Trustee to Liquidate in accordance with the provisions of this Condition 13, shall not be regarded as an agent of the Trustee in any circumstances and shall be regarded as an agent of the Issuer for all purposes and the Trustee shall incur no liability to any person in respect of the acts or omissions or the exercise of any discretion by the Disposal Agent.

(iii) *Liquidation Process*

Subject to the provisions of Condition 13(d) (*Liquidation Provisions*), following (x) receipt by the Trustee of written notification to enforce the Security in respect of the Reset Failure to Perform pursuant to Condition 13(c)(ii)(A) (*Right to Partial Enforcement*) or (y) the occurrence of any Liquidation Event or Enforcement Event, the Trustee shall (subject to the Loan Notes Issuer indemnifying and/or securing and/or prefunding the Trustee to its satisfaction) direct the Disposal Agent or appoint a receiver (such date of direction or appointment by the Trustee being the "**Reset Failure to Perform Liquidation Commencement Date**") to, and the Disposal Agent or receiver shall (acting as agent of the Issuer for these purposes and for whose acts, omissions or representations the Trustee shall incur no liability), as soon as is reasonably practicable thereafter and on behalf of the Issuer or the Trustee or the Enforcement Agent, as the case may be:

(A) subject to paragraph (B) below, effect a Liquidation of the remaining Demeter Eligible Assets then held by the Issuer commencing on the Reset Failure to Perform Liquidation Commencement Date with a view to Liquidating such remaining Demeter Eligible Assets as soon as is reasonably practicable and provided that none of the Disposal Agent, the Trustee, the Enforcement Agent and the Issuer

shall have any liability if the remaining Demeter Eligible Assets are Liquidated at a price of zero, or at any other price, in accordance with paragraph (B) below; and

(B) for the purposes of paragraph (A) above:

(I) the Disposal Agent shall seek to Liquidate the remaining Demeter Eligible Assets as soon as is reasonably practicable, and in any event within five Business Days, following the relevant Reset Failure to Perform Liquidation Commencement Date, as applicable (the "**Target Liquidation Period**"); and

(II) in respect of the Liquidation of such remaining Demeter Eligible Assets, the Disposal Agent shall request each of three Quotation Dealers (which may include up to one Affiliate of the Disposal Agent) to provide its all-in, firm executable bid price (a "**Quotation**") in the Specified Currency to purchase such remaining Demeter Eligible Assets on a day within the Target Liquidation Period, and it shall sell such Demeter Eligible Asset on such date to the Quotation Dealer who provides the highest Quotation (which will be zero if the Disposal Agent has not received any Quotations greater than zero).

(iv) *Reset Failure to Perform Available Amount, Reset Failure to Perform Payment Amount and Limitation of Claim*

Upon Liquidation in full of the remaining Demeter Eligible Assets, the Issuer (or the Trustee or the Disposal Agent, as the case may be) shall, as soon as is reasonably practicable thereafter, make payment to the Loan Notes Issuer of the Reset Failure to Perform Payment Amount. Any claims of the Loan Notes Issuer in respect of a Reset Failure to Perform shall be limited to the Reset Failure to Perform Available Amount.

The Loan Notes Issuer shall have no further claim in respect of the Reset Failure to Perform Payment Amount for such Reset Failure to Perform upon the earlier of:

(A) payment or delivery by the Issuer (or the Custodian acting on its behalf and in accordance with the written instructions of the Issuer) to the Loan Notes Issuer of the relevant Reset Payment Amount or Reset Delivery Amount, as applicable; and

(B) payment by the Issuer or, as the case may be, the Trustee or the Disposal Agent to the Loan Notes Issuer of the Reset Failure to Perform Payment Amount.

In the case of (A) above, the date of such final delivery or payment such that no further Reset Payment Amounts or Reset Delivery Amounts are due to the Loan Notes Issuer shall be a "**Facility Agreement Settlement Date**". In the case of (B) above, the Loan Notes Issuer shall also have no further claim in respect of any other Reset Payment Obligation or Reset Delivery Obligation thereafter, and the date of such payment shall be a "**Facility Agreement Settlement Date**".

Noteholders should be aware that as a result of the Loan Notes Issuer's rights under the Facility Agreement and the operation of this Condition 13 (*Demeter Eligible Assets Liquidation*) and 17 (*Application of Available Proceeds, Failure to Issue Residual Amounts or Managers' Available Proceeds*), the Demeter Eligible Assets (if any), Demeter Eligible Income (if any) and Demeter Facility Fees (if any) forming part of the Mortgaged Property that is the subject to the Security will, except where a Loan Notes Bankruptcy Enforcement Event has occurred or a Failure to Issue Residual Amount exists after payment to the Loan Notes Issuer of a Failure to Issue Payment Amount, be exclusively for the benefit of the Loan Notes Issuer and no

other Secured Creditor to the extent that the Loan Notes Issuer wishes to, or is required under the Facility Agreement to, issue Loan Notes to the Issuer. In effecting a partial enforcement of the Security in accordance with Conditions 13(a)(iv) (*Right to Partial Enforcement and Limitation of Claim*), 13(b)(ii) (*Right to Partial Enforcement*) and 13(c)(ii) (*Right to Partial Enforcement*) and in the event of a potential or actual conflict of interests which may arise between the Loan Notes Issuer and the Noteholders or other Secured Creditors as a result thereof, the Trustee shall have regard to the interests of the Loan Notes Issuer.

The Loan Notes Issuer shall cease to be a Secured Creditor with effect from the earliest date after the Issue Date on which any outstanding Facility Agreement Secured Claims are satisfied and no further Facility Agreement Secured Claims may thereafter arise, such date being the earlier to occur of (i) the date on which the Issuer no longer beneficially owns, in accordance with the Facility Agreement, any Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) and no further Optional Exchange may be requested by the Loan Notes Issuer and (ii) the delivery by the Issuer of an Enforcement Entitlement Notice in respect of a Loan Notes Bankruptcy Enforcement Event.

(d) Liquidation Provisions

The Disposal Agent must effect any Liquidation of Demeter Eligible Assets under this Condition 13 (*Demeter Eligible Assets Liquidation*) as soon as is reasonably practicable within the available timeframe and in a commercially reasonable manner, even where a larger amount could possibly be received in respect of such Demeter Eligible Assets if any such Liquidation were to be delayed. Subject to such requirement, the Disposal Agent shall be entitled to effect any Liquidation by way of one or multiple transactions on a single or multiple day(s). In accordance with the terms of the Trust Deed and Condition 5(e) (*Disposal Agent's Right Following Liquidation Event, Failure to Issue, Failure to Deliver and Reset Failure to Perform*), following the occurrence of a Failure to Issue, a Failure to Deliver or a Reset Failure to Perform and effective delivery of a valid Failure to Issue Notice, Failure to Deliver Notice or Reset Failure to Perform Notice, the Security shall be released without further action on the part of the Trustee to the extent necessary for the Disposal Agent to effect the Liquidation of all of the Demeter Eligible Assets, the Demeter Eligible Asset Shortfall Amount or the remaining Demeter Eligible Assets, as the case may be, and to make payment of the Failure to Issue Payment Amount, the Failure to Deliver Payment Amount or the Reset Failure to Perform Payment Amount, as the case may be, to the Loan Notes Issuer. Neither the Trustee nor the Disposal Agent shall be liable to the Loan Notes Issuer, the Issuer, the Trustee, the Noteholders or any other person merely because a larger amount could have been received had any such Liquidation been delayed or had the Disposal Agent selected a different method of Liquidating any such Demeter Eligible Assets.

In determining whether or not to take any action as a result of its determination that a Failure to Issue, a Failure to Deliver or a Reset Failure to Perform has occurred, each of the Trustee and the Disposal Agent (i) shall have complete discretion, (ii) shall have no duty or obligation to the Issuer, the Loan Notes Issuer, any Noteholder or any other person to take any such action or make any such determination and (iii) shall not be liable for any such determination or decision or the timing thereof.

(e) No Duty to Monitor

The Disposal Agent shall not be required to monitor, enquire or satisfy itself as to whether a Failure to Issue, a Failure to Deliver or a Reset Failure to Perform has occurred. Prior to receipt by it of a Failure to Issue Notice, a Failure to Deliver Notice or a Reset Failure to Perform Notice, the

Disposal Agent may assume that no such event has occurred. The Disposal Agent shall be entitled to rely on a Failure to Issue Notice, a Failure to Deliver Notice or a Reset Failure to Perform Notice without investigation of whether the relevant Failure to Issue, Failure to Deliver or Reset Failure to Perform has occurred.

The Trustee shall not be required to monitor, enquire or satisfy itself as to whether any Failure to Issue, Failure to Deliver or Reset Failure to Perform has occurred or to calculate any of the Failure to Issue Payment Amount, Failure to Deliver Shortfall Amount, Failure to Deliver Payment Amount or Reset Failure to Perform Payment Amount and shall have no obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer, the Disposal Agent or any other Secured Creditor. The Trustee shall be entitled to rely on any notice given by the Issuer, the Loan Notes Issuer, the Disposal Agent, the Calculation Agent or any other person on their behalf without further enquiry or investigation and without any liability for so relying. The Disposal Agent, who shall be regarded as an agent of the Issuer for all purposes shall not be regarded as acting as the agent of the Trustee in any circumstances and the Trustee shall not incur any liability to any person in respect of any acts or omissions or the exercise of any discretion by the Disposal Agent. The Trustee shall have no responsibility or liability for the performance or any failure or delay in the performance by the Disposal Agent under the Agency Agreement or these Conditions or for the payment of any commissions or expenses charged by it or for any failure by the Disposal Agent to account for the proceeds of any Liquidation of Demeter Eligible Assets in accordance with the Agency Agreement and these Conditions.

(f) No Duty to Act

None of the Trustee, the Custodian, the Calculation Agent or the Disposal Agent shall be obliged to perform any of its duties under this Condition 13 unless it has been indemnified and/or secured and/or prefunded to its satisfaction.

(g) Validity of Failure to Issue Notice, Failure to Deliver Notice or Reset Failure to Perform Notice

Any Failure to Issue Notice delivered by the Issuer shall not be valid, and the Disposal Agent shall not take any action in relation thereto, if the Disposal Agent has already received (i) a valid Failure to Issue Notice in respect of the same, (ii) a valid Liquidation Commencement Notice or (iii) a valid Enforcement Notice from the Trustee.

Any Failure to Deliver Notice delivered by the Issuer shall not be valid, and the Disposal Agent shall not take any action in relation thereto, if the Disposal Agent has already received (i) a valid Failure to Deliver Notice in respect of the same, (ii) a valid Liquidation Commencement Notice or (iii) a valid Enforcement Notice from the Trustee.

Any Reset Failure to Perform Notice delivered by the Issuer shall not be valid, and the Disposal Agent shall not take any action in relation thereto, if the Disposal Agent has already received (i) a valid Reset Failure to Perform Notice in respect of the same, (ii) a valid Liquidation Commencement Notice or (iii) a valid Enforcement Notice from the Trustee.

14 Liquidation

(a) Liquidation Event

Upon the Issuer becoming aware (whether by notice thereof from the Calculation Agent or otherwise) of the occurrence of a Liquidation Event, it shall as soon as reasonably practicable thereafter provide notification of the occurrence of such Liquidation Event to the Loan Notes Issuer, specifying the applicable Demeter Event to have occurred (a "**Demeter Event Notice**").

The receipt of such notice by the Loan Notes Issuer shall trigger an Automatic Issuance Event under the Facility Agreement and:

(i) where all the Loan Notes have been issued and no Failure to Issue or Failure to Deliver has occurred in respect of such Automatic Issuance Event, on the Business Day immediately following the related Settlement Date; or

(ii) where a Failure to Issue (a) has occurred in respect of such Automatic Issuance Event or (b) had previously occurred and has yet to be resolved prior to the occurrence of such Liquidation Event, on the Business Day immediately following the related Facility Agreement Settlement Date; or

(iii) where a Failure to Deliver (a) has occurred in respect of such Automatic Issuance Event or (b) had previously occurred in respect of an issue of Loan Notes for the full Available Commitment and has yet to be resolved prior to the occurrence of such Liquidation Event, on the Business Day immediately following the related Facility Agreement Settlement Date; or

(iv) where a Failure to Deliver had previously occurred in respect of an issue of Loan Notes for less than the full Available Commitment and has yet to be resolved prior to the occurrence of such Liquidation Event, on the Business Day immediately following the Settlement Date in respect of the Automatic Issuance Event resulting from such Liquidation Event, provided that the Drawing Date specified in respect of such Automatic Issuance Event must fall after the Facility Agreement Settlement Date in respect of such Failure to Deliver; or

(v) where a Reset Failure to Perform had previously occurred and has yet to be resolved prior to the occurrence of such Liquidation Event, on the Business Day immediately following the related Facility Agreement Settlement Date,

the Issuer shall provide a Liquidation Commencement Notice to the Disposal Agent, the Custodian and the Trustee, provided that if at such time there is no Disposal Agent, then if a replacement Disposal Agent is appointed pursuant to Condition 11 (*Agents*), such notice shall be provided to such replacement Disposal Agent (if any) upon its appointment as Disposal Agent. No Liquidation Commencement Notice shall be delivered to any party prior to the occurrence of any of the dates specified in (i) to (v) above.

The Disposal Agent shall not be required to monitor, enquire or satisfy itself as to whether a Liquidation Event has occurred. Prior to receipt by it of a Liquidation Commencement Notice, the Disposal Agent may assume that no such event has occurred.

Neither the Trustee nor the Enforcement Agent shall be required to monitor, enquire or satisfy itself as to whether any Liquidation Event has occurred or to calculate any Early Redemption Amount and shall have no obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer, the Disposal Agent or any other Secured Creditor. The Trustee and/or the Enforcement Agent shall be entitled to rely on any notice given by the Issuer, the Disposal Agent or any other person on their behalf without further enquiry or investigation and without any liability for so relying. The Disposal Agent shall not be regarded as acting as the agent of the Trustee in any circumstances and the Trustee shall not incur any liability to any person in respect of any acts or omissions or the exercise of any discretion by the Disposal Agent. The Trustee shall have no responsibility or liability for the performance or any failure or delay in the performance by the Disposal Agent under the Agency Agreement or these Conditions or for the payment of any commissions or expenses charged by it or for any failure by the Disposal Agent to account for the proceeds of any Liquidation of Loan Notes Collateral and/or Demeter Eligible Assets and/or the Facility Agreement in accordance with the Agency Agreement and these Conditions.

The Disposal Agent shall be entitled to rely on a Liquidation Commencement Notice without investigation of whether the relevant Liquidation Event has occurred.

Any Liquidation Commencement Notice delivered by the Issuer or the Trustee shall not be valid and the Disposal Agent shall not take any action in relation thereto if the Disposal Agent has already received (i) a valid Liquidation Commencement Notice in respect of the same or a prior Liquidation Event or (ii) a valid Enforcement Notice from the Trustee.

(b) Liquidation Process following a Liquidation Event

Following receipt by it of a valid Liquidation Commencement Notice the Disposal Agent shall, on behalf of the Issuer, so far as is practicable in the circumstances and to the extent that, on the date of such Liquidation Commencement Notice, any Loan Notes Collateral is outstanding and/or the Facility Agreement has not yet been terminated,

(i) subject to paragraph (ii) below, effect a Liquidation of (A) any such Loan Notes Collateral, and (B) the Facility Agreement, each commencing on the Liquidation Commencement Date with a view to Liquidating all such Loan Notes Collateral and/or the Facility Agreement on or prior to the Early Valuation Date and provided that none of the Disposal Agent, the Issuer or the Trustee shall have any liability if the Liquidation of all such Loan Notes Collateral and/or the Facility Agreement have not been effected by such date. If all such Loan Notes Collateral and/or the Facility Agreement have not been Liquidated in full by such date, the Disposal Agent shall continue in its attempts to effect a Liquidation of all such Loan Notes Collateral and/or the Facility Agreement until such time (if any) as it is instructed by the Issuer to the contrary or until it receives a valid Enforcement Notice from the Trustee; and

(ii) for the purpose of paragraph (i) above:

(A) the Disposal Agent shall seek to Liquidate all such Loan Notes Collateral and/or the Facility Agreement as soon as is reasonably practicable, and in any event within 30 Business Days, following the relevant Liquidation Commencement Date (the "**Target Liquidation Period**"); and

(B) in respect of the Liquidation of all such Loan Notes Collateral and/or the Facility Agreement, the Disposal Agent shall request each of five Qualifying Banks (which may include up to two Affiliates of the Disposal Agent) to provide its all-in, firm executable bid price (a "**Quotation**") in the Specified Currency to purchase such Loan Notes Collateral and/or the Facility Agreement on a day within the Target Liquidation Period, and it shall sell such Loan Notes Collateral and/or the Facility Agreement on such date to the Qualifying Bank who provides the highest Quotation (which will be zero if the Disposal Agent has not received any Quotations greater than zero).

The Disposal Agent must effect any Liquidation as soon as reasonably practicable within the available timeframe and in a commercially reasonable manner, even where a larger amount could possibly be received in respect of such Loan Notes Collateral and/or the Facility Agreement if any such Liquidation were to be delayed. Subject to such requirement, the Disposal Agent shall be entitled to effect any Liquidation by way of one or multiple transactions on a single or multiple day(s). In accordance with the terms of the Trust Deed and Condition 5(e) (*Disposal Agent's Right Following Liquidation Event, Failure to Issue and Failure to Deliver*), following the occurrence of a Liquidation Event and effective delivery of a valid Liquidation Commencement Notice, the Security shall be released without further action on the part of the Trustee to the extent necessary for the Disposal Agent to effect the Liquidation of the Loan Notes Collateral and/or the Facility Agreement. Nothing in this Condition 14(b) or Condition 5(e) (*Disposal Agent's Right Following*

Liquidation Event, Failure to Issue and Failure to Deliver) will operate to release the charges and other security interests over the proceeds of the Liquidation of the Loan Notes Collateral and/or the Facility Agreement. The Disposal Agent shall not be liable to the Issuer, the Trustee, the Noteholders or any other person merely because a larger amount could have been received had any such Liquidation been delayed or had the Disposal Agent selected a different method of Liquidating any such Loan Notes Collateral and/or the Facility Agreement.

In determining whether or not to take any action as a result of its determination that a Liquidation Event has occurred, the Disposal Agent (i) shall have complete discretion, (ii) shall have no duty or obligation to the Issuer, any Noteholder or any other person to take any such action or make any such determination and (iii) shall not be liable for any such determination or decision or the timing thereof.

Notwithstanding anything to the contrary in these Conditions, the Disposal Agent shall be subject to the transfer restrictions applicable to the Loan Notes Collateral in relation to any Liquidation of the Loan Notes Collateral under this Condition 14, including, but not limited to, the restrictions set out in Loan Notes Condition 1 (*Form, Denomination and Transfer*). The Disposal Agent shall not, and shall not be required to, Liquidate the Loan Notes Collateral where such Liquidation would violate any such transfer restrictions.

(c) Proceeds of Liquidation

The Disposal Agent shall not be liable:

(i) to account for anything except actual proceeds of the Loan Notes Collateral and/or the Facility Agreement received by it (after deduction of the amounts (if any) described in Condition 14(d) (*Costs and Expenses*)) and which shall, upon receipt, automatically become subject to the Security created by the Trust Deed; or

(ii) for any taxes, costs, charges, losses, damages, liabilities, fees, commissions or expenses arising from or connected with any Liquidation or from any act or omission in relation to the Loan Notes Collateral, the Facility Agreement or otherwise unless such taxes, costs, charges, losses, damages, liabilities or expenses shall be caused by its own negligence, fraud or wilful default.

In addition, the Disposal Agent shall not be obliged to pay to the Issuer, any Transaction Party or any Noteholder interest on any proceeds from any Liquidation held by it at any time.

(d) Costs and Expenses

The Issuer acknowledges that in effecting a Liquidation, Liquidation Expenses may be incurred. The Issuer agrees that any such Liquidation Expenses shall be borne by the Issuer and that the Disposal Agent shall only be required to remit the proceeds of such Liquidation net of such Liquidation Expenses. Where the Disposal Agent makes such net remittance to the Issuer but has itself received the relevant payment on a gross basis, the Disposal Agent agrees to apply the relevant amount retained by it in payment of such Liquidation Expenses.

"**Liquidation Expenses**" means (i) any taxes and (ii) any reasonable transaction fees or commissions applicable to such Liquidation, including any brokerage or exchange commissions, provided that such transaction fees or commissions are limited to and no higher than those that would necessarily and routinely be charged by the third party market participant to whom such fees or commissions are payable for a sale transaction of that type to third parties on an arm's length basis. Save for such reasonable transaction fees or commissions, Liquidation Expenses shall not include any fee charged by, or any other amounts owed to, the Disposal Agent for the performance of its duties specified in, or incidental to, these Conditions (the "**Disposal Agent**

Fees"). Such Disposal Agent Fees shall be paid to the Disposal Agent in accordance with Condition 17 (*Application of Available Proceeds, Failure to Issue Residual Proceeds or Managers' Available Proceeds*).

In addition, the Disposal Agent shall not be obliged to pay to the Issuer, any Transaction Party or any Noteholder interest on any proceeds from any Liquidation held by it at any time.

(e) Good Faith of Disposal Agent

In effecting any Liquidation, the Disposal Agent shall act in good faith and, subject as provided above, in respect of any sale of the Loan Notes Collateral and/or the Facility Agreement, shall agree a price that it reasonably believes to be representative of or better than the price available in the market for the sale of such Loan Notes Collateral and/or the Facility Agreement in the appropriate size taking into account the total amount of Loan Notes Collateral and/or the nature of the rights under the Facility Agreement to be sold.

(f) Disposal Agent to Use All Reasonable Care

The Disposal Agent shall use all reasonable care in the performance of its duties but shall not be responsible for any loss or damage suffered by any party as a result thereof save that the Disposal Agent's liability to the Issuer shall not be so limited where the loss or damage results from negligence, wilful default or fraud of the Disposal Agent.

(g) No Relationship of Agency or Trust

The Disposal Agent shall not have any obligations towards or relationship of agency or trust with any Noteholder or other Transaction Party.

(h) Consultations on Legal Matters

The Disposal Agent may consult on any legal matter with any reputable legal adviser of international standing selected by it, who may be an employee of the Disposal Agent or adviser to the Issuer, and it shall not be liable in respect of anything done or omitted to be done relating to that matter in good faith in accordance with that adviser's opinion.

(i) Reliance on Documents

The Disposal Agent shall not be liable in respect of anything done or suffered by it in reliance on a document it reasonably believed to be genuine and to have been signed by the proper parties or on information to which it should properly have regard and which it reasonably believed to be genuine and to have been originated by the proper parties.

(j) Entry into Contracts and Other Transactions

The Disposal Agent may enter into any contracts or any other transactions or arrangements with any of the Issuer, any other Transaction Party, any Noteholder, the Loan Notes Issuer or any Affiliate of any of them (whether in relation to the Notes, the Loan Notes Collateral, the Facility Agreement, the Security, an Obligation or any other transaction or obligation whatsoever) and may hold or deal in or be a party to the assets, obligations or agreements of which the relevant Loan Notes Collateral forms a part and other assets, obligations or agreements of the Loan Notes Issuer in respect of the Loan Notes Collateral. The Disposal Agent shall not be required to disclose any such contract, transaction or arrangement to any Noteholder or other Transaction Party and shall be in no way accountable to the Issuer or (save as otherwise provided in the Agency Agreement and these Conditions) to any Noteholder or any other Transaction Party for any profits or benefits arising from any such contract(s), transaction(s) or arrangement(s) and shall resolve any conflict of interest arising out of or in relation thereto in such manner as it deems appropriate, in its sole and absolute discretion.

(k) Illegality

The Disposal Agent shall not be liable to effect a Liquidation of any of the Loan Notes Collateral and/or the Facility Agreement if it determines, in its sole and absolute discretion, that any such Liquidation of some or all of the Loan Notes Collateral and/or the Facility Agreement in accordance with this Condition 14 (*Liquidation*) would or might require or result in a violation of any applicable law or regulation of the jurisdiction in which the Issuer is domiciled or any other relevant jurisdiction, including any insolvency prohibition or moratorium on the disposal of assets, or that for any other reason it is not possible for it to dispose of the Loan Notes Collateral and/or the Facility Agreement (even at zero), and the Disposal Agent notifies the Issuer and the Trustee of the same.

(l) Sales to Affiliates

In effecting any Liquidation, the Disposal Agent may sell any Loan Notes Collateral and/or the Facility Agreement to Affiliates of itself provided that such Affiliates are Qualifying Banks and the Disposal Agent sells at a price that it reasonably believes to be a fair market price.

(m) Notification of Enforcement Event

Upon the Trustee effectively giving a valid Enforcement Notice to the Disposal Agent following the occurrence of an Enforcement Event, the Disposal Agent shall cease to effect any further Liquidation of any Loan Notes Collateral and/or the Facility Agreement and shall take no further action to Liquidate any Loan Notes Collateral and/or the Facility Agreement, save that any transaction entered into in connection with the Liquidation on or prior to the effective date of any such Enforcement Notice shall be settled and the Disposal Agent shall take any steps and actions necessary to settle such transaction and/or which is incidental thereto.

(n) Transfer of Loan Notes Collateral and/or the Facility Agreement to Custodian

In effecting any Liquidation, the Disposal Agent may sell any Loan Notes Collateral and/or the Facility Agreement to itself (subject to Condition 14(m) (*Notification of Enforcement Event*)) or to any of its Affiliates, provided that the price for such Loan Notes Collateral and/or the Facility Agreement is paid to the Custodian or to the order of the Issuer. The Disposal Agent shall not have the right to transfer the Loan Notes Collateral and/or the Facility Agreement to itself or to any of its Affiliates other than in connection with a sale hereof to itself or one of its Affiliates, as applicable, and provided that such sale is executed on a delivery versus payment basis.

Notwithstanding the immediately preceding paragraph, if the Disposal Agent has reasonable grounds to believe that a Bankruptcy Event has occurred with respect to the Custodian and it has not received contrary orders from the Issuer it shall make arrangements for any such price for the Loan Notes Collateral and/or the Facility Agreement to instead be paid to the Issuing and Paying Agent, provided that, if it also has reasonable grounds to believe that a Bankruptcy Event has also occurred with respect to the Issuing and Paying Agent, it shall retain and hold such Liquidation Proceeds to the order of the Issuer and subject to the Security created by the Trust Deed.

15 Enforcement of Security

(a) Enforcement Entitlement Notice

(i) *Enforcement Entitlement Notice following a Demeter Event*

At any time after the Issuer becomes aware (whether by notice thereof from the Calculation Agent or otherwise) of the occurrence of an Enforcement Event following a Demeter Event but prior to the Trustee taking any steps to enforce the Security, the Issuer shall as soon as is reasonably practicable thereafter provide notification of the occurrence of such Demeter

Event to the Loan Notes Issuer, specifying the applicable Demeter Event to have occurred (a "**Demeter Event Notice**"). The receipt of such notice by the Loan Notes Issuer shall trigger an Automatic Issuance Event under the Facility Agreement and:

(A) where all the Loan Notes have been issued and no Failure to Issue or Failure to Deliver has occurred in respect of such Automatic Issuance Event, on the Business Day immediately following the related Settlement Date; or

(B) where a Failure to Issue (a) has occurred in respect of such Automatic Issuance Event or (b) had previously occurred and has yet to be resolved prior to the occurrence of such Demeter Event, on the Business Day immediately following the related Facility Agreement Settlement Date; or

(C) where a Failure to Deliver (a) has occurred in respect of such Automatic Issuance Event or (b) had previously occurred in respect of an issue of Loan Notes for the full Available Commitment and has yet to be resolved prior to the occurrence of such Demeter Event, on the Business Day immediately following the related Facility Agreement Settlement Date; or

(D) where a Failure to Deliver had previously occurred in respect of an issue of Loan Notes for less than the full Available Commitment and has yet to be resolved prior to the occurrence of such Demeter Event, on the Business Day immediately following the Settlement Date in respect of the Automatic Issuance Event resulting from such Demeter Event, provided that the Drawing Date specified in respect of such Automatic Issuance Event must fall after the Facility Agreement Settlement Date in respect of such Failure to Deliver; or

(E) where a Reset Failure to Perform had previously occurred and has yet to be resolved prior to the occurrence of such Demeter Event, on the Business Day immediately following the related Facility Agreement Settlement Date,

the Issuer shall provide notification to the Trustee, the Custodian and any Disposal Agent appointed at that time (such notice being an "**Enforcement Entitlement Notice**") that (i) a Demeter Event has occurred and that the Trustee is entitled to enforce the Security constituted by the Trust Deed and (ii) upon delivery of an Enforcement Notice by the Trustee, the Disposal Agent will cease to effect any further Liquidation of any Loan Notes Collateral and/or the Facility Agreement (if such Liquidation is taking place) save that any transaction entered into in connection with the Liquidation on or prior to the effective date of such Enforcement Notice shall be settled and the Disposal Agent shall take any steps and actions necessary to settle such transaction and/or that are incidental thereto. No Enforcement Entitlement Notice shall be delivered to any party following a Demeter Event prior to the occurrence of any of the dates specified in (A) to (E) above.

(ii) *Enforcement Entitlement Notice following a Loan Notes Enforcement Event*

At any time after the Issuer becomes aware (whether by notice thereof from the Calculation Agent, Loan Notes Issuer or otherwise) of the occurrence of an Enforcement Event following a Loan Notes Enforcement Event but prior to the Trustee taking any steps to enforce the Security, the Issuer shall:

(A) where all the Loan Notes have been issued and no Failure to Issue or Failure to Deliver has occurred in respect of such Automatic Issuance Event, on the Business Day immediately following the related Settlement Date; or

(B) where a Failure to Issue (a) has occurred in respect of such Automatic Issuance Event or (b) had previously occurred and has yet to be resolved prior to the occurrence of such Loan Notes Enforcement Event, on the Business Day immediately following the related Facility Agreement Settlement Date; or

(C) where a Failure to Deliver (a) has occurred in respect of such Automatic Issuance Event or (b) had previously occurred in respect of an issue of Loan Notes for the full Available Commitment and has yet to be resolved prior to the occurrence of such Loan Notes Enforcement Event, on the Business Day immediately following the related Facility Agreement Settlement Date; or

(D) where a Failure to Deliver had previously occurred in respect of an issue of Loan Notes for less than the full Available Commitment and has yet to be resolved prior to the occurrence of such Loan Notes Enforcement Event, on the Business Day immediately following the Settlement Date in respect of the Automatic Issuance Event resulting from such Loan Notes Enforcement Event, provided that the Drawing Date specified in respect of such Automatic Issuance Event must fall after the Facility Agreement Settlement Date in respect of such Failure to Deliver; or

(E) where a Reset Failure to Perform had previously occurred and has yet to be resolved prior to the occurrence of such Loan Notes Enforcement Event, on the Business Day immediately following the related Facility Agreement Settlement Date,

provide an Enforcement Entitlement Notice to the Trustee, the Custodian and any Disposal Agent appointed at that time stating that (i) a Loan Notes Enforcement Event has occurred and that the Trustee is entitled to enforce the Security constituted by the Trust Deed and (ii) upon delivery of an Enforcement Notice by the Trustee, the Disposal Agent will cease to effect any further Liquidation of any Loan Notes Collateral and/or the Facility Agreement (if such Liquidation is taking place) save that any transaction entered into in connection with the Liquidation on or prior to the effective date of such Enforcement Notice shall be settled and the Disposal Agent shall take any steps and actions necessary to settle such transaction and/or that are incidental thereto. No Enforcement Entitlement Notice shall be delivered to any party following a Loan Notes Enforcement Event prior to the occurrence of any of the dates specified in (A) to (E) above.

(iii) *Enforcement Entitlement Notice following a Loan Notes Bankruptcy Enforcement Event*

At any time after the Issuer becomes aware (whether by notice thereof from the Calculation Agent, Loan Notes Issuer or otherwise) of the occurrence of a Enforcement Event following a Loan Notes Bankruptcy Enforcement Event but prior to the Trustee taking any steps to enforce the Security, the Issuer shall:

(A) where there is no Failure to Deliver or Reset Failure to Perform that has yet to be resolved at the time of such Loan Notes Bankruptcy Enforcement Event, immediately following the occurrence of such Loan Notes Bankruptcy Enforcement Event; or

(B) where there is a Failure to Deliver that has yet to be resolved at the time of such Loan Notes Bankruptcy Enforcement Event, on the Business Day immediately following the related Facility Agreement Settlement Date; or

(C) where there is a Reset Failure to Perform that has yet to be resolved at the time of such Loan Notes Bankruptcy Enforcement Event, on the Business Day immediately following the related Facility Agreement Settlement Date,

provide an Enforcement Entitlement Notice to the Trustee, the Custodian and any Disposal Agent appointed at that time stating that (i) a Loan Notes Bankruptcy Enforcement Event has occurred and that the Trustee is entitled to enforce the Security constituted by the Trust Deed and (ii) upon delivery of an Enforcement Notice by the Trustee, the Disposal Agent will cease to effect any further Liquidation of any Loan Notes Collateral and/or the Facility Agreement (if such Liquidation is taking place) save that any transaction entered into in connection with the Liquidation on or prior to the effective date of such Enforcement Notice shall be settled and the Disposal Agent shall take any steps and actions necessary to settle such transaction and/or that are incidental thereto. No Enforcement Entitlement Notice shall be delivered to any party following a Loan Notes Bankruptcy Enforcement Event other than in accordance with (A) to (C) above.

(iv) *Enforcement Entitlement Notice following an event other than a Demeter Event or a Loan Notes Event*

At any time after the Issuer becomes aware (whether by notice thereof from the Calculation Agent, Loan Notes Issuer or otherwise) of the occurrence of an Enforcement Event resulting from an event other than a Demeter Event or a Loan Notes Event but prior to the Trustee taking any steps to enforce the Security, the Issuer shall, immediately after becoming so aware, provide an Enforcement Entitlement Notice to the Trustee, the Custodian and any Disposal Agent appointed at that time stating that (i) such event has occurred and that the Trustee is entitled to enforce the Security constituted by the Trust Deed and (ii) upon delivery of an Enforcement Notice by the Trustee the Disposal Agent will cease to effect any further Liquidation of any Loan Notes Collateral and/or the Facility Agreement (if such Liquidation is taking place) save that any transaction entered into in connection with the Liquidation on or prior to the effective date of such Enforcement Notice shall be settled and the Disposal Agent shall take any steps and actions necessary to settle such transaction and/or that are incidental thereto.

(b) Enforcement of Security

The Security over the Mortgaged Property created by or pursuant to the Trust Deed as described in Condition 5(a) (*Security*) shall become enforceable upon the occurrence of one or more of the following, each an "**Enforcement Event**":

(i) an Event of Default;

(ii) a Loan Notes Event;

(iii) a Tax Event, but only in the event that the Issuer has failed, in the reasonable determination of the Trustee (acting on the instruction of an Extraordinary Resolution), to take reasonable measures to arrange a substitution or change in residence in accordance with the terms of Condition 8(d) (*Redemption for Taxation Reasons*) and no such substitution or change in residence is effected;

(iv) an Illegality Event, but only in the event that the Issuer has failed, in the reasonable determination of the Trustee (acting on the instruction of an Extraordinary Resolution), to take reasonable measures to arrange a substitution or change in legal characteristics in accordance with the terms of Condition 8(e) (*Redemption Following an Illegality Event*) and no such substitution or change in legal characteristics is effected;

(v) following the occurrence of a Liquidation Event, the Loan Notes Collateral has not been Liquidated in full by the Early Valuation Date; or

(vi) default is made in the payment of the Final Redemption Amount, any interest that has become due and payable on the Maturity Date, any Loan Notes Call Redemption Amount, any interest that has become due and payable on a Loan Notes Call Redemption Date, any Early Redemption Amount or any Notes Accrued Interest Amount,

and, for the avoidance of doubt, the Manager's Security created by or pursuant to the Trust Deed as described in Condition 5(b) (*Managers' Security*) shall not become enforceable solely as a result of such Enforcement Event.

(c) Realisation of Security

At any time after the Trustee receives an Enforcement Entitlement Notice, it may, and if directed by an Extraordinary Resolution shall, (provided in each case that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction) deliver an Enforcement Notice to the Issuer, the Custodian, the Enforcement Agent and the Disposal Agent and thereafter enforce all the Security constituted by the Trust Deed. To do this it, or a receiver appointed on its behalf, may, at its discretion, realise any Loan Notes Collateral and/or any Demeter Eligible Assets subject to the provisions of Condition 18 (*Enforcement of Rights or Security*), enforce the Facility Agreement (to the extent such enforcement does not relate to the Managers' Security Rights) and/or enforce the Agency Agreement in accordance with its or their terms without any liability as to the consequence of such action and without having regard to the effect of such action on individual Noteholders.

Any realisation and/or enforcement of the Security over the Loan Notes Collateral or exercise of any right in respect of the Loan Notes Collateral shall be subject to the transfer restrictions in respect of the Loan Notes Collateral set forth in the Loan Notes Conditions, including, but not limited to, Loan Notes Condition 1 (*Form, Denomination and Transfer*).

Without prejudice to Condition 18 (*Enforcement of Rights or Security*), in no circumstances shall the Trustee be permitted when acting in its capacity as trustee for the Noteholders and the other Secured Creditors (other than the Loan Notes Issuer), nor shall the Noteholders or the other Secured Creditors (other than the Loan Notes Issuer and, in each case, when acting in their respective capacities) be permitted, to take any action against the Loan Notes Issuer or enforce any claim that the Issuer may have against the Loan Notes Issuer in respect of the Loan Notes Collateral, the Facility Agreement or otherwise whether before, upon, or after any Security created by or pursuant to the Trust Deed becoming enforceable.

(d) Enforcement Agent to realise Security

Notwithstanding Condition 15(c) (*Realisation of Security*) or Condition 14 (*Liquidation*), at any time after the Security has become enforceable in accordance with Condition 15(b) (*Enforcement of Security*) and subject to Clause 5.7 (*Enforcement and Realisation of Security*) of the Master Trust Terms (such Clause as amended by the Issue Deed), the Enforcement Agent shall, if the Issuer is directed to do so by an Extraordinary Resolution (subject to the Enforcement Agent being indemnified and/or secured and/or prefunded to its satisfaction): (i) exercise on behalf of the Issuer as the Issuer's agent any rights of the Issuer in the Issuer's capacity as holder of the Loan Notes Collateral and/or Demeter Eligible Assets and/or the Issuer's rights, title and interest under the Facility Agreement (to the extent they do not relate to the Managers' Security Rights) and/or (ii) instruct the Disposal Agent, as agent of the Issuer, to arrange for any relevant disposal, transfer or receipt of securities to be delivered to or by the Issuer in connection therewith, in accordance with the terms of the Agency Agreement and, in each case, the Enforcement Agent will act only in accordance with any Extraordinary Resolution. The Enforcement Agent shall have no obligation to supervise the Disposal Agent and shall not be responsible for any loss, liability, cost, claim, action, demand or expense incurred by any person by reason of any action or

omission, determination, default, misconduct, negligence or fraud of the Disposal Agent in the performance of its duties under the Agency Agreement.

Any realisation and/or enforcement of the Security over the Loan Notes Collateral or exercise of any right in respect of the Loan Notes Collateral shall be subject to the restrictions set forth in the Loan Notes Conditions, including, but not limited to, Loan Notes Condition 1 (*Form, Denomination and Transfer*).

Notwithstanding Condition 15(c) (*Realisation of Security*), in acting as the Issuer's agent for the purposes of this Condition, the Enforcement Agent shall be permitted to take all such action as would have been permitted to be taken by the Trustee upon the Security becoming enforceable if the last sentence of Condition 15(c) (*Realisation of Security*) did not apply.

Neither the Enforcement Agent nor the Disposal Agent is an agent of the Trustee.

All actions and determinations of the Disposal Agent in the performance of its duties shall be made by the Disposal Agent (and not, for the avoidance of doubt, by the Trustee or the Enforcement Agent) and in good faith and neither the Trustee nor the Enforcement Agent shall incur any liability therefor.

The Enforcement Agent is the agent of the Issuer and the Trustee shall have no responsibility or liability to any person for the actions of the Enforcement Agent or for monitoring or supervising its performance or for directing it in relation to enforcement.

Any proceeds realised by the Enforcement Agent pursuant to this Condition 15(d) shall, upon receipt thereof, be paid to the Trustee who shall hold such moneys on trust with the Custodian and apply such moneys in accordance with Condition 17 (*Application of Available Proceeds, Failure to Issue Residual Proceeds or Managers' Available Proceeds*).

16 Enforcement of Managers' Security

(a) Enforcement of Managers' Security

The Managers' Security over the Managers' Secured Property created by or pursuant to the Trust Deed as described in Condition 5(b) (*Managers' Security*) shall become enforceable upon failure by the Issuer to pay on demand any Manager's Claim and, for the avoidance of doubt, the Security created by or pursuant to the Trust Deed as described in Condition 5(a) (*Security*) shall not become enforceable in such circumstances.

(b) Enforcement Agent to realise Managers' Security

At any time after the Managers' Security has become enforceable in accordance with Condition 16(a) (*Enforcement of Managers' Security*) and subject to Clause 5.7 (*Enforcement and Realisation of Security*) of the Master Trust Terms (such Clause as amended by the Issue Deed), the Enforcement Agent shall in accordance with the Trust Deed (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) exercise on behalf of the Issuer as the Issuer's agent any rights, title and interest of the Issuer in respect of the Managers' Security Rights. The provisions of Clause 5.7 (*Enforcement and Realisation of Security*) of the Master Trust Terms (such Clause as amended by the Issue Deed) shall apply in relation to any enforcement of the Managers' Security and the Managers' Trustee shall not be permitted to take any enforcement action against the Loan Notes Issuer in accordance therewith.

In acting as the Issuer's agent for the purposes of this Condition, the Enforcement Agent shall be permitted to take all such steps, actions or proceedings as would have been permitted to be taken by the Managers' Trustee upon the Managers' Security becoming enforceable provided that the Enforcement Agent shall be permitted to take enforcement action against the Loan Notes Issuer.

The Enforcement Agent is not the agent of the Managers' Trustee.

The Enforcement Agent is the agent of the Issuer and the Managers' Trustee shall have no responsibility or liability to any person for the actions of the Enforcement Agent or for monitoring or supervising its performance or for directing it in relation to enforcement.

Any proceeds realised by the Enforcement Agent pursuant to this Condition shall, upon receipt thereof, be paid to the Managers' Trustee who shall hold such moneys on trust and apply such moneys in accordance with Condition 17(c) (*Application of Managers' Available Proceeds of Enforcement of Managers' Security*).

17 Application of Available Proceeds, Failure to Issue Residual Amounts or Managers' Available Proceeds

(a) Application of Available Proceeds of Liquidation or Failure to Issue Residual Amounts

Provided that (i) any issue of Loan Notes pursuant to the related Automatic Issuance Event has been settled, or (ii) any Failure to Issue, Failure to Deliver or Reset Failure to Perform in respect of an issue of Loan Notes pursuant to the related Automatic Issuance Event has been settled in accordance with Condition 13(a) (*Failure to Issue Loan Notes by the Loan Notes Issuer*), Condition 13(b) (*Failure to Deliver Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and/or Demeter Facility Fees (if any) by the Issuer*) or Condition 13(c) (*Reset Failure to Perform by the Issuer*) respectively, the Issuer shall, on the Issuer Application Date, apply the Available Proceeds as they stand on such date as follows:

(i) first, in payment or satisfaction of any taxes owing by the Issuer;

(ii) secondly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Trustee under the Trust Deed and the other Transaction Documents (including any taxes required to be paid, legal fees and the Trustee's remuneration);

(iii) thirdly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Enforcement Agent in acting as enforcement agent of the Issuer in respect of the Security for the Notes under the terms of the Trust Deed (including any taxes required to be paid, legal fees and the Enforcement Agent's remuneration);

(iv) fourthly, pari passu, in payment of (I) any amounts owing to the Custodian for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement relating to sums receivable on or in respect of the relevant Mortgaged Property, (II) any amounts owing to the Issuing and Paying Agent for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement to any person in discharge of a Secured Payment Obligation and (III) any fees, costs, charges, expenses and liabilities then due and payable to the Agents under the Agency Agreement;

(v) fifthly, in payment or satisfaction of any Disposal Agent Fees;

(vi) sixthly, *pari passu* in payment of any Early Redemption Amount then due and payable and any interest accrued thereon (which, for the avoidance of doubt, shall include Default Interest) to the Noteholders; and

(vii) seventhly, in payment rateably of the Residual Amount to the holders of Notes,

save that no such application shall be made at any time following an Enforcement Notice having been effectively delivered by the Trustee following the occurrence of an Enforcement Event.

Any Secured Creditor that has a claim in respect of more than one Secured Payment Obligation may rank differently in respect of each Secured Payment Obligation.

If, following the Issuer Application Date, the Issuer receives any sum from the Mortgaged Property, the Issuer shall send a notice to the Trustee, the Issuing and Paying Agent and the Disposal Agent of the same as soon as is reasonably practicable upon receiving any such sum.

(b) Application of Available Proceeds of Enforcement of Security

Subject to and in accordance with the terms of the Trust Deed, with effect from the date on which any valid Enforcement Notice is effectively delivered by the Trustee following the occurrence of an Enforcement Event, and provided that (i) any issue of Loan Notes pursuant to the related Automatic Issuance Event has been settled or (ii) any Failure to Issue, Failure to Deliver or Reset Failure to Perform in respect of the related Automatic Issuance Event has been settled in accordance with Condition 13(a) (*Failure to Issue Loan Notes by the Loan Notes Issuer*), Condition 13(b) (*Failure to Deliver Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and/or Demeter Facility Fees (if any) by the Issuer*) or Condition 13(c) (*Reset Failure to Perform by the Issuer*) respectively, the Trustee will hold the Available Proceeds received by it under the Trust Deed on trust to apply them as they stand on each Trustee Application Date as follows:

(i) first, in payment or satisfaction of any taxes owing by the Issuer;

(ii) secondly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Trustee or any receiver in relation to the Notes in preparing and executing the trusts and carrying out its functions under the Trust Deed and the other Transaction Documents (including any taxes required to be paid, legal fees, the cost of realising any Security and the Trustee's remuneration);

(iii) thirdly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Enforcement Agent in acting as enforcement agent of the Issuer in respect of the Security for the Notes under the terms of the Trust Deed (including any taxes required to be paid, legal fees and the Enforcement Agent's remuneration);

(iv) fourthly, *pari passu*, in payment of (I) any amounts owing to the Custodian for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement relating to sums receivable on or in respect of the relevant Loan Notes Collateral, (II) any amounts owing to the Issuing and Paying Agent for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement to any person in discharge of a Secured Payment Obligation and (III) any fees, costs, charges, expenses and liabilities then due and payable to the Agents under the Agency Agreement;

(v) fifthly, in payment or satisfaction of any Disposal Agent Fees;

(vi) sixthly, *pari passu* in payment of (I) any Early Redemption Amount then due and payable, (II) any Loan Notes Call Redemption Amount then due and payable, (III) any Final Redemption Amount then due and payable, (IV) any interest that became due and payable on the Loan Notes Call Redemption Date and that remains due and payable, (V) any interest that became due and payable on the Maturity Date and that remains due and payable and/or (VI) any Notes Accrued Interest Amount then due and payable, as applicable, and, in each case, any interest accrued thereon (which, for the avoidance of doubt, shall include Default Interest) to the Noteholders; and

(vii) seventhly, in payment rateably of the Residual Amount to the holders of Notes.

Any Secured Creditor that has a claim in respect of more than one Secured Payment Obligation may rank differently in respect of each Secured Payment Obligation.

If the amount of moneys available to the Trustee for payment in respect of the Notes under this Condition 17(b) at any time following delivery by the Trustee of an Enforcement Notice in accordance with these Conditions, other than where the Mortgaged Property has been exhausted, amount to less than 10 per cent. of the nominal amount of the Notes then outstanding, the Trustee shall not be obliged to make any payments under this Condition 17(b) and shall place such amounts on deposit as provided in paragraph (d) below and shall retain such amounts and accumulate the resulting income until the amounts and the accumulations, together with any other funds for the time being under the Trustee's control and available for such payment, amount to at least 10 per cent. of the nominal amount of the Notes then outstanding and then such amounts and accumulations (after deduction of, or provision for, any applicable taxes and negative interest) shall be applied as specified in this Condition 17(b).

(c) Application of Managers' Available Proceeds of Enforcement of Managers' Security

Subject to and in accordance with the terms of the Trust Deed, the Managers' Trustee (or any receiver appointed by it) will hold the Managers' Available Proceeds received by it under the Trust Deed on trust to apply them as they stand on each Managers' Trustee Application Date as follows:

(i) first, in payment or satisfaction of any taxes owing by the Issuer;

(ii) secondly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Managers' Trustee or any receiver in preparing and executing the trusts and carrying out its functions under the Trust Deed and the other Transaction Documents (including any taxes required to be paid, legal fees, the cost of realising any Managers' Security and the Managers' Trustee's remuneration);

(iii) thirdly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Enforcement Agent in acting as enforcement agent of the Issuer in respect of the Managers' Security under the terms of the Trust Deed (including any taxes required to be paid, legal fees and the Enforcement Agent's remuneration);

(iv) fourthly, in meeting any Manager's Claim; and

(v) fifthly, in payment of the Residual Amount to the Issuer.

(d) Deposits

Moneys held by the Trustee shall be deposited in its name in a non-interest bearing account at such bank or other financial institution as the Trustee may, acting in good faith and in a commercially reasonable manner and in its absolute discretion, think fit. The parties acknowledge and agree that notwithstanding that such account is intended to be a non-interest bearing account in the event that the interest rate in respect of certain currencies is a negative value, the application thereof would result in amounts being debited from funds held by such bank or financial institution ("**negative interest**").

(e) Insufficient Proceeds

(i) Insufficient Proceeds from the Mortgaged Property

If the moneys received following Liquidation of the Mortgaged Property or the enforcement of Security (as applicable) are not enough to pay in full all amounts to persons whose claims rank rateably, the Disposal Agent or the Trustee (or any receiver appointed by the Trustee) (as applicable) shall apply the moneys *pro rata* on the basis of the amount due to each party entitled to such payment.

(ii) Insufficient Proceeds from the Managers' Security

If the moneys received following the enforcement of the Managers' Security are not enough to pay in full all amounts to persons whose claims rank rateably, the Managers' Trustee (or any receiver appointed by the Managers' Trustee) shall apply the moneys *pro rata* on the basis of the amount due to each party entitled to such payment.

(f) Foreign Exchange Conversion

To the extent that any proceeds payable to any Secured Creditor pursuant to this Condition 17 are not in the Specified Currency, then such proceeds shall be converted at such rate or rates, in accordance with such method and as at such date as may reasonably be specified by the Disposal Agent (prior to the Trustee enforcing the Security pursuant to the Trust Deed and as described in Condition 15 (*Enforcement of Security*)) or the Trustee (following the Trustee enforcing the Security pursuant to the Trust Deed and as described in Condition 15 (*Enforcement of Security*)), but having regard to current rates of exchange, if available. Any rate, method and date so specified shall be binding on the Issuer, the Noteholders and the Custodian.

18 Enforcement of Rights or Security

If any Security becomes enforceable following receipt of an Enforcement Entitlement Notice, or any other right arises to pursue any remedies against the Issuer for a breach by the Issuer of the terms of the Trust Deed or the Notes, only the Trustee or the Enforcement Agent (acting as agent of the Issuer in accordance with the Issue Deed) may at its discretion and shall, on receipt (by the Issuer, in the case of the Enforcement Agent) of any Extraordinary Resolution, enforce the Security constituted by the Trust Deed, provided that it has been indemnified and/or secured and/or prefunded to its satisfaction. The Trustee or the Enforcement Agent shall (subject to the relevant direction being in form and content satisfactory to the Trustee or the Enforcement Agent) be obliged to act on the first Extraordinary Resolution received pursuant to this Condition 18.

To do this, the Trustee or any receiver appointed as provided for in the Trust Deed (subject to the following paragraph) or the Enforcement Agent or any receiver appointed by it may, at its discretion, take possession of and/or realise the Loan Notes Collateral and/or Demeter Eligible Assets and/or take action against any person liable in respect of any Loan Notes Collateral and/or Demeter Eligible Assets to enforce repayment of such Loan Notes Collateral and/or Demeter Eligible Assets, enforce and/or terminate the Agency Agreement in accordance with its terms, and/or enforce and/or terminate the Facility Agreement in accordance with its terms (other than in respect of the Managers' Security Rights) but without any liability as to the consequence of such action and without having regard to the effect of such action on individual Noteholders or, in the case of the Demeter Eligible Assets, the Demeter Eligible Asset Income and the Demeter Facility Fees, on the Loan Notes Issuer. None of the Trustee, any receiver or the Enforcement Agent shall be required to take any action in relation to the enforcement of the Security without first being indemnified and/or secured and/or prefunded to its satisfaction. If any Security becomes enforceable after receipt of an Enforcement Entitlement Notice, neither the Trustee nor the Enforcement Agent shall have any obligation to take any step, action or proceeding in respect of any Security or any other enforcement action where, in its sole opinion, there is a conflict of interest or a potential conflict of interest.

Notwithstanding the foregoing, in no circumstances shall the Trustee be permitted when acting in its capacity as trustee for the Noteholders and the other Secured Creditors (other than the Loan Notes Issuer), nor shall the Noteholders or the other Secured Creditors (other than the Loan Notes Issuer and, in each case, when acting in their respective capacities) be permitted, to take any action against the Loan Notes Issuer or to enforce any claim that the Issuer may have against the Loan Notes Issuer in respect of the Loan Notes Collateral or the Facility Agreement or otherwise whether before, upon, or

after any Security becoming enforceable. If the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, but only to the extent that the Trustee is permitted to take such action pursuant to Condition 15(c) (*Realisation of Security*), fails or neglects to do so, then the Noteholders may exercise their usual rights under Clause 14.2 (*Retirement and Removal*) of the Master Trust Terms (such Clause as amended by the Issue Deed) to remove the Trustee, but shall in no circumstances be entitled to proceed directly against the Issuer or the Loan Notes Issuer.

If the Enforcement Agent, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so, then the Noteholders may exercise their rights under paragraph 1.4.5(xxx) of Schedule 1 (*Amendments*) to the Issue Deed to remove the Enforcement Agent, but shall in no circumstances be entitled to proceed directly against the Issuer or the Loan Notes Issuer.

19 Limited Recourse and Non-Petition

(a) General Limited Recourse

(i) Limited Recourse to the Mortgaged Property

The obligations of the Issuer to pay any amounts due and payable in respect of the Notes and to the other Secured Creditors, including the Noteholders but excluding the Loan Notes Issuer, at any time in respect of the Notes shall be limited to the proceeds available out of the Mortgaged Property in respect of such Notes at such time to make such payments in accordance with Condition 17 (*Application of Available Proceeds, Failure to Issue Residual Amounts or Managers' Available Proceeds*). Notwithstanding anything to the contrary contained herein, or in any Transaction Document, the Secured Creditors, including the Noteholders but excluding the Loan Notes Issuer, shall have recourse only to the Mortgaged Property, subject always to the Security, and not to any other assets of the Issuer. If, after (i) the Mortgaged Property is exhausted (whether following Liquidation or enforcement of the Security or otherwise) and (ii) application of the Available Proceeds relating to the Notes, as provided in Condition 17 (*Application of Available Proceeds, Failure to Issue Residual Proceeds or Managers' Available Proceeds*), any outstanding claim, debt or liability against the Issuer in relation to the Notes or the Transaction Documents relating to the Notes remains unpaid, then such outstanding claim, debt or liability, as the case may be, shall be extinguished and, following such extinguishment, no debt shall be owed by the Issuer in respect thereof. Following extinguishment in accordance with this Condition 19(a)(i), none of the Secured Creditors, including the Noteholders but excluding the Loan Notes Issuer, or any other person acting on behalf of any of them, shall be entitled to take any further steps against the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors to recover any further sum in respect of the extinguished claim, debt or liability and no debt shall be owed to any such persons by the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors in respect of such further sum in respect of the Notes.

(ii) Limited Recourse of the Loan Notes Issuer to Available Amount

The obligations of the Issuer to pay any amounts due and payable to the Loan Notes Issuer at any time in respect of any claim that the Loan Notes Issuer may bring (or may be brought on its behalf) against the Issuer (whether arising under (a) the Facility Agreement, (b) Loan Notes Condition 6(d) (*Taxation*), (c) general law, or (d) otherwise) shall be limited to sums received by the Issuer in respect of any tax-related refund(s) that the Issuer retains as contemplated by Loan Notes Condition 6(d) (*Taxation*) and the proceeds available out of the Failure to Issue Available Amount, the Failure to Deliver Available Amount or the Reset

Failure to Perform Available Amount (the "**Available Amounts**"), as the case may be, at such time. Notwithstanding anything to the contrary contained herein, the Loan Notes Issuer shall have recourse only to the Available Amounts, subject always to the Security, and not to any other assets of the Issuer. After the Available Amounts are exhausted when applied in accordance with these Conditions, neither the Loan Notes Issuer nor any other person acting on its behalf shall have any further rights against the Issuer in respect of such claim or shall be entitled to take any further steps against the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors to recover any further sum in respect of the claim and no debt shall be owed to any such persons by the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors in respect of such further sum.

(iii) Limited Recourse to the proceeds of the Managers' Secured Property

The obligations of the Issuer to pay any amounts due and payable in respect of any Manager's Claim, or to any other Managers' Secured Party, at any time shall be limited to the proceeds available out of the Managers' Secured Property at such time to make such payments in accordance with Condition 17 (*Application of Available Proceeds, Failure to Issue Residual Proceeds or Managers' Available Proceeds*). Notwithstanding anything to the contrary contained herein, or in any Transaction Document, the Managers' Trustee and the other Managers' Secured Parties shall have recourse only to the proceeds of the Managers' Secured Property, subject always to the Managers' Security, and not to any other assets of the Issuer. If, after (i) the Managers' Secured Property is exhausted and (ii) application of the Managers' Available Proceeds relating to the Managers' Security, as provided in Condition 17 (*Application of Available Proceeds, Failure to Issue Residual Proceeds or Managers' Available Proceeds*), any outstanding claim, debt or liability against the Issuer in relation to the Managers' Security remains unpaid, then such outstanding claim, debt or liability, as the case may be, shall be extinguished and, following such extinguishment, no debt shall be owed by the Issuer in respect thereof. Following extinguishment in accordance with this Condition 19(a)(ii), none of the Managers' Trustee, the other Managers' Secured Parties or any other person acting on behalf of any of them shall be entitled to take any further steps against the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors to recover any further sum in respect of the extinguished claim, debt or liability and no debt shall be owed to any such persons by the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors in respect of such further sum.

(b) Non-Petition

None of the Transaction Parties (save for the Trustee or the Managers' Trustee who may lodge a claim in liquidation of the Issuer which is initiated by another party or take proceedings to obtain a declaration or judgment as to the obligations of the Issuer), the Noteholders or any person acting on behalf of any of them may, at any time, institute, or join with any other person in bringing, instituting or joining, insolvency, administration, bankruptcy, winding-up, examinership or any other similar proceedings (whether court-based or otherwise) in relation to the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors or any of its assets, and none of them shall have any claim arising with respect to the assets and/or property attributable to any other notes issued by the Issuer (save for any further notes which form a single series with the Notes) or mortgaged property in respect of a different series or Obligations issued or entered into by the Issuer or any other assets of the Issuer (other than the Mortgaged Property in respect of the Notes or, in the case of the Managers' Secured Parties, the Managers' Secured Property or, in the case of the Loan Notes Issuer, the Available Amounts).

(c) Corporate Obligation

In addition, none of the Transaction Parties, the Noteholders or any person acting on behalf of any of them shall have any recourse against any director, shareholder, or officer of the Issuer in respect of any obligations, covenant or agreement entered into or made by the Issuer pursuant to the terms of these Conditions, the Trust Deed or any other Transaction Documents.

(d) Survival

The provisions of this Condition 19 shall survive notwithstanding any redemption of the Notes of any Series or the termination or expiration of any Transaction Document.

20 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

21 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed and give authority, direction or sanction required by, *inter alia*, Condition 5 (*Security*) or Condition 8 (*Redemption and Purchase*) to be given by Extraordinary Resolution. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding of the Relevant Noteholder Proportion. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding of the Relevant Noteholder Proportion, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) to vary any method of, or basis for, calculating the Final Redemption Amount, the Loan Notes Call Redemption Amount or any Early Redemption Amount, (v) to vary the currency or currencies of payment or the currency or currencies of the denomination of the Notes, (vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, (vii) to modify the provisions of the Trust Deed concerning this exception, (viii) to modify Condition 5 (*Security*) or to hold an Extraordinary Resolution for purposes of Condition 5(c) (*Issuer's Rights as Beneficial Owner of the Mortgaged Property*), (ix) to modify Conditions 17 (*Application of Available Proceeds, Failure to Issue Residual Amounts or Managers' Available Proceeds*) and 19 (*Limited Recourse and Non-Petition*) or (x) to modify Conditions 8(a) (*Final Redemption*) to 8(f) (*Redemption Following the Occurrence of an Event of Default*), in which case the necessary quorum ("**Special Quorum**") shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding of the Relevant Noteholder Proportion in accordance with the Trust Deed. In circumstances in which there is only one Noteholder in respect of all the Notes of

the Relevant Noteholder Proportion outstanding, the quorum for all purposes shall be one. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at or participated in the meeting at which such resolution was passed).

The Trust Deed provides that (i) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding of the Relevant Noteholder Proportion (a "**Written Resolution**") or (ii) where the Notes are held by or on behalf of a clearing system or clearing systems, approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in aggregate nominal amount of the Notes then outstanding of the Relevant Noteholder Proportion ("**Electronic Consent**") shall, in each case for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied) be as valid and effective as an Extraordinary Resolution of such Relevant Noteholder Proportion passed at a meeting of Noteholders duly convened and held. Such Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. Such Written Resolution and/or Electronic Consent will be binding on all Noteholders whether or not they participated in such Written Resolution or Electronic Consent.

For the purposes of this Condition 20(a):

(i) references to a meeting are to a meeting of holders of the Notes; and

(ii) references to "**Notes**" and "**Noteholders**" are only to the Notes in respect of which a meeting has been, or is to be, called, and to the holders of such Notes, respectively.

(b) Modification of these Conditions and/or any Transaction Document

(i) Subject to sub-paragraph (ii) below, the Trustee shall agree, without the consent of the Noteholders, to (a) any modification of any of these Conditions or any of the provisions of the Transaction Documents that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or (b) any modification of any of the provisions of the Trust Deed, or any other documentation in connection with the issue of the Notes, if the Loan Notes Issuer has exercised its rights pursuant to Loan Notes Condition 9 (*Substitution*) to substitute the Loan Notes Issuer or pursuant to Loan Notes Condition 11 (*Modifications*) to vary the terms of the Loan Notes Collateral, and may agree, without the consent of the Noteholders, to any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Transaction Documents that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. To the extent that any Agent is appointed or replaced pursuant to Condition 11(b)(ii) (*Calculation Agent Appointment, Termination and Replacement*) and/or Condition 11(c)(ii) (*Disposal Agent Appointment, Termination and Replacement*), the Issuer may make such amendments to these Conditions and/or the Transaction Documents as it determines necessary to reflect such appointment or replacement to which the Trustee shall agree, and the Trustee shall sign such documents as may be required to give effect to such amendments. Any such modification, authorisation or waiver as is made or given under this Condition 21(b) shall be binding on the Noteholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as is practicable. The Issuer shall notify Standard & Poor's of any modification made by it in accordance with this Condition and the Trust Deed.

(ii) Notwithstanding sub-paragraph (i) above, (a) any amendment to the Managers' Secured Property requires the consent of all the Managers' Secured Parties, and (b) the Managers'

Trustee and the Enforcement Agent each agree, upon a direction from the Managers, to consent to any amendment to the Managers' Secured Property, unless such amendment, in the opinion of the Managers' Trustee or the Enforcement Agent (in its absolute discretion), would impose any onerous obligations on either the Managers' Trustee or the Enforcement Agent or expose the Managers' Trustee or the Enforcement Agent to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Managers' Trustee or the Enforcement Agent in these Conditions or the Issue Deed in any way.

(c) Loan Notes Issuer Consent

For as long as the Loan Notes Issuer is a Secured Creditor, notwithstanding any term to the contrary, no (i) modification to these Conditions or any provision of the Trust Deed or (ii) waiver or authorisation of any breach or proposed breach by the Issuer of the Conditions or any provision of the Trust Deed, will be effective without the prior written consent of the Loan Notes Issuer (such consent not to be unreasonably withheld or delayed).

(d) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, without the consent of the Noteholders, to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes, as applicable. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed and/or any other Transaction Document provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders. For the avoidance of doubt, any such change of governing law would nonetheless remain subject to the consent of the other Transaction Parties to that Transaction Document.

(e) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 21) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or otherwise to the tax consequences thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

22 Replacement of Certificates

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the Specified Office of the Registrar or such other Transfer Agent, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 24 (*Notices*), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Certificate) and otherwise as the Issuer may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

23 Further Issues

The Issuer may from time to time without the consent of the Noteholders but subject to Condition 6 (*Restrictions*) create and issue further notes or other Obligations either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Notes or upon such terms as the Issuer may determine at the time of their issue. Any such further notes shall only form a single series with the Notes (unless otherwise sanctioned by an Extraordinary Resolution) if the Issuer provides additional assets (as security for such further notes) which are fungible with, and have the same proportionate composition as, those forming part of the Mortgaged Property for the Notes and in the same proportion as the proportion that the nominal amount of such new notes bears to the Notes. Any new notes forming a single series with the Notes shall be constituted and secured by a deed supplemental to the Trust Deed, such further security shall be added to the Mortgaged Property so that the new notes and the existing Notes shall be secured by the same Mortgaged Property (and, for the avoidance of doubt, all the holders of the first and all later Tranches of Notes shall benefit from the Mortgaged Property on a *pari passu* basis) and references in these Conditions to "**Notes**", "**Loan Notes Collateral**", "**Mortgaged Property**", "**Secured Payment Obligations**" and "**Secured Creditor**" shall be construed accordingly. The Trust Deed contains provisions for convening a single meeting of the holders of the Notes and the holders of notes of other specified series in certain circumstances where the Trustee so decides.

24 Notices

Notices to the holders of Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the day it is delivered in the case of recorded delivery and three days (excluding Saturdays and Sundays) in the case of inland post or seven days (excluding Saturdays and Sundays) in the case of overseas post after despatch or if earlier when delivered, save that for the purposes only of determining any Early Redemption Commencement Date, the relevant notice shall be deemed to have been given on the date despatched.

25 Indemnification and Obligations of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee, for its relief from responsibility including for the exercise of any voting rights in respect of the Loan Notes Collateral or the Demeter Eligible Assets and for the validity, sufficiency and enforceability (which the Trustee has not investigated) of the Security created over the Mortgaged Property and the Managers' Security created over the Managers' Secured Property. The Trustee is not obliged or required to take any step, action or proceeding under the Trust Deed unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee and any Affiliate of the Trustee is entitled to enter into business transactions with the Issuer, the Loan Notes Issuer, the Eligible Assets Obligor, the Managers or any of their subsidiaries, holding or associated companies without accounting to the Noteholders for profit resulting therefrom.

The Trustee is exempted from liability with respect to any loss or theft or reduction in value of the Loan Notes Collateral or the Demeter Eligible Assets, from any obligation to insure or to procure the insuring of the Loan Notes Collateral or Demeter Eligible Assets and from any claim arising from the fact that the Loan Notes Collateral or the Demeter Eligible Assets will be held in safe custody by the Custodian or any custodian selected by the Trustee (in each case, if applicable). The Trustee is not responsible for monitoring or supervising the performance by any other person of its obligations to the Issuer and may assume these are being performed unless and until it has actual knowledge to the contrary.

The Trust Deed provides that in acting as Trustee under the Trust Deed the Trustee does not assume any duty or responsibility to the Disposal Agent, the Enforcement Agent, the Custodian, the Calculation

Agent or any other Transaction Party (other than to pay to any of such parties any moneys received and repayable to it and to act in accordance with the provisions of Conditions 5 (*Security*) and 17 (*Application of Available Proceeds, Failure to Issue Residual Amounts or Managers' Available Proceeds*) and shall have regard solely to the interests of the Noteholders.

None of the Trustee nor any Agent shall be required or obliged to monitor or enquire as to whether any event, condition or circumstance which could lead to an early redemption of the Notes exists or has occurred. None of the Trustee nor any Agent shall have any obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer, the Calculation Agent or any Secured Creditor.

Equivalent protective provisions apply in relation to the Managers' Trustee in relation to the Managers' Security under the terms of the Trust Deed.

26 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.

27 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes and accordingly any legal action or proceedings arising out of or in connection with any Notes ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) Service of Process

The Issuer has irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

FORM OF THE NOTES

The Notes will be represented by a global certificate (the "**Global Certificate**").

Set out below is a summary of the provisions relating to the Notes while in global form.

Initial Issue of the Notes

The Global Certificate may be delivered on or prior to the Issue Date to the Common Depositary. Upon the registration of the Notes in the name of the nominee for the Clearing System and the delivery of the Global Certificate to the Common Depositary, the Clearing System will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Relationship of Accountholders with the Clearing System

Each of the persons shown in the records of the Clearing System as the holder of a Note represented by the Global Certificate must look solely to the Clearing System for his share of each payment made by the Issuer to the holder of the underlying Notes and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of the Clearing System. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Certificate and such obligations of the Issuer will be discharged by payment to the holder of the underlying Notes in respect of each amount so paid.

Exchange

The following will apply in respect of transfers of the Notes. These provisions will not prevent the trading of interests in the Notes within the Clearing System whilst they are held on behalf of the Clearing System, but will limit the circumstances in which the Notes may be withdrawn from the Clearing System.

Transfers of the holding of Notes represented by the Global Certificate pursuant to Condition 3(b) (*Transfers of Notes*) may only be made in part:

(i) if the Notes are held on behalf of the Clearing System and the Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or

(ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) above, the Noteholder has given the Registrar not less than 30 days' notice at its Specified Office of the Noteholder's intention to effect such transfer. Where the holding of Notes represented by the Global Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, the Clearing System.

Amendment to Conditions

The Global Certificate contains provisions that apply to the Notes that it represents, some of which modify the effect of the Conditions. The following is a summary of certain of those provisions:

Payments

All payments in respect of the Notes will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

Prescription

Claims against the Issuer in respect of the Notes will become void unless they are presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date.

Meetings

The holder of the Notes shall (unless the Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders. All holders of the Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding.

Trustee's Powers

In considering the interests of Noteholders while the Notes are registered in the name of any nominee for the Clearing System, the Trustee may have regard to any information provided to it by the Clearing System or its operator as to the identity (either individually or by category) of its accountholders or participants with entitlements to the Notes and may consider such interests as if such accountholders were the holders of the Notes represented by the Global Certificate.

Amendments

While the Global Certificate is registered in the name of any nominee for the Clearing System, for the purpose of determining whether a written resolution has been validly passed the Issuer and the Trustee shall be entitled to rely on consent or instructions given by accountholders in the Clearing System with entitlements to such Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on consent from or instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on the Noteholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, "**commercially reasonable evidence**" includes any certificate or other document issued by the Clearing System, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online system in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

For the purposes of this Series Prospectus:

"**Clearing System**" means Euroclear and Clearstream, Luxembourg.

"**Common Depositary**" means a common depositary for the Clearing System.

DESCRIPTION OF THE FACILITY AGREEMENT

The following summary is qualified in its entirety by reference to the Facility Agreement, a copy of which is available from the Loan Notes Issuer upon request. Unless otherwise indicated, capitalised terms used but not defined herein shall have the meanings assigned to them in this Series Prospectus.

General

Under the Facility Agreement, the Loan Notes Issuer will have the right, in its sole discretion, and, in certain circumstances the obligation, to issue Loan Notes to the Issuer from time to time on or prior to the Reset Date, against the Loan Notes Issuer's right to receive from the Issuer the Relevant Portion of each of the Demeter Eligible Assets, the Demeter Eligible Asset Income (if any) and the Demeter Facility Fees (if any), subject as described under "*Settlement of Loan Note Issuances*" below. The aggregate principal amount of Loan Notes (together with any Relevant Notional Loan Notes) outstanding at any one time under the Facility Agreement will not exceed the Maximum Commitment. The undrawn portion of the Maximum Commitment available for drawing from time to time under the Facility Agreement is referred to as the Available Commitment. Notwithstanding the foregoing, at any time when the Loan Notes Issuer is obligated to make payments in respect of Relevant Notional Loan Notes pursuant to the Facility Agreement, it may issue an amount of Loan Notes equal to the principal amount of such Relevant Notional Loan Notes, following which its obligations under the Loan Notes so issued shall replace its obligations in respect of the Relevant Notional Loan Notes. For a summary of the consequences of the failure by the Loan Notes Issuer to issue Loan Notes, see "*Settlement of Loan Note Issuances*" below.

On the date that the Loan Notes Agency Agreement is executed, which is expected to be on or about 13 November 2015, the Issuer is to purchase a portfolio of Eligible Assets that are scheduled, as of such date, to make payments on (i) each Loan Notes Interest Payment Date up to (and including) the Reset Date, in an aggregate amount equal to 2.216714 per cent. per annum applied to the Maximum Commitment, and (ii) the Reset Date, in an amount equal to the Maximum Commitment. The Demeter Eligible Assets, Demeter Eligible Asset Income and Demeter Facility Fees, in each case, held by the Issuer, may vary from time to time to the extent that Loan Notes are issued to the Issuer or subsequently exchanged for Exchange Collateral, in each case by the Loan Notes Issuer.

The Loan Notes Issuer is obligated to draw the Available Commitment in full, and the Available Commitment will be automatically drawn in full, in the circumstances described under "*Automatic Loan Note Issuance*".

Subject to certain conditions (as described under "*Optional Exchange*" below), the Loan Notes Issuer may, at its discretion, on any date specified in the relevant optional exchange notice given under the Facility Agreement (an "**Optional Exchange Notice**"), which date shall not be less than 30 nor more than 60 days after the date of delivery of the Optional Exchange Notice in accordance with Loan Notes Condition 12 (*Notices*) (such date, the "**Optional Exchange Date**"), deliver Exchange Collateral to the Issuer, in return for outstanding Loan Notes of the applicable series, in whole or in part, in increments of $100,000,000 in principal amount (an "**Optional Exchange**") and, thereafter in its sole discretion may (provided that no amounts are due and unpaid by the Loan Notes Issuer under the Facility Agreement, or in certain circumstances would be required to, issue further Loan Notes to the Issuer, as long as the aggregate principal amount of Loan Notes (together with any Relevant Notional Loan Notes) outstanding at any one time does not exceed the Maximum Commitment. The Optional Exchange Date must fall within the optional exchange period specified as such in the applicable Pricing Supplement (an "**Optional Exchange Period**").

Each issue and reissue (following an exchange) of Loan Notes will be against the Loan Notes Issuer's right to receive from the Issuer the Relevant Portion of each of the Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and the Demeter Facility Fees (if any), in each case, held by the Issuer on

the relevant Drawing Date, subject as described under "*Settlement of Loan Note Issuances*" below. Each exchange of Loan Notes will be against the Loan Notes Issuer's right to receive from the Issuer the Loan Notes in return for the Exchange Collateral, subject as described under "*Settlement of Loan Note Issuances*" below.

Facility Fees

Commitment Fees

In consideration for its rights under the Facility Agreement, the Loan Notes Issuer will, subject to no Deferral Event having occurred, make payments to the Issuer with respect to each Interest Accrual Period on the last Business Day of such Interest Accrual Period (or if such date is not a Business Day, the following Business Day, without any adjustment in amount) (each such date, a "**Facility Fees Payment Date**") in an aggregate amount equal to 3.533286 per cent. per annum applied to the Available Commitment as of the related Facility Fees Payment Date (each, a "**Commitment Fee**" and, together with any Additional Fee (as defined under "*Additional Fees*" below) the "**Facility Fees**"). For the avoidance of doubt, at any time when the Available Commitment has been reduced to zero as at close of business on a Facility Fees Payment Date, no Facility Fee will be due in respect of such Interest Accrual Period.

Additional Fees

All payments by the Loan Notes Issuer under the Facility Agreement shall be made free and clear of, and without withholding or deduction (collectively, a "**Tax Deduction**") for, any Taxes imposed, levied, collected, withheld or assessed by or within or on behalf of Switzerland or any political subdivision thereof or any authority thereof having the power to tax, unless such Tax Deduction is required by applicable law, in which event the Loan Notes Issuer undertakes that it will, subject to the same restrictions and limitations set forth in Loan Notes Condition 6 (*Taxation*), as if references therein to interest were references to payments by the Loan Notes Issuer under the Facility Agreement, pay an additional fee ("**Additional Fee**") as shall result in receipt by the Issuer, of such amounts as would have been received by it had no such Tax Deduction been required.

Without prejudice to the foregoing, if any Taxes of whatever nature are required by law to be deducted or withheld in connection with any payment under the Facility Agreement, the Loan Notes Issuer will increase the amount paid so that the full amount of such payment is received by the payee as if no such Tax Deduction had been made. In addition, the Loan Notes Issuer agrees to indemnify and hold the Issuer harmless against any Taxes of whatever nature which it is required to pay in respect of any amount paid by the Loan Notes Issuer under the Facility Agreement.

Status of the Facility

The Loan Notes Issuer's obligations to pay the Facility Fees and any other amounts due and payable under the Facility Agreement, constitute unsecured and subordinated obligations ranking junior to the Loan Notes Issuer's obligations under any Senior Securities (as defined in the Loan Notes Conditions), *pari passu* among themselves and with the Loan Notes Issuer's obligations under any Parity Securities, and senior to the Loan Notes Issuer's obligations under its Junior Securities (as defined in the Loan Notes Conditions). In the event of the liquidation, dissolution, insolvency, compromise or other similar proceeding for the avoidance of insolvency of, or against, the Loan Notes Issuer, the claims of the Issuer in respect of the Facility Fees and any amounts due and payable under the Facility Agreement, will be subordinated to the claims of all holders of Senior Securities, so that in any such event no amounts shall be payable in respect of the Loan Notes unless the claims of all holders of Senior Securities shall have

first been satisfied in full. These subordination provisions are governed by the substantive laws of Switzerland and such provisions are irrevocable.

Deferral of Facility Fees and Cancellation of Facility Fees upon occurrence of a Deferral Event

Upon the occurrence of any of the circumstances set out in Loan Notes Condition 3.5 (*Payment of Interest and Deferral of Interest Payments*) which require or permit (or would require or permit if any Loan Notes were outstanding) a deferral of interest in respect of any Loan Notes, the Loan Notes Issuer may be required or elect, respectively, to defer the payment (in whole or in part) of the Facility Fees that would have been due and payable in respect of the relevant Facility Fees Payment Date, provided that, for these purposes, any references in Loan Notes Condition 3.5 (*Payment of Interest and Deferral of Interest Payments*) to "Interest Payment Date" shall be deemed references to "Facility Fees Payment Date". Such deferral of Facility Fees shall constitute a Deferral Event resulting in an Automatic Issuance Event (see "*Automatic Loan Note Issuance*" below).

Upon the occurrence of a Deferral Event, the amount of Facility Fees that would have been due and payable in respect of the relevant Facility Fees Payment Date pursuant to the Facility Agreement in the absence of such Deferral Event, shall cease to be due and payable by the Loan Notes Issuer and shall be cancelled, unless an Optional Exchange occurs prior to the related Facility Fees Payment Date.

Any Demeter Eligible Asset Income held by the Issuer that would have been payable in the absence of such Deferral Event will still be due and payable to the Loan Notes Issuer on the relevant Settlement Date or Reset Settlement Date.

Voluntary Loan Note Issuances

Subject to the limitations that (a) the principal amount of Loan Notes at any one time outstanding may not exceed the Maximum Commitment, (b) that no amounts are due and unpaid by the Loan Notes Issuer under the Facility Agreement and (c) that each Loan Note will be issued in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof, the Loan Notes Issuer may, from time to time on or prior to the Reset Date, in its sole discretion, elect to issue a series of Loan Notes (in increments of $100,000,000 in principal amount) to the Issuer, by delivering a Drawing Notice. Such Drawing Notice will specify, among other things, the amount of Loan Notes to be issued and the proposed Drawing Date, which date shall be at least two Business Days but not more than five Business Days after the date of delivery (or deemed delivery) of the Drawing Notice by the Loan Notes Issuer, provided that:

(i) such date is at least five Business Days prior to any Loan Notes Early Redemption Date or other date on which the Facility Agreement is to terminate;

(ii) if the Drawing Notice is delivered in respect of an Eligible Assets Event (as defined in "*Automatic Loan Note Issuances*" below), the proposed Drawing Date must be no later than the day falling two Business Days following the occurrence of such Eligible Assets Event;

(iii) in the case of an automatic issue of Loan Notes following a Loan Notes Issuer Bankruptcy Event, the delivery, pursuant to the Facility Agreement, of a Bankruptcy Order shall be deemed as delivery of a Drawing Notice and the related Drawing Date in respect of such deemed Drawing Notice shall be the day falling two Business Days after the date of receipt by the Issuer of such order; and

(iv) if the proposed Drawing Date were to fall on the Business Day prior to an Interest Payment Date, then such Drawing Date shall be postponed until the Business Day immediately following such Interest Payment Date and no Expected Amounts received by the Issuer relating to the Interest

Accrual Period for such Interest Payment Date shall be payable by the Issuer to the Loan Notes Issuer in respect of such issue of Loan Notes.

In respect of any Drawing Notice delivered (or deemed to be delivered) under the Facility Agreement, the Available Commitment shall be reduced (but not below zero) with effect from the related Drawing Date, by the principal amount of Loan Notes that are validly issued pursuant to such Drawing Notice. The Loan Notes will be issued to the Issuer against the Loan Notes Issuer's right to receive from the Issuer the Relevant Portion of each of the Demeter Eligible Assets, the Demeter Eligible Asset Income (if any) and the Demeter Facility Fees (if any), subject as described under "*Settlement of Loan Note Issuances*" below.

The first Optional Redemption Date for any series of Loan Notes shall be the Reset Date unless, in respect of a series of Loan Notes issued in the period from (and including) 15 August 2020, to (but excluding) the Reset Date, the Loan Notes Issuer elects to make a Delayed Call Election, in which case the first Optional Redemption Date for all Loan Notes will be the date falling no later than the Loan Notes Interest Payment Date scheduled to fall on, or failing which, immediately follows, the fifth anniversary of the Drawing Date for such series. If the Loan Notes Issuer makes a Delayed Call Election, the aggregate principal amount of the series of Loan Notes issued in conjunction therewith will be equal to the Available Commitment immediately prior to such issuance, irrespective of whether such Available Commitment has changed since the date of the Drawing Notice. Upon the issue of such Loan Notes, no further Loan Notes may be issued or any Optional Exchange requested. Loan Notes issued under the Facility Agreement will mature on the Loan Notes Maturity Date unless previously redeemed, exchanged, purchased and cancelled in accordance with the Loan Notes Conditions.

Automatic Loan Note Issuances

Subject as described below in respect of a Loan Notes Issuer Bankruptcy Event, the Loan Notes Issuer will be required to deliver a Drawing Notice to the Issuer by no later than the Business Day immediately following the occurrence of an Automatic Issuance Event (as defined below), for a principal amount equal to the then Available Commitment as of the close of business on the Business Day immediately preceding the date of such Drawing Notice. Each of the following shall trigger an "**Automatic Issuance Event**" on the relevant date specified:

(i) upon the occurrence of a Loan Notes Issuer Payment Default, on the date of such event;

(ii) upon the occurrence of a Deferral Event, on the date of the relevant notice of deferral;

(iii) upon the occurrence of an Election Not to Terminate, on the date that is seven Business Days prior to the Reset Date;

(iv) upon the occurrence of an Eligible Assets Event, on the due date for the payment triggering such event;

(v) upon the occurrence of a Loan Notes Issuer Bankruptcy Event, on the date constituting the relevant event;

(vi) upon the occurrence of a Termination Event or the Loan Notes Issuer's election to terminate the Facility Agreement pursuant to the terms of the Facility Agreement, on the date of delivery of a Loan Notes Early Redemption Notice to the Issuer; or

(vii) upon the occurrence of a Demeter Event, on the date the related Demeter Event Notice is delivered by the Issuer to the Loan Notes Issuer.

As soon as reasonably practicable upon becoming aware of a Demeter Event (or in any case, at or prior to the time of notification of such event to any other person), the Issuer shall deliver a Demeter Event Notice to the Loan Notes Issuer.

Pursuant to the Facility Agreement, the Loan Notes Issuer shall notify the Issuer promptly upon becoming aware of an event or development other than a Demeter Event that would give rise to an Automatic Issuance Event and, in the case of becoming aware of any Loan Notes Issuer Bankruptcy Event, the delivery of a Bankruptcy Order shall be deemed as delivery of a Drawing Notice and the related Drawing Date in respect of such Drawing Notice shall be the day falling two Business Days after the date of receipt of such order. For a summary of the consequences of a Loan Notes Issuer Bankruptcy Event in respect of the Loan Notes Issuer on the issue of Loan Notes or an Optional Exchange under the Facility Agreement, see "*Settlement of Loan Note Issuances*" below.

If a Drawing Notice is delivered in respect of an Automatic Issuance Event (other than an Eligible Assets Event or a Loan Notes Issuer Bankruptcy Event), the proposed Drawing Date must be at least two Business Days but not more than five Business Days after the date of delivery (or deemed delivery) of the Drawing Notice by the Loan Notes Issuer.

If a Drawing Notice is delivered in respect of an Eligible Assets Event, the proposed Drawing Date must be no later than the day falling two Business Days following the occurrence of such Eligible Assets Event.

Where:

"**Deferral Event**" means:

(i) if any Loan Notes are outstanding, an election by the Loan Notes Issuer, or a requirement for the Loan Notes Issuer, to defer the payment (in whole or in part) of interest on any outstanding Loan Notes pursuant to Loan Notes Condition 3.5 (*Payment of Interest and Deferral of Interest Payments*); or

(ii) the requirement for the Loan Notes Issuer or the election by the Loan Notes Issuer to defer the payment (in whole or in part) of Facility Fees, as described under "*Deferral of Facility Fees and Cancellation of Facility Fees upon occurrence of a Deferral Event*" above.

"**Demeter Eligible Assets Event**" means the Loan Notes Issuer is notified by, or on behalf of, the Issuer that in the Issuer's determination, an Underlying Tax Event or an Illegality Event has occurred in respect of the Demeter Eligible Assets (as if references to Loan Notes Collateral under the definitions of Underlying Tax Event and Illegality Event were references to Demeter Eligible Assets).

"**Eligible Assets Event**" means the occurrence of either of the following:

(i) the failure by the Eligible Assets Obligor to make one or more payments when due (without giving effect to any applicable grace period) in respect of the Demeter Eligible Assets; or

(ii) the occurrence of a Demeter Eligible Assets Event.

"**Loan Notes Issuer Payment Default**" means failure by the Loan Notes Issuer, on or before any Loan Note Interest Payment Date or Facility Fees Payment Date, as applicable (the "**Relevant Payment Date**") to pay (a) subject to no Deferral Event having occurred, any Facility Fees due on such date under the Facility Agreement, (b) subject to no Deferral Event having occurred, any interest on, or any principal amount of, or any additional amounts in respect of, any outstanding Loan Notes due on such date or (c) any amount otherwise due and owing under the Facility Agreement on or before such date, unless, in the case of (a) or (c), such failure is cured within 30 days of the Relevant Payment Date, as applicable, and, in the case of (b), such failure is cured (i) in the case of principal, within 10 days of the Relevant Payment Date and (ii) in the case of interest, within 30 days of the Relevant Payment Date.

"**Termination Event**" means any Recalculation Event, Special Tax Event, Accounting Event, Ratings Methodology Event or Regulatory Event, each as defined in Loan Notes Condition 16 (*Definitions*).

Settlement of Loan Note Issuances

Loan Note Issuances other than in respect of a Reset Draw

If the Loan Notes Issuer delivers (or is deemed to have delivered) a Drawing Notice (other than in respect of a Reset Draw) it will issue and deliver, or will procure the delivery of, to the Issuer, by 10:00 a.m. (London time) on the Drawing Date, a copy of the duly executed Loan Notes certificate evidencing the relevant principal amount of Loan Notes to be issued pursuant to such Drawing Notice, on a free of payment basis, in accordance with the provisions of the Loan Notes Agency Agreement. Subject as described under "*Voluntary Loan Note Issuances*" and "*Automatic Loan Note Issuances*" above, each Drawing Date shall be at least two Business Days but not more than five Business Days after the date of delivery (or deemed delivery) of the Drawing Notice by the Loan Notes Issuer.

In exchange, and by way of consideration, for the relevant principal amount of Loan Notes so issued and delivered, the Issuer will deliver and pay, or will, procure the delivery or payment, as applicable, on the Settlement Date of, the Relevant Portion of each of the Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and the Demeter Facility Fees (if any), in each case, held by the Issuer on such Drawing Date, to the Loan Notes Issuer. For the avoidance of doubt, in the case of an Automatic Issuance Event upon the occurrence of a Deferral Event, the Demeter Eligible Asset Income held by the Issuer and payable by it to the Loan Notes Issuer will include any related Demeter Eligible Asset income held by the Issuer that would also be payable on the relevant Loan Note Interest Payment Date, notwithstanding such Deferral Event.

Notwithstanding anything to the contrary contained in this description of the Facility Agreement, upon the occurrence of a Loan Notes Issuer Bankruptcy Event:

(i) in respect of any pending Drawing Notice for which the Drawing Date has yet to occur; no further action shall be taken in respect of such Drawing Notice until after receipt by the Issuer of a Bankruptcy Order (or a copy thereof);

(ii) in respect of any pending Optional Exchange for which the Optional Exchange Date has yet to occur, no further action shall be taken in respect of such Optional Exchange until after receipt by the Issuer of a Bankruptcy Order (or a copy thereof);

(iii) in respect of any Failure to Issue for which the Facility Agreement Settlement Date has yet to occur, no Failure to Issue Available Amount shall be distributed, and no partial enforcement of Security shall be permitted, in respect of such Failure to Issue until after receipt by the Issuer of a Bankruptcy Order (or a copy thereof);

(iv) no further Drawing Notice (whether voluntary, by reason of an Automatic Issuance Event or otherwise) may be delivered in respect of any Loan Notes until after receipt by the Issuer of a Bankruptcy Order (or a copy thereof), and no Failure to Issue, Failure to Deliver or Reset Failure to Perform shall occur as a result of any such non-delivery of a Drawing Notice; and

(v) no further Optional Exchange may be requested by the Loan Notes Issuer.

If (i) a Loan Notes Repudiation has occurred or (ii) a Bankruptcy Order (or a copy thereof) has not been received by the Loan Notes Issuer by close of business on the day falling one calendar year after the date on which the Issuer became aware (whether by notice thereof from the Calculation Agent, Loan Notes Issuer or otherwise) of such Loan Notes Issuer Bankruptcy Event, then (i) no Drawing Notice shall be deemed to have been delivered (and is no longer capable of being deemed to be delivered) in

connection with such Loan Notes Issuer Bankruptcy Event; and (ii) the Loan Notes Issuer shall have no further right or obligation to issue Loan Notes or effect an Optional Exchange.

Failure to Issue

Upon the occurrence of a Failure to Issue, all of the Eligible Assets held by the Issuer are to be liquidated as soon as reasonably practicable and the proceeds of the liquidation will then be applied (together with the Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any):

(i) first, in payment to the Loan Notes Issuer of the Failure to Issue Payment Amount; and

(ii) second, in payment of any Failure to Issue Residual Amounts to the Issuer.

Upon payment by the Issuer to the Loan Notes Issuer of such Failure to Issue Payment Amount, any claims of the Loan Notes Issuer in respect of the Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and/or the Demeter Facility Fees (if any) shall be extinguished.

In consideration for the payment by the Issuer or its agent of the Failure to Issue Payment Amount, the Loan Notes Issuer will make such payments to the Issuer in respect of interest, principal and other amounts (if any) as though the Issuer was the holder of an aggregate principal amount of Loan Notes equal to the Loan Notes Shortfall Amount, with such payments falling due to be made by the Loan Notes Issuer on the same dates and subject to the same terms as if the Relevant Notional Loan Notes had been issued by the Loan Notes Issuer to the Issuer on the relevant Drawing Date. The Available Commitment shall be reduced in respect of the Relevant Notional Loan Notes upon the related Facility Agreement Settlement Date, in an amount equal to the Relevant Notional Loan Notes for such Failure to Issue.

The obligation of the Loan Notes Issuer to make payments on the relevant due dates in respect of any Relevant Notional Loan Notes will terminate on the day that the Loan Notes Issuer issues to the Issuer an aggregate principal amount of Loan Notes equal to the Loan Notes Shortfall Amount (any such issuance not affecting the Available Commitment or Maximum Commitment) or, if earlier, when no payments would remain outstanding in respect of the Relevant Notional Loan Notes assuming they had been issued on the relevant Drawing Date. Where the Loan Notes Issuer issues an aggregate principal amount of Loan Notes equal to the Loan Notes Shortfall Amount, the Issuer shall have no corresponding obligation to deliver any Demeter Eligible Assets, Demeter Eligible Asset Income (if any) and/or Demeter Facility Fees (if any) to the Loan Notes Issuer.

Failure to Deliver

Upon the occurrence of a Failure to Deliver, the Loan Notes Issuer (but no other Secured Creditor) shall be entitled to direct the Trustee (subject to it being indemnified and/or secured and/or prefunded by the Loan Notes Issuer to its satisfaction) to effect a partial enforcement of any security in respect of the Failure to Deliver Shortfall Amount.

Notwithstanding the above, the Issuer (or the Custodian acting on its behalf and in accordance with its written instructions) shall continue to attempt to deliver to the Loan Notes Issuer the Failure to Deliver Shortfall Amount until the occurrence of either of the following:

(i) the Loan Notes Issuer delivers a written notification to the Issuer directing the partial enforcement of the Security over the Failure to Deliver Shortfall Amount and the Liquidation of the Demeter Eligible Asset Shortfall Amount and, as soon as reasonably practicable thereafter, the payment, or procurement of the payment of, the Failure to Deliver Payment Amount to the Loan Notes Issuer; or

(ii) any Liquidation Event or Enforcement Event, upon which the Demeter Eligible Asset Shortfall Amount shall be Liquidated and, thereafter, the Failure to Deliver Payment Amount shall be paid to the Loan Notes Issuer.

Any claims of the Loan Notes Issuer in respect of the relevant amounts under the Facility Agreement for a Failure to Deliver shall be extinguished upon the related Facility Agreement Settlement Date.

Reset Draws

If the Loan Notes Issuer delivers a Drawing Notice in respect of a Reset Draw it will issue and deliver, or will procure the delivery of, to the Issuer, by 10:00 a.m. (London time) on the Drawing Date, a copy of the duly executed Loan Notes certificate evidencing the relevant principal amount of Loan Notes to be issued pursuant to such Drawing Notice, on a free of payment basis, in accordance with the provisions of the Agency Agreement. Subject as described under "*Voluntary Loan Note Issuances*" and "*Automatic Loan Note Issuances*" above, each Drawing Date shall be at least two Business Days but not more than five Business Days after the date of delivery (or deemed delivery) of the Drawing Notice by the Loan Notes Issuer.

In exchange, and by way of consideration, for the relevant principal amount of Loan Notes so issued and delivered, the Issuer (or the Custodian acting on its behalf and in accordance with its written instructions) will:

(i) on each Business Day during the period commencing on (and including) the Business Day immediately prior to the Reset Date to (and including) the Reset Settlement Cut-off Date, pay to the Loan Notes Issuer the related Reset Payment Amount; and

(ii) if by close of business on the Reset Settlement Cut-off Date, any amounts remain unpaid on the Demeter Eligible Assets that were held by the Issuer as at the relevant Drawing Date, deliver to the Loan Notes Issuer by close of business on the second Business Day following such Reset Settlement Cut-off Date the Reset Delivery Amount,

in each case, in accordance with the Facility Agreement.

Reset Failure to Perform

If the Issuer (or the Custodian acting on its behalf and in accordance with its written instructions) fails to satisfy any of its Reset Performance Obligations, then a Reset Failure to Perform will have occurred. Upon the occurrence of a Reset Failure to Perform, the Loan Notes Issuer (but no other Secured Creditor) shall have the right to direct the Trustee (subject to it being indemnified and/or secured and/or prefunded by the Loan Notes Issuer to its satisfaction) to effect a partial enforcement of the Security in respect of the Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) held at such time.

Notwithstanding the above, the Issuer (or the Custodian acting on its behalf and in accordance with its written instructions) shall continue to attempt to pay or deliver to the Loan Notes Issuer the relevant Reset Payment Amount or Reset Delivery Amount, as applicable, until the occurrence of either of the following:

(i) the Loan Notes Issuer delivers a written notification to the Issuer directing the Trustee to (a) enforce the Security in respect of the Demeter Eligible Assets (if any), Demeter Eligible Asset Income (if any) and Demeter Facility Fees (if any) held at such time and arrange the Liquidation of the remaining Demeter Eligible Assets then held by the Issuer and (b) as soon as reasonably practicable thereafter, to pay, or procure the payment of, the Reset Failure to Perform Payment Amount to the Loan Notes Issuer; or

(ii) any Liquidation Event or Enforcement Event, upon which the remaining Demeter Eligible Assets then held by the Issuer shall be Liquidated and as soon as reasonably practicable thereafter, the Reset Failure to Perform Payment Amount shall be paid to the Loan Notes Issuer.

Any claims of the Loan Notes Issuer in respect of the relevant amounts under the Facility Agreement for a Reset Failure to Perform, shall be extinguished upon the related Facility Agreement Settlement Date.

Optional Exchange

The Loan Notes Issuer may, at its discretion, on any Optional Exchange Date within the Optional Exchange Period, deliver Exchange Collateral to the Issuer, in return for outstanding Loan Notes of the applicable series, in whole or in part, in increments of $100,000,000 in principal amount. No Optional Exchange Date for a series of Loan Notes may occur following the earliest of (i) the Drawing Date relating to a Delayed Call Election; (ii) the delivery of a Loan Early Notes Redemption Notice; (iii) the occurrence of a Loan Notes Issuer Bankruptcy Event and (iv) the date falling 30 days prior to the Reset Date.

The Loan Notes Issuer's discretion to cause an Optional Exchange is subject to the conditions that (i) no Solvency Event having occurred that is continuing at the time of delivery of the relevant notice (as evidenced by the absence of any public statement by the Loan Notes Issuer that the Solvency Event has been cured); (ii) FINMA having given its Consent to the Optional Exchange as is required under relevant rules and regulations; (iii) in the case of an Optional Exchange that is within five years of the related Drawing Date and if so required by any future rules and regulations applicable to the Loan Notes Issuer, such Optional Exchange being (a) funded out of the proceeds of a new issuance of capital of at least the same quality as the Loan Notes and (b) otherwise permitted under relevant rules and regulations; and (iv) all Outstanding Expected Amounts (if any) having been settled prior to, or concurrently with, such Optional Exchange.

In the case of a partial exchange, the Loan Notes to be exchanged shall be selected by the Loan Notes Issuer by whatever method the Loan Notes Issuer elects. The Loan Notes Issuer thereafter in its sole discretion may (provided that no amounts are due and unpaid by the Loan Notes Issuer under the Facility Agreement), or in certain circumstances would be required to, issue Loan Notes to the Issuer following an Optional Exchange, as described under "Voluntary Loan Note Issuances" and "Automatic Loan Note Issuances" above.

If the Loan Notes Issuer delivers an Optional Exchange Notice, the Issuer will deliver the Loan Notes in respect of which such right was exercised to the Loan Notes Issuer, in return for the Exchange Collateral, on the Optional Exchange Date.

To the extent that any cash in U.S. dollars is paid to the Issuer in connection with an Optional Exchange, such cash shall be treated as forming part of the Eligible Asset Income then held by the Issuer. It shall only be necessary for the Loan Notes Issuer to pay cash in respect of an Optional Exchange where it is not possible to meet the funding requirement through delivery of Eligible Assets alone.

Termination following Redemption of Loan Notes

Unless previously terminated in accordance with the Loan Notes Conditions and the Facility Agreement, the Loan Notes Issuer will terminate the Facility Agreement and redeem all outstanding series of Loan Notes, in whole but not in part, in cash, at their principal amount together with any accrued but unpaid interest up to (but excluding) the Loan Notes Maturity Date and any outstanding Deferred Interest (as defined in the Loan Notes Conditions) on the Loan Notes Maturity Date.

As provided for in Loan Notes Conditions 4.2 (*Optional redemption upon the occurrence of certain events*) and 4.3 (*Redemption otherwise at the option of the Issuer*), the Loan Notes Issuer may, in certain

circumstances, redeem outstanding Loan Notes and terminate the Facility prior to the Loan Notes Maturity Date. Upon delivering a Loan Notes Early Redemption Notice to the Issuer in respect of the outstanding Loan Notes and, if at such time the Available Commitment is greater than zero, the Loan Notes Issuer will issue Loan Notes to the Issuer for the full Available Commitment, with the relevant Drawing Date for such issue to fall at least two Business Days but not more than five Business Days after the date of delivery (or deemed delivery) of the Drawing Notice by the Loan Notes Issuer and, no later than five Business Days prior to the Loan Notes Early Redemption Date. In return, the Issuer (or the Custodian acting on its behalf and in accordance with its written instructions) will deliver and pay, as applicable, to the Loan Notes Issuer, the Relevant Portion of the Demeter Eligible Assets, the Demeter Eligible Asset Income (if any) and the Demeter Facility Fees (if any) held by the Issuer. On the Loan Notes Early Redemption Date, all outstanding Loan Notes (including any newly issued Loan Notes for the full Available Commitment) will be redeemed by the Loan Notes Issuer at their Cash Redemption Amount (as defined in the Loan Notes Conditions). Unless a Failure to Issue has occurred as described under "*Settlement of Loan Note Issuances*" above, the Facility Agreement will terminate upon the redemption of the outstanding Loan Notes.

Assignment; Merger; Consolidation or Sale of Assets

The Issuer may only assign or transfer its rights or obligations under the Facility Agreement with the prior written consent of the Loan Notes Issuer and provided that such assignment or transfer would enable continued compliance with the requirements set out in Loan Notes Condition 1 (*Form, Denomination and Transfer*). Upon any transfer and assumption of obligations the Issuer shall be relieved of and fully discharged from all obligations under the Facility Agreement, whether the obligations arose before or after the transfer and assumption.

The Facility Agreement does not prohibit the Loan Notes Issuer from entering into a merger, consolidation or sale of all or substantially all of its assets.

Substitution

If there is to be a new issuer of Loan Notes on a substitution under Loan Notes Condition 9 (*Substitution*), then such new issuer of Loan Notes may also be substituted as obligor under the Facility Agreement, provided that the obligations of the new issuer of Loan Notes under the Facility Agreement are also guaranteed by Swiss Re Ltd, which guarantee shall, on a winding up of Swiss Re Ltd, have a *pari passu* ranking with the obligations of Swiss Re Ltd under the Loan Notes prior to the substitution of Swiss Re Ltd under Loan Notes Condition 9 (*Substitution*).

If the new issuer of Loan Notes is a company resident for tax purposes in a New Residence (as defined in Loan Notes Condition 9(c) (*Substitution*)), the conditions set forth in Loan Notes Condition 9(c) (*Substitution*) must also be met *mutatis mutandis* for purposes of the Facility Agreement. If the new issuer of Loan Notes is resident for tax purposes in a New Residence, the provisions of Clause 11.2 (*Additional Fees*) of the Facility Agreement shall apply with the substitution of references to Switzerland with references to the New Residence.

Governing Law

The Facility (except for the subordination provisions set out in Clause 11.5 (Subordination) therein, which are governed by the substantive laws of Switzerland) and any non-contractual obligations arising out of or in connection with such agreements will be governed by, and construed in accordance with, English law.

INFORMATION CONCERNING THE LOAN NOTES ISSUER

Basic information about the Loan Notes Issuer is set out below. For further information, please refer to the Loan Notes Documentation set out in the Appendix to this Series Prospectus.

Loan Notes Issuer

Name:	Swiss Re Ltd
Address:	Mythenquai 50/60, 8002 Zurich, Switzerland
Country of Incorporation:	Switzerland
Nature of Business:	Swiss Re Ltd is a wholesale provider of reinsurance, insurance and other insurance-based forms of risk transfer.
Name of market where securities (other than the Loan Notes) have been admitted:	SIX Swiss Exchange

SUBSCRIPTION AND SALE

Subject to the terms and conditions contained in the Syndication Agreement with respect to the Notes, the Issuer has agreed to sell to the Managers, and the Managers have jointly and severally agreed to purchase from the Issuer, the Notes.

The Managers will purchase the Notes at a customary discount from the price indicated on the cover of this Series Prospectus and propose initially to offer and sell the Notes at the issue price set forth on the front of this Series Prospectus. After the initial offering of the Notes, the price at which the Notes are being offered may be changed at any time without notice. The offering of the Notes by the Managers is subject to receipt and acceptance and subject to the Managers' rights to reject any order in whole or in part.

Indemnification

The Issuer has agreed to indemnify the Managers against certain liabilities or to contribute to payments that the Managers may be required to make in respect of those liabilities.

Selling Restrictions

Denmark

Each Manager has represented and agreed that it has not offered or sold and will not offer, sell or deliver any of the Notes directly or indirectly in the Kingdom of Denmark by way of public offering, unless in compliance with the Danish Securities Trading Act, Consolidation Act No. 831 of 12 June 2014 as amended and Executive Orders issued thereunder and in compliance with Executive Order No. 623 of 24 April 2015 issued under the Danish Financial Business Act to the extent applicable.

France

Each of the Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Series Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) and/or a limited circle of investors (*cercle restreint*), acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 and D.411-4 of the French *Code monétaire et financier*.

Hong Kong

Each Manager has represented and agreed that it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Italy

The offering of the Notes has not been registered with the C*ommissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Notes may be offered,

sold or delivered, nor may copies of this Series Prospectus or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Manager has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Series Prospectus or any other document relating to the Notes in Italy except:

(a) to qualified investors (*investitori qualificati*), as referred to in Article 100 of Legislative Decree no. 58 of 24 February 1998 (the "**Financial Services Act**") and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the "**Issuers Regulation**"), all as amended from time to time; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of Series Prospectus or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**") and CONSOB Regulation No. 16190 of 29 October 2007, all as amended from time to time;

(ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and

(iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

The Netherlands

The Notes may be offered in the Netherlands only to qualified investors as defined in the Prospectus Directive.

Norway

Neither this Series Prospectus, or the Notes nor any other offering or marketing material relating to the Issuer or the Notes have been approved by, or registered with, any Norwegian securities regulator pursuant to the Norwegian Securities Trading Act of 29 June 2007. Accordingly, neither this Series Prospectus or the Notes nor any other offering or marketing material relating to the Issuer or the Notes constitutes, or shall be deemed to constitute, an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007. The Notes may not be offered or sold, directly or indirectly, in Norway except:

(i) in respect of an offer of Notes addressed to investors subject to a minimum purchase of Notes for a total consideration of not less than €100,000 per investor;

(ii) to professional investors as defined in section 7-1 of the Norwegian Securities Regulation of 29 June 2007 no. 876;

(iii) to fewer than 150 natural or legal persons (other than "professional investors" as defined in section7-1 of the Norwegian Securities Regulation of 29 June 2007 no. 876), subject to obtaining the prior consent of the Managers for any such offer; or

(iv) in any other circumstances provided that no such offer of Notes shall result in a requirement for the registration, or the publication by the Issuer or of the Managers of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

The Notes shall be registered with the VPS unless (i) the Notes are denominated in NOK and offered or sold outside of Norway to non-Norwegian tax residents only, or (ii) the Notes are denominated in a currency other than NOK and offered and sold outside Norway.

Portugal

No offer or sale of Notes may be made in Portugal except in circumstances that will result in compliance with the rules concerning marketing of Notes and the laws of Portugal generally.

This Series Prospectus has not been nor will be subject to the approval of the Portuguese Securities Market Commission (the "**CMVM**"). Each Manager has represented and agreed that it has not offered or sold, and it will not offer or sell any Notes in Portugal or to residents of Portugal otherwise than in accordance with applicable Portuguese Law.

No approval has been or will be requested from the CMVM that would permit a public offering of any of the Notes referred to in this Series Prospectus, therefore the same cannot be offered to the public in Portugal. Accordingly, each Manager has represented and agreed that no Notes have been or may be offered or sold to 150 or more addressees who are not Portuguese Qualified Investors and no offer has been preceded or followed by promotion or solicitation to unidentified investors, public advertisement or publication of any promotional material. In particular, this Series Prospectus and the offer of Notes is only intended for Qualified Investors. Qualified Investors within the meaning of Article 30 of the Securities Code ("***Código dos Valores Mobiliários***") includes credit institutions, investment firms, insurance companies, collective investment institutions and their respective managing companies, pension funds and their respective pension fund-managing companies, other authorised or regulated financial institutions, notably securitisation funds and their respective management companies, all other financial companies, securitisation companies, venture capital companies, venture capital funds and their respective management companies, financial institutions incorporated in a state that is not an EU Member State that carry out activities similar to those previously mentioned, entities trading in financial instruments related to commodities and regional and national governments, central banks and public bodies that manage debt, supranational or international institutions, namely the European Central Bank, the European Investment Bank, the International Monetary Fund and the World Bank, people who provide investment services or carry out investment activities, which consist exclusively in dealing on own account in futures or cash markets, the latter for the sole purpose of hedging positions on derivatives markets, or deal or make prices on behalf of other members of said markets and which are guaranteed by a clearing member of the same markets, where responsibility for ensuring the performance of contracts is assumed by one of said members, as well as any legal entity which meets two of the following size requirements: (1) equity of EUR 2,000,000.00; (2) total assets of EUR 20,000,000.00; and (3) an annual net turnover of EUR 40,000,000.00 all as shown in its last annual individual accounts, and any person who has requested to be classified as such.

Singapore

Each Manager has acknowledged that this Series Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Series Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act,

Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Series Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Series Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes may not be circulated or distributed, nor may any Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Spain

The proposed offer of Notes has not been registered with the *Comisión Nacional del Mercado de Valores* (the "**CNMV**"). Accordingly, each of the Managers has represented and agreed that it will only offer securities with a nominal value each of at least €100,000, pursuant to and in accordance with Spanish Law 24/1988 on the Securities Market, Spanish Royal Decree 1310/2005, both as amended from time to time, and any regulation issued thereunder.

Switzerland

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland. Neither this Series Prospectus nor any other offering or marketing material relating to the Notes constitutes (i) an Offering Memorandum as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, (ii) a listing Offering Memorandum within the meaning of

the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or (iii) a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Schemes Act, and neither this Series Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Series Prospectus nor any other offering and marketing material relating to the offering, the Issuer or the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, including FINMA, and investors in the Notes will not benefit from protection or supervision by such authority.

United Kingdom

Each Manager has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**") received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

United States

The Notes have not been and will not be registered under the Securities Act, and may not at any time be offered or sold within the United States or to, or for the account or benefit of, any person who is a U.S. person. Terms used in this paragraph and not otherwise defined have the meanings given to them by Regulation S of the Securities Act.

Each Manager has agreed that it will not at any time offer or sell the Notes (i) as part of their distribution or (ii) otherwise within the United States or to, or for the account or benefit of, any person who is a U.S. person, and it will have sent to each dealer to which it sells Notes at any time a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

General

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Series Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

Each Manager has agreed that it will, to the best of its knowledge, comply in all material respects with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Series Prospectus or any other offering material and neither the Issuer nor any other Manager shall have responsibility therefor.

Other Relationships

Some of the Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

GENERAL INFORMATION

1 The issue of the Notes was authorised pursuant to a resolution passed by the Board of Directors of the Issuer on 5 November 2015.

2 The Base Prospectus is available on the website of the Irish Stock Exchange (http://www.ise.ie/debt_documents/Base%20Prospectus_7c38c433-965e-4ab7-8aef-4115284b3566.PDF?v=312015).

3 The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under Common Code 126117051. The International Securities Identification Number for the Notes is XS1261170515.

4 The Issuer does not intend to permit indirect interests in the Notes to be held through the CREST Depositary Interests to be issued through the CREST Depositary.

5 TEFRA will not be applicable to the Notes as they are Registered Notes.

6 Save as discussed in the "*Subscription and Sale*" section and the risk factor entitled "Business Relationships", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

7 The Notes will be subscribed for on a syndicated basis and the names of the Managers are Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities plc, Merrill Lynch International and Morgan Stanley & Co. International plc.

8 The Notes will be delivered against payment.

9 The Notes are not intended to be held in a manner which would allow Eurosystem eligibility. Whilst this is the intention as at the date of this Series Prospectus, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs as common safekeeper (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper). Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

10 The Issuer does not intend to provide post-issuance information regarding, where applicable, performance of any Loan Notes or any Eligible Assets.

11 Any websites included in the Base Prospectus or this Series Prospectus are for information purposes only and do not form part of the Base Prospectus or this Series Prospectus.

12 The appointed Irish listing agent in respect of the Notes is Maples and Calder. Maples and Calder is acting solely in its capacity as Irish listing agent for the Issuer in connection with the Series and is not seeking admission of Notes to the Official List or to trading on the Main Securities Market for the purposes of the Prospectus Directive.

13 The estimated net proceeds of the issue is U.S.$700,000,000 and the estimated total expenses of the issue is U.S.$5,860.

14 The Issuer is not involved in any governmental, legal or arbitration proceedings that may have, or have since its incorporation, a significant effect on its financial position or profitability nor is the Issuer aware that any such proceedings are pending or threatened.

15 For the life of the Series Prospectus, the Memorandum and Articles of Association of the Issuer, the audited financial statements of the Issuer for the financial year ended 31 December 2013, the 2014

Accounts and the Facility Agreement will be available for inspection at the Specified Office of the Issuing and Paying Agent in printed form.

16 The Issuer has appointed Hackwood Secretaries Limited as its agent to receive, for it and on its behalf, service of process in any Proceedings in England pursuant to an appointment letter dated 6 November 2015.

APPENDIX
LOAN NOTES DOCUMENTATION

Swiss Re Ltd

Facility for the issuance of

Up to $700,000,000

Subordinated Fixed-to-Floating Rate Non Step-Up Callable Loan Notes with a scheduled maturity in 2050

Issue Price: 100%

Swiss Re Ltd ("**SRL**" or the "**Issuer**") and Demeter Investments B.V. ("**Demeter**") are to enter into a loan note issuance facility agreement to be dated on or about November 6, 2015 (the "**Facility Agreement**"). Pursuant to the Facility Agreement, the Issuer and Demeter are to establish a loan note issuance facility (the "**Facility**") under which the Issuer will have the right, in its sole discretion (and in certain circumstances, the obligation), to issue to Demeter from time to time on or prior to August 15, 2025 (the "**Reset Date**"), up to a maximum aggregate principal amount outstanding at any one time of $700,000,000, as may be reduced from time to time in accordance with the Conditions and the Facility (the "**Maximum Commitment**") of dollar denominated Subordinated Fixed-to-Floating Rate Non Step-Up Callable Loan Notes with a scheduled maturity in 2050 (each a "**Loan Note**" and together, the "**Loan Notes**"). Loan Notes will be issued as separate series (each a "**Series**") on separate drawing dates (each such date, a "**Drawing Date**" and, collectively, the "**Drawing Dates**"). Initially, only one Loan Note per Series will be issued under the Facility.

The terms and conditions applicable to each Series of Loan Notes shall be those set out in the section entitled "Terms and Conditions of the Loan Notes" herein (the "**Conditions**"), as supplemented by terms and conditions set out in a pricing supplement relating to such Series of Loan Notes (each such pricing supplement, a "**Pricing Supplement**"), delivered by the Issuer to Demeter. Except in respect of the Drawing Date, the date specified in the relevant Pricing Supplement from which interest begins to accrue (the "**Interest Commencement Date**"), the first date for the payment of interest, the Optional Exchange Period, the Optional Redemption Dates (each, as defined below), series number and aggregate principal amount of a Series of Loan Notes, each Series of Loan Notes will be identical to any other Series of Loan Notes that may be issued from time to time under the Facility.

Loan Notes issued under the Facility will be redeemed on the Final Maturity Date (as defined in the Conditions), unless previously redeemed, exchanged or purchased and cancelled in accordance with the Conditions. The Issuer may, at its discretion, and subject to certain conditions (as described below), terminate the Facility and redeem all outstanding Series of Loan Notes, in whole but not in part, in cash, at the principal amount of the relevant Series of Loan Notes, together with any accrued and unpaid interest to (but excluding) the relevant date fixed for redemption and any outstanding Deferred Interest (as defined in the Conditions) on such date (the "**Cash Redemption Amount**") on any Optional Redemption Date specified in the relevant Pricing Supplement and, if none is so specified, on the Reset Date or, on any Floating Interest Payment Date (as defined in the Conditions) thereafter (each, an "**Optional Redemption Date**"). The first Optional Redemption Date for any Series of Loan Notes shall be the Reset Date unless, in respect of a Series of Loan Notes issued in the period from (and including) August 15, 2020, to (but excluding) the Reset Date, the Issuer elects to make a Delayed Call Election (as defined in the Conditions), in which case the first Optional Redemption Date for all Loan Notes will be the date falling no later than the Floating Interest Payment Date scheduled to fall on, or failing which, immediately follows, the fifth anniversary of the Drawing Date for such Series. If the Issuer makes a Delayed Call Election, the aggregate principal amount of the Series of Loan Notes issued in conjunction therewith will be equal to the undrawn portion of the Maximum Commitment immediately prior to such issuance (the "**Available Commitment**"). The Issuer may also, at its discretion, and subject to certain conditions (as described below), terminate the Facility and redeem all outstanding Loan Notes in whole but not in part, in cash, at their Cash Redemption Amount at any time upon the occurrence of a Recalculation Event, a Special Tax Event that is continuing, an Accounting Event, a Ratings Methodology Event or a Regulatory Event (each, as defined in the Conditions).

In respect of a Series of Loan Notes, the Issuer may, at its discretion, on any date (the "**Optional Exchange Date**") within the optional exchange period specified in the relevant Pricing Supplement (an "**Optional Exchange Period**") and subject to certain conditions (as described below), deliver Exchange Collateral to Demeter, in return for outstanding Loan Notes of that Series, in whole or in part, in increments of $100,000,000 in principal amount (an "**Optional Exchange**"). No Optional Exchange Date for a Series of Loan Notes may occur following the earliest of (i) the Drawing Date relating to a Delayed Call Election; (ii) the delivery of an Early Redemption Notice; (iii) the occurrence of a Bankruptcy Event (as defined herein); and (iv) the date falling 30 days prior to the Reset Date.

The Issuer's discretion to redeem (and related termination of the Facility), cause an Optional Exchange or purchase Loan Notes, is subject to certain conditions, as described in the Conditions.

Unless previously redeemed, exchanged or purchased and cancelled (in accordance with the Conditions), each Loan Note will, regardless of its Drawing Date, bear interest (i) at a fixed rate of 5.750% per annum from (and including) the Interest Commencement Date specified in the relevant Pricing Supplement to (but excluding) the Reset Date, payable in arrear on August 15 in each year (each, a "**Fixed Interest Payment Date**"), commencing August 15, 2016 (in respect of any Loan Notes issued prior thereto), *provided* that in respect of a Series of Loan Notes that is issued under the Facility as a result of the failure by the obligor of the Eligible Assets to make one or more payments when due (without giving effect to any applicable grace period) in respect of such Eligible Assets, the first interest payment on such Series of Loan Notes shall be made on the Business Day following the Drawing Date in respect of such issuance (each such date, an "**Additional Interest Payment Date**"); and (ii) thereafter, in respect of each Floating Interest Period (as defined in the Conditions) to (but

excluding) the Final Maturity Date, at a floating rate of 3.593% per annum over the rate for three-month deposits in U.S. dollars for such Floating Interest Period, or as otherwise provided in the Conditions, payable quarterly in arrear on February 15, May 15, August 15 and November 15 in each year (or if such date is not a Business Day, then subject to adjustment as described in the Conditions) (each, a "**Floating Interest Payment Date**"), commencing November 15, 2025. Under certain circumstances described in the Conditions, the Issuer may elect, or be required, to defer interest payments on the Loan Notes.

The Issuer's obligations under the Loan Notes and to pay Facility Fees (as defined herein) as well as any other amounts due and payable under the Facility, constitute unsecured and subordinated obligations ranking junior to the Issuer's obligations under any Senior Securities (as defined in the Conditions), *pari passu* among themselves and with the Issuer's obligations under any Parity Securities, and senior to the Issuer's obligations under its Junior Securities (all as defined in the Conditions). In the event of the liquidation, dissolution, insolvency, compromise or other similar proceeding for the avoidance of insolvency of, or against, the Issuer, the claims of the holders of the Loan Notes (each, a "**Loan Noteholder**") in respect of the Loan Notes and of Demeter in respect of the Facility Fees and any other amounts due and payable under the Facility, will be subordinated to the claims of all Senior Creditors (as defined in the Conditions), so that in any such event no amounts shall be payable in respect of the Loan Notes unless the claims of all Senior Creditors shall have first been satisfied in full.

Each Series of Loan Notes initially will be represented by a single definitive certificate in registered form for the principal amount of such Series of Loan Notes specified in the relevant Pricing Supplement. The Loan Notes will not be listed on any securities exchange.

See "Risk Factors" beginning on page 24 of this Information Memorandum for a discussion of certain factors that should be considered by prospective investors. Each investor contemplating purchasing Loan Notes should make its own independent investigation of our financial condition and affairs, and its own appraisal of our creditworthiness.

The Loan Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state or other jurisdiction of the United States. The Loan Notes may not be offered, sold or resold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. The Loan Notes are not being offered in the United States or to U.S. persons. In addition, each Loan Noteholder must be a Qualifying Bank or, subject to the Issuer having consented thereto in writing, a Permitted Non-Qualifying Lender (each, as defined in the Conditions); *provided* that there shall at any time be no more than five Qualifying Banks that are Loan Noteholders. The Loan Notes are subject to significant restrictions on transfer. See "Transfer Restrictions."

The date of this Information Memorandum is November 6, 2015

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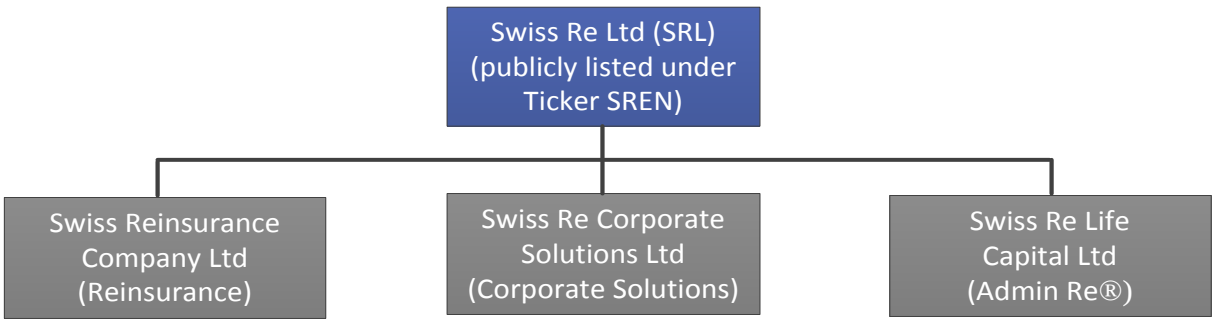
No person is or has been authorized to give any information or to make any representation other than those contained in this Information Memorandum in connection with the offering of the Loan Notes and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer. This Information Memorandum does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorized or is unlawful. See "Transfer Restrictions."

INTRODUCTORY NOTE

References in this Information Memorandum, unless the context otherwise requires, to:

- "**SRL**" and "**Issuer**" are to Swiss Re Ltd, the holding company of the Swiss Re Group;
- "**Swiss Re**," the "**Swiss Re Group**," "**we**," "**us**" and "**our**" are to SRL and its consolidated subsidiaries, unless indicated otherwise;
- "**SRZ**" are to Swiss Reinsurance Company Ltd;
- "**SRZ Group**" are to SRZ and its consolidated subsidiaries;
- "**Business Units**" are to the Reinsurance Business Unit, the Admin Re® Business Unit and the Corporate Solutions Business Unit, each of which is a reporting segment of Swiss Re and is largely, but not completely, aligned with the legal entity structure of the subsidiaries that comprise the relevant segment;
- the "**Reinsurance Business Unit**" and "**Reinsurance**" are to reinsurance operations conducted by the SRZ Group, and include both Property & Casualty Reinsurance and Life & Health Reinsurance;
- the "**Admin Re® Business Unit**" and "**Admin Re®**" are to the operations conducted by Swiss Re Life Capital Ltd and its subsidiaries that provide risk and capital management solutions by which Swiss Re acquires closed books of in-force life and health insurance business, lines of business or stock of insurance companies; effective January 1, 2016, in connection with the consolidation of the closed life book business of Admin Re® with other existing Swiss Re businesses that serve the policyholders of our clients and partners, this Business Unit will be renamed the Life Capital Business Unit and existing operations in the Reinsurance Business Unit that manage life insurance books will be reported within the Life Capital Business Unit;
- the "**Corporate Solutions Business Unit**" and "**Corporate Solutions**" are to the operations largely conducted by Swiss Re Corporate Solutions Ltd and its subsidiaries that services mid-sized and large corporations with products ranging from traditional property and casualty insurance to highly customized solutions;
- "**Principal Investments**" are to Swiss Re Principal Investments Company Ltd, the holding company for the Swiss Re Group's direct participations in companies and investments in certain private equity funds; and
- "**you**," a "**Loan Noteholder**" and "**Loan Noteholders**" are to a purchaser or purchasers of Loan Notes, as the case may be.

SRL is the ultimate holding company for the Swiss Re Group, and substantially all of the operations of the Swiss Re Group are conducted through Swiss Re subsidiaries. The following chart depicts the simplified structure of the Swiss Re Group.



The Loan Notes are being issued by SRL. None of SRL's subsidiaries is providing a guarantee in respect of SRL's obligations under the Loan Notes.

FINANCIAL AND OTHER INFORMATION INCLUDED OR INCORPORATED BY REFERENCE IN THIS INFORMATION MEMORANDUM

The following financial statements and auditor's reports referenced below are incorporated by reference into this Information Memorandum and are available on the website of the Swiss Re Group, www.swissre.com/investors/financial_information:

- the unaudited consolidated financial statements of the Swiss Re Group as of and for the nine months ended September 30, 2014 and 2015, including the notes thereto, which were prepared in accordance with U.S. GAAP (the "**Interim 2015 Financial Statements**");

- the audited consolidated financial statements of the Swiss Re Group as of and for the years ended December 31, 2013 and 2014, including the notes thereto, which were prepared in accordance with U.S. GAAP and which were audited by our independent auditors, and including the auditor's report on the audited consolidated financial statements of the Swiss Re Group for the year ended December 31, 2014 (the "**2014 Financial Statements**");

- the audited consolidated financial statements of the Swiss Re Group as of and for the years ended December 31, 2012 and 2013, including the notes thereto, which were prepared in accordance with U.S. GAAP and which were audited by our independent auditors, and including the auditor's report on the audited consolidated financial statements of the Swiss Re Group for the year ended December 31, 2013 (the "**2013 Financial Statements**");

- the audited statutory accounts of SRL as of and for the years ended December 31, 2013 and 2014, which were prepared in accordance with the requirements of Swiss law and SRL's articles of association ("**SRL's Articles of Association**"), and including the auditor's report on the audited statutory accounts of SRL for the year ended December 31, 2014 (the "**2014 Statutory Accounts**"); and

- the audited statutory accounts of SRL as of and for the years ended December 31, 2012 and 2013, which were prepared in accordance with the requirements of Swiss law and SRL's Articles of Association, and including the auditor's report on the audited statutory accounts of SRL for the year ended December 31, 2013 (the "**2013 Statutory Accounts**").

No other information contained on the website of the Swiss Re Group, or on any other website, is incorporated herein by reference.

We use non-GAAP financial measures in our external financial reporting. These measures are not prepared in accordance with U.S. GAAP or any other comprehensive set of accounting rules or principles, and should not be viewed as substitutes for measures prepared in accordance with U.S. GAAP. Moreover, these may be different from or otherwise inconsistent with similarly named non-GAAP financial measures used by other companies. These measures have inherent limitations, are not required to be uniformly applied and are not audited. We also publish results using our proprietary integrated economic valuation and accounting framework for business planning, pricing, reserving and steering – Economic Value Management ("**EVM**"). The EVM framework differs significantly from U.S. GAAP and should not be viewed as a substitute for U.S. GAAP financial measures. Our EVM income statement (and its line items) should not be viewed as a substitute for the income statement (and its line items) in our consolidated financial statements, and EVM economic net worth ("**ENW**") should not be viewed as a substitute for shareholders' equity as reported in our consolidated balance sheet. EVM results may be subject to significant volatility as assets and liabilities are measured on a market consistent basis. Nonetheless, we believe that EVM provides meaningful additional measures to evaluate our business.

References in this Information Memorandum to "**2013**" and "**2014**" are to our fiscal years ended December 31, 2013 and 2014, respectively. During 2014, certain intra-group cost recharges between Property & Casualty and Life & Health were revised, and the corresponding comparative line items for 2013 were restated in our 2014 Financial Statements.

References in this Information Memorandum to "U.S. dollars," "USD" and "$" are to the lawful currency of the United States, references to "Swiss francs" and "CHF" are to the lawful currency of Switzerland and references to "€," "euro" and "euros" are to the single currency introduced at the start of the third stage of European

economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time. Unless otherwise noted, all amounts in this Information Memorandum are expressed in U.S. dollars.

SOURCES OF INFORMATION

Except where we otherwise attribute market or market share data to another source, all market and market share data included in this Information Memorandum are our own estimates. These estimates are based upon our experience in the (re)insurance industry and our familiarity with the global (re)insurance market.

The information provided under "Risk Factors – Risks Relating to our Reinsurance Operations – Catastrophic events expose us to the risk of unexpected large losses" is derived from Swiss Re's Sigma reports, which in turn include information from third party sources. Information that has been sourced from third parties has been accurately reproduced and, as far as we are aware and are able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements contained in this Information Memorandum are forward-looking. These statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact. Forward-looking statements typically are identified by words or phrases such as "anticipate," "assume," "believe," "continue," "estimate," "expect," "foresee," "intend," "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as "will," "should," "would" and "could." These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results of operations, financial condition, solvency ratios, capital or liquidity position, or prospects to be materially different from any future results of operations, financial condition, solvency ratios, capital or liquidity position, or prospects expressed or implied by such statements or cause us not to achieve our published targets. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Information Memorandum. Among the key factors that have a direct bearing on our results of operations, financial condition, solvency ratios, capital or liquidity position, or prospects and published targets are:

- instability affecting the global financial system and developments related thereto, including as a result of concerns over, or adverse developments relating to, sovereign debt of eurozone countries;
- deterioration in global economic conditions;
- our ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of our financial strength or otherwise;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on our investment assets;
- changes in our investment result as a result of changes in our investment policy or the changed composition of our investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- possible inability to realize amounts on sales of securities on our balance sheet equivalent to their mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realize tax loss carryforwards and the ability to realize deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings;
- the possibility that our hedging arrangements may not be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more Swiss Re companies, and developments adversely affecting our ability to achieve improved ratings;
- the cyclicality of the reinsurance industry;

- uncertainties in estimating reserves;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes and certain large man-made losses, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality, morbidity and longevity experience;
- policy renewal and lapse rates;
- extraordinary events affecting our clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting us or our ceding companies, and interpretations of legislation or regulations by regulators;
- legal actions or regulatory investigations or actions, including those in respect of industry requirements or business conduct rules of general applicability;
- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions;
- changing levels of competition, including from new entrants into the market; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks.

See “Risk Factors” for additional details.

These factors are not exhaustive. Because these factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by or on our behalf, you should not place undue reliance on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date of this Information Memorandum. Except as may be required by applicable law, stock exchange rules or regulations, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. New factors emerge from time to time, and it is not possible to predict which will arise. In addition, we cannot assess the effect of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statement.

SUMMARY

This summary highlights selected information from this Information Memorandum. It is not complete and does not contain all of the information that you should consider before investing in the Loan Notes. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information included or incorporated by reference in this Information Memorandum, including the Interim 2015 Financial Statements, the 2014 Financial Statements and the 2013 Financial Statements. You should read carefully the entire Information Memorandum to understand our business, the nature and terms of the Loan Notes and the Facility, and the other considerations that are important to your decision to invest in the Loan Notes, including the risks discussed under "Risk Factors." In addition, certain statements include forward-looking information that involves risks and uncertainties. See "Cautionary Note on Forward-Looking Statements."

The Swiss Re Group

We are a leading provider of wholesale reinsurance, insurance and risk transfer solutions to insurance companies, corporate clients, the public sector and policyholders. We are a holding company providing solutions and services through four core operating business segments: Property & Casualty Reinsurance and Life & Health Reinsurance, which together comprise our Reinsurance Business Unit; Corporate Solutions and Admin Re®. We hold our direct participations in companies and investments in certain private equity funds through Principal Investments.

Reinsurance. Our Reinsurance Business Unit consists of two segments, Property & Casualty and Life & Health. Through Reinsurance, we are a leading and diversified global reinsurer with offices in more than 20 countries, providing expertise and services to clients throughout the world. We have been engaged in the reinsurance business since our foundation in Zurich, Switzerland in 1863. We offer a comprehensive range of reinsurance and insurance-based solutions to manage risk and capital, with a focus on accessing, transforming and transferring insurable risks. Our traditional reinsurance products and related services for property and casualty, together with our life and health business, are complemented by insurance-based capital markets solutions and supplementary services for comprehensive risk management.

Corporate Solutions. Through Corporate Solutions, we provide commercial insurance solutions designed to meet the risk and capital management needs of corporate clients around the globe, through an established office network consisting of 52 sales and underwriting offices (11 of which are hubs, combining origination, underwriting and other functions). Our broad property and casualty insurance portfolio includes insurance-related solutions for corporate clients and their insurance captives. We offer insurance capacity for single and multi-line programs worldwide, either on a standalone basis or as part of structured and tailor-made solutions. In addition, we offer customized, innovative and multi-line, multi-year risk transfer solutions on a global scale, taking into account the unique needs of local markets and specialty industries, including aviation and space, energy and power, engineering and construction, and environmental and commodity markets. Our solutions may take the form of direct insurance, fronting, reinsurance for captives and/or derivative solutions (including parametric solutions for weather and natural catastrophes). Our target clients are primarily mid-sized and large multinational corporate groups with annual revenues in excess of $750 million, but we also serve small commercial insurance segments (e.g., professional indemnity for small law firms in the United States) and niche sectors (e.g., general aviation), where we believe that our expertise is a differentiating factor.

Admin Re®. Through Admin Re®, we acquire and manage closed blocks of in-force life and health insurance business, including pensions business, providing us with a range of products that include long-term life and pension products, permanent health insurance and critical illness products, and retirement annuities. We acquire portfolios through acquisition of entire lines of business or the entire share capital of (or a majority stake in) life insurance companies, or through reinsurance. We typically assume responsibility for administering the underlying policies in such portfolios until they reach maturity, are surrendered or an insured event occurs resulting in the conclusion of the policies. In addition, we write a nominal amount of new business on a passive basis for existing customers that request "top-ups" of current contracts as well as a limited range of decumulation products (designed to convert pension savings into retirement income), and we have recently developed a limited number of new pension products in response to regulatory developments. Our strategy is centered around gross cash generation and we seek to maximize our future expected profits through a combination of efficient management of existing policies, the acquisition of additional books of business priced on the basis of economic value and consolidation of new business with existing business to benefit from capital, tax and cost synergies. We also focus on operational excellence through the continuous improvement of our

scalable operating platform, which includes focusing on transformation and management actions, including business efficiency and ongoing cost management.

On September 23, 2015, we announced that Admin Re® had agreed to acquire Guardian Holdings Europe Limited and its wholly owned subsidiary companies (the "**Guardian Group Acquisition**"). Guardian Holdings Europe Limited is the holding company for the group trading as Guardian Financial Services (the "**Guardian Group**"). See "Our Business—Admin Re®—Recent Developments." On October 29, 2015, we announced that, in connection with the consolidation of the closed life book business of Admin Re® with other existing Swiss Re businesses that serve the policyholders of our clients and partners, effective January 1, 2016, the Admin Re® Business Unit will be renamed the Life Capital Business Unit and will be headed by a new chief executive officer of Swiss Re Life Capital Ltd, Thierry Léger.

We reported on a Group basis, as of the dates and for the periods indicated, the following:

	As of and for the year ended December 31, 2014	As of and for the nine months ended September 30, 2015
	(USD in millions, except ratios)	
Premiums earned	30,756	22,229
Fee income from policyholders	506	326
Net income attributable to common shareholders	3,500	3,659
Total Expenses	(33,120)	(21,448)
Shareholders' equity	35,930	33,726
Return on equity (%)[(1)]	10.5	14.5
Total assets	204,461	200,327
Total investments	143,987	140,654

(1) Return on equity is calculated by dividing net income attributable to our common shareholders by average common shareholders' equity.

We reported on a segment basis (by Business Units), as of the dates and for the periods indicated, the following:

	Property & Casualty Reinsurance		Life & Health Reinsurance		Corporate Solutions		Admin Re®	
	As of and for the year ended 12/31	As of and for the nine months ended 9/30	As of and for the year ended 12/31	As of and for the nine months ended 9/30	As of and for the year ended 12/31	As of and for the nine months ended 9/30	As of and for the year ended 12/31	As of and for the nine months ended 9/30
	2014	2015	2014	2015	2014	2015	2014	2015
				(USD in millions, except ratios)				
Net income/(loss) attributable to common shareholders	3,564	2,274	(462)	763	319	324	34	270
Premiums earned and fee income	15,598	11,378	11,265	8,091	3,444	2,521	955	565
Combined ratio (%)	83.7	84.8			93.0	91.9		
Operating margin (%)			2.6	10.7				
Return on equity (%)	26.7	23.3	(7.9)	17.0	12.5	18.7	0.6	6.1

See "Our Business – Summary of Interim Results" for a summary of our results for the nine months ended September 30, 2015, announced October 29, 2015.

Terms of the Loan Notes and Certain Provisions of the Facility

*Terms defined in the Conditions and used but not otherwise defined in this summary have the meanings set forth in the Conditions. This summary should be read together with the full Conditions set forth in "Terms and Conditions of the Loan Notes" as supplemented in relation to any Series of Loan Notes by the provisions of the applicable pricing supplement in relation to such Series (each such pricing supplement, a "**Pricing Supplement**").*

Issuer	Swiss Re Ltd
Loan Notes.....	Up to $700,000,000 Subordinated Fixed-to-Floating Rate Non Step-Up Callable Loan Notes with a scheduled maturity in 2050. The Loan Notes will be issued pursuant to a loan note issuance facility (the "**Facility**"), which is to be established pursuant to a loan note issuance facility agreement to be dated on or about November 6, 2015 (the "**Facility Agreement**") between the Issuer and Demeter Investments B.V. ("**Demeter**"). See "—Description of the Facility and Ancillary Agreements."
Aggregate Principal Amount of the Facility.....	The aggregate principal amount of Loan Notes outstanding under the Facility will not at any time exceed $700,000,000, as may be reduced from time to time by the aggregate principal amount of Loan Notes that have been purchased in accordance with Condition 4.4 (the "**Maximum Commitment**"). The undrawn portion of the Maximum Commitment available for drawing from time to time under the Facility is referred to as the "**Available Commitment**."
Principal Amount of Each Series of Loan Notes and Denomination.....	Each Series of Loan Notes will be issued in such principal amount as determined by the Issuer and as indicated in the applicable Pricing Supplement, except that each Series of Loan Notes will be in increments of $100,000,000 in principal amount. Each Loan Note will be issued in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof on the relevant Drawing Date. Initially, only one Loan Note per Series will be issued.
Status of the Loan Notes and the Facility.....	The Issuer's obligations under the Loan Notes and to pay Facility Fees (as defined under "—Description of the Facility and Ancillary Agreements—Facility Fees") as well as any other amounts due and payable under the Facility, constitute unsecured and subordinated obligations ranking junior to the Issuer's obligations under any Senior Securities, *pari passu* among themselves and with the Issuer's obligations under any Parity Securities, and senior to the Issuer's obligations under its Junior Securities. In the event of the liquidation, dissolution, insolvency, compromise or other similar proceeding for the avoidance of insolvency of, or against, the Issuer, the claims of the Loan Noteholders in respect of the Loan Notes and of Demeter in respect of the Facility Fees and any other amounts due and payable under the Facility, will be subordinated to the claims of all Senior Creditors, so that in any such event no amounts shall be payable in respect of the Loan Notes until the claims of all Senior Creditors shall have first been satisfied in full. Where:

"**Junior Securities**" means all classes of share capital of the Issuer and other securities (including any perpetual subordinated securities) or relevant obligations ranking or expressed to rank junior to the Loan Notes.

"**Parity Securities**" means any dated subordinated securities and other securities or relevant obligations ranking or expressed to rank *pari passu* with the Loan Notes, including a guarantee or support (or any similar) agreement issued or entered into by the Issuer which ranks or is expressed to rank *pari passu* with the Loan Notes.

"**Senior Creditors**" means creditors in respect of Senior Securities.

"**Senior Securities**" means

(i) any securities or other relevant obligations, except those ranking or expressed to rank junior to or *pari passu* with the Loan Notes, including a guarantee or support (or any similar) agreement issued or entered into by the Issuer which ranks or is expressed to rank junior to or *pari passu* with the Loan Notes; and

(ii) for the avoidance of doubt but without limitation, obligations in respect of policies of insurance or reinsurance, trade accounts payable, any liability for income, franchise, real estate or other taxes owed or owing to unsubordinated creditors.

Form of the Loan Notes..... Each Series of Loan Notes initially will be represented by a single definitive certificate in registered form.

Issue Price..... 100%.

Drawing Date..... The issue date specified in the applicable Pricing Supplement for the relevant Series of Loan Notes.

Maturity..... Unless previously redeemed, exchanged or purchased and cancelled (in accordance with the Conditions), the Issuer will redeem all outstanding Series of Loan Notes, in whole but not in part, in cash, at their principal amount together with any accrued but unpaid interest up to (but excluding) the Final Maturity Date and any outstanding Deferred Interest on the Final Maturity Date.

Where:

"**Final Maturity Date**" means

(i) if, on or prior to the Scheduled Maturity Date, none of the circumstances described in paragraph (ii) below has occurred, the Scheduled Maturity Date; or

(ii) if, on or prior to the Scheduled Maturity Date, a Solvency Event has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) and FINMA has not given such consent, approval or non-objection (if any) as is required under the relevant rules and regulations of FINMA ("**Consent**") to the redemption of the Loan Notes, the Floating Interest Payment Date (as defined under "— Interest") immediately following the day on which the

Solvency Event has ceased to continue (as evidenced by a public statement by the Issuer that the Solvency Event has been cured) and FINMA has given its Consent to the redemption of the Loan Notes.

"**Scheduled Maturity Date**" means the Floating Interest Payment Date falling on or nearest to August 15, 2050.

Issuer Call..... Subject as described under "—Redemption/Exchange/Purchase Limitations," the Issuer may terminate the Facility and redeem all outstanding Series of Loan Notes, in whole but not in part, in cash, at their Cash Redemption Amount on any Optional Redemption Date specified in the relevant Pricing Supplement and, if none is so specified, on August 15, 2025 (the "**Reset Date**") or, on any Floating Interest Payment Date thereafter (each, an "**Optional Redemption Date**"). The first Optional Redemption Date for any Series of Loan Notes shall be the Reset Date unless, in respect of a Series of Loan Notes issued in the period from (and including) August 15, 2020, to (but excluding) the Reset Date, the Issuer elects to issue a Series of Loan Notes with a first Optional Redemption Date that falls after the Reset Date (the "**Delayed Call Election**"), in which case the first Optional Redemption Date for all Loan Notes will be the date falling no later than the Floating Interest Payment Date scheduled to fall on, or failing which, immediately follows, the fifth anniversary of the Drawing Date for such Series. If the Issuer makes a Delayed Call Election, the aggregate principal amount of the Series of Loan Notes issued in conjunction therewith will be equal to the Available Commitment immediately prior to such issuance, irrespective of whether such Available Commitment has changed since the date of the Drawing Notice. Upon the issue of such Loan Notes, no further Loan Notes may be issued or any Optional Exchange requested.

The Issuer may also, at its discretion, and subject to certain conditions (as described below), terminate the Facility and redeem all outstanding Loan Notes in whole but not in part, in cash, at their Cash Redemption Amount at any time upon the occurrence of a Redemption/Termination Event.

To elect to terminate the Facility and redeem all outstanding Loan Notes, the Issuer must deliver an irrevocable notice (an "**Early Redemption Notice**") (via the Agent) to the Loan Noteholders, not less than 30 nor more than 60 days prior to the date specified for redemption in the Early Redemption Notice (the "**Early Redemption Date**").

Under the Facility, following the delivery of an Early Redemption Notice to Demeter terminating the Facility, if at such time the Available Commitment is greater than zero, the Issuer will issue Loan Notes to Demeter for the full Available Commitment, with the relevant Drawing Date for such issue to fall not less than two Business Days nor more than five Business Days following the date of delivery (or deemed delivery) of the related Drawing Notice and, no later than five Business Days prior to the Early Redemption Date.

In return, Demeter (or any custodian appointed by it acting on its behalf and in accordance with its written instructions) will, other than in respect of an Optional Redemption on the Reset Date, deliver and pay, as applicable to the Issuer, the Relevant Portion of the Eligible Assets (as defined under "—Description of the Facility and Ancillary Agreements—Facility"), the Eligible Asset Income (if any)

and the Facility Fees (if any) held by Demeter. In consideration for the relevant principal amount of Loan Notes issued in respect of an Optional Redemption on the Reset Date, Demeter shall pay to the Issuer the redemption proceeds of the Eligible Assets and all other Eligible Asset Income and Facility Fees (if any), then held by Demeter, as more fully described in the "Description of the Facility—Settlement of Loan Note Issuances."

On the Early Redemption Date, all outstanding Loan Notes (including any newly issued Loan Notes for the full Available Commitment) will be redeemed by the Issuer at their Cash Redemption Amount. Unless a Failure to Issue has occurred as defined and described under "Description of the Facility—Settlement of Loan Note Issuances," the Facility will terminate upon the redemption of the outstanding Loan Notes.

Where:

"**Accounting Event**" means that an opinion of a recognised accounting firm has been delivered to the Issuer on or after the Closing Date, stating that any outstanding Loan Notes (or any Loan Notes that may be issued in the future) must not or must no longer be recorded as a liability on the Issuer's consolidated balance sheet prepared in accordance with the accounting standards applied to such published consolidated financial statements at the relevant dates and for the relevant periods and this cannot be avoided by the Issuer taking such reasonable measures as the Issuer (acting in good faith) deems appropriate.

"**Cash Redemption Amount**" means the principal amount of the relevant Series of Loan Notes, together with any interest that is accrued and unpaid to (but excluding) the relevant date fixed for redemption and any outstanding Deferred Interest on such date.

"**FINMA**" means the Swiss Financial Market Supervisory Authority FINMA, or any successor authority.

"**Issuer Group**" means the Issuer and its consolidated subsidiaries.

"**Ratings Methodology Event**" means a change on or after the Closing Date, by a nationally recognised statistical rating organisation to its equity credit criteria, or the interpretation or application thereof, for securities such as the Loan Notes, which change (i) results in a lower equity credit being given to any outstanding Loan Notes as of the date of such change than the equity credit assigned to the Loan Notes at or around the applicable Drawing Date or (ii) would result in any equity credit assigned to any Loan Notes that may be issued in the future that is lower than the equity credit that would have been assigned to such Loan Notes had they been issued prior to such change in criteria.

"**Recalculation Event**" means that an opinion of a recognised independent tax counsel has been delivered to the Issuer on or after the Closing Date, confirming (i) the occurrence of a Recalculation of Interest (as defined in the Conditions); or (ii) that the Issuer is required (a) pursuant to the Conditions, to pay Additional Amounts (as defined in the Conditions) in respect of any Loan Notes (or would be required to pay Additional Amounts in respect of any Loan Notes that may be issued in the future) or (b) pursuant to the Facility, to pay an Additional Fee (as defined under "—Description of the Facility

and Ancillary Agreements—Facility Fees") and, in each case, this cannot be avoided by the Issuer taking such reasonable measures as the Issuer (acting in good faith) deems appropriate.

"**Redemption/Termination Event**" means a Recalculation Event, a Special Tax Event that is continuing, an Accounting Event, a Ratings Methodology Event or a Regulatory Event.

"**Regulatory Event**" means the occurrence on or after the Closing Date, of any of the following events, which occurrence cannot be avoided by the Issuer taking such reasonable measures as it (acting in good faith) deems appropriate:

(i) FINMA notifies the Issuer or otherwise states that (a) any outstanding Loan Notes (or any Loan Notes that may be issued in the future) do not, or will not, fulfill the requirements of at least Tier 2 Capital, or equivalent thereof, for group or, if applicable, solo solvency purposes and (b) 100% of the principal amount of any outstanding Loan Notes (or any Loan Notes that may be issued in the future) is not, or will not be, counted as at least Tier 2 capital or equivalent thereof, for group or, if applicable, solo solvency purposes, under any applicable transitional or grandfathering provisions of future regulations, or

(ii) FINMA affords any outstanding Loan Notes (or any Loan Notes that may be issued in the future) recognition as at least Tier 2 Capital, or equivalent thereof, for group or, if applicable, solo solvency purposes, and at a subsequent time FINMA issues further guidance in relation to qualifying instruments for group or, if applicable, solo solvency purposes (by way of law, ordinance, regulation or a published interpretation thereof), and following which, notifies the Issuer or otherwise states that (a) any outstanding Loan Notes (or any Loan Notes that may be issued in the future) no longer, or will no longer, fulfill the requirements of at least Tier 2 Capital, or equivalent thereof, for group or, if applicable, solo solvency purposes and (b) 100% of the principal amount of any outstanding Loan Notes (or any Loan Notes that may be issued in the future) is not, or will not be, counted as at least Tier 2 capital or equivalent thereof, for group or, if applicable, solo solvency purposes, under any applicable transitional or grandfathering provisions of future regulations.

Any reference in this definition to a statutory provision will include any amendments to such provision from time to time and any successor provision.

"**Special Tax Event**" means that an opinion of a recognised independent tax counsel has been delivered, on or after the Closing Date, to the Issuer stating that, due to a change in law, ruling or interpretation, the Issuer is, or there is more than an insubstantial risk that the Issuer will be, no longer able to obtain a tax deduction for the purposes of Swiss corporation tax for any payment of interest on the Loan Notes (or on any Loan Notes that may be issued in the future) and, this cannot be avoided by the Issuer taking such reasonable measures as it (acting in good faith) deems appropriate.

The occurrence of a Tax Deduction by the obligor of the Eligible

Assets triggers an Automatic Issuance Event as defined and described under "—Description of the Facility and Ancillary Agreements—Automatic Loan Note Issuance." Following such issuance, the Issuer may redeem, as otherwise permitted, the Loan Notes (and terminate the Facility) as such Tax Deduction constitutes a Special Tax Event.

"**Tier 2 Capital**" means all items classified as tier two capital ("*Ergänzendes Kapital*") of the Issuer or the Issuer Group, as defined in the rules and regulations of FINMA at the time of issuance, comprising upper additional capital ("*oberes ergänzendes Kapital*") and lower additional capital ("*unteres ergänzendes Kapital*").

Optional Exchange ..... Subject as described under "—Redemption/Exchange/Purchase Limitations," the Issuer may, at its discretion, on any date specified in the relevant optional exchange notice given under the Facility Agreement (an "**Optional Exchange Notice**"), which date shall not be less than 30 nor more than 60 days after the date of delivery of the Optional Exchange Notice in accordance with Condition 12 (such date, the "**Optional Exchange Date**"), deliver Exchange Collateral to Demeter, in return for outstanding Loan Notes of the applicable Series, in whole or in part, in increments of $100,000,000 in principal amount (an "**Optional Exchange**"). The Optional Exchange Date must fall within the optional exchange period specified as such in the applicable Pricing Supplement (an "**Optional Exchange Period**"). No Optional Exchange Date for a Series of Loan Notes may occur following the earliest of (i) the Drawing Date relating to a Delayed Call Election; (ii) the delivery of an Early Redemption Notice; (iii) the occurrence of a Bankruptcy Event (as defined under "—Description of the Facility and Ancillary Agreements—Automatic Loan Note Issuance"); and (iv) the date falling 30 days prior to the Reset Date.

In the case of a partial exchange, the Loan Notes to be exchanged will be selected by the Issuer by whatever method the Issuer elects. The Issuer thereafter in its sole discretion may (*provided* that no amounts are due and unpaid by the Issuer under the Facility Agreement), or in certain circumstances would be required to, issue Loan Notes to Demeter following an Optional Exchange, as described under "—Description of the Facility and Ancillary Agreements—Voluntary Loan Note Issuances, and —Automatic Loan Note Issuance."

Where:

"**Exchange Collateral**" means an amount of Eligible Assets and, if necessary, cash in U.S. dollars which, when taken together with the Eligible Assets, the Eligible Asset Income (if any) and the Facility Fees (if any), in each case, held by Demeter immediately prior to the Optional Exchange Date, will be sufficient to fund payments following such Optional Exchange on (i) each Fixed Interest Payment Date falling on or after the relevant Optional Exchange Date to (and including) the Reset Date, in an amount equal to 5.750% per annum applied to the Available Commitment immediately following the Optional Exchange and calculated by applying the Fixed Rate Day Count Fraction, and (ii) the Reset Date, in an amount equal to the Available Commitment immediately following the Optional Exchange.

It will only be necessary for the Issuer to pay cash in respect of an

Optional Exchange where it is not possible to meet the funding requirement through delivery of Eligible Assets alone.

"**Fixed Rate Day Count Fraction**" means a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

Purchase of Loan Notes..... The Issuer or its affiliates may at any time (subject as described under "—Redemption/Exchange/Purchase Limitations," and to mandatory provisions of law), purchase any Loan Notes in the open market or otherwise and at any price. Such acquired Loan Notes may be cancelled (by surrendering the Loan Notes to the Agent), held or resold. All Loan Notes so cancelled cannot be reissued or resold.

Redemption/Exchange/Purchase Limitations ..... Any redemption (and related termination of the Facility), Optional Exchange or purchase of Loan Notes (in accordance with the Conditions) is subject to (i) no Solvency Event (as defined under "—Required Deferral Event") having occurred that is continuing at the time of delivery of the relevant notice (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured); (ii) FINMA having given its Consent to the redemption (and related termination of the Facility), exchange or purchase; (iii) in the case of a redemption, Optional Exchange or purchase that is within five years of the related Drawing Date (other than the Drawing Date in respect of an Automatic Issuance Event resulting from the Issuer's election to terminate the Facility) and if so required by any future rules and regulations applicable to the Issuer, to such redemption, Optional Exchange or purchase being (a) funded out of the proceeds of a new issuance of capital of at least the same quality as the Loan Notes and (b) otherwise permitted under relevant rules and regulations; and (iv) in the case of an Optional Exchange, all Outstanding Expected Amounts (as defined under "—Deferred Interest Payments") (if any) having been settled prior to, or concurrently with, such Optional Exchange.

Substitution..... The Issuer (or any previous substitute of the Issuer under Condition 9) may, without the consent of Demeter (if no Loan Notes shall then be outstanding) or the Loan Noteholders (whether or not any Loan Notes shall then be outstanding), and *provided* that no Accounting Event, Special Tax Event, Recalculation Event, Ratings Methodology Event or Regulatory Event would be triggered by such substitution, be substituted in respect of all rights and obligations arising under or in connection with the Loan Notes and the Facility by any company all of whose shares carrying voting rights are then directly or indirectly held by the Issuer (the "**New Issuer**"), *provided* that:

(i) SRL has issued its irrevocable and unconditional subordinated guarantee as per article 111 of the Swiss Federal Code of Obligations in respect of the obligations of the New Issuer under the Loan Notes and the Facility which guarantee shall rank, on a winding up of SRL, *pari passu* with the obligations of SRL under the Loan Notes and the Facility prior to the substitution of SRL; and

(ii) if the New Issuer is a company resident for tax purposes in a New Residence, certain other requirements set forth in the Conditions are also met.

Where:

"**New Residence**" means a jurisdiction other than Switzerland where a company is resident for tax purposes.

In addition, any substitution is subject to (i) if required, the Issuer giving prior written notice to, and receiving no objection from, FINMA; (ii) the Issuer having confirmed with the relevant rating agencies that the proposed substitution will not give rise to a negative change in any published rating of the Loan Notes in effect at such time; and (iii) certification being provided by two duly authorised officers of the Issuer stating that the foregoing conditions precedent, among others, have been complied with.

In the event of a substitution, any reference in the Conditions (other than Conditions 3 and 4, in each case with respect to a Solvency Event) to the Issuer shall be a reference to the New Issuer and if the New Issuer is resident for tax purposes in a New Residence, any reference to Switzerland shall be a reference to the New Residence.

Interest ..... Unless previously redeemed, exchanged or purchased and cancelled (in accordance with the Conditions), and subject to the deferral provisions as described under "—Deferred Interest Payments," each Loan Note will bear interest:

(i) at a fixed rate of 5.750% per annum (the "**Fixed Rate**") from (and including) the Interest Commencement Date specified in the relevant Pricing Supplement to (but excluding) the Reset Date, payable in arrear on August 15 in each year (each, a "**Fixed Interest Payment Date**"), commencing August 15, 2016 (in respect of any Loan Notes issued prior thereto), *provided* that in respect of a Series of Loan Notes that is issued due to an Automatic Issuance Event resulting from the failure by the obligor of the Eligible Assets to make one or more payments when due (without giving effect to any applicable grace period) in respect of such Eligible Assets, the first interest payment on such Series of Loan Notes shall be made on the Business Day following the Drawing Date in respect of such issuance (each such date, an "**Additional Interest Payment Date**"); and

(ii) thereafter, for each Floating Interest Period to (but excluding) the Final Maturity Date, at a floating rate consisting of (i) the Screen Rate plus the Margin, or (ii) if the Screen Rate is unavailable, and at least two of the Reference Banks provide such rates, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) as established by the Agent Bank (as defined in the Conditions) of such rates, plus the Margin or (iii) if fewer than two of the Reference Banks provide such rates, as otherwise provided for in Condition 3.2 (the "**Floating Rate**"), in each case, payable quarterly in arrear on February 15, May 15, August 15 and November 15 in each year (or if such date is not a Business Day, then subject to adjustment as described in Condition 3.2(b)) (each such date, a "**Floating Interest Payment Date**"), commencing November 15, 2025.

Where:

"**Calculation Amount**" means $1,000.

"**Floating Interest Period**" means each Interest Period from (and including) the Reset Date to (but excluding) the first Floating Interest Payment Date and each successive period from (and including) a Floating Interest Payment Date to (but excluding) the next succeeding Floating Interest Payment Date.

"**Interest Commencement Date**" means the date specified as such in the Pricing Supplement for a Series of Loan Notes, which shall be (i) if the Drawing Date is on a day in the period from (and including) the Closing Date to (but excluding) August 15, 2016, the Closing Date; (ii) after August 15, 2016, if the Drawing Date is on a day other than August 15, August 15 immediately preceding the Drawing Date; and (iii) if the Drawing Date is on August 15, the Drawing Date, unless (a) the Series of Loan Notes is issued due to a Deferral Event (as defined under "—Description of the Facility and Ancillary Agreements—Automatic Loan Note Issuance") having occurred, in which case the Interest Commencement Date shall be the last August 15 on which the full amount of interest and/or Facility Fees then due was paid by the Issuer and not redelivered by Demeter, or (b) the Series of Loan Notes is issued as a result of the failure by the obligor of the Eligible Assets to make one or more payments when due (without giving effect to any applicable grace period) in respect of such Eligible Assets, in which case the Interest Commencement Date shall be the last August 15 on which the full amount of interest due on the Eligible Assets was paid by the obligor of the Eligible Assets, if any.

"**Interest Period**" means (i) the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date thereafter and (ii) each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Period Date**" means (i) each Fixed Interest Payment Date and (ii) each Floating Interest Payment Date.

"**Margin**" means 3.593% per annum.

"**Reference Banks**" means the principal London office of each of four major banks engaged in the London interbank market selected by the Agent Bank, *provided* that, once a Reference Bank has been selected by the Agent Bank, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such.

"**Screen Rate**" means the rate for three-month deposits in U.S. dollars which appears on Reuters LIBOR01 (or such replacement page on that service which displays the information), as determined by the Agent Bank in accordance with Condition 3.2 for the relevant Floating Interest Period.

Recalculation of Interest..... If a tax deduction or withholding (collectively, a "**Tax Deduction**") is required by law to be made by the Issuer in respect of any Interest Amount payable in respect of the Loan Notes and should Condition 6(a) (or, in the event of a substitution pursuant to Condition 9, Condition 9(d) read with Condition 6(a)) be unlawful for any reason, the applicable interest rate in relation to the Interest Amounts payable

for the relevant Interest Period will, subject to the exceptions in Condition 6(b) (or, in the event of a substitution pursuant to Condition 9, Condition 9(d) read with Condition 6(b)), be the interest rate which would have otherwise been payable for the relevant Interest Period divided by 1 minus the rate (as a fraction of l) at which the relevant Tax Deduction is required to be made and the Issuer will (i) be obligated to pay the relevant Interest Amount on the relevant Interest Payment Date at the adjusted rate in accordance with Condition 3.4 and (ii) make the Tax Deduction on the recalculated Interest Amount.

"**Interest Payment Date**" means an Interest Period Date or Additional Interest Payment Date, as applicable.

Interest Accrual ..... The Loan Notes of any particular Series will cease to bear interest from the Early Redemption Date, the Optional Exchange Date or the Final Maturity Date, as the case may be (collectively the "**Specified Date**"). If the Issuer fails to redeem or exchange the relevant Series of Loan Notes in accordance with the Conditions on the Specified Date, interest will continue to accrue (both before and after judgment) on the outstanding principal amount of such Series of Loan Notes beyond the Specified Date, up to (but excluding) the day of the actual redemption or exchange of such Series of Loan Notes, at the applicable Rate of Interest.

Where:

"**Rate of Interest**" means:

(i) in the case of each Interest Period ending on or before the Reset Date, the Fixed Rate; or

(ii) in the case of each Floating Interest Period to (but excluding) the Final Maturity Date, the relevant Floating Rate that was in effect for such Floating Interest Period.

Optional Interest Deferral ..... Save to the extent that a Required Deferral Event has occurred, the Issuer may, with respect to any Interest Payment Date, elect in its sole discretion to defer all or a part of the payments of interest which accrued on all outstanding Loan Notes (and in the case of a partial deferral, such deferral will be made on a *pro rata* basis across all Series of Loan Notes) during the applicable Interest Period to (but excluding) such Interest Payment Date (such deferred interest constituting "**Optionally Deferred Interest**") if during the six months preceding the Reference Date:

(i) no dividend, other distribution or payment was declared or made in respect of any Junior Securities (except where such payment was required under the terms of those Junior Securities);

(ii) no repurchase or acquisition of any Junior Securities (except where such repurchase or acquisition was made in respect of any share-based compensation plan or where such repurchase or acquisition was made by any member of the Issuer Group on the open market in the ordinary course of its routine capital management) was made by any member of the Issuer Group, either directly or indirectly; and

(iii) *provided* that at the relevant time the existence of this

condition on optional deferral of interest does not cause the Loan Notes (or any Loan Notes that may be issued in the future) to become Non-Compliant Securities: (a) no dividend, other distribution or payment was declared or made in respect of any Parity Securities (except where such payment was required under the terms of those Parity Securities) and (b) no repurchase or acquisition of any Parity Securities was made by any member of the Issuer Group, either directly or indirectly.

Where:

"**Non-Compliant Securities**" means securities which would not be eligible for regulatory capital treatment as at least Tier 2 Capital.

"**Reference Date**" means the 10th Business Day preceding the relevant Interest Period Date, Early Redemption Date or Final Maturity Date, as the case may be.

The election by the Issuer, or a requirement for the Issuer, to defer interest in respect of the Loan Notes constitutes a Deferral Event, which triggers an Automatic Issuance Event as defined and described under "—Description of the Facility and Ancillary Agreements—Automatic Loan Note Issuance."

Required Deferral Event..... The Issuer will be required to defer payment of (i) any Interest Amount or Solvency Shortfall, as applicable, if, in respect of an Interest Payment Date, a Solvency Event has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) or would occur as a result of such payment unless FINMA authorises the relevant payment notwithstanding the occurrence and/or continuation of a Solvency Event or that a Solvency Event would occur as a result of such payment; or (ii) any Interest Amount or Solvency Shortfall, as applicable, or other amount notified to the Issuer, where FINMA has required such deferral (collectively (i) and (ii) are each referred to herein as a "**Required Deferral Event**").

For the avoidance of doubt, if on an Interest Payment Date a Solvency Event (i) has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) or (ii) would occur as a result of payment of the relevant Interest Amount, the Issuer will be required, save as stated above, to defer payment of that Interest Amount; *provided* that in the case of (ii), the Issuer will only be required to defer the Solvency Shortfall.

Where:

"**Assets**" means the Issuer's unconsolidated total assets, as shown in its latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Issuer or, if a liquidation procedure has been instigated, by the liquidator.

"**Interest Amount**" means, with respect to any Interest Payment Date, the amount of interest that would be payable on the aggregate principal amount of Loan Notes outstanding on such Interest Payment Date (but excluding such date).

"**FINMA Submission**" means the submission by the Issuer to

FINMA of a solvency report of the Issuer.

"**Liabilities**" means the Issuer's unconsolidated total liabilities, as shown in its latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Issuer, or if a liquidation procedure has been instigated, by the liquidator.

"**Required Solvency Margin**" means, for group, or if applicable, solo solvency purposes, the required solvency margin (or a comparable term in case of a change in applicable rules) in accordance with the provisions of mandatorily applicable regulatory capital requirements (including but not limited to Swiss insurance regulatory law or a generally recognised administrative practice, if any, of FINMA or otherwise, mandatorily applicable at that time) which is used by FINMA in determining whether deferral of interest is required under applicable rules.

A "**Solvency Event**" shall have occurred if:

(i) the Issuer does not have appropriate funds to cover its Required Solvency Margin, or the amount of such funds would, as a result of a full or partial interest payment or redemption payment, respectively, that would otherwise be due on an Interest Payment Date, an Early Redemption Date or the Final Maturity Date, respectively, be or become less than its Required Solvency Margin, all as shown in the most recent FINMA Submission; or

(ii) the Issuer is unable to pay its debts owed to its Senior Creditors as they fall due; or

(iii) the Issuer's Assets do not exceed the Issuer's Liabilities,

as determined, for the purposes of Condition 3 only, up to the end of the Reference Date.

"**Solvency Shortfall**" means the portion of the Interest Amount that, if paid, would cause a Solvency Event to occur or be continuing.

The occurrence of a Required Deferral Event constitutes a Deferral Event, which triggers an Automatic Issuance Event as defined and described under "—Description of the Facility and Ancillary Agreements— Automatic Loan Note Issuance."

Deferred Interest Payments..... Any amounts of deferred interest following a Required Deferral Event together with any Optionally Deferred Interest are referred to herein as "**Deferred Interest**" and will not themselves bear interest.

The Issuer is entitled to pay Deferred Interest (in whole or in part) at any time on giving not less than 10 Business Days' notice to the relevant Loan Noteholders in accordance with Condition 12, which notice will specify the amount of Deferred Interest to be paid and the date fixed for such payment (the "**Optional Deferred Interest Payment Date**"), *provided* that (i) no Solvency Event has previously occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured); and (ii) FINMA has given its Consent. Upon such notice being given, the amount of Deferred Interest specified therein will become due and payable, and the Issuer will be obligated to pay such amount of Deferred Interest on the specified Optional Deferred

Interest Payment Date, *provided* that no Solvency Event has occurred or would occur due to the payment of the Deferred Interest on or prior to the Optional Deferred Interest Payment Date and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) on the Optional Deferred Interest Payment Date.

Deferred Interest shall become due and payable (in whole but not in part) on the first to occur of the following dates:

(i) the next Compulsory Interest Payment Date;

(ii) the relevant Optional Exchange Date, in the event of an Optional Exchange;

(iii) the Early Redemption Date, in the case of redemption of the Loan Notes prior to the Final Maturity Date;

(iv) the Final Maturity Date; or

(v) the calendar day on which an order is made for the winding-up, dissolution or liquidation of the Issuer (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring while solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer).

If Deferred Interest becomes due and payable by the Issuer (as described below), then the Issuer will give not less than three Business Days' notice to the relevant Loan Noteholders in accordance with Condition 12, and the amount payable on the relevant date shall (i) with respect to Loan Notes outstanding at the date of the deferral, include all Interest Amount(s) that have or would have (to the extent that there had been no Deferred Interest) fallen due and payable on such Loan Notes and for which payment has not been made; and (ii) with respect to Loan Notes issued as a result of an Automatic Issuance Event resulting from Deferred Interest (if any), include the Interest Amount(s) that would have been payable on such Loan Notes (assuming that there had been no Deferred Interest) had they been in issue during each Interest Period in respect of which an Interest Amount on the Loan Notes has been deferred and remains outstanding (such amounts, together, the "**Outstanding Expected Amounts**").

Where:

"**Compulsory Interest Payment Date**" means any Interest Payment Date on which (i) the Issuer does not elect to, or is not permitted to, defer payment of interest pursuant to Condition 3.5(b) and (ii) no Required Deferral Event has occurred or is continuing.

Enforcement ..... (i) If default is made in the payment of any principal or interest due and payable in respect of a Series of Loan Notes and such default continues for a period of (a) in the case of principal, 10 days after the due date for the same; and (b) in the case of interest, 30 days after the due date for the same, each Loan Noteholder of such Series of Loan Notes may, subject as provided below, at its discretion and without further notice, institute proceedings for the winding up of the Issuer in Switzerland (but not elsewhere) but may take

no further action in respect of such default.

(ii) If, otherwise than for the purposes of a reconstruction, amalgamation, merger or other similar transaction on terms previously approved in writing by an Extraordinary Resolution of the Loan Noteholders, an order is made or an effective resolution is passed for the winding up of the Issuer in Switzerland (but not elsewhere), each Loan Noteholder may, subject as provided below, at its discretion, give notice to the Issuer that its Loan Note is, and it shall accordingly thereby forthwith become, immediately due and repayable at its principal amount, plus accrued but unpaid interest and any Deferred Interest but may take no further action in respect of such payment.

(iii) No remedy against the Issuer, other than as referred to in Condition 10, shall be available to Loan Noteholders to enforce any payment obligation in respect of the Loan Notes.

(iv) Without prejudice to paragraphs (i) and (ii) above, each Loan Noteholder may institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the applicable Series of Loan Notes (other than any payment obligation in respect of the Loan Notes), *provided* that the Issuer shall not as a consequence of such proceedings be obligated to pay any sum or sums sooner than the same would otherwise have been payable by it pursuant to the Conditions or any damages.

Where:

"**Agency Agreement**" means the agency agreement to be dated on or about November 13, 2015 made between the Issuer and the agents named therein, as amended and/or supplemented and/or restated from time to time.

"**Extraordinary Resolution**" means a resolution (i) passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority of at least 75% of the votes cast or (ii) in writing, signed by or on behalf of the Loan Noteholders representing not less than 75% in principal amount of the Loan Notes at the time being outstanding.

Governing Law/Jurisdiction ..... The Agency Agreement and each Series of Loan Notes (except for the subordination provisions, which are governed by the substantive laws of Switzerland) and any non-contractual obligations arising out of or in connection with the Agency Agreement and each Series of Loan Notes are governed by, and shall be construed in accordance with, English law.

Description of the Facility and Ancillary Agreements

Facility..... Under the Facility, the Issuer will have the right, in its sole discretion, and in certain circumstances the obligation, to issue Loan Notes to Demeter from time to time on or prior to the Reset Date, against the Issuer's right to receive from Demeter the Relevant Portion of each of the Eligible Assets, the Eligible Asset Income (if any) and the Facility Fees (if any), in each case, held by Demeter on

the Drawing Date, subject as described in the Facility Agreement. The aggregate principal amount of Loan Notes (together with any Relevant Notional Loan Notes, as defined under "Description of the Facility—Settlement of Loan Note Issuances") outstanding at any one time under the Facility will not exceed the Maximum Commitment.

On the date the Agency Agreement is executed (the "**Closing Date**"), which is expected to be on or about November 13, 2015, Demeter is to purchase a portfolio of Eligible Assets that are scheduled, as of such date, to make payments on (i) each Fixed Interest Payment Date up to (and including) the Reset Date, in an aggregate amount equal to 2.216714% per annum applied to the Maximum Commitment, and (ii) the Reset Date, in an amount equal to the Maximum Commitment.

Subject as described under "Terms of the Loan Notes and Certain Provisions of the Facility—Redemption/Exchange/Purchase Limitations," the Issuer may, at its discretion, on any Optional Exchange Date within the Optional Exchange Period, deliver Exchange Collateral to Demeter, in return for outstanding Loan Notes of the applicable Series, in whole or in part, in increments of $100,000,000 in principal amount (an "**Optional Exchange**"), and thereafter in its sole discretion may (*provided* that no amounts are due and unpaid by the Issuer under the Facility Agreement), or in certain circumstances would be required to, issue further Loan Notes to Demeter, as long as the aggregate principal amount of Loan Notes (together with any Relevant Notional Loan Notes) outstanding at any one time under the Facility does not exceed the Maximum Commitment, as described under "Terms of the Loan Notes—Optional Exchange" and "—Voluntary Loan Note Issuances and —Automatic Loan Note Issuance."

Each issue and reissue (following an exchange) of Loan Notes will be against the Issuer's right to receive from Demeter the Relevant Portion of each of the Eligible Assets, Eligible Asset Income (if any) and the Facility Fees (if any), in each case, held by Demeter on the relevant Drawing Date, subject as described under "—Settlement of Loan Note Issuances." Each exchange of Loan Notes will be against the Issuer's right to receive from Demeter the Loan Notes in return for the Exchange Collateral, subject as described under "—Settlement of Loan Note Issuances."

In consideration for its rights under the Facility, the Issuer will, subject to no Deferral Event as defined under "—Automatic Loan Note Issuance" having occurred, make payments to Demeter with respect to each Accrual Period, on the last Business Day of such Accrual Period (or if such date is not a Business Day, the following Business Day, without any adjustment in amount) (each such date, a "**Facility Fees Payment Date**") in an aggregate amount equal to 3.533286% per annum applied to the Available Commitment as of the related Facility Fees Payment Date (each, a "**Commitment Fee**" and, together with any Additional Fee (as defined under "—Facility Fees,") the "**Facility Fees**").

Where:

"**Accrual Period**" means (i) the period beginning on (and including) the Closing Date and ending on (but excluding) August 15, 2016 and (ii) each successive period beginning on (and including) an Interest

Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Eligible Assets**" means principal and/or interest strips of U.S. Treasury Securities.

"**Eligible Asset Income**" means cash payments received by the holder thereof on any Eligible Assets held by it.

"**Relevant Portion**" means, with respect to any Loan Notes to be issued to Demeter on a Drawing Date, a portion of each of the Eligible Assets (if any), Eligible Asset Income (if any) and Facility Fees (if any), in each case, held by Demeter on such Drawing Date, equal to the quotient of (i) the principal amount of Loan Notes so issued on such Drawing Date, and (ii) the amount of the Available Commitment as at the close of business on the Business Day immediately prior to such Drawing Date.

"**U.S. Treasury Securities**" means securities that are direct obligations of the United States Treasury, issued other than on a discount rate basis.

Security Interest..... To secure the performance by Demeter of its obligations to deliver the Relevant Portion of each of the Eligible Assets, the Eligible Asset Income (if any) and the Facility Fees (if any), in each case, held by Demeter on the Drawing Date, against the issue of Loan Notes under the Facility, Demeter will grant a security interest constituted by a trust deed (the "**Trust Deed**") secured in favor of the trustee appointed to act in such capacity under the Trust Deed (the "**Trustee**"), for the benefit of the Trustee and other secured creditors, including the Issuer. Any claim of the Issuer in connection with Demeter's obligation to deliver and pay any Eligible Assets, any Eligible Asset Income and any Facility Fees, in each case, held by Demeter, to the Issuer upon an issue of Loan Notes to Demeter under the Facility, will rank in priority to claims of other secured creditors.

Voluntary Loan Note Issuances..... Subject to the limitations that the principal amount of Loan Notes at any one time (together with any Relevant Notional Loan Notes) outstanding may not exceed the Maximum Commitment, that no amounts are due and unpaid by the Issuer under the Facility Agreement, the Issuer may, from time to time on or prior to the Reset Date, in its sole discretion, elect to issue a Series of Loan Notes (in increments of $100,000,000 in principal amount) to Demeter, by delivering a written notice to Demeter (a "**Drawing Notice**"). Such Drawing Notice will specify, among other things, the amount of Loan Notes to be issued and the proposed Drawing Date, which date shall be at least two Business Days but not more than five Business Days after the date of delivery (or deemed delivery) of the Drawing Notice by the Issuer, *provided* that:

(i) such date is at least five Business Days prior to any Early Redemption Date or other date on which the Facility is to terminate;

(ii) if the Drawing Notice is delivered in respect of an Eligible Assets Event, the proposed Drawing Date must be no later than the day falling two Business Days following the occurrence of such Eligible Assets Event; and

(iii) if the proposed Drawing Date were to fall on the Business Day on which the expected amount of Eligible Asset Income and/or Facility Fees and/or Interest Amount in respect of an Accrual Period are to be received in full by Demeter (the "**Funded Date**") then such Drawing Date shall be postponed until the second Business Day immediately following such Funded Date and no such amounts received by Demeter shall be payable by Demeter to the Issuer in respect of such issue of Loan Notes.

In respect of any Drawing Notice delivered (or deemed to be delivered) under the Facility Agreement, the Available Commitment shall be reduced (but not below zero) with effect from the related Drawing Date, by the principal amount of Loan Notes that are validly issued pursuant to such Drawing Notice. The Loan Notes will be issued to Demeter against the Issuer's right to receive from Demeter the Relevant Portion of each of the Eligible Assets, the Eligible Asset Income (if any) and the Facility Fees (if any), in each case, held by Demeter on the relevant Drawing Date, subject as described under "—Settlement of Loan Note Issuances."

Automatic Loan Note Issuance..... Subject as described below in respect of a Bankruptcy Event, the Issuer will be required to deliver a Drawing Notice to Demeter, by no later than the Business Day immediately following the occurrence of an Automatic Issuance Event (as defined below), for a principal amount equal to the then Available Commitment as of the close of business on the Business Day immediately preceding the date of such Drawing Notice. Each of the following shall trigger an "**Automatic Issuance Event**" on the relevant date specified:

(i) upon the occurrence of an Issuer Payment Default, on the date of such event;

(ii) upon the occurrence of a Deferral Event, on the date of the relevant notice of deferral;

(iii) upon the occurrence of an Election Not to Terminate, on the date that is seven Business Days prior to the Reset Date;

(iv) upon the occurrence of an Eligible Assets Event, on the due date for the payment triggering such event;

(v) upon the occurrence of a Bankruptcy Event, on the date constituting the relevant event;

(vi) upon the occurrence of a Redemption/Termination Event or the Issuer's election to terminate the Facility, as provided for in the Facility Agreement, on the date of delivery of an Early Redemption Notice to Demeter; or

(vii) upon the occurrence of a Demeter Event (as defined under "Description of the Facility—Automatic Loan Note Issuance"), on the date the related Demeter Event Notice is delivered by Demeter to the Issuer.

As soon as reasonably practicable upon becoming aware of a Demeter Event (or in any case, at or prior to the time of notification of such event to any other person), Demeter shall deliver a Demeter Event Notice to the Issuer.

Pursuant to the Facility Agreement, the Issuer shall notify Demeter promptly upon becoming aware of an event or development other than a Demeter Event that would give rise to an Automatic Issuance Event and, in the case of becoming aware of any Bankruptcy Event, the delivery of an order of the court, administrator or other person or authority administering the bankruptcy, receivership, liquidation or similar proceeding of the Issuer, confirming that the Facility Agreement shall continue to be performed by the Issuer following the occurrence of such Bankruptcy Event (including, without limitation, the issuance and delivery of Loan Notes by the Issuer as a consequence of the occurrence of such Bankruptcy Event) and having the effect that the Issuer's obligations under the Facility Agreement and all Loan Notes issued or to be issued will be enforceable (a "**Bankruptcy Order**"), shall be deemed as delivery of a Drawing Notice and the related Drawing Date in respect of such Drawing Notice shall be the day falling two Business Days after the date of receipt of such order. For a summary of the consequences of a Bankruptcy Event in respect of the Issuer on the issue of Loan Notes or an Optional Exchange under the Facility, see "Description of the Facility—Settlement of Loan Note Issuances."

If a Drawing Notice is delivered in respect of an Automatic Issuance Event (other than an Eligible Assets Event or a Bankruptcy Event), the proposed Drawing Date must be at least two Business Days but not more than five Business Days after the date of delivery (or deemed delivery) of the Drawing Notice by the Issuer.

If a Drawing Notice is delivered in respect of an Eligible Assets Event, the proposed Drawing Date must be no later than the day falling two Business Days following the occurrence of such Eligible Assets Event.

Where:

"**Bankruptcy Event**" (a) the Issuer is insolvent or bankrupt or unable to pay its debts as and when they fall due; or (b) a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer be wound up or dissolved or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction the terms of which shall have previously been approved by an Extraordinary Resolution of Loan Noteholders or as a result of a Permitted Reorganisation; or (c) an encumbrancer takes possession or a receiver is appointed of the whole or any substantial part of the assets or undertaking of the Issuer; or (d) a distress, execution or seizure before judgment is levied or enforced upon or sued out against any substantial part of the property, assets or revenues of the Issuer and (1) is not discharged or stayed within 60 days thereof or (2) is not being contested in good faith and by appropriate means; or (e) the Issuer shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, composition, postponement of bankruptcy, administration or insolvency law or make a general assignment for the benefit of, or enter into any composition with, its creditors; or (f) proceedings shall have been initiated against the Issuer under any applicable bankruptcy, composition, administration or insolvency law in respect of a sum claimed in aggregate of at least U.S.$100,000,000 or its equivalent in other currencies and such proceedings shall not have been discharged or stayed within a period of 60 days or are not being contested in good faith and by

appropriate means.

"**Deferral Event**" means:

(a) if any Loan Notes are outstanding, an election by the Issuer, or a requirement for the Issuer, to defer the payment (in whole or in part) of interest on any outstanding Loan Notes pursuant to Condition 3.5; or

(b) the requirement for the Issuer or the election by the Issuer to defer the payment (in whole or in part) of Facility Fees, as described under "Description of the Facility—Deferral of Facility Fees and Cancellation of Facility Fees upon occurrence of a Deferral Event."

"**Demeter Event Notice**" means a notice delivered to the Issuer in accordance with the Facility, notifying it of the occurrence of a Demeter Event and specifying the applicable Demeter Event.

"**Demeter Eligible Assets Event**" means the Issuer is notified by, or on behalf of, Demeter that in Demeter's determination:

(a) Demeter is or will be unable to receive any payment due in respect of any Eligible Assets held by Demeter, in full, on the due date therefor, without a deduction for or on account of any tax, including withholding tax, back-up withholding tax or other duty, assessment or governmental charge of whatever nature imposed by any authority of any jurisdiction;

(b) Demeter is or will be required to pay any tax, including withholding tax, back-up withholding tax or other duty, assessment or governmental charge of whatever nature imposed by any authority of any jurisdiction in respect of any payment received in respect of any Eligible Assets held by Demeter;

(c) Demeter is or will be required to comply with any tax reporting requirement (other than in respect of any FATCA Provision) of any authority of the Netherlands or the United States in respect of any payment received in respect of the Eligible Assets held by Demeter;

(d) due to the adoption of, or any change in, any applicable law after the Closing Date, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful for Demeter to hold Eligible Assets or to receive a payment or delivery in respect of the same; and/or

(e) withholding or a deduction is or will be required to be imposed on payments in respect of any Eligible Assets held by Demeter as a result of any FATCA Provision, which shall be deemed to be the case if, on the date falling 60 days prior to the earliest date on which withholding or a deduction made in respect of any FATCA Provision could apply to payments under, or in respect of sales proceeds of, the Eligible Assets held by Demeter, Demeter is a "non participating foreign financial institution" (as such term is

used under section 1471 of the Code or in any regulations or guidance thereunder),

provided that, for purposes of sub-paragraphs (a) to (c) above, Demeter, using reasonable efforts prior to the due date for the relevant payment, but without being required to incur any material expense or take any unduly onerous action, is (or would be) unable to avoid such deduction(s) and/or payment(s) and/or comply with such reporting requirements described in sub-paragraphs (a) to (c) of this definition by filing a valid declaration that it is not a resident of such jurisdiction and/or by executing any certificate, form or other document in order to make a claim under a double taxation treaty or other exemption available to it or otherwise to comply with such reporting requirements.

"**Election Not to Terminate**" means the Issuer does not, on or before the 30th day prior to the Reset Date, elect to terminate the Facility and redeem the outstanding Loan Notes on the Reset Date.

"**Eligible Assets Event**" means the occurrence of either of the following:

(a) the failure by the obligor of the Eligible Assets held by Demeter to make one or more payments when due (without giving effect to any applicable grace period) in respect of such Eligible Assets held by Demeter; or

(b) the occurrence of a Demeter Eligible Assets Event.

"**Issuer Payment Default**" means failure by the Issuer, on or before any Interest Payment Date or Facility Fees Payment Date, as applicable (the "**Relevant Payment Date**") to pay (a) subject to no Deferral Event having occurred, any Facility Fees due on such date under the Facility, (b) subject to no Deferral Event having occurred, any interest on, or any principal amount of, or any additional amounts in respect of, any outstanding Loan Notes due on such date or (c) any amount otherwise due and owing under the Facility on or before such date, unless, in the case of (a) or (c), such failure is cured within 30 days of the Relevant Payment Date, as applicable and, in the case of (b), such failure is cured (i) in the case of principal, within 10 days of the Relevant Payment Date and (ii) in the case of interest, within 30 days of the Relevant Payment Date.

"**Permitted Reorganisation**" means a consolidation, amalgamation, merger or reconstruction entered into by the Issuer, under which: (a) the whole of the business, undertaking and assets of the Issuer is transferred to, and all the liabilities and obligations of the Issuer are assumed by, the new or surviving entity either: (i) automatically by operation of applicable law; or (ii) by some other means so long as, in relation to the obligations of the Issuer under or in respect of the Loan Notes, all the obligations of the Issuer under the terms of the Loan Notes are so transferred or assumed by agreement, as fully as if the new or surviving entity had been named in the Loan Notes, in place of the Issuer; and, in either case, (b) the new or surviving entity will immediately after such consolidation, amalgamation, merger or reconstruction be subject to the same regulation and supervision by the same regulatory authority as the regulation and supervision to which the Issuer was subject immediately prior thereto.

Facility Fees.....	Subject to no Deferral Event having occurred, on each Facility Fees Payment Date, the Issuer will pay a Commitment Fee to Demeter with respect to the relevant Accrual Period. Subject to certain exceptions consistent with those set forth in Condition 6(b), in the event of a Tax Deduction in respect of any amounts payable by the Issuer under the Facility, the Issuer will pay an additional fee (the "**Additional Fee**") as shall result in receipt by Demeter, of such amounts as would have been received by them had no such Tax Deduction been required. Subject to the terms of the Facility Agreement, the Issuer will be required, in certain circumstances, to pay certain additional amounts to Demeter. *Under the Facility, the Issuer will be entitled, or required, in certain circumstances to defer all or any portion of a Commitment Fee. Such deferral constitutes a Deferral Event, which triggers an Automatic Issuance Event as defined and described under "— Automatic Loan Note Issuance."*
Expenses of the Issuer	Under the Facility Agreement, the Issuer will agree to reimburse Demeter for, or advance funds to Demeter to pay, certain enumerated expenses in connection with the Facility.

RISK FACTORS

An investment in the Loan Notes involves risks. You should carefully consider the following risk factors and the other information in this Information Memorandum or incorporated herein by reference before making an investment decision. Any of the risk factors could impact our business, financial condition or results of operations. The market prices of the Loan Notes could decline if one or more of these risks and uncertainties develop into actual events. You may lose all or part of your investment.

This Information Memorandum contains forward-looking statements that involve risks and uncertainties that could cause our actual results or outcomes to differ materially from those expressed in any such forward-looking statements, as a result of any factor or combination of factors, including but not limited to the risks we face as described below and elsewhere in this Information Memorandum. For more information about forward-looking statements see "Cautionary Note on Forward-Looking Statements."

Risks Relating to our Operations

Our reserves may not adequately cover future claims and benefits.

Our results depend in large part upon the extent to which actual claims experience is consistent with the assumptions that we use in setting the prices for our products and in establishing our reserves, and we face risks that our reserves may prove to be inadequate to cover our actual claims and benefits experience.

We maintain reserves in our Property & Casualty Reinsurance lines to cover our estimated ultimate liability for claims and claim adjustment expenses for reported and unreported claims incurred as of the end of each accounting period. We also maintain reserves for future policy benefits for our Life & Health Reinsurance lines. Reserves do not represent an exact calculation of liability, but rather are estimates of the expected cost of the ultimate settlement of claims. These estimates are based on actuarial and statistical projections of facts and circumstances known at a given time and estimates of trends in claims severity, and other variable factors, including new bases of liability and general economic conditions, and can change over time. The process of estimating reserves and future policy benefits involves a high degree of judgment and is subject to a number of variables. These variables can be affected by both internal and external events, such as changes in claims handling procedures, economic inflation, foreign currency movements, legal trends and legislative changes, among others. The impact of many of these items on ultimate costs for claims is difficult to estimate.

We continually review the adequacy of the established reserves, including emerging claims development, and actual claims compared to the original assumptions used to estimate reserves. Based on current information available, we believe that our reserves are sufficient. However, changes in trends or other variable factors underlying our reserve estimates could result in claims in excess of reserves. For example, our assumptions concerning future claims cost inflation could prove to be too low, resulting in higher claims. For some types of claims, most significantly asbestos-related, environmental pollution and health hazard claims and certain liability claims (namely, our long-tail exposures), it has been necessary, and may over time continue to be necessary, to revise estimated potential claims exposure and, therefore, the related claims reserves. Consequently, actual claims, benefits and related expenses paid may differ from estimates reflected in the reserves in our consolidated financial statements. Premium levels in our Life & Health Reinsurance business are often guaranteed for the life of a contract, which could be 30 years or more. If premium levels prove to be inadequate, we would make provision for the shortfall for the remaining lifetime of the contract. In addition, morbidity benefits are often payable over many years and there is uncertainty involved in estimating the number of years over which benefits will be paid. In general, mortality and morbidity-related products give rise to risks if mortality or morbidity increases above assumed levels, while longevity products give rise to risks if mortality decreases below assumed levels.

Additional claims may emerge, including claims arising from changes in the legal and regulatory environment, the type or magnitude of which we cannot foresee. Additional claims could also arise from changes in general economic conditions (which in the current environment may be more pronounced) that impact companies whose obligations are backed by credit insurance or reinsurance or financial guarantees. In particular, the values of the life-related benefits under certain products and life contracts, most notably variable annuity ("**VA**") business, are tied to financial market values. These contracts have specific guarantees. As markets fall, the value of these guarantees increases, and, while we have discontinued writing new VA business and have an extensive hedging program covering our existing VA business, there is a risk that market fluctuations could have a negative financial impact on our business.

There can be no assurance that going forward we will not experience adverse development. To the extent reserves (taking into account the adverse loss development reinsurance agreement ("**ADC**") with National Indemnity Company ("**National Indemnity**"), a subsidiary of Berkshire Hathaway, are insufficient to cover actual claims, claim adjustment expenses or future policy benefits, we would have to add to these reserves and incur a charge to our earnings. In addition, there may be regulatory and/or legislative changes that impact our required reserve levels that we cannot anticipate and that may render our reserves insufficient. These insufficiencies in reserves could have a material adverse effect on our financial condition and results of operations.

Catastrophic events expose us to the risk of unexpected large losses.

A catastrophic event or multiple catastrophic events may cause unexpected large losses and could have a material adverse effect on our financial condition, results of operations, business and prospects. Catastrophic events, such as hurricanes, windstorms, floods, earthquakes, acts of terrorism and other disasters such as explosions, industrial accidents and fires, and pandemics, are inherently unpredictable in terms of both their frequency and severity. We have generally believed, and continue to believe, that one or more catastrophic events that produce significant losses eventually will occur and there can be no assurances that our efforts to protect ourselves against catastrophic losses, such as the diversification of business written, the use of selective underwriting practices, the use of quantitative models, prudent reserving, the monitoring of risk accumulations and risk protection arrangements, will prove to be adequate.

The increasing concentration of economic activities and people living and working in areas with heightened exposure to natural catastrophes has resulted in increased exposure and complexity, in addition to rising insured losses for catastrophes, due principally to weather-related catastrophes. Increasing insurance penetration, growing technological vulnerability and higher property values have further compounded our exposure. The potential occurrence of high severity events, such as the earthquake in China in 2008, the floods in Australia and Thailand in 2010 and 2011, respectively, the earthquakes in New Zealand and Japan in 2010 and 2011, respectively, Hurricane Sandy in the United States in 2012, and the German hailstorms and Canadian floods in 2013, is an integral part of our business, and providing cover for these natural catastrophes will remain fundamental to our value proposition.

The possible effects of natural catastrophes are compounded by the correlation between climate change and severe storms, floods and drought as well as adverse agricultural yields. The effects of global warming and climate change cannot be predicted and are likely to aggravate potential loss scenarios, risk modeling and financial performance. Furthermore, climate change could lead to severe weather events spreading to parts of the world that have not previously experienced extreme weather conditions. Significant volatility in weather conditions can also affect our weather derivatives business in Corporate Solutions, the triggers for which are either solely weather or a combination of weather and commodity price movement. We are subject particularly to risks of persistently too warm or too cold weather in the United States and Europe for cover provided to power producers or summer demand during heat waves and lack of demand during cooler periods.

In addition to the potential for significant losses due to natural catastrophes, we are also subject to risks relating to man-made catastrophes. Complex technology intersecting with increased population density, infrastructure and higher rates of utilization of natural resources increase the likelihood and the magnitude of catastrophic man-made events. Man-made disasters involving chemical, biological or nuclear hazards in particular bear high potential for losses. The recent explosion in the Chinese port city of Tianjin is expected to be one of the largest man-made loss events in Asia to date. Due to the uncertainty of the occurrence and the level of loss of man-made disasters, unexpected large losses could have a material adverse effect on our financial condition, results of operations, business and prospects.

In addition to man-made disasters caused by accident or negligence, we continue to face risks related to terrorist acts or other criminal acts on a significant scale (including acts intended to cause maximum strain on financial and other critical infrastructures, which, given reliance on complex technology, the increasing inter-connectedness of technologies symbolized by the "internet of things" and the proliferation of cloud-based technology, could be triggered by cyber threats). Our exposure to terrorism and similar acts arises from all lines of business to varying degrees. While we have established some basic limit frameworks and use quantitative modeling, there can be no assurances that our efforts to mitigate the impact of terrorism or similar acts will be successful.

We have significant exposure to mortality and morbidity risk through our Life & Health Reinsurance business covers. Consequently, an influenza pandemic is a material risk as it has the potential to impact all markets across the world. In the past one hundred years, there have been three influenza pandemics, with greatly varying mortality rates, typically among the more vulnerable and concentrated in the very young and old. The worst of these three pandemics caused an estimated 20-50 million deaths in 1918-1919. We believe that a pandemic, whether influenza or another infectious disease, has the potential to affect a significant percentage of the world's population, causing a high level of sickness and an increase in mortality rates. The outbreak of the Ebola virus in 2014 raised questions about the global community's general preparedness to respond to more serious epidemics or pandemics in the future.

Rare, but potentially disastrous, risks have the potential to cause major systemic disruptions due to the interconnectedness of risks in a globalized economy reflecting the response of markets to natural catastrophes, terrorist attacks and the like and the challenges to mitigate them. The potential impact of these global risks will be a function of the extent to which mitigation strategies, emergency plans and education of risk awareness can be implemented on a systemic, global basis. There can be no assurance that such strategies can be effectively implemented.

The ultimate impact of a catastrophic event or multiple catastrophic events on our financial condition, results of operations, business and prospects is difficult to predict and will be affected by a number of factors, including: the frequency of loss events; the severity of each event; the total amount of insured exposure in the area affected by each event; changes in the value of the insured property; the effects of inflation; and the extent of unemployment and other economic conditions caused by each event. Moreover, we may from time to time issue preliminary estimates of the impact of catastrophic events that because of uncertainties in estimating certain losses, need to be updated as more information becomes available, which updates may be significantly higher.

The occurrence of natural and man-made catastrophes in the future could have a material adverse effect on our financial condition, results of operations, business and prospects. Moreover, natural catastrophes are often seasonal with the highest proportion of annual losses occurring on average in the third quarter, followed by the fourth quarter and as such quarter to quarter comparisons can be volatile.

The effects of emerging claim and coverage issues on our business are uncertain.

As industry practices and legal, judicial, social and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues may adversely affect our business by either requiring us to extend coverage beyond our underwriting intent or by increasing the number or size of claims. Examples of emerging claims and coverage issues include:

- adverse changes in loss trends;
- judicial expansion of policy coverage and the impact of new theories of liability;
- legislative or judicial action that affects policy coverage or pricing;
- a trend of plaintiffs targeting property and casualty insurers in purported class action litigation relating to claims-handling and other practices;
- claims in respect of directors' and officers' coverage, professional indemnity and other liability covers;
- climate change-related litigation;
- trends to establish stricter building standards, which could lead to higher industry losses for earthquake cover, based on higher replacement values;
- contingent business interruption exposure, where failure to understand an entire chain of production could give rise to unexpected claims affecting, for example, perils in high growth markets where manufacturing and production facilities are expanding;
- "wider area" damage claims in the context of business interruption, involving, for example, damage to infrastructure surrounding insured facilities and claims relating to constraints on the ability to supply, or transport goods from, such facilities;
- casualty claims in the context of property covers;

- trends toward arbitration and away from mediation; and
- lack of transparency or certainty in interpretations of applicable laws and regulations (including, for example, contract interpretation) in new markets that we may enter.

The effects of these and other unforeseen emerging claim and coverage issues are extremely hard to predict, but could increase in either or both number and magnitude, and therefore could harm our business and could have a material adverse effect on our financial condition and results of operations.

Cyclicality of the commercial insurance and reinsurance industry has caused, and can be expected to continue to cause, fluctuations in our results.

The supply of reinsurance is related to prevailing prices, the level of insured losses and the level of industry surplus, which may fluctuate in response to changes in premium rates and rates of return on investments being earned in the reinsurance industry. As a result, the reinsurance business has historically been cyclical, particularly the property and casualty market, which is characterized by periods of intense competition on price and policy terms due to excessive underwriting capacity (as is currently the case) as well as periods when shortages of capacity permit favorable premium rates and policy terms and conditions. Typically, no two cycles are the same.

We have in the past experienced, and expect to continue to experience, the effects of this cyclicality, including changes in premium rates as well as in terms and conditions. Moreover, the two principal segments of our business—Life & Health Reinsurance and Property & Casualty Reinsurance—in effect operate in their own cycles. The property reinsurance market, for example, currently is viewed as being in a "soft" cycle, with pricing during recent renewal seasons experiencing pressure due to absence of significant losses and available capital. While we expect a hardening of rates in casualty (particularly in the United States), excess of loss rates continue to soften. Life and health reinsurance is under pressure from lower cession rates and the effects of low interest rates. The effects of this cyclicality can also be exacerbated by changes in business mix within the two segments, as well as the cyclicality of business lines within the two segments.

Similarly, the commercial insurance business is cyclical in nature and has historically been characterized by periods of intense price competition, which could have an adverse effect on our results of operations and financial condition. Periods of intense price competition historically have alternated with periods when shortages of underwriting capacity have permitted attractive premium levels. Any significant decrease in the premium rates we can charge for property and casualty insurance would adversely affect our results.

Commercial insurance is particularly affected by the cyclicality of loss cost trends. Factors that affect loss costs trends in property underwriting include inflation in the cost of building materials and labor costs and demand caused by weather-related catastrophes. Factors that affect loss cost trends in workers' compensation underwriting include inflation in the cost of medical care, litigation of liability claims and general economic conditions. Property and casualty insurers, including us, are often unable to increase premium rates until sometime after the costs associated with the coverage have increased, primarily as a result of state insurance regulation and laws in the United States. Therefore, in a period of increasing loss costs, profit margins decline.

Historically, operating results of insurers and reinsurers have fluctuated significantly because of volatile and sometimes unpredictable developments, many of which are beyond the direct control of insurers and reinsurers. These developments include:

- changes in general economic conditions and the political environment;
- price competition;
- frequency of occurrence and/or severity of catastrophic events;
- financial markets and capital markets volatility;
- changes in underwriting capacity, including from new providers of underwriting capacity (so-called alternative capital);
- increased funding costs due to market illiquidity;

- decreased demand for (re)insurance products and services (including as a result of greater ceding company retention levels, typically reflecting stronger balance sheets or as a result of an economic downturn); and
- lower revenues as a result of an economic downturn.

The cyclical nature of the insurance or reinsurance industry could have a material adverse effect on our financial condition, results of operations, business and prospects. It could also cause fluctuations in our reported results compared to prior periods. For example, in the reinsurance industry, as we increase our exposure to casualty lines to take advantage of current pricing trends, the long tail nature of casualty lines of the business could result in delayed impacts on our income statement, as well as an increase in our combined ratio (due to the increase in the assumed attritional loss ratio level). These fluctuations could exacerbate, or offset, other variations in our results, including, for example, gains or losses related to the ways in which we structure certain of our insurance and reinsurance transactions.

We are impacted by changes in the insurance industry that affect ceding companies, which could have a material adverse effect on our reinsurance business and results.

Some of our ceding company clients have greater market capitalizations than us and our reinsurance industry peers. Among other effects of changes affecting the primary market, ceding companies are retaining an increasing portion of their business, relying less on reinsurance to mitigate their risk exposure and rationalizing reinsurance procurement policies (particularly for recurring (flow) business obtained in the open market) through central purchasing platforms. Excess capital available to ceding companies, combined with excess supply of reinsurance and competition within the reinsurance sector, limits our ability to increase premium rates and may also lead to reduced premium rates.

Further, insurance industry participants have been consolidating, and may continue to consolidate, through mergers and acquisitions. These consolidated entities may use their enhanced market position and broader capital base to negotiate price reductions for our products, and reduce their use of reinsurance, and as such, we may experience price declines and possibly write less business. Moreover, consolidation in the industry may limit available opportunities for acquisitions in Corporate Solutions.

The foregoing could have a material adverse effect on our financial condition, results of operations, business and prospects.

Competitive conditions could impact our results.

Competition in the types of insurance and reinsurance we provide is based on many factors, including the overall financial strength of the (re)insurer, expertise, local presence, reputation, experience and qualifications of employees, client relationships, geographic scope of business, products and services offered, premiums charged, contract terms and conditions and speed of claims payment.

Reinsurance. We compete for reinsurance business in the U.S. reinsurance market, the European (particularly, the U.K.) reinsurance markets and other international reinsurance markets (particularly Australia) with numerous reinsurance and insurance companies, some of which also have substantial financial resources and are highly rated. We are increasingly focused on opportunities in high growth markets, but such opportunities have also led to increased competitive pressures in such markets from international players, and we also compete with state-owned reinsurers in three of these markets, Brazil, India and China. We also face competition in our efforts to offer risk transfer products to the capital markets, as other market participants develop and offer insurance-linked securities ("**ILS**") and derivatives and other non-traditional risk transfer mechanisms and vehicles. The increasing role of brokers, particularly in the property and casualty sector, also can have an impact on competition. We also are subject to risks of reduced demand for reinsurance to the extent ceding companies increase their retention levels.

In addition to reinsurance, ILS and derivative cover from traditional participants, we face competition in the reinsurance industry from new capacity, such as the investment of significant capital from pension funds, mutual funds, hedge funds and other sources of alternative capital into natural catastrophe insurance/reinsurance platforms. Alternative capacity takes various forms, including the collateralized model (which involves new entrants) and the float model, which involves investment by insurance companies in new platforms). Alternative capital to cover natural catastrophe risks continues to grow, driven in part by low returns in fixed

income markets and the benefits to providers of capital of diversification given the lack of correlation between insurance risks and traditional capital markets instruments. We view alternative capacity as an established feature of the market and estimate the capacity to be in excess of $60 billion. Reinsurance prices in respect of U.S. natural catastrophe business continue to come under pressure, in part, as a result of significant inflows of alternative capital driving catastrophe bond and ILS issuances.

The nature of the competition we face may be affected by disruption and deterioration in global financial markets and economic downturns, as well as by governmental responses thereto. Government intervention might result in capital or other support for our competitors. Furthermore, competition in the reinsurance industry may be indirectly impacted by regulatory capital requirements in Europe as primary insurance companies look for ways to relieve their capital requirements, for example with structured reinsurance.

We seek to compete on the basis of our capital strength, our expertise and our brand, and seek equally to position ourselves as a "knowledge company" offering tailored solutions to, as well as a long track record of partnership with, our clients, the importance of which we believe is heightened in the current soft cycle. Our success in this respect will depend in part on our ability to capitalize on value-added services as a differentiator and derive a return on the services we provide, which we may be unable to do.

Insurance. We compete for commercial insurance business on an international and regional basis with major U.S., Bermudian, European and other international insurers and with underwriting syndicates, some of which have greater financial and management resources and higher ratings than we do. Certain of our competitors also have established long-term and continuing business relationships throughout the insurance industry, which can be a significant competitive advantage for them. We also compete with new companies that continue to be formed to provide commercial insurance. In addition, certain commercial insurance providers and capital market participants have recently created products that offer alternative forms of risk protection, including large deductible programs and various forms of self-insurance that utilize captive insurance companies and risk retention groups. Continued growth in alternative forms of risk protection could reduce our premium volume. Increased competition could result in fewer submissions, lower premium rates and less favorable policy terms and conditions, and price competition, any of which could reduce our margins.

A number of our commercial insurance competitors may offer products at prices and on terms that are not consistent with our economic standards in an effort to maintain their business or write new business. The competitive environment has adversely impacted commercial lines rates and retention over the past few years, which has, and may continue to, reduce our underwriting margins. If rates and retention in commercial lines continue to decline, it could have a material adverse effect on our financial condition, results of operations and cash flow.

Our competitive position is based not only on our ability to profitably price our business, but also on product features and quality, scale, client service, financial strength, claims-paying ratings, credit ratings, e-business capabilities, name recognition, and agent compensation. We may have difficulty in continuing to compete successfully on any of these bases in the future.

Admin Re®. In seeking closed books, we operate in a highly competitive market although lack of available capital and regulatory developments and uncertainty have restricted the number of companies actively seeking to make acquisitions of closed books in its principal market, the United Kingdom. The competitive environment continues to vary depending upon the size of the transaction and the type of business involved.

A failure to compete effectively in the environment described above may result in the loss of existing business, and of opportunities to capture new business, which could have a material adverse effect on our financial condition, results of operations, business and prospects.

The occurrence of future risks that our risk management procedures fail to identify or anticipate could have a material adverse effect on us.

We continually review our risk management policies and procedures across the Swiss Re Group, and will continue to do so in the future. However, our risk management procedures cannot anticipate every economic and financial outcome or the specifics and timing of the realization of each risk. Many of our methods of managing risk and exposures are based upon observed historical market behavior and statistic-based historical models. As a result, these methods may not predict future exposures, which could be significantly greater than historical measures indicate. Other risk management methods depend on the evaluation of information

regarding markets, clients, catastrophe occurrence, or other matters that are publicly available or otherwise accessible to us. This information may not always be accurate, complete, up-to-date or properly evaluated. Our risk management methods reflect certain assumptions about the degrees of correlation or lack thereof among prices of various asset classes or other market indicators. In times of market turmoil or other unforeseen circumstances, similar to those that occurred during 2008 and 2009, previously uncorrelated indicators may become correlated, or previously correlated indicators may move in different directions. These types of market movements may limit the effectiveness of our risk management policies and procedures.

If we are unable (or if we are perceived to be unable) to develop, implement, monitor and when necessary pre-emptively upgrade our risk management policies and procedures to address current or evolving risks, we could, at the very least, suffer reputational harm and experience an adverse impact on our ratings (to the extent that any future unexpected loss does not fit within our stated tolerance for risk or is not considered by the rating agencies to be manageable compared to our underlying capital position). Risks that we fail (or are perceived to have been unable) to anticipate, and/or adequately address, could result in material unanticipated losses and have a material adverse effect on our financial condition, results of operations and prospects.

We depend, in part, on the policies, procedures and expertise of ceding companies; these companies may fail to accurately assess the risks they underwrite, which may lead us to assess inaccurately the risks we assume, or may not take measures to mitigate claims, which may result in higher losses for us.

The success of our reinsurance underwriting efforts depends, in part, on the policies, procedures and expertise of the ceding companies making the original underwriting decisions. We may not have adequate visibility as to the assumptions, modeling and other techniques that ceding companies use and such assumptions, modeling and other techniques may not prove beneficial to us. For example, in new markets that we may enter, we may be relying on local ceding companies' understanding and assessment of concentration risks and the impact of contingent business interruptions. The floods in Thailand in 2011 highlighted the potential effect of poor flood hazard data, leading to unexpectedly high exposure accumulations and to unexpected exposure to industries in the international supply chain, leading overall to unexpected losses. Moreover, we depend on the both the quality of the data we receive from ceding companies and the speed with which we receive them, and the data we receive may not be as current or comprehensive as we would like.

If ceding companies fail to accurately assess the risks they underwrite, or fail to provide us with timely and appropriate data, we may inaccurately assess the risks we reinsure and the premiums that are ceded to us may not adequately compensate us for the risks we assume. In addition, our reliance on underwriting decisions of ceding companies creates greater uncertainty with respect to the adequacy of our reserves. Moreover, our exposure to claims could be exacerbated by failure of ceding companies to take measures in respect of their underlying policies to mitigate their direct exposure. As a result of any of the foregoing, our financial condition or results of operations could be materially and adversely affected.

Incorrect pricing assumptions and other underwriting decisions can impact our underwriting results.

Underwriting is a matter of judgment, involving important assumptions about matters that are inherently unpredictable and beyond our control and for which historical experience and statistical analysis may not provide sufficient guidance. We make assumptions about mortality, morbidity, persistency, expenses, interest rates, equity market volatility, tax liability, business mix, frequency and severity of claims, correlation of risks, contingent liabilities, investment performance, and other factors. If we fail to accurately assess the risks we underwrite, we may inaccurately assess the risks we reinsure and the premiums that we receive may not adequately compensate us.

Adverse development can be experienced for significant periods of time. For example, our Life & Health Reinsurance results continue to be adversely affected by negative performance of U.S. post-level term ("**PLT**") business written on a coinsurance basis in the Americas prior to 2004 due to higher than expected lapses and mortality, which causes negative reserves to be released. While we are in the process of undertaking measures to address adverse development of the PLT business, we may continue to be adversely affected by this adverse development for a significant period, and could in the future be subject to significant adverse development in other lines as well. We also recognized a pre-tax charge in 2014 of $623 million as a result of management actions taken in respect of our pre-2004 U.S. individual life business written on a yearly renewable term basis (the "**pre-2004 U.S. YRT business**"). The management actions followed the settlement of a dispute with Berkshire Hathaway over a life retrocession arrangement concluded in 2010 in which we transferred risk from a closed block of yearly renewable term business to Berkshire Hathaway pursuant to a co-insurance agreement

(the "**Co-Insurance Agreement**") and related stop loss agreement (the "**Stop Loss Agreement**"). As part of the settlement, among other things, we agreed to recapture certain treaties in return for a $610 million payment from Berkshire Hathaway and a reduction in the stop loss protection from $1.5 billion to $1.05 billion.

Certain changes in accounting or financial reporting standards, or changes in the interpretation of standards, in respect of fair value accounting or impairments, could have a material effect on our reported financial results.

We prepare our consolidated financial statements in accordance with U.S. GAAP. Accounting standards are complex, continually evolving and potentially subject to differing interpretations by relevant authoritative bodies. For example, we account for most of our investments and certain liabilities at fair value and the use of fair value measurements is fundamental to our financial statements and is a critical accounting method. In recent years, significant changes have been made to how fair value is to be measured. Following implementation of these new valuations, certain required valuation adjustments resulted in net realized losses from assets and liabilities measured at fair value using significant unobservable inputs.

The Financial Accounting Standards Board, which is the standard setter for U.S. GAAP, and other accounting standard setters have been considering a variety of changes to accounting standards, and we cannot predict what future changes will be adopted or how they will affect us. New accounting pronouncements, as well as new interpretations of existing accounting pronouncements, can have material adverse effects on our reported financial condition and results of operations. In addition, we can provide no assurance that any regulatory authorities that oversee our businesses will not take issue with conclusions that we may reach with respect to accounting matters.

Our surety solutions expose us to potentially high severity losses.

Corporate Solutions provides surety solutions in the form of commercial and contract bonding products mainly in the United States, Brazil and Colombia. The majority of these surety obligations are performance-based insurance covers. This business exposes us to infrequent, but potentially high severity losses. The default of one or more of these clients could have a material adverse effect on our results of operations, financial condition or liquidity.

Disruptions to our relationships with our brokers and agents could materially adversely affect us.

Corporate Solutions markets substantially all of its insurance solutions (other than bank, trade and infrastructure and weather covers) through independent brokers, and Reinsurance uses brokers for certain lines of business. Brokers may sell our competitors' products and may stop selling our products altogether. Many insurers offer products similar to ours. In choosing an insurance carrier, brokers may consider ease of doing business, reputation, price of product, client service, claims handling and the insurer's compensation structure. We may be unable to compete with insurers that adopt more aggressive pricing policies or more generous compensation structures, offer a broader array of products, or have extensive promotional and advertising campaigns.

There is a growing trend of brokers reducing the number of insurers that they do business with. Strategic broker service agreements are a means for such brokers to select and focus on a smaller group of insurers. While we have entered into such agreements with the top four brokers (and attribute a significant part of our recent growth in gross premiums written ("**GPW**") to such agreements), there can be no assurance that these agreements will continue, or that they will continue to generate the business volumes that we anticipate. Moreover, none of the agreements are exclusive to us.

Loss of the business provided through independent brokers could have a material adverse effect on our future business volume and results of operations. Where we do not conduct business through brokers (for example, products such as insurance agents errors & omissions), we market through independent agents. Generally, independent agents pose the same set of risks as brokers.

We are subject to risks relating to the preparation of estimates and assumptions that management uses in our risk models as well as those that affect the reported amounts in our financial statements.

We are subject to risks relating to the preparation of estimates and assumptions that our management uses, for example, as part of our risk models as well as those that affect the reported amounts of assets, liabilities, revenues and expenses in our financial statements, including assumed and ceded business. For example, we

estimate premiums pending receipt of actual data from ceding companies, which actual data could deviate from the estimates. We could be adversely affected, for example, if premiums turn out to be lower, while claims stay the same. In addition, particularly with respect to large natural catastrophes and certain large man-made losses, it may be difficult to estimate losses, and preliminary estimates may be subject to a high degree of uncertainty and change as new information becomes available.

Moreover, deterioration in market conditions could have an adverse impact on the assumptions we have made for financial reporting, which in turn could affect possible impairment of present value of future profits, fair value of assets and liabilities, deferred acquisitions costs or goodwill. For example, in evaluating available-for-sale securities for other-than-temporary impairment, we undertake a quantitative and qualitative process, which is subject to risks and uncertainties and is intended to determine whether a credit or non-credit impairment should be recognized in current period earnings or in other comprehensive income. These risks and uncertainties include changes in economic conditions, the financial condition of the issuer, changes in interest rates or credit spreads, and future recovery prospects. For securitized financial assets with cash flows, we must estimate the cash flows over the life of the asset. We also consider a range of other factors about the issuer in evaluating the cause for decline in estimated fair value and prospects for recovery. To do so, we must make significant assumptions and estimates. To the extent that our estimates and assumptions prove to be incorrect, it could have a material impact on underwriting results (in the case of risk models) or on reported financial condition or results of operations and such impact could be material.

Operations in high growth markets can expose us to risks that we are less likely to face in developed markets.

High growth markets are subject to greater risks than more developed markets. While we seek to expand our footprint in high growth markets because that is where we perceive there to be the greatest potential for future growth for Property & Casualty and Life & Health business (including in Brazil, China, India, Indonesia and Mexico, with a longer horizon for Vietnam and Sub-Saharan Africa) and Corporate Solutions business (including in Colombia and China), the political, economic and market conditions in many of these markets present risks that could make it more difficult to operate our businesses in those regions successfully. Some of these risks include:

- political instability;
- economic instability, including currency fluctuations, currency devaluations, capital and currency exchange controls, high rates of inflation and low or negative growth rates;
- corruption, including bribery of public officials;
- loss due to civil strife, acts of war or terrorism and insurrection;
- lack of well-developed legal systems which could make it difficult for us to enforce our contractual rights;
- logistical and communications challenges;
- potentially adverse changes in, or uncertainty surrounding, laws and regulatory practices, including legal structures, tax laws and capital requirements;
- expropriation or nationalization;
- difficulties in staffing and managing operations and ensuring the safety of our employees;
- restrictions on the right to convert or repatriate currency assets; and
- greater risk of uncollectible accounts and longer collection cycles.

Many high growth markets are in various stages of developing institutions and political, legal and regulatory systems that are characteristic of democracies. However, institutions in these markets may not yet be as firmly established as they are in democracies in the developed world. Many of these countries and regions are also in the process of transitioning to a market economy and, as a result, are experiencing changes in their economies and their government policies that can affect our investments in these countries and regions. Moreover, the procedural safeguards of the new legal and regulatory regimes in these countries and regions are still being developed and, therefore, existing laws and regulations may be applied inconsistently. In some circumstances, it may not be possible to obtain the legal remedies provided under those laws and regulations in a timely manner. As the political, economic and legal environments remain subject to continuous development, investors in these

countries and regions face uncertainty as to the security of their investments. Any unexpected changes in the political or economic conditions in these or neighboring countries or others in the region may have a material adverse effect on our operations in these countries, which may in turn have a material adverse effect on our business, results of operations, cash flows and financial condition.

A failure in our operational systems or infrastructure, or those of third parties, could disrupt our businesses or cause losses.

Our businesses are dependent on our ability to process and monitor multiple client relationships, contracts, agreements and transactions, many of which are highly complex, across numerous and diverse markets in many currencies. Our agreements and transactions with our clients typically will be tailored to client-specific requirements and preferences, as well as legal and regulatory standards. As our client base and our geographical reach is global and ever expanding, developing and maintaining our operational systems and infrastructure is an ongoing challenge. Our financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, such as increased transaction volume, adversely affecting our ability to process these transactions or provide these services. In addition, failure of our systems may adversely impact our ability to determine effectively our pricing, underwriting liabilities, the required levels of reserves and the acceptable level of risk exposure in respect of these transactions or services. We update our systems and infrastructure to support our operations and growth and to respond to changes in regulations and markets. This updating can create risks associated with implementing new systems and integrating them with existing ones. Any failure, termination or constraint in respect of our systems could adversely affect our ability to effect transactions, service our clients, manage our exposure to risk or expand our businesses or result in financial loss or liability to our clients, impairment of our liquidity, disruption of our businesses, regulatory intervention or reputational damage.

Despite the resiliency plans and facilities we have in place, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the communities in which we are located. This may include a disruption involving electrical, communications, internet, transportation or other services used by us or third parties with which we conduct business. These disruptions may occur as a result of events that affect only our buildings or the buildings of such third parties or, as a result of events with a broader impact globally, regionally or in the cities where those buildings are located. Notwithstanding our efforts to maintain business continuity, depending on the intensity and longevity of the event, a catastrophic event impacting any of our offices could negatively impact our businesses. If a disruption occurs in one location and our employees in that location are unable to occupy our offices or communicate with or travel to other locations, our ability to service and interact with our clients may suffer, and we may not be able to successfully implement contingency plans that depend on communication or travel.

We have outsourced significant components of our asset management functions to a variety of asset management companies and are dependent on their systems and controls in respect of the portfolios they manage for us. We also face the risk that any of the financial market platforms, clearing agents, securities exchanges, clearing houses or other financial intermediaries we use to facilitate our securities transactions could experience operational failures or cease to operate.

Cyber-attacks directed at our computer systems or networks could disrupt our businesses, result in the disclosure of confidential information, damage our reputation and cause losses.

Our operations rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Although we take protective measures and endeavor to modify them as circumstances warrant, our computer systems, software and networks may be vulnerable to unauthorized access (from within our organization or by third parties), computer viruses or other malicious code and other cyber threats that could have a security impact. Moreover, in recent years, a number of high profile cyber-attacks have occurred, including in the insurance industry, leading to the theft of confidential information. If one or more of these such events were to occur to us, this potentially could jeopardize our or our clients' confidential and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our, our clients' or third parties' operations, which could result in significant losses or reputational harm.

We may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures, and we may be subject to litigation and financial losses that are either not insured against or not fully covered through any insurance maintained by us.

Furthermore, we routinely transmit and receive personal, confidential and proprietary information by email and other electronic means. We have discussed and worked with clients, vendors, service providers, counterparties and other third parties to develop secure transmission capabilities, but we do not have, and may be unable to put in place, secure capabilities with all of our clients, vendors, service providers, counterparties and other third parties and we may not be able to ensure that these third parties have appropriate controls in place to protect the confidentiality of the information. An interception, misuse or mishandling of personal, confidential or proprietary information being sent to or received from a client, vendor, service provider, counterparty or other third party could result in legal liability, regulatory action and reputational harm.

We may have difficulty in executing acquisitions or face other risks as a result of completed acquisitions, which could have a material adverse effect on our business, financial condition and results of operations.

We have in the past, and may in the future, engage in discussions with third parties regarding possible acquisitions (as acquisitions represent an option of the Swiss Re Group, from a capital management perspective, to deploy capital, as we have done in Corporate Solutions and Admin Re®, as well as through Principal Investments, and expect to do through the Guardian Group Acquisition), which discussions may or may not result in acquisition transactions.

Acquisitions present a range of uncertainties and risks. Consolidation in the industry may limit available opportunities for acquisitions. We may also be restricted by applicable antitrust laws, foreign investment laws or other laws and regulations from pursuing acquisitions, in which case we may bear substantial out-of-pocket expenses associated with one or more acquisitions that we are precluded from pursuing. Acquisitions can require substantial lead-times to complete (particularly in new markets), and market dynamics may shift in the interim period prior to completion. Moreover, challenges presented in identifying or acquiring particular acquisition targets may cause us, after expending significant time, management resources and financial resources, to shift our approach and establish a greenfield operation instead or to postpone entry into a market until acquisition terms become more attractive for us.

While we may seek to acquire a full ownership stake in our acquisition targets, our ability to acquire full ownership stakes may be restricted by several factors, on a market-by-market basis. For example, foreign investment laws in certain countries can prevent the acquisition of full ownership stakes. These limitations may result in us entering into joint ventures, business alliances or collaboration agreements, which could involve the same or similar risks and uncertainties as are involved in acquisitions, or could involve greater risks and uncertainties. Joint ventures generally involve a lesser degree of control over business operations, and may in the future present greater financial, legal, operational and/or compliance risks. We may also have difficulty enforcing provisions of joint venture agreements in local courts.

Completed acquisitions present a range of operational and structural risks. Significant declines in asset valuations or cash flows may cause us not to realize expected benefits from the transactions, which may affect our results, including adversely impacting the carrying value of the acquisition premium or goodwill. Unless we use our shares as consideration for an acquisition, funding acquisitions can adversely impact our financial flexibility, as such funding requires use of cash on hand, borrowing under credit facilities and/or raising funds (including to augment our capital base) in the capital markets. Acquisitions can adversely impact our levels of surplus capital, our solvency ratios and our credit profile, and the impact on our financial condition and results of operations could be exacerbated if the acquired operations do not generate the results we expect or when we expect them.

Each target operation, regardless of size, needs to be integrated from a range of perspectives, including financial reporting and audit processes, information technology systems, general operations, human resources, compliance philosophy and monitoring, underwriting strategy and terms, among others, and these changes may be significant relative to the target's historical operations and infrastructure. In addition, in certain cases, there may be contractual limitations placed on the full integration of the acquired entity's operations, which can present additional operational risks. In general, difficulties in integrating acquired operations could have an adverse effect on us for an undetermined period after consummation of an acquisition. In particular, acquisitions may result in business disruptions that cause us to lose customers or cause customers to move their business to competing institutions. It is possible that the integration process related to acquisitions could result in the disruption of our ongoing business or inconsistencies in standards, controls, procedures and policies that could adversely affect our ability to maintain relationships with clients and other counterparties. The strain on group-wide infrastructure, internal control systems and other resources (including management resources and processes), as well as the loss of key employees, in connection with an acquisition, could adversely affect our

ability to successfully conduct our business. If we are unable to integrate acquired operations within a reasonable time and within our anticipated cost parameters, we may incur higher than expected costs and we may be unable to realize the potential and anticipated financial results of the acquisition, including expected cost and revenue synergies, operational efficiencies and other benefits.

Additionally, when deciding to complete an acquisition, we make certain business assumptions and determinations based on our investigation of the business to be acquired, as well as other information then available (including, without independent verification). However, these assumptions and determinations involve risks and uncertainties that may cause them to be incorrect. As a result, we may not realise the full benefits that we expect from an acquisition. We may also assume unknown or undisclosed business, operational, tax, regulatory and other liabilities, fail to properly assess known contingent liabilities or assume businesses with internal control deficiencies. While we seek to mitigate these risks through, among other things, due diligence processes and indemnification provisions, we cannot be certain that the due diligence process we conduct is adequate (in particular, where we are acquiring a privately held group) or that the indemnification provisions and other risk mitigation measures we put in place will be sufficient. Further, acquisitions also expose us to risk of ongoing compliance issues until such time as we can fully integrate acquired operations into our compliance and control frameworks. Any unknown or undisclosed liabilities that we assume, or any additional information about the acquired operations that adversely affects us (such as unknown or contingent liabilities and issues relating to compliance with applicable laws) could substantially increase our costs and have a material adverse effect on our business, financial condition and results of operations.

We view high growth markets as offering us significant growth and market-shaping potential, and we expect to seek access to a variety of such markets through acquisitions and partnerships. The pursuit of these initiatives can be affected by regulatory constraints, foreign ownership restrictions in local investment laws, availability of suitable targets and uncertain business cases in ways that pose greater risk than initiatives that target established markets. In addition, acquisitions in high growth markets may pose particular risks related to integration across different corporate cultures, systems, languages, regulatory requirements and market practice, and may require greater investment to build up local market expertise and experience. More broadly, acquisitions in markets in which we have limited or no prior experience may pose a greater risk. For further information on risks related to high growth markets, see "—Operations in high growth markets can expose us to risks that we are less likely to face in developed markets."

Failure to maintain the value of the "Swiss Re" brand could harm our global competitive advantage, results of operations and strategy.

One of our most valuable assets is the "Swiss Re" brand. Our ability to continue to leverage our global footprint, and thus maintain one of our (and our affiliates') key competitive advantages, depends on the continued strength and recognition of the Swiss Re brand, including in high growth markets, as competition intensifies. The Swiss Re brand could be harmed if its public image or reputation were to be tarnished by negative publicity, whether or not true, about Swiss Re or the financial services industry in general, or by a negative perception of Swiss Re's short-term or long-term financial prospects. Maintaining, promoting and positioning the Swiss Re brand will depend largely on our ability, as well as the ability of the other members of the Swiss Re Group, to provide consistent, high-quality products and services to Swiss Re clients around the world. Failure to maintain the Swiss Re brand could adversely affect our competitive advantage, results of operations and strategy.

We may not achieve our strategic growth plans.

In Reinsurance, we will seek opportunities to expand in selective areas – by line of business, products and geographic focus. We will also seek opportunities to capitalize on our market position and experience in structuring risk transfer solutions by writing longevity risk covers. Finally, we aim to further develop Swiss Re as a leading reinsurance player in the markets where premium growth over the next ten years is expected to far outpace growth in the developed economies. We are particularly focused on high growth markets (including Brazil, China, India, Indonesia, Mexico and Sub-Saharan Africa), many of which, we believe, are underserved by reinsurance solutions.

In Corporate Solutions, we have expanded, and will continue to seek to expand, our geographic footprint, our lines of business and our products to achieve long-term sustainable growth. The recently announced agreement to acquire the aviation business of Assetinsure Pty Ltd ("**Assetinsure**") is the most recent example of that strategy. Our ability to open or expand operations can be constrained by regulatory requirements, which may

restrict Corporate Solutions' ability to grow in the short- to medium-term except through acquisitions. In addition, a number of our recent and planned business initiatives involve developing new solutions and/or expanding existing solutions provided to clients through Corporate Solutions. While we currently focus on excess layers, we believe that developing primary lead capabilities in the medium- to long-term represents a logical step to ensure sustainable profit growth of Corporate Solutions business. This will involve building extended local service capabilities across existing locations, developing primary products in line with local standards for targeted markets, developing the ability to price primary products, establishing local operational services (for example, claims managers and field engineers to survey insured assets) to handle higher claims frequency business, hiring local underwriters where required by regulation, and integrating the management of co-insurance panels into Corporate Solutions' current platform and enhancing the costing platform to support ground-up rating.

In Admin Re®, we intend to selectively pursue opportunities to build and enhance our franchise and product line in the UK market, predominantly by acquiring businesses that allow us to leverage our capabilities and build on our market-leading position as a consolidator of closed books. The recently announced Guardian Group Acquisition is the most recent example of this strategy. We may also consider acquisitions outside the United Kingdom that offer a strategic opportunity to further accelerate growth, and expect to monitor market developments, particularly in Germany and the Netherlands, over the next 12 to 18 months. All of our acquisitions must meet the Swiss Re Group's investment criteria and hurdle rates. We might seek third-party support in the form of additional capital in connection with acquisitions.

We may be unable to achieve our goals for growth as planned and on a timely basis. We may be unable to recoup expenditures to the extent we are unable to achieve our goals. Depending on the particular opportunity, failure to achieve our strategic goals could have an adverse impact on our competitive position and on our results. In the short-term, pursuit of growth initiatives can have an impact on costs, with, for example, Corporate Solutions' expense ratio increasing due to expansion into primary lead and into high growth markets.

Market Risks

Our business, financial condition and results of operations could be adversely impacted by deterioration in global financial markets and economic conditions.

Our operations as well as our investment returns are subject to market volatility and macro-economic factors, which are outside of our control and are often inter-related.

Despite signs of moderate increase in global growth forecasts and positive macro-economic trends in the United States, continued volatility due to the constraints inherent in current monetary policies of the world's principal central banks, among other factors, highlight the continued uncertainties around post-crisis recovery and the risks that the world economy continues to face. While the U.S. economy continues to show positive signs of improvement, it remains susceptible to global events and volatility. Speculation around fiscal and monetary actions, or expected actions, and the timing of such actions, may result in significant volatility in the U.S. and global economic markets.

Outside of the United States, growth forecasts remain uneven and uncertain, particularly in respect of Europe. In the European Union, the focus has been largely on Greece. It remains unclear what impact fiscal and monetary actions, or expected actions, taken to reduce the risk of recession throughout Europe will have on the global or UK economies. It also remains unclear whether the single resolution mechanism (as set out in EU Regulation 806/2014), which will apply from 1 January 2016 and which forms part of the EU's plans to establish a European banking union, and other related legislation and actions of the European Central Bank, will create the conditions necessary for increased bank lending and greater economic growth. Additionally, economic conditions in emerging markets, including Brazil, China, India and the Russian Federation, have contributed, and may continue to contribute, to potentially more volatile and uncertain global economic conditions. These countries recently have experienced significant deceleration in GDP growth. For some countries such as the Russian Federation, where the impact of the current sanctions and the decrease in global oil prices is causing severe disruptions in various economic indicators, the risk of further considerable slowdown in growth remains. More generally, further decreases or continued low oil prices could have an adverse impact on the global economy. China faces a number of risks to growth, mainly stemming from a sharp housing market correction, with a highly leveraged property sector and deteriorating credit quality. Defaults in real-estate related "shadow-banking" products could create significant risks to China's financial system. In addition, China's growth rate is likely to be impacted by global macroeconomic conditions (such as economic

pressure from slow recovery in eurozone countries) and geopolitical conditions. Given their importance to growth in GDP, a slowdown in property investment and construction could have a disproportionate effect on growth. Recent stock market volatility in China has fueled concerns over broader economic issues the country may face.

While emerging markets afford potentially greater growth opportunities than developed markets, they contribute to potentially more volatile and uncertain economic conditions. A sharp deceleration in the pace of growth in one country may severely impact economic activity in another. Policy uncertainty and volatile, negative or uncertain economic conditions in developed markets could also adversely impact economies in Asia and Latin America, undermining business confidence. Periods of economic upheaval could also result in sudden government actions such as imposition of capital, price or currency controls, or changes in legal and regulatory requirements, which could have potentially adverse tax consequences.

With fewer options available to policy-makers and with heightened risk that poor conditions in one country or region could adversely affect other countries or regions, volatility can be expected to continue. In addition, political or geopolitical developments, and international responses thereto, also could have an adverse impact on global financial markets and economic conditions.

Further adverse developments or the continuation of adverse trends that in turn have a negative impact on financial markets and economic conditions could limit our ability to access the capital markets and bank funding markets, and could adversely affect the ability of counterparties to meet their obligations to us. Any such developments and trends could also have an adverse effect on our investment results, which in the current low interest rate environment and soft insurance cycle could have a material adverse effect on our overall results.

We are exposed to significant financial and capital markets risks, including changes in interest rates, credit spreads, equity prices and foreign exchange rates, which may adversely impact our financial condition, results of operations, liquidity and capital position.

Our business is materially affected by conditions in the financial markets and economic conditions, particularly in Europe and the United States and increasingly in high growth markets as we enhance our presence in such markets.

Our market risks primarily consist of risks related to interest rates, credit spreads, equity prices and foreign exchange rates. These risks can have a significant effect on our investment returns and market value of our investment portfolio, which in turn affects both our financial condition and results of operations. Investment income is an important part of our overall profitability, particularly during periods when underwriting results come under pressure and, in addition to premiums from our reinsurance and commercial insurance operations, represents a principal source of income. Fluctuations in the fixed income or equity markets have had, and could continue to have, an adverse effect on us. Our investment returns are also susceptible to changes in general economic conditions, including changes that impact the general creditworthiness of the issuers of debt securities held in our portfolio or the value of equity securities held in our portfolio, and to changes that impact the value of structured products.

Interest rates. Our exposure to interest rate risk is primarily related to the market price and cash flow variability associated with changes in interest rates. Fluctuations in interest rates may affect our future returns on fixed income investments, as well as the market values of, and corresponding levels of capital gains or losses on, the fixed income securities in our investment portfolio. While interest rates have started to rise, they remain relative low, which generally depress our key performance metrics, such as our return on investments and return on equity, due to lower reinvestment yields. Interest rates are subject to factors beyond our control, such as governmental monetary and fiscal policies, global economic conditions and many other factors, all of which have been exacerbated by the financial crisis and its aftermath. Generally, an increase in interest rates would increase the net unrealized loss position of our fixed income portfolio, offset by the ability to earn higher rates of return on funds invested. Conversely, a decline in interest rates would decrease the net unrealized loss position, offset by lower rates of return on funds invested. From an accounting perspective, a sharp increase in interest rates would lead to a decrease in our shareholders' equity, through the increase in unrealized losses in fixed income securities, which is not offset by changes in our liabilities under U.S. GAAP. Given current low levels of interest rates, we are likely to be subject to the significant potential effects of rising rates.

Moreover, the long time horizon for future liabilities in our Life & Health Reinsurance business means that changes in interest rates also have a direct economic impact on the value of our best estimate of future cash flows from such business.

In general, low interest rates continue to pose significant challenges to the insurance and reinsurance industry, with earnings capacity under stress unless lower investment returns can be offset by lower combined ratios. Economic weakness, fiscal tightening and monetary policies in response to moderate growth and low inflation are keeping government yields low, which impacts investment yields and affects the profitability of life savings products with interest rate guarantees.

Credit spreads and related indicators. Our exposure to credit spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. Widening of credit spreads or other events that adversely affect the issuers or guarantors of fixed income securities we hold could cause the value of our fixed income portfolio and our net income to decline (as a result of an increase in the net unrealized loss position of our investment portfolio, and/or other-than-temporary impairments) and the default rate of the fixed income securities in our investment portfolio to increase. A ratings downgrade affecting issuers or guarantors of particular securities, or similar trends that could worsen the credit quality of issuers, could also have a similar effect. In addition, losses may also occur due to the volatility in credit spreads.

Equity prices. We are exposed to changes in the level and volatility of equity prices, as well as the value of securities or instruments that derive their value from a particular equity security, a basket of equity securities or a stock index. We are also subject to equity price risk to the extent that the values of life-related benefits under certain products and life contracts, most notably VA business, are tied to financial market values, including equity prices, and would be subject to the risk of reduced fee income from our unit-linked business in Admin Re® were equity markets performance to suffer. To the extent market values fall, the financial exposure on guarantees related to these contracts would increase to the extent our exposure is not hedged. While we have an extensive hedging program covering existing VA business, certain risks cannot be hedged, including actuarial risk, basis risk and correlation risk. In addition, we have exposure to alternative investments, such as private equity, real estate and hedge fund investments. Market volatility has impacted both the level of net investment income from these types of investments and our ability to dispose of such investments on favorable terms or at all, and we may continue to experience reduced net investment income due to continued volatility affecting these pools of capital. Moreover, due to the normal delay in the preparation and receipt of financial information from underlying investments, results for later periods of a current year may only be reported to us during a future year.

Foreign exchange rates. Our exposure to foreign exchange risk arises from exposures to changes in spot prices, forward prices and volatilities of currency rates. The U.S. dollar is our reporting currency. Therefore, our financial condition, results of operations and cash flow have been and will continue to be affected by fluctuations in the values of other currencies (in which we transact business or in which our assets or liabilities are denominated) against the U.S. dollar, which could be material. Foreign exchange rates continue to be volatile; at the end of 2014 and in 2015, the U.S. dollar has appreciated significantly against a number of other major currencies, and in January 2015 the Swiss National Bank lifted the floor on the rate of exchange between the Swiss franc and the euro, causing significant appreciation of the Swiss franc. While the appreciation of the Swiss franc is expected to continue to have a limited impact on our financial condition and results of operations (given the relatively small proportion of our business written in Switzerland, our natural hedge of keeping premiums and liabilities in the same currency and the fact that we report in U.S. dollars), it is likely to continue to have an impact on our expense base (as approximately a quarter of Swiss Re's employees are based in Switzerland, and are compensated in Swiss francs) and on the overall Swiss economy.

If significant, market volatility, changes in interest rates, changes in credit spreads and defaults, a lack of pricing transparency, reduced market liquidity, declines in equity prices, and foreign currency movements, alone or in combination, could have a material adverse effect on our financial condition, results of operations or cash flows through realized losses, impairments or changes in unrealized positions.

Volatility in the capital markets also impacts costs of hedging, and lower asset values reduce shareholders' equity.

Our efforts to manage asset risk in our investment portfolio may not be fully successful and may nonetheless expose us to the risk of mismatch between our assets and our liabilities.

We are focused on asset-liability management ("**ALM**") for our investment portfolio, but pursuing even this strategy has its risks, including a possible mismatch between investments and liability benchmarks. In addition, although we will seek to price our new business consistent with investment returns tied to our liability benchmark, our existing business, particularly the more long-tailed Life & Health Reinsurance business, was priced using historical parameters. As interest rates have dropped significantly and remained at historically low levels, we may be unable to successfully match, or come close to, such historical parameters going forward. Further, unanticipated changes in the correlation between the various factors that we use to manage our investment portfolio may impact its performance.

We also seek to manage the risks inherent in our investment portfolio by repositioning our portfolio from time to time, as needed, and to reduce risk and fluctuations through the use of hedges and other risk management tools.

Our ability to manage exposures may be limited by adverse changes in the liquidity of a security or the related hedge instrument and in the correlation of price movements between the two. Sudden declines and volatility make it more difficult to hedge, or to sell or value, assets. The inability to effectively hedge or sell assets reduces our ability to limit losses in such positions. In addition, in the case of private equity investments, hedge fund investments and other securities that are not freely tradable or lack an established and liquid trading market, it may not be possible, or economical, to hedge such exposures. There can be no assurance that our efforts to reduce our exposure to sudden and adverse price movements will be successful, and failure to do so could have a material adverse effect on our financial condition, results of operations and liquidity. Moreover, we may be successful in establishing hedges, but the hedges may be ineffective or may greatly reduce our ability to profit from increases in the values of the underlying securities. In addition, our approach to ALM, and the related level of de-risking, may be more cautious than other market participants, and while this approach may be more beneficial while markets remain volatile, were markets to stabilize, other market participants may benefit more than us.

Liquidity Risks

We could be subject to unexpected needs for liquidity, which need could be exacerbated by factors beyond our control, and may limit our ability to engage in desired activities.

Our business requires, and our clients expect, that we have sufficient capital and liquidity to meet our (re)insurance obligations, and that this would continue to be the case following the occurrence of any foreseeable event or series of events, including extreme catastrophes, that would trigger our insurance or reinsurance coverage obligations. Failure to do so could have an adverse effect on our liquidity position, our ability to meet our regulatory requirements and ultimately our ability to conduct our business.

Our uses of funds include, among other things, our obligations arising in our reinsurance and commercial insurance businesses (including claims and other payments as well as insurance provision repayments due to portfolio transfers, securitizations and commutations), which may include large and unpredictable claims (including catastrophe claims), funding of capital requirements and operating costs, payment of principal and interest on outstanding indebtedness, and funding of acquisitions. We have unfunded capital commitments in our private equity and hedge fund investments, which could result in funding obligations at a time when we are subject to liquidity constraints. We also have potential collateral requirements in connection with a number of our reinsurance and commercial insurance arrangements. Certain of our debt underlying structured transactions may be due on demand, and payment undertaking agreements may be accelerated on ratings downgrades or unwinds of the related structured transaction.

Market conditions could also subject us to unexpected needs for liquidity. For example, we may need liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements or collateral calls under derivative contracts and other contractual arrangements as a result of deterioration in our financial strength due to market conditions or the perception by counterparties that we may be subject to such deterioration. Similarly, contingent collateral requirements could be tied to ratings or our ability to meet certain regulatory capital tests. Obligations under derivative instruments to maintain high quality collateral could trigger funding requirements were the collateral we maintain to be downgraded or otherwise impaired as a result of market conditions. Market conditions could also trigger changes in collateral requirements under securities

lending arrangements. Any of the foregoing could have a material adverse effect on our financial condition and results of operations. In addition, our ability to take advantage of new business opportunities could be adversely impacted by our inability to access sufficient liquidity, which in turn could adversely affect our ability to achieve our growth targets.

Unexpected liquidity needs could require us to increase levels of indebtedness or to liquidate investments or other assets. Should we require liquidity at a time when access to bank funding markets and the capital markets is limited, we may not be able to secure new sources of funding. Our ability to meet liquidity needs through asset sales may be constrained by market conditions and the related stress on valuations. Our ability to meet liquidity needs through the incurrence of debt may be limited by constraints on the general availability of credit and willingness of lenders to lend, in the case of bank funding, and adverse market conditions, in the case of capital markets debt. Failure to meet covenants in lending arrangements could give rise to collateral-posting or defaults, and further constrain access to liquidity. Finally, any adverse ratings action against us could trigger a need for further liquidity (for example, by triggering termination provisions or collateral delivery requirements in contracts to which we are a party) at a time when our ability to obtain liquidity from external sources is limited by such ratings action.

The availability and cost of collateral, including letters of credit, could adversely affect our operations and financial condition.

In connection with our reinsurance and commercial insurance obligations, we may be, or may become, subject to requirements to post collateral, which amounts could be material and, furthermore, requirements to post collateral could require us to liquidate cash equivalents or other securities to fund collateral requirements. For example, in order to reduce the effects of regulatory reserves and capital that ceding companies are required to maintain in certain jurisdictions, ceding companies retrocede business to affiliated and unaffiliated entities. In connection with such retrocessions, the affiliated or unaffiliated reinsurer must provide collateral. Such collateral may be provided in the form of letters of credit or through the placement of assets in trust. We may be required to provide collateral as part of these types of retrocession arrangements for the benefit of unaffiliated ceding companies or for the benefit of affiliated entities, and a significant part of our reinsurance collateral requirements are currently being met through bank letters of credit obtained through letter of credit facilities. These letters of credit are irrevocable and unconditional, and could be drawn upon by ceding company beneficiaries, triggering a reimbursement obligation on our part to the issuer or issuers of such letters of credit. Calls for collateral could require us to apply cash or cash equivalents to meet collateral needs, which amounts could be material and could have a material adverse effect on our financial condition.

Credit facilities at the Business Unit level place various constraints on us, and our use of credit facilities, particularly letter of credit facilities, subjects us to various risks.

Our funding arrangements (which are principally at the Business Unit level), including letter of credit facilities and revolving credit facilities, contain provisions that could constrain on our ability to undertake various activities or transactions, such as asset sales, incurrence of liens and various types of restructurings. Any failure to comply with such covenants or the covenants in debt instruments could result in a default. A default could lead to acceleration of the underlying obligations, trigger collateralization requirements (in the case of letter of credit facilities supporting reinsurance or commercial insurance-related obligations) and/or trigger cross-defaults in other credit facilities or debt instruments. The need to refinance or replace these facilities on less favorable terms could adversely affect our business and our financial condition.

Our access to funds from bank counterparties and commitments of banks to issue letters of credit could be adversely impacted if one or more bank counterparties were to face liquidity or other credit-related issues. The continued effectiveness of letters of credit could be adversely impacted if the issuing banks were to face resolution. Moreover, failure of a bank to satisfy minimum criteria (such as inclusion on the "Bank List" of the National Association of Insurance Commissioners ("**NAIC**")) could require us to find replacement issuers of letters of credit. We might not be able to replace issuing banks on favorable terms on a timely basis or otherwise.

Our failure to maintain our funding arrangements could require us to liquidate investments or curtail business activities, which could have an adverse effect on our financial position. Defaults under letter of credit facilities could trigger collateral requirements and/or require use to find alternative sources of collateral support in order to continue to conduct certain business activities.

We may be unable to access internal sources of liquidity.

Our ability to meet liquidity needs across the Swiss Re Group may be constrained by regulations that require our regulated entities to maintain or increase regulatory capital (on a statutory equity basis) (see "—Legal, Tax and Regulatory Risks") or that restrict the flow of intra-Group funds, the timing of dividend payments from subsidiaries or the fact that certain assets may be encumbered or otherwise non-tradeable. If we are designated as systemically important (see "—Legal, Tax and Regulatory Risks"), applicable regulations could become more onerous. We may have adequate capital on a consolidated group basis, but a need for liquidity (cash or liquid assets that can be converted to cash, to meet financial obligations) could arise in a particular legal entity and our ability to access group liquidity for that entity may be limited by legal, tax or regulatory constraints on the flow of intra-group funds.

Counterparty Risks

Our business, profitability and liquidity may be adversely affected by the deterioration in the creditworthiness of, or defaults by, third parties that owe us money, securities or other assets.

We could be adversely impacted by the insolvency of, or the occurrence of other credit events affecting, key ceding companies or other clients (including, in the case of Corporate Solutions, risks in respect of external reinsurance arrangements).

We could also be exposed to the risk of defaults, or concerns about possible defaults, by our counterparties. Issuers or borrowers whose securities or loans we hold, trading counterparties, counterparties under swaps and other derivative contracts, clearing agents, clearing houses and other financial intermediaries may default on their obligations to us due to bankruptcy, insolvency, lack of liquidity, adverse economic conditions, operations failure, fraud or other reasons, which could also have a material adverse effect on our financial condition and results of operations. At December 31, 2014, and September 30, 2015, respectively, fixed income securities of $86.7 billion and $85.0 billion in our investment portfolio represented 68.7% and 71.0% of the assets for own account, including cash. In addition, our credit risk may be exacerbated when the collateral held by us cannot be realized upon disposal or liquidation or is liquidated at prices not sufficient to recover the full amount of the financial instrument exposure due to us.

The occurrence of a major economic downturn, acts of corporate malfeasance, widening credit spreads, or other events that adversely impact the issuers, guarantors or underlying collateral of these securities could cause the value of our fixed maturity securities portfolio and our net income to decline and the default rate of the fixed maturity securities in our investment portfolio to increase. A ratings downgrade affecting issuers or guarantors of particular securities, or similar trends that could worsen the credit quality of issuers, such as the corporate issuers of securities in our investment portfolio, could also have a similar effect. With economic uncertainty, credit quality of issuers or guarantors could be adversely affected. Similarly, a ratings downgrade affecting a loan-backed security we hold could indicate the credit quality of that security has deteriorated. Any event reducing the value of these securities other than on a temporary basis could have a material adverse effect on our financial condition, results of operations, business and prospects. Levels of write down or impairment are impacted by our assessment of the intent and ability to hold securities which have declined in value until recovery.

The inter-relationship among financial services institutions has increased significantly as a result of trading, clearing, counterparty and other relationships. Defaults by, or even rumors or questions about, one or more financial services institutions or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions. There is no assurance that any such losses would not have a material adverse effect on our financial condition and results of operations.

Our business, profitability and liquidity may be adversely affected by the insolvency of, or other credit constraints affecting, counterparties in our reinsurance and/or insurance operations.

Reinsurance. We retrocede a portion of our reinsurance risks to third parties. Where we enter into quota share or other retrocession arrangements with third parties to transfer a portion of our reinsurance risk, we remain primarily liable on the underlying obligations, and any deterioration in creditworthiness or other development that affects the ability of such third parties to perform their obligations to us would have an adverse effect on us, and that effect could be material. Any such risk would be exacerbated to the extent the risk is concentrated.

We have the ADC with National Indemnity, which covers our Property & Casualty reserves for accident years prior to and including 2008 (subject to certain exclusions). Furthermore we are party to the Co-Insurance Agreement and the related Stop Loss Agreement. There also are amounts payable by Berkshire Hathaway to us under a quota share arrangement that expired at the end of 2012 in respect of 2008-2012 Property & Casualty business. Any deterioration in the creditworthiness of Berkshire Hathaway and/or National Indemnity could have a material adverse effect on the ability of Berkshire Hathaway or National Indemnity to satisfy its obligations to us under these arrangements. Failure of any such counterparties to meet obligations owing to us would expose us to unanticipated losses, which could have a material adverse effect on our financial condition and results of operations.

Insurance. We face counterparty risks in respect of internal and external reinsurance arrangements (whether retrospective or prospective) and we face additional counterparty risks in the course of our commercial insurance business. We are subject to credit risk with respect to Corporate Solutions' reinsurance arrangements if a reinsurer is unable to pay amounts owed to us as a result of a deterioration in its financial condition or if it simply unwilling to pay due to a dispute or other factors beyond our control. Some of our reinsurance claims may be disputed by reinsurers and, we may ultimately receive partial or no payment. The ability of reinsurers to transfer their risks to other, less creditworthy, reinsurers may adversely affect our ability to collect amounts due to us.

We offer highly deductible policies that are primarily provided in certain general liability protection lines of our commercial insurance business. Under the terms of these policies, our clients are responsible for a set dollar amount per claim and/or an aggregate amount for all covered claims before we are ultimately liable. However, we may be required under such policies to pay third party claimants directly and then seek reimbursement for losses within the deductible from our clients. This subjects us to credit risk from these clients. While we generally seek to mitigate this risk through collateral agreements and maintain a provision for uncollectible accounts associated with this credit exposure, an increased inability of clients to reimburse us in this context could have an adverse effect on our financial condition and results of operations. In addition, a lack of credit available to our clients could impact our ability to collateralize this risk to our satisfaction, which in turn, could reduce the amount of high deductible policies we are able to offer.

In addition, through Corporate Solutions, we provide capital management solutions to banks via quota share participation in credit facilities originated, arranged and serviced by client banks in the area of trade and project finance. We rely on the banks to originate and monitor the performance of the facilities in which we participate. If the underwriting or monitoring by the client banks is not adequate, or if the borrowers of these facilities do not service the debt, for any reason, our earnings may be adversely impacted.

We could also be adversely impacted by the insolvency of, or the occurrence of other credit events affecting, key ceding companies or other key clients.

Transactions involving brokers subject us to credit risk.

In accordance with industry practice, we often pay amounts owed on claims under our insurance contracts to brokers, and these brokers, in turn, pay these amounts over to the clients that have purchased insurance from us. Although the law is unsettled and depends upon the facts and circumstances of the particular case, in some jurisdictions, if a broker fails to make such a payment, we might remain liable to the insured for the deficiency. Conversely, in certain jurisdictions, when the insured pays premiums for these policies to brokers for payment over to us, these premiums might be considered to have been paid and the insured will no longer be liable to us for those amounts, whether or not we have actually received the premiums from the broker. Consequently, we assume a degree of credit risk associated with brokers with whom we transact business. However, due to the unsettled and fact-specific nature of the law, we are unable to quantify our exposure to this risk. To date, we have not experienced any material losses related to these credit risks.

Risks Relating to Downgrades of Credit Ratings

A decline in the financial strength or a downgrade in the credit ratings assigned to us and our businesses by various rating agencies could have a material adverse impact on us, including on our ability to write new business or borrow money.

Ratings are an important factor in establishing the competitive position of insurance and reinsurance companies. Third-party rating agencies assess and rate the financial strength of insurers and reinsurers, such as Swiss Re.

These ratings are intended to measure a company's ability to repay its obligations and are based upon criteria established by the rating agencies. Ratings may be solicited or unsolicited.

The rating agencies, with whom we maintain an interactive rating relationship, continuously evaluate us to confirm that we continue to meet the criteria of the rating assigned to us. Our ratings may be revised downward or revoked at the sole discretion of the rating agencies. The financial strength ratings assigned by rating agencies to insurance or reinsurance companies are based upon factors relevant to cedents, which includes factors not entirely within our control, including factors impacting the financial services, insurance and reinsurance industries generally. Financial strength ratings by rating agencies are not ratings of securities or recommendations to buy, hold or sell any security.

Swiss Re, the SRZ Group and Corporate Solutions are currently rated "AA-" (stable outlook) by Standard & Poor's ("**S&P**"), "Aa3" (stable outlook) (in the case of Swiss Re and the SRZ Group) and "A1" (stable outlook) (in the case of Corporate Solutions) by Moody's Investors Service ("**Moody's**") and "A+" (stable outlook) by A.M. Best. These ratings reflect the current opinions of S&P, Moody's and A.M. Best, respectively. One or more of these ratings could be downgraded or withdrawn in the future. As a result of economic and financial market downturns, and in particular the impact of those conditions on our industry, rating agencies may increase the frequency of and scope of ratings reviews, revise their standards or take other actions that may negatively impact our ratings, which we cannot predict. For example, the treatment of hybrid securities is agreed upon with rating agencies on a security-by-security basis, and rating agencies may modify (including retroactively) the treatment they accord such securities.

In addition, changes to the process or methodology of issuing ratings, or the occurrence of events or developments affecting us, could make it more difficult for us to achieve improved ratings, which we would otherwise have expected. For example, in May 2013, S&P's published its revised criteria for rating insurance companies, as well as revised ratings of (re)insurance groups reflecting the revised criteria. The criteria include, among other things, an assessment of the business and financial risk profiles of insurance companies, and the consideration of various metrics including liquidity, fixed charge coverage and sovereign support. While the ratings of the entities in the Swiss Re Group did not change as a result of the revised criteria, there is no assurance that future revisions to methodologies of rating agencies will not affect our ratings.

As claims paying and financial strength ratings are a key factor in establishing the competitive position of insurers and reinsurers, a decline in Swiss Re's ratings or the ratings of the SRZ Group or Corporate Solutions alone, could make insurance or reinsurance provided by us less attractive to clients relative to insurance or reinsurance from our competitors with similar or stronger ratings. A decline in ratings could also cause the loss of clients who are required by either policy or regulation to purchase insurance or reinsurance only from insurers or reinsurers with certain ratings, or whose confidence in us is otherwise diminished. Furthermore, ratings directly impact the terms, including availability of unsecured financing (potentially impacting both our ability to roll over facilities and obtain new facilities), and any decline in our ratings or our subsidiaries' ratings could also obligate us to provide collateral or other guarantees in the course of our insurance or reinsurance businesses or trigger early termination of funding arrangements. Any rating downgrades could also have a material adverse effect on costs of borrowing and limit access to the capital markets. Finally, the factors that contribute to adverse ratings action, such as the concerns in respect of asset write-downs and capital position, have in the past contributed, and could in the future contribute, to concerns generally about the risks we pose to ceding companies or other clients in terms of counterparty risk to them.

For a discussion of the impact of a ratings downgrade on our funding requirements, see "—Liquidity Risks—We could be subject to unexpected needs for liquidity, which need could be exacerbated by factors beyond our control, and may limit our ability to engage in desired activities." Any of the foregoing, or a combination of the foregoing, could have a material adverse effect on our business.

Negative ratings action could impact our insurance and reinsurance contracts.

Certain larger insurance and reinsurance contracts may contain terms that would allow the ceding companies or other clients to cancel the contract for our obligations if our ratings or those of our subsidiaries are downgraded beyond a certain threshold. Whether a client would exercise this cancellation right would depend, among other factors, on the reason for such downgrade, the extent of the downgrade, the prevailing market conditions and the pricing and availability of replacement insurance or reinsurance coverage. Furthermore, any downgrade of our ratings or those of our subsidiaries may dissuade a client from insuring or reinsuring with us or our subsidiaries in favor of a competitor that has a higher rating. Therefore, we cannot predict the extent to which any such

cancellation right would be exercised, if at all, or what effect any such cancellation would have on our financial condition or future operations. However, such effect on our financial condition and results of operations could be material.

Legal, Tax and Regulatory Risks

Regulatory changes could have an adverse impact on aspects of our business model and ultimately on our financial condition and results of operations.

We are subject to applicable regulation in each of the jurisdictions in which we conduct business, including Switzerland, the United States, countries in the European Union, and other jurisdictions.

International. Since the financial crisis, the insurance and reinsurance industry has been subject to growing regulatory scrutiny from traditional insurance/reinsurance regulators, and more recently from international bodies such as the Financial Stability Board ("**FSB**") and others, including central banks, whose historical focus has been in respect of banks and other similar financial institutions. While the stated objective of global regulators has been to achieve a coordinated and targeted global response, the insurance and reinsurance industry, in fact, is facing a potentially more fragmented regulatory landscape and growing tendency of regulators to apply concepts borrowed from the banking sector. Regulatory initiatives include, among other things, changes as to which governmental bodies regulate financial institutions, changes in the way financial institutions generally are regulated, enhanced governmental authority to take control over operations of financial institutions, changes in the way financial institutions account for transactions and securities positions, changes in the enforceability of obligations under certain circumstances, changes in disclosure obligations and changes in the way rating agencies rate the creditworthiness or financial strength of financial institutions.

On the international level, certain large insurance companies have been designated as global systemically important insurers ("**G-SIIs**"), and reinsurance companies face potential designation as G-SIIs. G-SIIs are expected to be subject to a new basic capital requirement ("**BCR**"), which in turn will form the basis for calculating high loss absorbency ("**HLA**") requirements. Large insurance groups are likely to become subject to a risk-based group-wide global insurance capital standard ("**ICS**"). See "—We could be designated as systemically important and be subject to greater requirements as a result."

Europe. In Europe, Solvency II will become effective on January 1, 2016, and will apply to our legal entities organized in the European Economic Area (the "**EEA**"). While Solvency II is already being applied by certain regulators, its application is yet to be fully harmonized. Following proposals for the establishment of the Single Supervisory Mechanism ("**SSM**") as part of European efforts to create a "banking union," there is talk of an SSM for insurance companies. In Switzerland, we became subject to the Swiss Solvency Test ("**SST**") in 2011, and on July 1, 2015, the revised Federal Ordinance on the Supervision of Private Insurance Companies (Insurance Supervision Ordinance, ISO) (the "**Swiss Insurance Supervision Ordinance**") entered into force. The revisions were designed in large part to enable Swiss regulation and FINMA to be treated as equivalent for Solvency II purposes, which among other things will allow local regulators to rely on group supervision by FINMA. The European Commission in June 2015 granted Switzerland full equivalence for Solvency II purposes, which decision has not been objected to by the European Parliament and the European Council and is now final. FINMA is also introducing audit requirements for insurance companies in respect of internal controls. The Swiss Insurance Supervision Ordinance provides for new disclosure obligations, introduces Own Risk and Solvency Assessments ("**ORSA**") requirements and introduces qualitative and quantitative liquidity requirements. Further details of these new requirements are in the process of being drawn up by FINMA.

In our Admin Re® business, we have been, and will continue to be, impacted by legal and regulatory developments, as well as fiscal or other policies and actions of various governmental and regulatory authorities, in particular in the United Kingdom, Ireland (following the closing of the Guardian Group Acquisition) and more broadly in the European Union. The UK life insurance sector recently has undergone significant regulatory change, including changes to UK pensions legislation that came into effect on April 6, 2015 (that have increased the flexibility provided to pensioners and abolished for those with defined contributions the requirement to purchase an annuity) and tax reforms on pension savings (that make annuities more unattractive to retirees), which may substantially reduce Admin Re®'s annuity business. In particular, the Guardian Group has a sizeable number of pension policyholders who are approaching their retirement, which increases the risk (following the closing of the Guardian Group Acquisition) that our assets under management and revenues from asset management will be reduced. As pensioners under the new legislation are allowed access to their pension assets and are in position to freely withdraw funds from their pension either in a single sum or over several

years, this could reduce our assets under management and, as a result, reduce fee-based income from our asset management business.

In addition, the FCA's thematic reviews (including on retirement income, sales practices for annuities and the fair treatment of long-standing customers in life insurance) have been carried over from its 2014-2015 business plan and are expected to affect the UK life industry going forward. In its 2015-2016 business plan, the UK Financial Conduct Authority (the "**FCA**") reaffirmed its focus on the pensions landscape (in respect of policy supervision, market studies and thematic work), with the intent of ensuring that firms have improved their practices since the publication of the FCA's thematic report on annuities in December 2014. The FCA's increased scrutiny of conduct risk management and accountability is expected to continue to affect the UK life insurance industry and will impact future persistency and strategic risk, as we address the implications on product strategy and increased frequency of customer transactions in our Admin Re® business. In particular, the FCA's thematic review of legacy savings and the end of compulsory annuitisation are the two key developments that may drive direct losses as opposed to mere adverse persistency experience.

United States. In the United States, the Federal Reserve is playing an increasingly prominent role in respect of large insurance holding companies and the Federal Insurance Office ("**FIO**") has set out an agenda for modernizing insurance regulation in the United States. In addition, regulatory changes in the United States and Europe in respect of derivatives could have a significant impact on us.

Impact on global operations. While certain regulatory processes are designed in part to foster convergence and achieve recognition of group supervisory schemes, in light of regulatory developments in the European Union, the United States, Canada and Australia, we continue to face risks of extra-territorial application of regulations, particularly as to group supervision and group solvency requirements. European Union consultation on recovery and resolution frameworks for financial institutions other than banks (with a focus on so-called financial market infrastructures) could potentially impact our EU carriers and impose recovery and resolution planning preparedness throughout our group. In addition, regulators in jurisdictions beyond those where we have core operations increasingly are playing a far greater oversight role, requiring more localized resources and, despite a predominantly local focus, also raise issues of a cross-border nature. Furthermore, the regulatory schemes and requirements that are being proposed by various regulators around the world may be inconsistent or may conflict with each other, thereby subjecting us to higher compliance and legal costs, as well as the possibility of higher operational, capital and liquidity costs. We also believe that certain initiatives may have the effect of reducing diversification benefits, reducing the recognition of risk-mitigation techniques and undermining progress in introducing economic and risk-based capital regimes. In the United States, as a result of the Solvency Modernization Initiative of the NAIC, we are experiencing greater scrutiny in the United States of our global operations and more extensive reporting obligations.

If changes are made to existing legislation or if new legislation is adopted or new regulations are promulgated covering our operations and other activities, they could increase the cost of doing business, reduce access to liquidity, limit the scope of permissible activities or affect the competitive balance. In addition, we could be adversely impacted by changes in interpretations by regulators of existing or new regulations or by the imposition of new requirements by regulators based on discretionary authority or otherwise. Regulatory changes may also have an impact on us to the extent they result in reinsurance or insurance becoming a less attractive option for ceding companies (in the case of changes aimed at primary insurance companies) or other clients, or otherwise have an adverse effect on ceding companies (in the case of changes aimed at primary insurance companies or those that have broader applicability but impact business models of primary insurance companies) or other clients. Moreover, regulations aimed at financial institutions generally might impact our capital requirements and/or required reserve levels or have other direct or indirect effects on us.

Significant policy decisions on a range of regulatory changes that could affect us and our operations remain undecided. We cannot predict whether and, if so, which changes will be forthcoming or the effect of any such changes on our insurance, reinsurance or investment activities, financial condition, results of operations, liquidity and capital, or generally on our access to funding. It is also difficult to predict whether any such changes would impact only new business or have a broader effect. For example, we typically price insurance and reinsurance, including our long tail business, on current capital requirements and any increase in capital requirements could impair that pricing, leading to lower profit. Moreover, increases in the level and scope of regulations requires greater internal resources to monitor compliance and track global developments, and can also delay the writing of new business pending compliance review. With increases in the level of business in high growth markets, we also need to allocate commensurate compliance resources to address the related risks.

Ultimately, the impact on our operations of the foregoing will be a function not only of the nature of the regulations, but also on the ability of regulators to agree on uniform standards and uniform approach to regulatory jurisdiction. Operational costs are likely to increase in any event, but failure to achieve uniformity will increase the costs of operations as well as the costs of compliance even further.

We could be designated as systemically important and be subject to greater requirements as a result.

Regulatory changes are particularly likely to impact financial institutions designated as "systemically important" or "too big to fail," under evolving reforms. These reforms are designed, among other things, to reduce the likelihood of failure and to enhance the capacity of regulators to respond through resolution authority should failure be likely. Although early regulatory efforts were focused primarily on banking institutions, the scope of proposals has extended beyond banks to cover insurance and reinsurance companies.

Swiss Re could be designated as a global systemically important financial institution ("**SIFI**") under the framework for SIFIs developed by the FSB, or as a systemically important non-bank financial company by the Financial Stability Oversight Council (the "**FSOC**") in the United States. To date, the FSOC has designated (or proposed the designation of) various non-bank financial companies, including insurance companies, as SIFIs. Separately, in July 2013, the IAIS, an international body that represents insurance regulators and supervisors, published the methodology for identifying G-SIIs and also published a framework for supervision of internationally active insurance groups ("**IAIGs**"). See "Regulation—General—Global Trends."

The initial designation of insurers as G-SIIs took place in July 2013 (with the publication of a list of nine G-SIIs), with an updated list published in November 2014. The initial designation of reinsurers as G-SIIs, which was expected in mid-November 2014, has been postponed pending further development of the methodology, to be applied in 2016. Were Swiss Re to be designated as a G-SII, it could be subject to one or both of the resulting regimes, once implemented, including capital standards under both regimes (the BCR for G-SIIs and the ICS for IAIGs). Such a designation would also have various implications for us, including additional compliance costs and reporting obligations as well as heightened regulatory scrutiny in various jurisdictions. Such heightened regulatory scrutiny could lead to efforts by regulators to have market participants reduce their exposure to us and could include increased regulatory focus on (and increased capital requirements relating to) our business lines that are considered non-traditional insurance and non-insurance ("**NTNI**") activities. Even though the International Association of Insurance Supervisors (the "**IAIS**") has published a set of international policy measures to be applied to G-SIIs (including enhanced supervision, effective resolution and higher loss absorption), it remains unclear how such measures would be applied to us and how they might impact FINMA group supervision (including the current levels of regulatory intervention that applies under the SST), and, therefore, what the ultimate implications of such measures would likely be for us.

The IAIS process is an evolving one, and both the direct consequences as well as indirect consequences of any designation remain uncertain. We cannot predict what additional regulatory changes will be implemented in any of the jurisdictions in which we operate as the IAIS process takes shape and what any such changes may mean for how we are structured in any such jurisdiction and how aspects of our business may be affected. Moreover, we cannot predict what regulatory changes may apply in the future to our ceding companies in the context of broader designations of reinsurers as systemically important.

We are likely to be subject to regimes governing recovery and resolution and, as the scope and implications of these regimes are still evolving, it is unclear what the consequences of the resolution and recovery requirements will be for us.

As part of the global regulatory response to the risk that SIFIs could fail, banks, and more recently insurance companies, have been the focus of recovery and resolution planning requirements. Recovery and resolution planning is designed to provide a blueprint for actions to maintain a group as a going concern should it become subject to a severe stress situation (recovery) and, should those actions fail, resolution in order to avoid systemic disruption and government bailouts. Recovery and resolution reforms for banks in the EU will now provide regulators with the power, as part of resolution authority, to write down indebtedness or to convert that indebtedness to capital (known as statutory loss absorption), as well as other resolution powers including the power to impose issuer substitution or replacement, transfer of debt, expropriation, modification of terms and/or suspension or termination of listings.

It remains unclear whether and in what form reforms applicable to banks would be extended to other financial institutions, including insurance and reinsurance companies. FINMA has advised Swiss Re that it must produce

formal recovery and resolution plans for Swiss Re. Swiss Re could be subject to resolution action by FINMA as global supervisor or subject to local resolution actions by another supervisor in coordination with FINMA. The applicable requirements are expected to continue to evolve and it remains unclear what the implications are likely to be for the insurance/reinsurance industry or us, and consequently for holders of our indebtedness.

We are currently subject to, and in the future may be subject to other, regulations that impact the statutory capital that we have and must hold, as well as calculations and processes behind the solvency ratios that apply to us on both a group and solo basis.

We are subject to the SST on both a group and solo basis (in the case of the SRZ Group and Corporate Solutions) and must meet the applicable ratio under the SST as a regulatory matter. In addition, we have incorporated the SST into certain of our hybrid instruments. The SST can change over time and, in particular, could change in light of FINMA's stated aim to ensure that the SST continues to be equivalent to Solvency II.

Under the SST regime, in recent years we filed reports with FINMA twice a year (at the end of April, which contains a projection for the coming year, and at the end of October, which contains a mid-year 12 month projection); under the revised Swiss Insurance Supervision Ordinance, the filing requirement is annual only. In addition, under pre-existing requirements, reporting to FINMA is required upon the incurrence of significant losses (defined for SST ratios above 150%, as losses of one third or more of risk-bearing capital; for SST ratios between 100% and 150%, as losses of 20% or more of risk-bearing capital; as losses resulting in an SST ratio of 100% or less; or once an SST ratio falls below 100%, as losses of 10% or more of risk-bearing capital) and upon a significant change in risk profile (a greater than 20% change in target capital). FINMA can also require submission of an interim report of an SST ratio on an ad hoc basis at any time, which would require calculation of an SST ratio covering different periods, and we could elect to submit interim reports on a voluntary basis. Failure to maintain an SST ratio of at least 100% would have increasingly adverse consequences for us depending on whether the margin was between 80%-100%, between 33%-80% or below 33%. See "Regulation—Switzerland." While FINMA has a standard model for calculating the SST ratio, insurers are permitted to use their own internal models. We use our own internal model, which is subject to ongoing discussions with FINMA, and we remain subject to changes FINMA may require in our model (in conjunction with changes to its standard model or otherwise) and to FINMA scrutiny of any changes that we may want to make to our model.

Various operating subsidiaries in the Admin Re® Business Unit are regulated by the UK Prudential Regulatory Authority (the "**PRA**") and/or the FCA. Admin Re® also operates a long term business fund which is subdivided into a non-profit fund and two with-profit funds, each of which is required by the PRA regulations to maintain sufficient capital and each of which has defined investment criteria for financial assets and valuation methodologies for insurance liabilities. The regulated entities within Admin Re® will also be subject to Solvency II requirements following its implementation. Implementation of Solvency II as well as actions of Admin Re®'s regulators could have the effect of increasing capital requirements to which it is subject. Admin Re® is in contact with the PRA in terms of the ultimate aim of approval of an internal model for Solvency II purposes. Until such internal model is approved, Admin Re® will use a standard formula approach for Solvency II reporting, which is expected to be more onerous than the internal model. In addition, the PRA can require add-ons to the standard formula. There is still some regulatory uncertainty as to the final technical requirements and interpretation by the PRA in respect of Solvency II, including the approval of applications for the matching adjustment to be applied to illiquid liabilities; the volatility adjustment to be applied to relevant liabilities and local regulatory interpretation of some of the aspects relevant to with-profits business. Following the closing of the Guardian Group Acquisition, Admin Re® will also be required to comply with the Central Bank of Ireland ("**CBI**") rules in respect of required capital for Ark Life Assurance Company Limited ("**Ark Life**"), a company based in Dublin that is authorised and regulated by the CBI.

Separately, the IAIS is promoting ORSA requirements as a key component of regulatory reform. An ORSA will require insurance companies to issue their own assessment of their current and future risk through an internal risk self-assessment process that includes projection of solvency under base case and stress scenarios, and will allow regulators to form an enhanced view of an insurer's ability to withstand financial stress. ORSA is in various stages of implementation in the United States, Europe and other jurisdictions, with various effectiveness dates. We will need to comply with each applicable national ORSA requirement, giving rise to resource commitments at group and local levels and creating potential issues by reason of differing standards.

Accounting standards and statutory capital and reserve requirements for our North American insurance and reinsurance subsidiaries are prescribed by the applicable insurance regulators and the NAIC. U.S. state

insurance regulators have established regulations that provide minimum capitalization requirements based on risk-based capital ("**RBC**") formulas for (re)insurance companies. The RBC formula for property and casualty companies adjusts statutory surplus levels for certain underwriting, asset, credit and off-balance sheet risks. In any particular year, statutory surplus amounts and RBC ratios may increase or decrease depending on a variety of factors—the amount of statutory income or losses generated by our insurance and reinsurance subsidiaries (which itself is sensitive to equity market and credit market conditions), the amount of additional capital our insurance and reinsurance subsidiaries must hold to support business growth, changes in equity market levels, the value of certain fixed-income and equity securities in our investment portfolio, the value of certain derivative instruments, changes in interest rates and foreign currency exchange rates, as well as changes to the NAIC RBC formulas. Most of these factors are outside of our control. Our claims paying ratings are significantly influenced by our insurance and reinsurance subsidiaries' statutory surplus amounts and RBC ratios. Due to all of these factors, projecting statutory capital and the related RBC ratios is complex.

We will need to conduct our business so as to comply with current, and evolving, regulatory standards. Some of the factors that could have a significant impact on our capital and solvency ratios, such as unexpectedly high natural catastrophe losses, are out of our control. Were we to approach our minimum capital requirements, or were we in danger of otherwise failing to meet minimum regulatory requirements, we would have to take measures such as redeploying existing capital or raising additional capital by disposing of assets, issuing equity or debt in the capital market, or incurring bank debt. Our ability to meet capital needs through asset sales may be constrained by market conditions and the related stress on valuations. Our ability to meet capital needs through the incurrence of debt may be limited by constraints on the general availability of credit and willingness of lenders to lend, in the case of bank funding, and adverse market conditions, in the case of capital markets debt. Efforts to increase capital generally could have a material adverse effect on our business, results of operations or financial condition, and were we unsuccessful in taking such measures remedial regulatory solutions could be imposed on us to restore capital and solvency positions.

Changes in tax legislation and other circumstances that affect tax calculations could adversely affect us.

We are subject to taxation in a number of jurisdictions. Changes in tax laws, or the interpretation of tax laws or tax regulations in jurisdictions in which we do business, or withdrawals of tax rulings in jurisdictions such as Switzerland that have issued such rulings to Swiss Re, could increase the level of taxes we pay and changes in tax laws, or the interpretation of tax laws or tax regulations in jurisdictions relevant to our clients could adversely affect the attractiveness of certain of our products for such clients. There are ongoing discussions in the European Union regarding the imposition of a financial transaction tax ("**FTT**") on financial institutions transacting business in the European Union, and it is unclear whether such a tax will be imposed and, if so, what the scope of the tax could be. While such a tax might not impact our insurance or reinsurance contracts, it could impact other activities conducted by us, including our investment activities. Similarly, in the United States, legislation has at various times been proposed that would limit the deductibility of reinsurance premiums paid to foreign affiliates. If such legislation were ultimately adopted, this change could increase the level of tax that our U.S. subsidiaries pay.

Changes in corporate tax rates can also affect the value of deferred tax assets and deferred tax liabilities, and the value of deferred tax assets could be impacted by future earnings levels as well as other factors that impact underlying assumptions.

In addition, aggressive tax enforcement is becoming a higher priority for many tax authorities, which could lead to an increase in tax audits, inquiries and challenges of historically accepted intra-group financing, intercompany fund transfers and other arrangements of insurance companies, including our arrangements. Tax authorities may also actively pursue additional taxes based on retroactive changes to tax laws.

We are required to exercise judgment when determining our provisions for income taxes and accounting for tax-related matters. We regularly make estimates where the ultimate tax determination is uncertain. The final determination of any tax investigation, tax audit, tax litigation, appeal of a taxing authority's decision or similar proceedings may differ materially from that which is reflected in our financial statements.

Any of the foregoing could adversely impact our net income.

Regulatory scrutiny may have an adverse impact on the industry, in general, and on our business, financial condition and results of operations, in particular.

We operate in a highly regulated environment and are subject to regulation of our industry and as well as regulations of general applicability.

In recent years, the insurance and reinsurance industry has been the focus of increased regulatory scrutiny as regulators in a number of jurisdictions in which we operate have conducted inquiries and investigations into the products and practices of the financial services industry. In some cases, regulatory scrutiny of industry participants has led to penalties, settlements and litigation as well as calls for new regulations and reforms of certain business practices. Certain industry participants restated their financial statements to reflect reassessments of accounting for certain products and practices. Furthermore, new investigations into the financial services industry were undertaken in a number of jurisdictions as a result of various aspects of the 2008 financial crisis and greater scrutiny of business practices, including those that aided and abetted tax evasion and fraudulent financial reporting by others. It is difficult to predict what products, practices or parties could come under future regulatory review, and which jurisdictions would be affected.

In addition to increases in the level of regulatory investigations and proceedings in respect of laws, rules and regulations applicable specifically to the financial services industry, there has been an increase in civil and criminal investigations and proceedings in connection with broader business conduct and market conduct rules. These include laws, rules and regulations in respect, among others, of antitrust, market abuse, bribery, money laundering, trade sanctions (also known as international trade controls), and data protection and privacy, and there is an increased tendency among regulators to pursue violations based on lower thresholds of culpability or intent and for failures to monitor or supervise employees. We could be subject to risks arising from alleged or actual violations of any of the foregoing.

The consequences of future investigations could include, for example, criminal or civil actions by regulators or lawsuits arising from practices under review, changes in the scope and nature of regulatory oversight of the insurance and reinsurance industry, changes to applicable accounting rules, adoption of new reporting rules, restatement of financial statements, changes to the range of products that are available and a reduction in the use of certain products, changes in the criteria used by ratings agencies and changes to practices in respect of a range of products by both providers and users of products. Investigations can also adversely impact the levels of business, and the stock prices, of industry participants or our counterparties. Any of the foregoing could adversely impact our business, financial condition and results of operations.

We are involved in legal and other proceedings from time to time, and we may face damage to our reputation or legal liability as a result.

In the ordinary course of business, we are involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine our rights and obligations under insurance, reinsurance and other contractual agreements. From time to time, we may institute, or be named as a defendant in, legal proceedings, and we may be a claimant or respondent in arbitration proceedings. These proceedings could involve coverage or other disputes with ceding companies or other clients, disputes with parties to which we transfer risk under reinsurance arrangements, disputes with other counterparties or other matters. We are also involved, from time to time, in investigations and regulatory proceedings, certain of which could result in adverse judgments, settlements, fines and other outcomes. The number of these investigations and proceedings involving the financial services industry has increased in recent years, and the potential scope of these investigations and proceedings has also increased, not only in respect of matters covered by our direct regulators, but also in respect of compliance with broader business conduct rules including those in respect of market abuse, bribery, money laundering, trade sanctions and data protection and privacy. We could also be subject to litigation or enforcement action arising from potential employee misconduct, including noncompliance with internal policies and procedures, or negligence, and depend in part on the efficacy of training programs, internal controls, internal audit and risk management oversight to reduce the likelihood of such misconduct or negligent action. Failure of the foregoing could increase the risk of adverse action.

We cannot predict the outcome of individual legal actions. We may settle litigation or regulatory proceedings prior to a final judgment or determination of liability. We may do so to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when we believe we have valid defenses to liability. We may also do so when the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Furthermore, we may, for similar reasons,

reimburse counterparties for their losses even in situations where we do not believe that we are legally compelled to do so. The financial impact of legal risks might be considerable but may be hard or impossible to estimate and to quantify, so that amounts eventually paid may exceed the amount of reserves set aside to cover such risks. Substantial legal liability could materially adversely affect our business, financial condition or results of operations or could cause significant reputational harm, which could seriously harm our business.

Risks Relating to the Loan Notes and the Facility

Loan Noteholders do not have any control over the issuance of Loan Notes.

Subject to the limitations that the principal amount of Loan Notes (together with any Relevant Notional Loan Notes) at any one time outstanding may not exceed the Maximum Commitment, that issuances be in increments of $100,000,000 in principal amount, that each Loan Note will be issued in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof and, that no amounts are due and unpaid by the Issuer under the Facility Agreement, there will be no restriction on the ability of the Issuer under the Facility to issue Loan Notes to Demeter, which it may do from time to time on or prior to the Reset Date. In addition, the Issuer will be required, following the occurrence of an Automatic Issuance Event (as defined in the Conditions), to issue and deliver Loan Notes to Demeter in a principal amount equal to the then Available Commitment. These issuances may occur notwithstanding the then current condition of the Issuer (whether in terms of its consolidated results of operations, consolidated financial condition, capital position, solvency ratios, liquidity or otherwise). No additional disclosure about the Issuer will be provided by the Issuer at the time of any such issuance. Any issuance of Loan Notes reduces the amount of Eligible Assets held by Demeter, and the Loan Noteholders will be subject to the credit risk of the Issuer rather than the credit risk of the obligor of the Eligible Assets in proportion to the principal amount of Loan Notes held by Demeter relative to the principal amount of Eligible Assets held by Demeter (which could, and in certain circumstances will be, zero).

The Loan Notes contain a range of features any or all of which could prove to be materially disadvantageous to the Loan Noteholders.

An investment in the Loan Notes will involve certain increased risks. In particular, the Loan Notes:

- are long-dated instruments, with a scheduled maturity in 2050, and Loan Noteholders will have no right to require redemption of their Loan Notes at any time. See "—The Loan Notes have no scheduled maturity, and Noteholders do not have the right to call for redemption or accelerate the payment of the principal amount of the Loan Notes or otherwise call a default in respect of the Loan Notes;"
- are callable instruments and subject to Optional Exchange. The non-call period for redemptions can vary from Series to Series, as more fully described in the applicable Pricing Supplement. A Series of Loan Notes issued prior to August 15, 2025 will have a non-call period that could extend to August 15, 2025 or, if the Issuer makes a Delayed Call Election in respect of a Series of Loan Notes issued after August 15, 2020, beyond. To the extent that the non-call period is delayed beyond August 15, 2025, the maximum length of the delay will be five years from the Drawing Date of the Series of Loan Notes on which the Delayed Call Election is made. The non-call period for all Series of Loan Notes could be extended as a practical matter, as a result of a Delayed Call Election. Following the Reset Date, the Issuer cannot effect an Optional Exchange;
- are subordinated to Senior Securities, which means that, upon an insolvency of the Issuer, Loan Noteholders will not receive any payment on the Loan Notes unless and until the holders of all prior ranking debt, including subordinated debt, have been repaid in full. See "—Loan Noteholders' right to receive payment on the Loan Notes is subordinated in right of payment to holders of existing and future Senior Securities;"
- contain provisions requiring the Issuer, or permitting the Issuer, in its discretion and without assigning any reason, to defer payment of interest on the Loan Notes, subject to provisions in the Conditions relating to Deferred Interest. See "—Interest payments on the Loan Notes must be deferred in certain circumstances and may be deferred at any time by the Issuer, save in certain circumstances;" and
- contain provisions, including in respect of an early redemption or repurchase of the Loan Notes, an Optional Exchange and the Issuer's ability to pay interest that has been deferred on the Loan Notes or redeem the Loan Notes on the Scheduled Maturity Date, may require the Issuer to obtain

FINMA's consent. To the extent required, the need to obtain FINMA's consent may cause a delay in the Issuer's payment to Loan Noteholders or restrict the Issuer's ability to undertake certain actions if such consent is not obtained.

The Loan Notes may not be a suitable investment for Loan Noteholders.

Loan Noteholders must determine the suitability of an investment in the Loan Notes in light of their own circumstances. In particular, Loan Noteholders should:

- be willing to hold their investment in the Loan Notes for the long term and not need to liquidate their investment in the short term;
- have sufficient knowledge and experience to make a meaningful evaluation of the Loan Notes and the merits and risks of investing in the Loan Notes, including without limitation, an understanding of the implications of the deferral of interest features, and the information contained or incorporated by reference into this Information Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of their particular financial situation, an investment in the Loan Notes and the impact that such an investment may have on their overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the potential risks of an investment in the Loan Notes;
- understand thoroughly the Conditions;
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect an investment in the Loan Notes and their ability to bear the applicable risks; and
- be aware that there are a variety of hybrid and contingent capital instruments being issued in the market, including both dated and undated instruments, and that there are significant differences among them as to their respective terms and conditions.

Legal investment considerations may restrict certain purchasers from investing in the Loan Notes.

The investment activities of certain investors may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Prospective Loan Noteholders should consult their legal advisers to determine whether and to what extent: (i) the Loan Notes are legal investments for them; (ii) the Loan Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to a purchase of the Loan Notes. Financial institutions considering investing in the Loan Notes should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Loan Notes under any applicable RBC or similar rules.

Loan Noteholders may be required to bear the financial risks of an investment in the Loan Notes for a significant period of time.

Loan Noteholders should be aware that they may be required to bear the financial risks of an investment in the Loan Notes until their Scheduled Maturity Date, or for longer if the principal amount of the Loan Notes is not due and payable on the Scheduled Maturity Date because (i) a Solvency Event has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) and (ii) we have not received a Consent of FINMA to the repayment of the Loan Notes. See "Terms and Conditions of the Loan Notes – Redemption."

If the principal amount of the Loan Notes is not due and payable on the Scheduled Maturity Date because of the foregoing, Loan Noteholders will only have an opportunity to receive the principal amount and other amounts that would have been due on the Scheduled Maturity Date when the Solvency Event ceases (if applicable) or in the event of the Issuer's insolvent winding-up or administration, subject to the priority rights of Senior Creditors to receive payments owed to them by us or when we have received a Consent of FINMA. FINMA is not obligated to give approval for a redemption and, depending on the facts and circumstances at the time, may not give such approval. If the Loan Notes are not redeemed on the Scheduled Maturity Date due to the reasons set

out above, Loan Noteholders will, subject to any required or optional deferral, continue to receive interest but will not receive any additional compensation for the postponement of the redemption.

Loan Noteholders will have no right to call, or require the Issuer to call, for the redemption of the Loan Notes. Although the Loan Notes may be redeemed in certain circumstances described below under "—The Issuer may redeem the Loan Notes under certain circumstances, and such redemption might occur when the current market value of the Loan Notes and/or the prevailing interest rates are low," the Issuer may redeem the Loan Notes only if no Solvency Event has occurred that is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured), FINMA has given its Consent and other applicable requirements are met, as more fully described in the Conditions; any of these circumstances may cause a delay in our payment to Loan Noteholders. In addition, the Issuer may issue a subsequent Series of Loan Notes after August 15, 2020 and make a Delayed Call Election delaying the first Optional Redemption Date for all outstanding Loan Notes by reason of the obligation to redeem the outstanding Loan Notes in whole, and not in part.

Loan Noteholders only have limited enforcement remedies in the event of non-payment of sums due under the Loan Notes (see "—There are limited remedies available under the Conditions").

Accordingly, Loan Noteholders should be aware that they may be required to bear the financial risks associated with an investment in long-dated instruments.

The Issuer may redeem the Loan Notes under certain circumstances, and such redemption might occur when the prevailing interest rates are low.

The Issuer may, subject to certain conditions, redeem the Loan Notes, in whole but not in part, in cash, at their Cash Redemption Amount on any Optional Redemption Date.

Subject to certain conditions, the Loan Notes are also redeemable, in whole but not in part, at any time on the occurrence of a Redemption/Termination Event. A Redemption/Termination Event will occur if at any time, a Recalculation of Interest or a Special Tax Event (including a Tax Deduction by the obligor of the Eligible Assets) occurs and is continuing, or an Accounting Event, a Ratings Methodology Event or a Regulatory Event occurs. A redemption upon the occurrence of a Redemption/Termination Event will be payable in cash, at the Cash Redemption Amount. As the events discussed above could occur at any time after the Closing Date (whether or not Loan Notes have been issued), it is possible that the Issuer would be able to redeem all outstanding Loan Notes at any time after such date. In any such case, Loan Noteholders will not receive a make-whole amount or any other compensation in light of the early redemption of the Loan Notes.

In any case, the Issuer may redeem all outstanding Loan Notes only if no Solvency Event has occurred that is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) and if FINMA has given its Consent and other applicable requirements are met, all as more fully described in the Conditions. In determining whether or not to give its Consent to any proposed redemption FINMA will not have regard to the interests of the Loan Noteholders. If the Issuer redeems the Loan Notes in any of the circumstances mentioned above, there is a risk that the Loan Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Loan Notes or when prevailing interest rates may be relatively low, in which latter case Loan Noteholders may only be able to reinvest the redemption proceeds in securities with a lower yield.

In addition, the optional redemption feature of the Loan Notes is likely to limit their market value. During any period when the Issuer has the right to elect to redeem all outstanding Loan Notes or if there is a perception in the market that any Redemption/Termination Event may occur giving rise to such right, the market value of the Loan Notes generally will not rise substantially above the price at which they can be redeemed.

While the Issuer may exchange the Loan Notes for Eligible Assets, and at any time, Loan Noteholders do not have any such right to cause an exchange.

The Issuer may, at any time and subject to paying any Deferred Interest as a condition thereof, cause an Optional Exchange, which means that the Loan Noteholders would receive Eligible Assets in exchange for the Loan Notes so exchanged. Upon such exchange the Available Commitment would increase by an amount equal to the principal amount of Loan Notes so exchanged, which in turn would increase the amount of the Commitment Fee that is payable. There is no such feature at the election of the Loan Noteholders.

The Issuer could be required to record an unrealized loss if the value of the Eligible Assets falls.

To the extent that the Issuer has issued Loan Notes it will hold Eligible Assets, and to the extent that the book value of those Eligible Assets falls, the Issuer would be required to record an unrealized loss in respect of the potential loss on the Eligible Assets if they were then sold.

Interest payments on the Loan Notes must be deferred in certain circumstances and may be deferred at any time by the Issuer, except in certain circumstances.

The Issuer must, with respect to any Interest Payment Date, defer the payment of (a) any Interest Amount or Solvency Shortfall on the Loan Notes, as applicable, if a Solvency Event has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) or would occur as a result of the payment of the relevant Interest Amount (unless FINMA authorizes the relevant payment notwithstanding the occurrence and/or continuation of a Solvency Event or that a Solvency Event would occur as a result of such payment); or (b) any Interest Amount or Solvency Shortfall on the Loan Notes, as applicable, or other amount notified to the Issuer, where it is required to do so by FINMA. The Issuer also may, under certain circumstances, with respect to any Interest Payment Date, elect in its sole discretion to defer, in whole or in part, the payment of interest on the Loan Notes, which accrued during the Interest Period to (but excluding) such Interest Payment Date.

If payment of interest on the Loan Notes is deferred, such payment must only be made if the requirements set out in Condition 3.5(d) relating to Deferred Interest are fulfilled. Any Deferred Interest will not itself accrue interest. While the deferral of interest payments continues, the Issuer is not prohibited from making payments on any instrument ranking senior to the Loan Notes. In such event, the Loan Noteholders are not entitled to claim immediate payment of the Deferred Interest. See "Terms and Conditions of the Loan Notes—Interest."

The Issuer is not subject to limits on the issuance of securities or other obligations, which may reduce the amount recoverable by Loan Noteholders in certain circumstances.

There is no restriction on the amount of securities that the Issuer or its subsidiaries may issue or guarantee that rank senior to the Loan Notes or on the amount of securities that the Issuer may issue or guarantee that rank *pari passu* with the Loan Notes. The issuance of such securities may reduce the amount recoverable by Loan Noteholders on liquidation, dissolution, insolvency, compromise or other proceeding for the avoidance of insolvency of, or against, the Issuer or may increase the likelihood that the Issuer may elect or be required to defer interest payments under the Loan Notes.

Loan Noteholders' rights to receive payment on the Loan Notes are subordinated in right of payment to holders of existing and future Senior Securities.

The Loan Notes will constitute unsecured and subordinated obligations of the Issuer. Loan Noteholders' rights and claims are subordinate to the claims of holders of existing and future Senior Securities. In the event of the liquidation, dissolution, insolvency, compromise or other proceedings for the avoidance of insolvency of, or against, the Issuer, the claims of Loan Noteholders in respect of the Loan Notes and of Demeter in respect of the Facility Fees and any other amounts due and payable under the Facility, will be subordinated to the claims of Senior Creditors, so that in any such event no amounts shall be payable in respect of the Loan Notes unless the claims of all Senior Creditors (that is, holders of existing and future Senior Securities) shall have first been satisfied in full. In such liquidation, dissolution, insolvency, compromise or other similar proceeding for the avoidance of insolvency of, or against, the Issuer, Loan Noteholders may recover proportionately less than the holders of existing and future Senior Securities or Loan Noteholders may not recover any amounts in respect of their Loan Notes.

The Loan Notes are structurally subordinated to indebtedness issued at the Business Unit level.

Since the establishment of the Business Unit structure in 2011, all of the Swiss Re Group's external funding arrangements have been at the Business Unit level. Although the proceeds of the Loan Notes issuance are expected to be provided to other members of the Swiss Re Group, the Loan Notes represent the first issuance of external debt at the Issuer level. Since the obligations of the Issuer are not guaranteed by any of the Issuer's subsidiaries, the Loan Notes are structurally subordinated to the creditors of the Issuer's subsidiaries and, accordingly, to a significant amount of indebtedness reflected on our consolidated balance sheet. In the event of a liquidation, winding-up or dissolution or a bankruptcy, administration, reorganisation, insolvency, receivership

or similar proceeding of any subsidiary, such subsidiaries will pay the holders of their own debt (including holders of third-party debt which such subsidiaries may guarantee), their trade creditors and any preferred shareholders before they would be able to distribute any of their assets to the Issuer. As a result of the foregoing, the Issuer may not have sufficient funds to make payments on the Loan Notes.

Loan Noteholders are exposed to risks associated with fixed interest rate securities up to the Reset Date.

A holder of a security with a fixed interest rate is exposed to the risk that the price of such securities falls as a result of increasing market interest rates. While the interest rate of the Loan Notes is fixed until (but excluding) the Reset Date, and resets thereafter to a floating rate, the interest rates in the capital markets (market interest rates) typically change on a daily basis. As the market interest rate changes, the price of the Loan Notes changes typically in the opposite direction; if the market interest rate increases, the price of the Loan Notes would typically fall, and if the market interest rate falls, the price of the Loan Notes would typically increase. Therefore, Loan Noteholders should be aware that movements of the market interest rate can adversely affect the price of the Loan Notes and can lead to losses if Loan Noteholders sell their Loan Notes.

Loan Noteholders are exposed to risks associated with floating interest rate securities following the Reset Date.

If the Loan Notes are not called by the Issuer on the Reset Date, interest on the Loan Notes will accrue thereafter at a floating rate. A holder of a security with a floating interest rate is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels of a security make it impossible to determine the yield of such security in advance.

In certain instances the Issuer could substitute or vary the terms of the Loan Notes and Loan Noteholders may be bound by certain other amendments to the Loan Notes to which they did not consent.

The Conditions contain provisions for calling meetings of Loan Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Loan Noteholders, including Loan Noteholders who do not attend and vote at the relevant meeting and Loan Noteholders who vote in a manner contrary to the majority.

Further, the Issuer and the parties to the Agency Agreement may without the consent or approval of the Loan Noteholders make such amendments to the terms of the Loan Notes which in the opinion of the Issuer are of a formal, minor or technical nature or made to correct a manifest or proven error, provided any such action applies to all Series of Loan Notes in issue or when issued thereafter.

Credit ratings assigned to the Loan Notes may not reflect all risks and may be lowered.

The ratings of the Loan Notes may not reflect the potential impact of all risks that may affect the value of the Loan Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Ratings may be solicited or unsolicited. Rating agencies may also change their methodologies for rating securities with features similar to the Loan Notes in the future. If the Loan Notes were to become subject to an unsolicited rating and/or rating agencies were to change their practices for rating such securities in the future and, in either case, the ratings of the Loan Notes were to be subsequently lowered, this may have a negative impact on the market price of the Loan Notes.

Loan Noteholders may be subject to exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Loan Notes in U.S. dollars. This presents certain risks relating to currency conversions if a Loan Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the U.S. dollar. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollar would decrease the Investor's Currency-equivalent yield on the Loan Notes, the Investor's Currency equivalent value of the principal payable on the Loan Notes and the Investor's Currency equivalent market value of the Loan Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The market value of the Loan Notes may be influenced by unpredictable factors and may be volatile.

Many factors, most of which are beyond the Issuer's control, will influence the value of the Loan Notes and the price, if any, at which securities dealers may be willing to purchase or sell the Loan Notes in the secondary market, including:

- variations in the periodic operating results of the Issuer;
- changes in investor perceptions of the Issuer;
- the creditworthiness of the Issuer and, in particular, the level of the Issuer's solvency margin from time to time;
- the Issuer's required solvency margin from time to time;
- supply and demand for the Loan Notes; and
- economic, financial, political or regulatory events or developments that affect the Issuer or the financial markets generally.

Accordingly, if a Loan Noteholder sells its Loan Notes in the secondary market, it may not be able to obtain a price equal to the principal amount of the Loan Notes or a price equal to the price that it paid for the Loan Notes.

The Loan Notes contain no restrictive financial covenants or covenants governing the Issuer's operations or limiting the Issuer's ability to incur substantially more debt, merge, effect asset sales or otherwise effect significant transactions, which may affect the Issuer's ability to satisfy its obligations under the Loan Notes or may have other adverse effects on the Loan Noteholders.

The Loan Notes do not contain any maintenance covenants (that would require the Issuer to meet financial ratios or minimum financial requirements) or negative covenants that restrict its ability to incur more indebtedness (either secured or unsecured), pay dividends or make other distributions, incur liens, repurchase any of its securities or undertake other similar actions. The Loan Notes also do not contain covenants governing the Issuer's operations and do not limit its ability to enter into a merger, asset sale, related party transaction or other significant transaction that could materially alter its existence, jurisdiction of organization or regulatory regime and/or the composition and business of the Issuer or the Swiss Re Group. Moreover, the Loan Notes do not contain any covenant or event of default triggered by a change of control of the Issuer. In the event the Issuer enters into, or becomes subject to, any such transaction, Loan Noteholders could be materially and adversely affected.

The Loan Notes do not limit our ability to engage in transactions with other members of the Swiss Re Group.

The Loan Notes do not contain any restrictions on transactions by the Issuer or any other member of the Swiss Re Group with other members of the Swiss Re Group, and any such transactions may not be undertaken on an arm's length basis. The effect of any such transactions may not be in the best interests of the Loan Noteholders.

Payments of Additional Amounts or recalculated interest are subject to exceptions and may not be enforceable.

Although the Conditions and the terms of the Facility Agreement provide, in certain circumstances, for the payment of Additional Amounts or an Additional Fee, or the Recalculation of Interest (as defined in the Conditions) by the Issuer if it becomes obligated by law to make any withholding or tax deduction in respect of any Interest Amount payable by it in respect of the Loan Notes or amounts payable under the Facility, the obligation to pay such Additional Amounts or Additional Fee, or recalculate interest, is subject to certain exceptions, and such obligation may contravene Swiss legislation and be null, void and unenforceable in Switzerland.

The Issuer has obtained a tax ruling from the relevant Swiss authorities that no Swiss tax withholding or deduction will be required to be made by the Issuer in respect of payments due to be made by the Issuer to Demeter under the Conditions or the Facility Agreement. However, there can be no assurance as to the future impact of any possible administrative or judicial decision or change to any relevant Swiss law and/or administrative practice after the date of this Information Memorandum.

EU tax initiatives could impact Loan Noteholders.

EU withholding tax. Under Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), EU member states (each a "**Member State**" and collectively, "**Member States**") are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income made or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

For a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of countries and territories outside the European Union, including Switzerland, have adopted similar measures. A withholding system at a rate of currently 35% in the case of Switzerland with the option of the individual to have the paying agent and the relevant Swiss authorities provide to the tax authorities of the Member State the details of the interest payments or payments of other similar income in lieu of the withholding.

On March 24, 2014, the Council of the European Union adopted Council Directive 2014/48/EU (the "**Amending Directive**") amending and broadening the scope of the requirements described above. The Amending Directive requires Member States to apply these new requirements from January 1, 2017. If the new requirements were to take effect, they would expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities, and also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported or subject to withholding tax. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where a person, entity or arrangement is established or effectively managed outside of the European Union. In connection with the Amending Directive, Switzerland and the European Community signed, on May 27, 2015, an amendment protocol to the agreement between the European Community and the Confederation of Switzerland dated as of October 26, 2004, which would introduce, if ratified, an extended automatic exchange of information regime in accordance with the Global Standard released by the Council of the Organisation for Economic Cooperation and Development (the "**OECD Council**") in July 2014, in lieu of the withholding system, beginning in 2018, and expand the range of payments covered.

However, the European Commission has proposed the repeal of the EU Savings Directive from January 1, 2017 in the case of Austria and from January 1, 2016 in the case of all other Member States (subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). If the proposal to repeal the EU Savings Directive is adopted in its current form, Member States would not be required to apply the new requirements of the Amending Directive. This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU) (the "**Amending Cooperation Directive**"). The Amending Cooperation Directive introduces an extended automatic exchange of information regime in accordance with the Global Standard released by the OECD Council in July 2014. The Amending Cooperation Directive requires Member States to adopt national legislation necessary to comply with it by December 31, 2015, which legislation must apply from January 1, 2016 (January 1, 2017 in the case of Austria). The Amending Cooperation Directive is generally broader in scope than the EU Savings Directive, although it does not impose withholding taxes, and provides that to the extent there is overlap in scope, the Amending Cooperation Directive prevails.

If a payment were to be made or collected through a Member State, or a country or territory outside of the European Union that has adopted similar measures, which has opted for a withholding system, including Switzerland, and an amount of, or in respect of, tax were to be withheld from that payment, none of the Issuer, any paying agent or any other person would be obligated to pay Additional Amounts with respect to any Loan Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a paying agent in a Member State that is not obligated to withhold or deduct tax pursuant to the EU Savings Directive.

Prospective Noteholders are advised to seek their own professional advice in relation to EU withholding tax.

Proposed financial transaction tax (FTT). On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Austria, Belgium, Estonia,

France, Germany, Greece, Italy, Portugal, Slovenia and Slovakia and Spain (the "**participating Member States**").

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in Loan Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Loan Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by January 1, 2016. However, the Commission's Proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional Member States may decide to participate.

Prospective Noteholders are advised to seek their own professional advice in relation to the FTT.

Agreements with the United Kingdom and Austria concerning final foreign withholding taxes (internationale Quellensteuer) could impact Loan Noteholders.

Under bilateral treaties on final withholding taxes between Switzerland and each of the United Kingdom and Austria (each a "**Contracting State**"), which have been in force since January 1, 2013, a Swiss paying agent, as such term is defined in the treaties, is required to levy a flat-rate final withholding tax (*internationale Quellensteuer*) at rates specified in the treaties on certain capital gains and income items (interest, dividends and other income items, each such term as defined in the treaties) deriving from assets held in accounts or deposits with a Swiss paying agent by (i) an individual that is a tax resident of a Contracting State; or (ii) a domiciliary company (*Sitzgesellschaft*), an insurance company in connection with a so-called insurance wrapper (*Lebensversicherungsmantel*) or other individuals (if the beneficial owner is an individual resident of a Contracting State), *provided* that certain requirements are met.

According to the treaties, the flat-rate tax to be withheld substitutes the ordinary income tax on the respective capital gains and income items in the Contracting State where an individual is tax resident. In order to avoid such flat-rate tax from being withheld by the Swiss paying agent, an individual may opt for a disclosure of the respective capital gains and income items to the tax authorities of the Contracting State where they are tax resident. If a flat-rate final withholding tax were to be deducted or withheld from a payment of interest or capital gain relating to the Loan Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the Conditions, be obligated to pay Additional Amounts with respect to any Loan Note as a result of the deduction or imposition of such final withholding tax.

There is a possibility of U.S. reporting and withholding tax on payments under the Loan Notes.

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**," and such sections, "**FATCA**"), impose a 30% withholding tax on certain types of U.S.-source payments made to a "foreign financial institution," unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements (an "**FFI Agreement**"), or unless the non-U.S. financial institution is otherwise exempt from those requirements. In certain jurisdictions, including Switzerland, that have entered into an intergovernmental agreement between the United States and such jurisdiction to implement FATCA, financial institutions must register with the U.S. Internal Revenue Service (the "**IRS**") and agree to comply with the terms of an FFI Agreement in order to avoid being subject to withholding tax as described above. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a "passive non-financial foreign entity" unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner.

The Issuer has determined that it is a financial institution and, in order to avoid being subject to withholding tax as described above, has registered with the IRS and complies with the requirements of FATCA, including due diligence, reporting and withholding. This requires the Issuer to withhold at a rate of 30% on any "passthru

payments" (as defined under FATCA) in respect of the Loan Notes made after the later of December 31, 2018 or the publication of final regulations relating to "passthru payments" to any Loan Noteholder that has not provided information required to establish that the accountholder is exempt from withholding under FATCA. The IRS is considering passthru payments and it is not clear how this rule will ultimately apply to the Issuer or the Loan Notes. In addition, the Issuer may be obligated to provide certain information to the IRS regarding Loan Noteholders that are certain types of United States persons or entities owned directly or indirectly by such United States persons. If a Loan Noteholder is subject to withholding on account of FATCA, there will be no additional amount payable by way of compensation to the Loan Noteholder for the deducted amount.

FATCA is particularly complex. Each Loan Noteholder should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how FATCA might affect each Loan Noteholder in its particular circumstance.

There are limited remedies available under the Conditions.

As described more fully in "Terms and Conditions of the Loan Notes – Enforcement," the Loan Notes contain limited events of default, confined to non-payment of sums due on any Series of Loan Notes for specified periods and the commencement of proceedings for the winding up, dissolution or liquidation of the Issuer. Upon the occurrence of such events under a Series of Loan Notes, Loan Noteholders of such Series of Loan Notes have only limited enforcement remedies consisting of, in the case of enforcing payment of sums due, instituting proceedings for, and/or proving in, the winding-up, dissolution or liquidation of the Issuer.

In certain instances, the Issuer could substitute the obligor under the Loan Notes without the consent or approval of the Loan Noteholders.

The Issuer may, without consent of the Loan Noteholders, substitute itself in respect of all rights and obligations arising under or in connection with the Loan Notes with a New Issuer provided, among other things that no Redemption/Termination Event would be triggered by such substitution and that SRL has issued its irrevocable and unconditional subordinated guarantee (as described more fully in the Conditions). While, among other conditions, the interests of the Loan Noteholders must not be materially prejudiced in the opinion of the Issuer, the substitution of the Issuer under the Loan Notes could have an adverse effect on Loan Noteholders. Among other things, the New Issuer could be a non-Swiss Issuer. If Loan Noteholders are, for whatever reason, precluded from owning securities issued by a non-Swiss legal entity, they may have to sell the Loan Notes in the open market.

Change of law could impact the rights of Loan Noteholders.

The Agency Agreement and the Loan Notes (except for the subordination provisions in Condition 2.1, which are governed by the substantive laws of Switzerland) and any non-contractual obligations arising out of or in connection with the Agency Agreement and the Loan Notes are governed by, and shall be construed in accordance with, English law. The subordination provisions in the Loan Notes are governed by the substantive laws of Switzerland. We cannot predict the impact of any possible judicial decision or change to English or Swiss law or administrative practice that applies after the date of this Information Memorandum.

As a holding company, the Issuer is dependent on a significant amount of cash distributions from its subsidiaries to service its obligations. The Issuer's ability to generate sufficient cash depends on many factors, some of which are beyond its control.

The Issuer is a holding company providing solutions and services through four operating business segments, with no material operations of its own. Its insurance, reinsurance and asset management operations are conducted through direct and indirect subsidiaries. The Issuer's significant assets are the capital stock of its subsidiaries and its cash and cash equivalents. Accordingly, the Issuer's ability to meet its cash obligations, including its obligations under the Loan Notes, depends in material part upon the operating performance and financial condition of its operating subsidiaries, including the requirements of any operating subsidiary to service its own financing arrangements, and their ability to make cash distributions to the Issuer in the form of dividends or otherwise.

TERMS AND CONDITIONS OF THE LOAN NOTES

*Swiss Re Ltd ("**SRL**" or the "**Issuer**") and Demeter Investments B.V. ("**Demeter**") are to enter into a loan note issuance facility agreement to be dated on or about November 6, 2015 (the "**Facility Agreement**"). Pursuant to the Facility Agreement, the Issuer and Demeter are to establish a loan note issuance facility (the "**Facility**"), under which the Issuer will have the right, in its sole discretion, and in certain circumstances the obligation, to issue to Demeter from time to time on or prior to August 15, 2025 (the "**Reset Date**"), up to a maximum aggregate principal amount outstanding at any one time of $700,000,000 Subordinated Fixed-to-Floating Rate Non Step-Up Callable Loan Notes with a scheduled maturity in 2050 (each a "**Loan Note**" and together, the "**Loan Notes**"). Loan Notes will be issued in separate series (each a "**Series**") on separate Drawing Dates. Each Series of Loan Notes will be issued subject to and with the benefit of an Agency Agreement to be dated on or about November 13, 2015 made between the Issuer and the agents named therein (such agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**").*

The following are the Terms and Conditions of the Loan Notes which are to be endorsed upon each Loan Note in definitive form. The applicable Pricing Supplement in relation to any Series of Loan Notes which will supplement these Terms and Conditions will also be endorsed upon each Loan Note in definitive form of such Series.

1. FORM, DENOMINATION AND TRANSFER

(a) Each Series of Loan Notes will be issued in such principal amount as determined by the Issuer and as indicated in the applicable Pricing Supplement, except that each Series of Loan Notes will be in increments of $100,000,000 in principal amount. Each Loan Note will be issued in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof on the relevant Drawing Date. Initially, only one Loan Note per Series will be issued.

(b) Each Series of Loan Notes will initially be represented by a single definitive certificate in registered form. The definitive certificates shall each bear the manual or facsimile signatures of two of the Issuer's duly authorised officers as well as the manual signature of an authentication officer of the Registrar. The Bank of New York Mellon (Luxembourg) S.A. (the "**Registrar**," which definition shall include any duly appointed successor registrar) will maintain a register (the "**Register**") of Loan Noteholders reflecting the ownership of the Loan Notes.

(c) Transfers of Loan Notes shall be made in accordance with the provisions of this Condition 1. A Loan Note may only be assigned or transferred (a "**Transfer**" and "**Transferred**" shall be construed accordingly), in whole or in part, if the Transfer is in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof, and is:

(i) subject to the Issuer being notified of the intended Transfer and the Issuer not having objected thereto in writing within 10 Business Days after receipt of such notice of the intended Transfer based on reasonable grounds, to a Qualifying Bank or,

(ii) subject to the Issuer having consented thereto in writing, to the Permitted Non-Qualifying Lender,

provided that there shall at any time be no more than five Qualifying Banks that are Loan Noteholders. Title to a relevant Loan Note passes only on due registration of the Transfer in the Register. Each Loan Note will bear a legend setting forth the applicable transfer restrictions.

(d) A Loan Noteholder may at any time require that the Issuer replace such Loan Noteholder's certificate(s) representing the Loan Note(s) of the relevant Series of Loan Notes, with certificates in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof. The Registrar shall accordingly authenticate such replacement certificates and amend the Register.

(e) Any Transfer of a Loan Note shall be recorded by the Registrar in the Register on production by the transferee at the registered office of the Registrar of:

(i) the relevant certificate representing the Loan Note of a relevant Series, with the form of transfer endorsed thereon duly executed by the transferor and the transferee, and such form of

transfer shall include a representation by the transferee that it is a Qualifying Bank or the Permitted Non-Qualifying Lender; and

(ii) such other evidence as the Issuer may require, to prove the authority of the person signing the form of transfer endorsed on the relevant certificate representing the Loan Note of a relevant Series or the transferee's status as a Qualifying Bank or the Permitted Non-Qualifying Lender.

(f) No Loan Noteholder shall at any time enter into any arrangement with any third party under which such Loan Noteholder in a transaction that does not constitute a Transfer, while retaining title to Loan Notes, transfers all or part of its interest in such Loan Notes to that third party, unless under, and throughout the term of, such arrangement:

(i) the relationship between the Loan Noteholder and the third party is that of debtor and creditor (including during the bankruptcy or similar event affecting that Loan Noteholder or the Issuer);

(ii) the third party has no proprietary interest in the benefit of the Loan Notes or in any monies received by the Loan Noteholder under or in relation to the Loan Notes held by that Loan Noteholder; and

(iii) the third party under no circumstances will be subrogated to, or substituted in respect of, the Loan Noteholder's claims under its Loan Notes, or will otherwise have any contractual relationship with, or rights against, the Issuer under or in relation to the Loan Notes.

For the avoidance of doubt, the granting of security in accordance with Condition 1(g) shall not be subject to the limitations of this Condition 1(f).

(g) Any Loan Noteholder may, without the consent of the Issuer, at any time charge or create a security interest in all or any portion of its rights under any Loan Notes to secure obligations of such Loan Noteholder; *provided* that:

(i) no such charge or creation of a security interest shall:

(A) substitute any such chargee or holder of the benefit of such security interest for such Loan Noteholder as Loan Noteholder except in accordance with the provisions of Condition 1(c); or

(B) require any payments to be made by the Issuer other than as required by the relevant Series of Loan Notes. A copy of any notice of charge or creation of security interest as envisaged in this Condition 1(g) shall be delivered to the Agent, and the Agent shall not be obligated to take any action in regard to such notice;

(ii) such charge or security interest shall in each case provide that upon any assignment or transfer of the interest in the Loan Notes or enforcement of such charge or security interest, any resulting assignment or transfer shall be in accordance with Condition 1(c); and

(iii) the Loan Noteholder promptly notifies the Registrar of any such charge or security interest and the identity of the chargee or holder of the benefit of such security interest and status by delivering to the Registrar a notification to such effect.

(h) At the date hereof and for so long as any Loan Notes are outstanding, the Issuer shall ensure that it is in compliance with the Non-Bank Rules, *provided* that the Issuer will not be in breach of this Condition 1(h) if either of the Non-Bank Rules are exceeded solely by reason of a failure by one or more Loan Noteholders to comply with their respective obligations under this Condition 1.

2. STATUS

2.1 Status

The Issuer's obligations under the Loan Notes constitute unsecured and subordinated obligations ranking junior to the Issuer's obligations under any Senior Securities, *pari passu* among themselves and with the Issuer's obligations under any Parity Securities, and senior to the Issuer's obligations under its Junior Securities. In the event of the liquidation, dissolution, insolvency, compromise or other similar proceeding for the avoidance of insolvency of, or against, the Issuer, the claims of the Loan Noteholders in respect of the Loan Notes, will be subordinated to the claims of all Senior Creditors, so that in any such event no amounts shall be payable in respect of the Loan Notes unless the claims of all Senior Creditors shall have first been satisfied in full.

The subordination provisions of this Condition 2.1 are governed by the substantive laws of Switzerland and such provisions are irrevocable.

2.2 No Security

No security of whatever kind is, or will at any time be, provided by the Issuer or any of its affiliates to secure the rights of the Loan Noteholders.

2.3 No Change to Subordination

No subsequent agreement may limit the subordination of the Loan Notes pursuant to the provisions set out in this Condition 2.

2.4 No Right to Set-off

No Loan Noteholder may set off any claims arising under any Series of Loan Notes in respect of any amount owed to it by the Issuer in respect of, or arising from any Series of Loan Notes and each Loan Noteholder shall, by virtue of holding a Loan Note, be deemed to have waived all such rights of set-off.

The Issuer may not set off any claims arising under any Series of Loan Notes in respect of any amount owed to it by a Loan Noteholder.

3. INTEREST

3.1 Fixed Interest Payments

(a) Unless previously redeemed, exchanged or purchased and cancelled in accordance with these Conditions, and subject to Condition 3.5, each Loan Note shall bear interest at a fixed rate of 5.750% per annum (the "**Fixed Rate**") for the period from (and including) the Interest Commencement Date specified in the relevant Pricing Supplement to (but excluding) the Reset Date, payable in arrear on August 15 in each year (each, a "**Fixed Interest Payment Date**"), commencing August 15, 2016 (in respect of any Loan Notes issued prior thereto), *provided* that in respect of a Series of Loan Notes that is issued under the Facility, resulting from the failure by the obligor of the Eligible Assets to make one or more payments when due (without giving effect to any applicable grace period) in respect of such Eligible Assets, the first interest payment on such Series of Loan Notes shall be made on the Business Day following the Drawing Date in respect of such issuance (each such date, an "**Additional Interest Payment Date**").

(b) When interest is required to be calculated in respect of a period before the Reset Date of less than a full Interest Period, it shall be calculated, per Calculation Amount, by applying the applicable Fixed Rate for such period to the Calculation Amount, multiplying the product by the relevant Fixed Rate Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a number equal to the denomination of such Loan Note divided by the Calculation Amount.

3.2 Floating Interest Payments

From (and including) the Reset Date, unless previously redeemed, exchanged or purchased and cancelled in accordance with these Conditions, and subject to Condition 3.5, each Loan Note shall bear interest for each Floating Interest Period to (but excluding) the Final Maturity Date, which shall be determined and paid as follows:

(a) Each Loan Note shall bear interest at a rate determined pursuant to Condition 3.2(c) below (the "**Floating Rate**"), payable quarterly in arrear on February 15, May 15, August 15 and November 15 in each year (or if such date is not a Business Day, then subject to adjustment as described in Condition 3.2(b)) (each such date, a "**Floating Interest Payment Date**"), commencing November 15, 2025.

(b) If any Floating Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month, in which event the Floating Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(c) On each Floating Interest Determination Date, the Agent or its duly appointed successor (in such capacity, the "**Agent Bank**") will determine the Screen Rate at approximately 11.00 a.m. (London time) on that Floating Interest Determination Date. If the Screen Rate is unavailable, the Agent Bank will request the principal London office of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in U.S. dollars are offered by it to prime banks in the London interbank market for three months at approximately 11.00 a.m. (London time) on the Floating Interest Determination Date in question and for a Representative Amount.

The Floating Rate payable in respect of the Loan Notes for each Floating Interest Period shall be the Screen Rate plus the Margin or, if the Screen Rate is unavailable, and at least two of the Reference Banks provide such rates, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) as established by the Agent Bank of such rates, plus the Margin.

If fewer than two rates are provided as requested, the Floating Rate for that Floating Interest Period will be the arithmetic mean of the rates quoted by major banks in London, selected by the Agent Bank, at approximately 11.00 a.m. (London time) on the first day of such Floating Interest Period for loans in U.S. dollars to leading European banks for a period of three months commencing on the first day of such Floating Interest Period and for a Representative Amount, plus the Margin. If the Floating Rate for a Floating Interest Period cannot be determined in accordance with the above provisions, such Floating Rate shall be determined as at the last preceding Floating Interest Determination Date, or, in the case of the first Floating Interest Period, the Floating Rate shall be 5.750% per annum.

(d) The Agent Bank shall, as soon as practicable after 11.00 a.m. (London time) on each Floating Interest Determination Date, but in no event later than the second Business Day thereafter, determine the amount of interest payable per Calculation Amount on the Floating Interest Payment Date for the relevant Floating Interest Period (each, a "**Floating Interest Amount**"). The Floating Interest Amount shall be determined, by applying the Floating Rate to such principal amount, multiplying the sum by the actual number of days in the Floating Interest Period concerned divided by 360, rounding the resultant figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a number equal to the denomination of such Loan Note divided by the Calculation Amount.

(e) The Agent will cause the Floating Rate and the Floating Interest Amount determined by the Agent Bank for each Floating Interest Period and the relative Floating Interest Payment Date to be notified to the Issuer, each listing authority, stock exchange and/or quotation system (if any) on which the Loan Notes have then been admitted to listing, trading and/or quotation (as notified to the Agent) as soon as practicable after such determination. Notice thereof shall also promptly be given to the Loan Noteholders in accordance with Condition 12. The Floating Interest Amount and Floating Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Interest Period.

(f) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Agent Bank, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer and the Loan

Noteholders, and (subject as aforesaid) no liability to the Issuer or the Loan Noteholders shall attach to the Reference Banks (or any of them) or the Agent Bank in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

3.3 Interest Accrual

The Loan Notes of any particular Series will cease to bear interest from the Early Redemption Date, the Optional Exchange Date or the Final Maturity Date, as the case may be (collectively, the "**Specified Date**"). If the Issuer fails to redeem or exchange the relevant Series of Loan Notes in accordance with these Conditions, on the Specified Date, interest shall continue to accrue (both before and after judgment) on the outstanding principal amount of such Series of Loan Notes beyond the Specified Date, up to (but excluding) the day of the actual redemption or exchange of such Series of Loan Notes, at the applicable Rate of Interest.

3.4 Recalculation of Interest

If a tax deduction or withholding (collectively, a "**Tax Deduction**") is required by law to be made by the Issuer in respect of any Interest Amount payable in respect of the Loan Notes and should Condition 6(a) (or, in the event of a substitution pursuant to Condition 9, Condition 9(d) read with Condition 6(a)) be unlawful for any reason, the applicable interest rate in relation to the Interest Amounts payable for the relevant Interest Period will, subject to the exceptions in Condition 6(b) (or, in the event of a substitution pursuant to Condition 9, Condition 9(d) read with Condition 6(b)), be the interest rate which would have otherwise been payable for the relevant Interest Period divided by 1 minus the rate (as a fraction of l) at which the relevant Tax Deduction is required to be made and the Issuer will (i) be obligated to pay the relevant Interest Amount on the relevant Interest Payment Date at the adjusted rate in accordance with this Condition 3.4 and (ii) make the Tax Deduction on the recalculated Interest Amount. Without prejudice to the foregoing, all references to a rate of interest in the Conditions shall be construed accordingly and all provisions in Condition 6 (other than Condition 6(a), or in the event of a substitution pursuant to Condition 9, other than Condition 9(d) read with Condition 6(a)), shall apply to the Tax Deduction on the recalculated interest payment (such recalculation is referred to herein as a "**Recalculation of Interest**").

3.5 Payment of Interest and Deferral of Interest Payments

(a) *Interest payments*

On any Interest Payment Date:

(i) if an optional deferral of interest has been elected pursuant to Condition 3.5(b), the provisions of Condition 3.5(b) and Condition 3.5(d) shall apply; or

(ii) if a Required Deferral Event has occurred, the provisions of Condition 3.5(c) and Condition 3.5(d) shall apply.

(b) *Optional deferral of interest payments*

Save to the extent that a Required Deferral Event has occurred, with respect to any Interest Payment Date, as long as, during the six months preceding the Reference Date:

(i) no dividend, other distribution or payment was declared or made in respect of any Junior Securities (except where such payment was required under the terms of those Junior Securities);

(ii) no repurchase or acquisition of any Junior Securities (except where such repurchase or acquisition was made in respect of any share-based compensation plan or where such repurchase or acquisition was made by any member of the Issuer Group on the open market in the ordinary course of its routine capital management) was made by any member of the Issuer Group, either directly or indirectly; and

(iii) *provided* that at the relevant time the existence of this Condition 3.5(b)(iii) does not cause the Loan Notes (or any Loan Notes that may be thereafter issued under the Facility) to become Non-Compliant Securities: (A) no dividend, other distribution or payment was declared or made in respect of any Parity Securities (except where such payment was required under the terms of those Parity Securities) and (B) no repurchase or acquisition of any Parity Securities was made by any member of the Issuer Group, either directly or indirectly,

the Issuer may elect, in its sole discretion to defer all or a part of the payments of interest which accrued on all outstanding Loan Notes (and in the case of a partial deferral such deferral shall be made on a *pro rata* basis across all Series of Loan Notes) during the Interest Period to (but excluding) such Interest Payment Date by giving notice in accordance with Condition 12 not less than three Business Days prior to the relevant Interest Payment Date of the amount of the relevant interest payment that shall be deferred per Series (which notice will be irrevocable); in this case, such deferred interest will constitute "**Optionally Deferred Interest**." Any election under this Condition 3.5(b) shall be in respect of all Series of Loan Notes issued.

(c) *Required deferral of interest payments*

The Issuer will be required to defer payment of (i) any Interest Amount or Solvency Shortfall, as applicable, if, in respect of an Interest Payment Date, a Solvency Event has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) or would occur as a result of such payment unless FINMA authorises the relevant payment notwithstanding the occurrence and/or continuation of a Solvency Event or that a Solvency Event would occur as a result of such payment; or (ii) any Interest Amount or Solvency Shortfall, as applicable, or other amount notified to the Issuer, where FINMA has required such deferral ((i) and (ii) are each referred to herein as a "**Required Deferral Event**").

For the avoidance of doubt, if on an Interest Payment Date a Solvency Event (i) has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) or (ii) would occur as a result of payment of the relevant Interest Amount, the Issuer will be required, save as stated above, to defer payment of that Interest Amount; *provided* that in the case of (ii), the Issuer will only be required to defer the Solvency Shortfall. In the case of a deferral of a portion of the interest that has accrued on all outstanding Loan Notes, such deferral shall be made on a *pro rata* basis across all Series of Loan Notes.

In case of a Required Deferral Event, the Issuer will give notice to the Loan Noteholders (which notice will be irrevocable) in accordance with Condition 12, not less than three Business Days prior to such Interest Payment Date of the amount of the relevant interest payment that shall be deferred per Series.

(d) *Deferred Interest payments*

Any amounts of deferred interest following a Required Deferral Event, together with any Optionally Deferred Interest, are referred to herein as "**Deferred Interest**."

To the extent that an interest payment is deferred pursuant to Conditions 3.5(b) or 3.5(c), and except as otherwise provided for in this Condition 3.5(d), the Issuer will not have any obligation to make such interest payment on the relevant Interest Payment Date and the failure to pay such interest shall not constitute a default by the Issuer or any other breach of its obligations under the Loan Notes or for any other purpose.

Deferred Interest will not itself bear interest.

The Issuer is entitled to pay Deferred Interest (in whole or in part) at any time, on giving not less than 10 Business Days' notice to the relevant Loan Noteholders in accordance with Condition 12, which notice shall specify the amount of Deferred Interest to be paid and the date fixed for such payment (the "**Optional Deferred Interest Payment Date**"), *provided* that (i) no Solvency Event has previously occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured); and (ii) FINMA has given its Consent. Upon such notice being given, the amount of Deferred Interest specified therein will become due and payable, and the Issuer will be obligated to pay such amount of Deferred Interest on the specified Optional Deferred Interest Payment

Date, *provided* that no Solvency Event has occurred or would occur due to the payment of the Deferred Interest on or prior to the Optional Deferred Interest Payment Date and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) on the Optional Deferred Interest Payment Date.

Deferred Interest shall become due and payable (in whole but not in part) on the first to occur of the following dates:

(i) the next Compulsory Interest Payment Date;

(ii) the relevant Optional Exchange Date, in the event of an Optional Exchange;

(iii) the Early Redemption Date, in the case of redemption of the Loan Notes prior to the Final Maturity Date;

(iv) the Final Maturity Date; or

(v) the calendar day on which an order is made for the winding-up, dissolution or liquidation of the Issuer (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring while solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer).

If Deferred Interest becomes due and payable by the Issuer (as described below), then the Issuer will give not less than three Business Days' notice to the relevant Loan Noteholders in accordance with Condition 12, and the amount payable on the relevant date shall (i) with respect to Loan Notes outstanding as at the date of the deferral, include all Interest Amount(s) that have or would have (to the extent that there had been no Deferred Interest) fallen due and payable on such Loan Notes and for which payment has not been made; and (ii) with respect to Loan Notes issued as a result of a deferral of interest or other amount (if any), include the Interest Amount(s) that would have been payable on such Loan Notes (assuming that there had been no Deferred Interest) had they been in issue during each Interest Period in respect of which an Interest Amount on the Loan Notes has been deferred and remains outstanding such amounts, together, the "**Outstanding Expected Amounts**").

4. REDEMPTION AND EXCHANGE

4.1 Redemption at Maturity

Unless previously redeemed, exchanged or purchased and cancelled (in accordance with the Conditions), the Issuer will redeem all outstanding Series of Loan Notes, in whole but not in part, in cash, at their principal amount together with any accrued but unpaid interest up to (but excluding) the Final Maturity Date and any outstanding Deferred Interest on the Final Maturity Date.

The Loan Notes are not redeemable or exchangeable at the option of the Loan Noteholders. The outstanding Loan Notes are redeemable and exchangeable at the option of the Issuer in accordance with the provisions set out in this Condition 4.

4.2 Optional redemption upon the occurrence of certain events

Subject to Condition 4.6, the Issuer may, at its discretion, and subject to certain conditions (as described in this Condition 4.2), redeem all outstanding Loan Notes, in whole but not in part, in cash, at their Cash Redemption Amount, at any time upon the occurrence of a Redemption Event as provided for in this Condition 4.2.

(a) *Special Tax Event and Recalculation Event*

In respect of any Series of Loan Notes, if at any time, a Special Tax Event or a Recalculation Event occurs and is continuing, the Issuer may (subject to Condition 4.6) redeem the outstanding Loan Notes (in whole but not in part) at their Cash Redemption Amount at any time upon delivering (via the Agent) an irrevocable notice (an "**Early Redemption Notice**"), not less than 30 nor more than 60 days prior to the date specified for redemption in the Early Redemption Notice (the "**Early Redemption Date**"), in accordance with Condition 12, *provided* that:

(i) no such notice of redemption may be delivered earlier than 90 days prior to the earliest date on which the Issuer would be for the first time obligated to pay the Additional Amounts or to pay an amount in respect of which there has been a Recalculation of Interest or, as applicable, the date on which the Special Tax Event or the Recalculation of Interest Event becomes effective; and

(ii) by no later than five Business Days prior to the delivery of any such notice of redemption, the Issuer will deliver or procure that there is delivered to the Agent a certificate signed by two duly authorised officers of the Issuer stating that the Issuer is entitled to effect that redemption and setting out a statement of facts showing that the conditions precedent to the Issuer's right so to redeem have been satisfied.

(b) *Accounting Event, Ratings Methodology Event and Regulatory Event*

In respect of any Series of Loan Notes, if at any time, an Accounting Event, a Ratings Methodology Event or a Regulatory Event occurs, the Issuer may (subject to Condition 4.6) redeem the outstanding Loan Notes (in whole but not in part) at their Cash Redemption Amount at any time upon delivering (via the Agent) an Early Redemption Notice, not less than 30 nor more than 60 days prior to the Early Redemption Date, in accordance with Condition 12; *provided* that:

(i) no such notice of redemption may be delivered earlier than 90 days prior to:

(A) in respect of a Regulatory Event, the date from which the Loan Notes do not or will no longer fulfil the requirements referred to in the definition of "Regulatory Event";

(B) in respect of an Accounting Event, the date from which the Loan Notes must not be recorded as a liability on the Issuer's consolidated balance sheet as described in the definition of "Accounting Event"; and

(C) in respect of a Ratings Methodology Event, the date from which the lower equity credit referred to in the definition of "Ratings Methodology Event" is given to any Series of Loan Notes; and

(ii) by no later than five Business Days prior to the delivery of any such notice of redemption, the Issuer will deliver or procure that there is delivered to the Agent a certificate signed by two duly authorised officers of the Issuer stating that the Issuer is entitled to effect that redemption and setting out a statement of facts showing that the conditions precedent to the Issuer's right so to redeem have been satisfied.

(c) Condition 4.2(b) will not apply to the extent such application would cause the Loan Notes to become Non-Compliant Securities.

4.3 Redemption otherwise at the option of the Issuer

Subject to Condition 4.6, the Issuer may redeem all outstanding Series of Loan Notes, in whole but not in part, in cash, at their Cash Redemption Amount, on any Optional Redemption Date specified in the relevant Pricing Supplement and, if none is so specified, on the Reset Date or, on any Floating Interest Payment Date thereafter (each, an "**Optional Redemption Date**"), upon delivering (via the Agent) an Early Redemption Notice not less than 30 nor more than 60 days prior to the Early Redemption Date, in accordance with Condition 12. The first Optional Redemption Date for any Series of Loan Notes shall be the Reset Date unless, in respect of a Series of Loan Notes issued in the period from (and including) August 15, 2020, to (but excluding) the Reset Date, the Issuer elects to issue a Series of Loan Notes with a first Optional Redemption Date that falls after the Reset Date (the "**Delayed Call Election**"), in which case the first Optional Redemption Date for all Loan Notes will be the date falling no later than the Floating Interest Payment Date scheduled to fall on, or failing which, immediately follows, the fifth anniversary of the Drawing Date for such Series. If the Issuer makes a Delayed Call Election, the aggregate principal amount of the Series of Loan Notes issued in conjunction therewith will be equal to the amount available for drawing from time to time under the Facility (the "**Available Commitment**") immediately prior to such issuance, irrespective of whether such Available Commitment has changed since the date of the Drawing Notice. Upon the issue of such Loan Notes,

no further Loan Notes may be issued or any Optional Exchange requested. The Issuer will give notice of a Delayed Call Election in accordance with Condition 12, on the date of delivery of the Drawing Notice making a Delayed Call Election.

4.4 Purchase of Loan Notes

The Issuer or any of its affiliates may at any time (subject to Condition 4.6 and to mandatory provisions of law) purchase any outstanding Loan Notes in the open market or otherwise and at any price. Such acquired Loan Notes may be cancelled (by surrendering the Loan Notes to the Agent), held or resold. All Loan Notes so cancelled cannot be reissued or resold.

4.5 Optional Exchange

Subject to Condition 4.6, the Issuer may, at its discretion, on any date specified in the relevant optional exchange notice given under the Facility Agreement (an "**Optional Exchange Notice**"), which date shall not be less than 30 nor more than 60 days after the date of delivery of the Optional Exchange Notice in accordance with Condition 12 (such date, the "**Optional Exchange Date**"), deliver Exchange Collateral to Demeter, in return for outstanding Loan Notes of the applicable Series, in whole or in part, in increments of $100,000,000 in principal amount (an "**Optional Exchange**"). The Optional Exchange Date must fall within the optional exchange period specified as such in the applicable Pricing Supplement (an "**Optional Exchange Period**"). No Optional Exchange Date for a Series of Loan Notes may occur following the earliest of (i) the Drawing Date relating to a Delayed Call Election; (ii) the delivery of an Early Redemption Notice; (iii) the occurrence of a Bankruptcy Event; and (iv) the date falling 30 days prior to the Reset Date.

In the case of an Optional Exchange other than in whole, the Loan Notes to be exchanged shall be selected by the Issuer by whatever method the Issuer elects and the Issuer shall notify the Loan Noteholders in accordance with Condition 12 of such selection. Outstanding Loan Notes subject to Optional Exchange are referred to as the "**Subject Loan Notes.**"

To effect an Optional Exchange, the Issuer shall deliver an irrevocable notice (via the Agent) to Demeter not less than 30 nor more than 60 days prior to the date specified for exchange, in accordance with Condition 12.

The Optional Exchange shall be effected in lieu of any cash payment of the principal on the Subject Loan Notes and shall constitute a discharge of the Issuer from its obligation to pay the principal amount of the Subject Loan Notes or interest following the relevant Optional Exchange Date. Accordingly, as of the relevant Optional Exchange Date, Loan Noteholders shall not have any rights in respect of the Subject Loan Notes other than the right to receive the amounts due from the Issuer pursuant to the Optional Exchange. The Optional Exchange shall not apply in the event outstanding Loan Notes have been redeemed.

For the purposes of an Optional Exchange, each Loan Noteholder holding the Subject Loan Notes shall surrender such Loan Notes to the Registrar.

4.6 Limitation on ability to redeem, exchange and purchase Loan Notes

Any redemption of outstanding Loan Notes in accordance with Conditions 4.2 or 4.3, purchase of outstanding Loan Notes in accordance with Condition 4.4 or Optional Exchange in accordance with Condition 4.5 is subject to (i) no Solvency Event having occurred that is continuing at the time of delivery of the relevant notice (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured); (ii) FINMA having given its Consent to the redemption, Optional Exchange or purchase; (iii) in the case of a redemption, Optional Exchange or purchase that is within five years of the related Drawing Date (other than the Drawing Date resulting from the Issuer's election to terminate the Facility) and if so required by any future rules and regulations applicable to the Issuer, to such redemption, Optional Exchange or purchase being (a) funded out of the proceeds of a new issuance of capital of at least the same quality as the Loan Notes and (b) otherwise permitted under relevant rules and regulations; and (iv) in the case of an Optional Exchange, all Outstanding Expected Amounts (if any) having been settled prior to, or concurrently with, such Optional Exchange.

4.7 Notices to the Agent

Where the provisions of this Condition 4 provide for the giving of notice by the Issuer to the Agent, such notice shall be deemed to be validly given to the Agent if provided in writing and delivered with all required information to the Agent within the prescribed time limits of this Condition 4.

5. PAYMENTS

(a) The Issuer undertakes to pay, as and when due, principal and interest on the Loan Notes in U.S. dollars. Payment of principal and interest on the Loan Notes shall be made to the Agent or to its order for credit to the relevant Loan Noteholders as of the relevant Record Date.

(b) Any reference in these Conditions to principal or interest will be deemed to include any Additional Amounts in respect of principal or interest (as the case may be) which may be payable under Condition 6.

(c) Subject to Condition 3.2(b), if the due date for payment of any amount in respect of the Loan Notes is not a Business Day, then the Loan Noteholder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

6. TAXATION

(a) All payments of principal and interest in respect of the Loan Notes will be made free and clear of, and without Tax Deduction for, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of Switzerland or any political subdivision thereof or any authority thereof having the power to tax, unless the Issuer is compelled by law to make such Tax Deduction. In the event of such Tax Deduction, the Issuer will pay such additional amounts (the "**Additional Amounts**") as will result (after such Tax Deduction) in receipt by the Loan Noteholders of such sums as the Loan Noteholders would have received if no Tax Deduction had been required.

(b) Notwithstanding Condition 6(a), no Additional Amounts or interest recalculated pursuant to Condition 3.4 shall be payable on account of any Taxes which:

(i) are payable if payment under a Loan Note is claimed by or on behalf of a Loan Noteholder that is liable to such Taxes in respect of such Loan Note by reason of it having some connection with Switzerland other than the mere holding of that Loan Note;

(ii) are required to be withheld or deducted where such withholding or deduction is imposed on a payment to an individual or residual entity and is required to be made pursuant to the European Council Directive 2003/48/EC of June 3, 2003, (as amended by Council Directive pursuant to European Council Directive 2003/48/EC of June 3, 2003 on the taxation of savings income, as amended (the "**EU Savings Directive**") or any law or agreement implementing, or complying with, or introduced to conform to such Directive;

(iii) are required to be withheld or deducted where such withholding or deduction is required to be made pursuant to any agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the EU Savings Directive, including, but not limited to, the agreement between the European Community and the Confederation of Switzerland dated as of October 26, 2004, and any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements;

(iv) are payable or required to be withheld or deducted where such withholding or deduction is required to be made pursuant to any agreement between Switzerland and other countries on final withholding taxes (*internationale Quellensteuern*) levied by a paying agent in respect of an individual resident in the other country on interest or capital gain paid, or credited to an account, relating to a Loan Note;

(v) are payable or required to be withheld or deducted pursuant to any United States federal withholding tax that is imposed or collected by reason of any FATCA Provision;

(vi) are payable by or on behalf of a Loan Noteholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority;

(vii) are payable if payment under a Loan Note is claimed by or on behalf of a Loan Noteholder which would have been able to avoid such Tax Deduction by claiming payment under such Loan Note from an Agent in another member state of the European Union (each member state of the European Union, a "**Member State**");

(viii) are payable by reason of a change in law that becomes effective more than thirty (30) days after the relevant payment becomes due, or is duly provided for and notice thereof is published in accordance with Condition 12, whichever occurs later;

(ix) are payable if the payment could have been made to the relevant Loan Noteholder without a Tax Deduction if it was a Qualifying Lender, but on that date that Loan Noteholder is not or has ceased to be a Qualifying Lender other than as a result of any change after the date it became a Loan Noteholder under these Conditions in (or in the interpretation, administration, or application of) any law or double taxation treaty, or any published practice or concession of any relevant taxing authority; or

(x) are payable if such payment could have been made without a Tax Deduction if the relevant Loan Noteholders had complied with Condition 1.

(c) Within 30 days of making either a Tax Deduction or a payment required in connection with a Tax Deduction, the Issuer shall deliver to the relevant Loan Noteholder evidence satisfactory to that Loan Noteholder (acting reasonably) that the Tax Deduction has been made or (as applicable) the appropriate payment has been paid to the relevant taxing authority.

(d) If the Issuer has to make a Tax Deduction and the relevant Loan Noteholder (acting in good faith) determines that a Tax refund for such Tax Deduction is available to it and it has retained that Tax refund, that Loan Noteholder shall pay within 10 Business Days after such Tax refund an amount to the Issuer which that Loan Noteholder determines (in its sole discretion) will leave it (after that payment) in the same after-tax position as it would have been if the payment of the Additional Amounts or a payment at an interest rate recalculated in accordance with Condition 3.4 had not been required to be made by the Issuer.

7. PRESCRIPTION

Claims against the Issuer for payment in respect of Loan Notes will become void unless made within a period of 10 years (in the case of principal) and five years (in the case of interest) from the date on which the relevant payment first became due.

8. AGENTS

(a) The initial Agent for the Loan Notes will be The Bank of New York Mellon, London Branch with specified office at One Canada Square, London E14 5AL, United Kingdom.

(b) The Issuer reserves the right at any time to vary or terminate the appointment of the Agent and/or to appoint other Agents *provided* that it will at all times maintain: (i) an Agent; (ii) so long as the Loan Notes are listed on a stock exchange, an Agent with a specified office in such city as may be required by the rules of the relevant stock exchange; and (iii) an Agent with a specified office in a Member State that will not be obligated to withhold or deduct tax pursuant to the EU Savings Directive or any law implementing or complying with, or introduced in order to conform to, the EU Savings Directive, or pursuant to any agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the EU Savings Directive and any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such

agreements, an additional paying agent in a jurisdiction within Europe other than Switzerland that will not be required to withhold or deduct tax pursuant to such Swiss laws.

(c) The Agent reserves the right at any time to change its specified office to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Agent will be delivered promptly by the Issuer to the Loan Noteholders in accordance with Condition 12.

(d) If, at any time during the life of the Loan Notes, the Agent shall resign or become incapable of acting as Agent or shall be adjudged bankrupt or insolvent, the Agent may be substituted by a duly licensed major European bank chosen by the Issuer. In the event of such a replacement of the Agent all references to the Agent shall be deemed to refer to such replacement. Notice of such a replacement shall be delivered to the Loan Noteholders in accordance with Condition 12.

(e) The Agent acts solely as the Issuer's agent and does not assume any obligations towards or relationship of agency or trust for the Loan Noteholders.

9. SUBSTITUTION

(a) The Issuer (or any previous substitute of the Issuer under this Condition 9) may, without the consent of the Loan Noteholders (whether or not any Loan Notes shall then be outstanding), and *provided* that no Accounting Event, Recalculation of Interest Event, Special Tax Event, Ratings Methodology Event or Regulatory Event would be triggered by such substitution, be substituted in respect of all rights and obligations arising under or in connection with the Loan Notes by any company all of whose shares carrying voting rights are then directly or indirectly held by the Issuer (the "**New Issuer**"), *provided* that:

(i) Swiss Re Ltd has issued its irrevocable and unconditional subordinated guarantee as per article 111 of the Swiss Federal Code of Obligations in respect of the obligations of the New Issuer under the Loan Notes, which guarantee shall, on a winding up of Swiss Re Ltd, have a *pari passu* ranking with the obligations of Swiss Re Ltd under the Loan Notes prior to the substitution of Swiss Re Ltd; and

(ii) if the New Issuer is a company resident for tax purposes in a New Residence (as defined in paragraph (c) below), the conditions set forth in clause (c) below are also met.

(b) In addition, any substitution is subject to:

(i) if required, the Issuer giving prior written notice to, and receiving no objection from, FINMA;

(ii) the Issuer having confirmed with the relevant rating agencies that the proposed substitution will not give rise to a negative change in any published rating of the Loan Notes in effect at such time; and

(iii) certification being provided by two duly authorised officers of the Issuer stating that the conditions precedent in this Condition 9 have been complied with.

(c) If the New Issuer is a company resident for tax purposes in a jurisdiction other than Switzerland (such jurisdiction, the "**New Residence**"), the following conditions shall also be met:

(i) the Loan Notes then outstanding, and any other Series of Loan Notes whether outstanding or as may be issued after a substitution, would constitute legal, valid and binding obligations in the New Residence of such New Issuer;

(ii) under the applicable laws and regulations in effect at the date of the substitution, the New Issuer would not be obligated to make any withholding or deduction on any payments in respect of the Loan Notes beyond any withholding or deduction already applicable to payments made by the Issuer in respect of the Loan Notes prior to the substitution (in case such withholding or deduction is introduced after a substitution, clause (d) will apply); and

(iii) the guarantee to be provided by Swiss Re Ltd according to Condition 9(a)(i) explicitly also guarantees the payment to the Loan Noteholders of any amounts required to be withheld or deducted by the New Issuer at any time after substitution.

(d) If the New Issuer is resident for tax purposes in a New Residence, the provisions of Condition 6 shall apply, with the substitution of references to Switzerland with references to the New Residence.

(e) In the event of a substitution pursuant to this Condition 9, any reference in these Conditions (other than Conditions 3 and 4, in each case with respect to a Solvency Event) to the Issuer shall be a reference to the New Issuer and if the New Issuer is resident for tax purposes in a New Residence, any reference to Switzerland shall be a reference to the New Residence.

(f) Notice of any substitution shall be irrevocably given by the Issuer causing the Agent to deliver a notice to Loan Noteholders in accordance with Condition 12. Upon such delivery of notice to Loan Noteholders, the substitution shall become effective, and the Issuer (and in the event of a repeated application of this Condition 9 any previous New Issuer) shall be discharged from any and all obligations under the Loan Notes.

10. ENFORCEMENT

(a) If default is made in the payment of any principal or interest due and payable in respect of the Loan Notes and such default continues for a period of (i) in the case of principal, 10 days after the due date for the same; and (ii) in the case of interest, 30 days after the due date for the same, each Loan Noteholder of such Loan Notes may, subject as provided below, at its discretion and without further notice, institute proceedings for the winding up of the Issuer in Switzerland (but not elsewhere) but may take no further action in respect of such default.

(b) If, otherwise than for the purposes of a reconstruction, amalgamation, merger or other similar transaction on terms previously approved in writing by an Extraordinary Resolution of the Loan Noteholders, an order is made or an effective resolution is passed for the winding up of the Issuer in Switzerland (but not elsewhere), each Loan Noteholder may, subject as provided below, at its discretion, give notice to the Issuer that its Loan Note is, and it shall accordingly thereby forthwith become, immediately due and repayable at its principal amount, plus accrued but unpaid interest and any Deferred Interest but may take no further action in respect of such payment.

(c) No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to Loan Noteholders to enforce any payment obligation in respect of the Loan Notes.

(d) Without prejudice to paragraphs (a) and (b) above, each Loan Noteholder may institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Loan Notes (other than any payment obligations in respect of the Loan Notes), *provided* that the Issuer shall not as a consequence of such proceedings be obligated to pay any sum or sums sooner than the same would otherwise have been payable by it pursuant to these Conditions or any damages.

11. MODIFICATIONS

11.1 Single Loan Noteholder

For so long as there is no more than one Loan Noteholder registered in the Register (x) no amendment, waiver or variation of these Conditions or the Agency Agreement may be made without the prior written consent of such Loan Noteholder and (y) the meeting, quorum and voting provisions of Conditions 11.2 and 11.3 shall not apply.

11.2 Meetings of Loan Noteholders

The Agency Agreement contains provisions for convening meetings of Loan Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Agency Agreement. Such a meeting may be convened by Loan Noteholders holding not less than 10% of the aggregate principal amount of

all Series of Loan Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority of the aggregate principal amount of all Series of Loan Notes for the time being outstanding, or at any adjourned meeting, two or more persons being or representing Loan Noteholders whatever the aggregate principal amount of all Series of Loan Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Loan Notes or the dates on which interest is payable in respect of the Loan Notes; (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on or to vary the method of calculating the rate of interest on the Loan Notes; (iii) to change the currency of payment of the Loan Notes unless provided by applicable law; (iv) to vary, amend or grant a waiver in relation to Condition 3; or (v) to modify the provisions concerning the quorum required at any meeting of Loan Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75%, or at any adjourned meeting not less than 25%, of the aggregate principal amount of all Series of Loan Notes for the time being outstanding. Any Extraordinary Resolution duly passed, at a meeting or by written consent, shall be binding on all Loan Noteholders (whether or not they were present at the meeting at which such resolution was passed) and shall be in respect of all Loan Notes, and not any single Series of Loan Notes only.

The Agency Agreement also provides that a resolution in writing signed by or on behalf of Loan Noteholders representing not less than 75% in principal amount of the Loan Notes for the time being outstanding (a "**Written Resolution**") shall for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting of Loan Noteholders for which a Special Quorum was satisfied) be as valid and effective as an Extraordinary Resolution passed at a meeting of Loan Noteholders duly convened and held. A Written Resolution may be contained in a document or several documents in like form, each signed by or on behalf of one or more Loan Noteholders. A Written Resolution shall be binding on all Loan Noteholders whether or not they participated in such Written Resolution.

11.3 Modification and Waiver

The parties to the Agency Agreement may agree, without the consent of the Loan Noteholders, to (i) any modification of any of the provisions of the Loan Notes or the Agency Agreement which is of a formal, minor or technical nature and, in the opinion of the Issuer is not materially prejudicial to the interests of the Loan Noteholders or, which is made to correct a manifest error and (ii) any other modification and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Agency Agreement which is in the opinion of the Issuer not materially prejudicial to the interests of the Loan Noteholders (provided any such action applies to all Series of Loan Notes in issue or when issued thereafter). Any such modification, authorisation or waiver shall be binding on the Loan Noteholders and such modification shall be notified to the Loan Noteholders (via the Agent) as soon as practicable.

12. NOTICES

(a) If the Loan Notes are listed, notices to the Loan Noteholders will be valid if published in a national newspaper designated for exchange notices, or by such other method as permitted, by the relevant stock exchange where the Loan Notes are then listed. Such notice will be deemed to have been validly given on the date of the publication.

(b) If the Loan Notes are unlisted, notice will be validly given by the Issuer delivering such notice to the Registrar for communication by the Registrar to the relevant Loan Noteholders specified in the Register. Such notice will be deemed to have been validly given to the Loan Noteholders on the day on which the said notice was validly given to the Agent or Registrar.

13. FURTHER ISSUES

Subject to these Conditions, the Issuer may from time to time, without the consent of the Loan Noteholders of any Series of Loan Notes in issue at such time, issue additional Series of Loan Notes.

14. GOVERNING LAW, JURISDICTION AND PROCESS AGENT

14.1 Governing Law

The Agency Agreement and each Series of Loan Notes (except for the subordination provisions (Condition 2.1) which are governed by the substantive laws of Switzerland) and any non-contractual obligations arising out of or in connection with the Agency Agreement and each Series of Loan Notes are governed by, and shall be construed in accordance with, English law.

14.2 Jurisdiction

The Issuer irrevocably agrees for the benefit of the Loan Noteholders that the High Courts of England and Wales are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Loan Notes and accordingly submits to the exclusive jurisdiction of such courts. The Issuer waives any objection to such courts on the grounds that they are an inconvenient or inappropriate forum.

Nothing in this Condition 14.2 shall affect the rights of the Loan Noteholders to take any suit, action or proceeding (together referred to as "**Proceedings**") arising out of or in connection with the Loan Notes (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Loan Notes) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in Switzerland.

14.3 Appointment of Process Agent

The Issuer hereby irrevocably and unconditionally appoints Swiss Re Services Ltd. at 30 St. Mary Axe, London, England, as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose.

15. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Loan Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

16. DEFINITIONS

"**Accounting Event**" means that an opinion of a recognised accounting firm has been delivered to the Issuer on or after the Closing Date, stating that any outstanding Loan Notes (or any Loan Notes that may be issued under the Facility in the future) must not or must no longer be recorded as liability on the Issuer's consolidated balance sheet prepared in accordance with the accounting standards applied to such published consolidated financial statements at the relevant dates and for the relevant periods and this cannot be avoided by the Issuer taking such reasonable measures as the Issuer (acting in good faith) deems appropriate.

"**Additional Amounts**" has the meaning given to it in Condition 6(a).

"**Additional Fee**" means any additional fee that the Issuer is required to pay under the Facility, as shall result in receipt by Demeter of such amounts as would have been received by it in respect of any payment by the Issuer under the Facility, had no Tax Deduction (that is required by applicable law) been required for Taxes imposed, levied, collected, withheld or assessed by or within or on behalf of Switzerland or any political subdivision thereof or any authority therein or thereof having the power to tax, in accordance with the Facility Agreement.

"**Additional Interest Payment Date**" has the meaning given to it in Condition 3.1(a).

"**Agent**" means The Bank of New York Mellon, London Branch initially, in its capacity as agent under the Agency Agreement and any replacement agent appointed by the Issuer thereafter.

"**Agent Bank**" has the meaning given to it in Condition 3.2(c).

"**Assets**" means the Issuer's unconsolidated total assets, as shown in its latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Issuer or, if a liquidation procedure has been instigated, by the liquidator.

"**Available Commitment**" has the meaning given to it in Condition 4.3.

"**Bankruptcy Event**" (a) the Issuer is insolvent or bankrupt or unable to pay its debts as and when they fall due; or (b) a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer be wound up or dissolved or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction the terms of which shall have previously been approved by an Extraordinary Resolution of Loan Noteholders or as a result of a Permitted Reorganisation; or (c) an encumbrancer takes possession or a receiver is appointed of the whole or any substantial part of the assets or undertaking of the Issuer; or (d) a distress, execution or seizure before judgment is levied or enforced upon or sued out against any substantial part of the property, assets or revenues of the Issuer and (1) is not discharged or stayed within 60 days thereof or (2) is not being contested in good faith and by appropriate means; or (e) the Issuer shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, composition, postponement of bankruptcy, administration or insolvency law or make a general assignment for the benefit of, or enter into any composition with, its creditors; or (f) proceedings shall have been initiated against the Issuer under any applicable bankruptcy, composition, administration or insolvency law in respect of a sum claimed in aggregate of at least U.S.$100,000,000 or its equivalent in other currencies and such proceedings shall not have been discharged or stayed within a period of 60 days or are not being contested in good faith and by appropriate means.

"**Business Day**" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets in Zurich, Switzerland and, in the case of Conditions 3, 4 and 5 only, New York, New York, London, England, *provided* that "Business Day" shall, with respect to Drawing Notices only, include the jurisdictions of the Specified Offices of the Registrar and any paying agent appointed under the Agency Agreement which shall initially be Luxembourg City, Luxembourg and London, England and, thereafter any such other location as the Registrar or any paying agent may specify by notice to the Issuer as its Specified Office in accordance with the Agency Agreement.

"**Calculation Amount**" means $1,000 in principal amount of Loan Notes.

"**Commitment Fee**" means each payment to Demeter in an aggregate amount equal to 3.533286% per annum applied to the Available Commitment as of the close of business on the Business Day immediately preceding a Fixed Interest Payment Date, in accordance with the Facility Agreement.

"**Cash Redemption Amount**" means the principal amount of the relevant Series of Loan Notes, together with any interest that is accrued and unpaid to (but excluding) the relevant date fixed for redemption and any outstanding Deferred Interest on such date.

"**Compulsory Interest Payment Date**" means any Interest Payment Date on which (i) the Issuer does not elect to, or is not permitted to, defer payment of interest pursuant to Condition 3.5(b) and (ii) no Required Deferral Event has occurred or is continuing.

"**Conditions**" means these terms and conditions of the Loan Notes, as amended from time to time and, in relation to Loan Notes of any Series, as supplemented by terms and conditions set out in the applicable Pricing Supplement.

"**Consent**" means such consent, approval or non-objection (if any) by FINMA as is required under relevant rules and regulations.

"**Deferred Interest**" has the meaning given to it in Condition 3.5(d).

"**Delayed Call Election**" has the meaning given to it in Condition 4.3.

"**Demeter**" means Demeter Investments B.V.

"**Drawing Date**" means the date specified as such in the applicable Pricing Supplement on which a Series of Loan Notes is to be issued pursuant to the related Drawing Notice.

"**Drawing Notice**" means a written notice given in respect of an issuance of a Series of Loan Notes.

"**Early Redemption Date**" has the meaning given to it in Condition 4.2.

"**Early Redemption Notice**" has the meaning given to it in Condition 4.2.

"**Eligible Asset Income**" means cash payments received by the holder thereof on any Eligible Assets held by it.

"**Eligible Assets**" means principal and/or interest strips of U.S. Treasury Securities.

"**Exchange Collateral**" means an amount of Eligible Assets and, if necessary, cash in U.S. dollars which, when taken together with the Eligible Assets, the Eligible Asset Income (if any) and the Facility Fees (if any), in each case, held by Demeter immediately prior to the Optional Exchange Date, will be sufficient to fund payments following such Optional Exchange on (i) each Fixed Interest Payment Date falling on or after the relevant Optional Exchange Date to (and including) the Reset Date, in an amount equal to 5.750% per annum applied to the Available Commitment immediately following the Optional Exchange and calculated by applying the Fixed Rate Day Count Fraction, and (ii) the Reset Date, in an amount equal to the Available Commitment immediately following the Optional Exchange.

"**Extraordinary Resolution**" means a resolution (i) passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority of at least 75% of the votes cast or (ii) in writing, signed by or on behalf of the Loan Noteholders representing not less than 75% in principal amount of the Loan Notes at the time being outstanding.

"**Facility**" means the loan note issuance facility established pursuant to the Facility Agreement.

"**Facility Agreement**" means the loan note issuance facility agreement to be dated on or about November 6, 2015 between the Issuer and Demeter.

"**Facility Fees**" means Commitment Fees and any Additional Fees.

"**FATCA Provisions**" mean Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**," and such sections, "**FATCA**"), any successor provisions to FATCA, any current or future regulations or official interpretations of FATCA, any agreement entered into pursuant to Section 1471(b) of the Code, any intergovernmental agreement between the United States and another jurisdiction (including any agreement with Switzerland) to improve tax compliance and to implement FATCA (an "**IGA**") or any legislation, rules or practices implementing an IGA.

"**Final Maturity Date**" means

(i) if, on or prior to the Scheduled Maturity Date, none of the circumstances described in paragraph (ii) below has occurred, the Scheduled Maturity Date; or

(ii) if, on or prior to the Scheduled Maturity Date, a Solvency Event has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) and FINMA has not given its Consent to the redemption of the Loan Notes, the Floating Interest Payment Date immediately following the day on which the Solvency Event has ceased to continue (as evidenced by a public statement by the Issuer that the Solvency Event has been cured) and FINMA has given its Consent to the redemption of the Loan Notes.

"**FINMA**" means the Swiss Financial Market Supervisory Authority (FINMA) or any successor authority.

"**FINMA Submission**" means the submission by the Issuer to FINMA of a solvency report of the Issuer.

"**Fixed Interest Payment Date**" has the meaning given to it in Condition 3.1(a).

"**Fixed Rate**" has the meaning given to it in Condition 3.1(a).

"**Fixed Rate Day Count Fraction**" means that interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

"**Floating Interest Amount**" has the meaning given to it in Condition 3.2(d).

"**Floating Interest Determination Date**" means the second day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets in London, England settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits), before the commencement of the Floating Interest Period for which the relevant Floating Rate will apply.

"**Floating Interest Payment Date**" has the meaning given to it in Condition 3.2(a).

"**Floating Interest Period**" means each Interest Period from (and including) the Reset Date to (but excluding) the first Floating Interest Payment Date and each successive period from (and including) a Floating Interest Payment Date to (but excluding) the next succeeding Floating Interest Payment Date.

"**Floating Rate**" has the meaning given to it in Condition 3.2(c).

"**Guidelines**" means, together, the guideline "Interbank Loans" of September 22, 1986 (S-02.123) (*Merkblatt "Verrechnungssteuer auf Zinsen von Bankguthaben, deren Gläubiger Banken sind (Interbankguthaben*)" *vom September 22, 1986*); the guideline "Bonds" of April 1999 (S 02.122.1) *(Merkblatt "Obligationen" vom April 1999);* the guideline "Syndicated Loans" of January 2000 (S-02.128) (*Merkblatt "Steuerliche Behandlung von Konsortialdarlehen, Schuldscheindarlehen, Wechseln und Unterbeteiligungen" vom Januar 2000);* the circular letter No. 15 (1-015-DVS-2007) of February 7, 2007 in relation to bonds and derivative financial instruments as a subject matter of Swiss federal income tax, Swiss federal withholding tax and Swiss federal stamp taxes (*Kreisschreiben Nr. 15 "Obligationen und derivative Finanzinstrumente als Gegenstand der direkten Bundessteuer, der Verrechnungssteuer und der Stempelabgaben" vom Februar 7, 2007*); and the circular letter "Deposits" of July 26, 2011 (1-034-V-2011-d) (*Kreisschreiben Kundenguthaben vom Juli 26, 2011*); each as issued, and as amended from time to time, by the Swiss Federal Tax Administration.

"**Interest Amount**" means, with respect to any Interest Payment Date, the amount of interest that would be payable on the aggregate principal amount of Loan Notes outstanding on such Interest Payment Date (but excluding such date).

"**Interest Commencement Date**" means the date specified as such in the Pricing Supplement for a Series of Loan Notes, which shall be (i) if the Drawing Date is on a day that falls in the period from (and including) the Closing Date to (but excluding) August 15, 2016, the Closing Date; (ii) after August 15, 2016, if the Drawing Date is on a day other than August 15, August 15 immediately preceding the Drawing Date; and (iii) if the Drawing Date is on August 15, the Drawing Date, unless (a) the Series of Loan Notes is issued due to a Deferral Event (as such term is defined in the Facility Agreement) having occurred, in which case the Interest Commencement Date shall be the last August 15 on which the full amount of interest and/or Facility Fees then due was paid by the Issuer and not redelivered by Demeter, or (b) the Series of Loan Notes is issued as a result of the failure by the obligor of the Eligible Assets to make one or more payments when due (without giving effect to any applicable grace period) in respect of such Eligible Assets, in which case the Interest Commencement Date shall be the last August 15 on which the full amount of interest due on the Eligible Assets was paid by the obligor of the Eligible Assets, if any.

"**Interest Payment Date**" means an Interest Period Date or Additional Interest Payment Date, as applicable.

"**Interest Period**" means (i) the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date thereafter and (ii) each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Period Date**" means (i) each Fixed Interest Payment Date and (ii) each Floating Interest Payment Date.

"**Issuer**" means Swiss Re Ltd with a registered office at Mythenquai 50/60, 8022 Zurich, Switzerland.

"**Issuer Group**" means the Issuer and its consolidated subsidiaries.

"**Junior Securities**" means all classes of share capital of the Issuer and other securities (including any perpetual subordinated securities) or relevant obligations ranking or expressed to rank junior to the Loan Notes.

"**Liabilities**" means the Issuer's unconsolidated total liabilities, as shown in its latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Issuer, or if a liquidation procedure has been instigated, by the liquidator.

"**Loan Notes**" means up to a maximum aggregate principal amount outstanding at any time of $700,000,000 Subordinated Fixed-to-Floating Rate Non Step-Up Callable Loan Notes with a scheduled maturity in 2050, of the Issuer, in one or more Series and, each a "**Loan Note**."

"**Loan Noteholder** means a holder or holders of a Loan Note.

"**Margin**" means 3.593% per annum.

"**New Residence**" has the meaning given to it in Condition 9(c).

"**Non-Bank Rules**" means the Ten Non-Bank Rule and the Twenty Non-Bank Rule.

"**Non-Compliant Securities**" means securities which would not be eligible for regulatory capital treatment as at least Tier 2 Capital.

"**Optionally Deferred Interest**" has the meaning given to it in Condition 3.5(b).

"**Optional Deferred Interest Payment Date**" has the meaning given to it in Condition 3.5(d).

"**Optional Exchange**" has the meaning given to it in Condition 4.5.

"**Optional Exchange Date**" has the meaning given to it in Condition 4.5.

"**Optional Exchange Notice**" has the meaning given to it in Condition 4.5.

"**Optional Exchange Period**" has the meaning given to it in Condition 4.5.

"**Optional Redemption Date**" has the meaning given to it in Condition 4.3.

"**outstanding**" has the meaning given to it in the Agency Agreement.

"**Outstanding Expected Amounts**" has the meaning given to it in Condition 3.5(d).

"**Parity Securities**" means any dated subordinated securities and other securities or relevant obligations ranking or expressed to rank *pari passu* with the Loan Notes, including a guarantee or support (or any similar) agreement issued or entered into by the Issuer which ranks or is expressed to rank *pari passu* with the Loan Notes.

"**Permitted Non-Qualifying Lender**" means initially Demeter, and a successor of Demeter, or any subsequent successor thereof, by way of Transfer of all but not some only of the Loan Notes held by Demeter, or any subsequent successor thereof (for so long as that successor continues to be a Loan Noteholder in accordance with the Conditions), *provided* that:

(i) within ten (10) Business Days of notification to it by the existing Permitted Non-Qualifying Lender of the identity of such proposed Permitted Non-Qualifying Lender, the Issuer may, as a condition precedent to such proposed Permitted Non-Qualifying Lender becoming a Loan Noteholder:

(a) request from that proposed Permitted Non-Qualifying Lender a confirmation that it has disclosed to the Issuer all facts relevant to the determination as to whether it would be a Permitted Non-Qualifying Lender and would constitute one (1) person only for purposes of the Non-Bank Rules; and

(b) irrespective of whether a request is made in accordance with paragraph (a)(i) above, request from that proposed Permitted Non-Qualifying Lender a tax ruling of the Swiss Federal Tax Administration (at the cost of the proposed Permitted Non-Qualifying Lender), confirming to the Issuer's satisfaction that such proposed Permitted Non-Qualifying Lender does constitute one (1) person only for purposes of the Non-Bank Rules;

(ii) the Issuer, acting reasonably, shall confirm within ten (10) Business Days of notification of all facts (if a request in accordance with paragraph (a)(i) above has been made) or receipt of a tax ruling (if a request in accordance with paragraph (a)(ii) above has been made) whether or not such disclosure, or such tax ruling, as the case may be, is satisfactory and, in the absence of such confirmation, the Issuer shall be deemed to have confirmed such disclosure, or such tax ruling, as the case may be, is so satisfactory on the tenth (10th) Business Day after receipt hereof or thereof; and

(iii) the proposed Permitted Non-Qualifying Lender has, simultaneously with becoming a Loan Noteholder, succeeded the existing Permitted Non-Qualifying Lender as "Permitted Non-Qualifying Lender" under all, but not some only, Loan Notes (except for Loan Notes held by Qualifying Banks at that time), and under any and all other existing or future series of Loan Notes, as the case may be, or similar instruments, between the Issuer and the existing Permitted Non-Qualifying Lender (or any successor thereof).

"**Permitted Reorganisation**" means a consolidation, amalgamation, merger or reconstruction entered into by the Issuer, under which: (a) the whole of the business, undertaking and assets of the Issuer is transferred to, and all the liabilities and obligations of the Issuer are assumed by, the new or surviving entity either: (i) automatically by operation of applicable law; or (ii) by some other means so long as, in relation to the obligations of the Issuer under or in respect of the Loan Notes, all the obligations of the Issuer under the terms of the Loan Notes are so transferred or assumed by agreement, as fully as if the new or surviving entity had been named in the Loan Notes, in place of the Issuer; and, in either case, (b) the new or surviving entity will immediately after such consolidation, amalgamation, merger or reconstruction be subject to the same regulation and supervision by the same regulatory authority as the regulation and supervision to which the Issuer was subject immediately prior thereto.

"**Pricing Supplement**" means the applicable pricing supplement for each Series of Loan Notes.

"**Proceedings**" has the meaning given to it in Condition 14.2

"**Qualifying Bank**" means any legal entity acting for its own account which is recognised as a bank by the banking laws in force in its jurisdiction of incorporation, and any branch of a legal entity, which is recognised as a bank by the banking laws in force in the jurisdiction where such branch is situated, and which, in each case, exercises as its main purpose a true banking activity, having bank personnel, premises, communication devices of its own and authority of decision making.

"**Qualifying Lender**" means a Loan Noteholder which is a Qualifying Bank or the Permitted Non-Qualifying Lender.

"**Rate of Interest**" means: (i) in the case of each Interest Period ending on or before the Reset Date, the Fixed Rate or (ii) in the case of each Floating Interest Period to (but excluding) the Final Maturity Date, the relevant Floating Rate that was in effect for such Floating Interest Period.

"**Ratings Methodology Event**" means a change, on or the Closing Date, by a nationally recognised statistical rating organisation to its equity credit criteria, or the interpretation or application thereof, for securities such as the Loan Notes, which change (i) results in a lower equity credit being given to any outstanding Loan Notes as of the date of such change than the equity credit assigned to the Loan Notes at or around the applicable Drawing Date or (ii) would result in any equity credit assigned to any Loan Notes that may be issued in the future that is lower than the equity credit that would have been assigned to such Loan Notes had they been issued prior to such change in criteria.

"**Recalculation Event**" means that an opinion of a recognised independent tax counsel has been delivered to the Issuer on or after the Closing Date, confirming (i) the occurrence of a Recalculation of Interest (as defined in the Conditions); or (ii) that the Issuer is required (a) pursuant to the Conditions, to pay Additional Amounts (as defined in the Conditions) in respect of any Loan Notes (or would be required to pay Additional Amounts in respect of any Loan Notes that may be issued in the future) or (b) pursuant to the Facility, to pay an Additional Fee (as defined under "Description of the Facility—Facility Fees") and, in each case, this cannot be avoided by the Issuer taking such reasonable measures as the Issuer (acting in good faith) deems appropriate.

"**Recalculation of Interest** has the meaning given to it in Condition 3.4.

"**Record Date**" means the date that is five Business Days prior to the relevant Interest Payment Date, Final Maturity Date, Optional Redemption Date or date of early redemption pursuant to Conditions 4.2 or 4.3.

"**Redemption Event**" means a Recalculation Event, a Special Tax Event that is continuing, an Accounting Event, a Ratings Methodology Event or a Regulatory Event.

"**Reference Banks**" means the principal London office of each of four major banks engaged in the London interbank market selected by the Agent Bank, *provided* that, once a Reference Bank has been selected by the Agent Bank, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such.

"**Reference Date**" means the 10th Business Day preceding the relevant Interest Period Date, Early Redemption Date or Final Maturity Date, as the case may be.

"**Register**" has the meaning given to it in Condition 1(b).

"**Registrar**" has the meaning given to it in Condition 1(b).

"**Regulatory Event**" means, the occurrence on or after the Closing Date, of any of the following events, which occurrence cannot be avoided by the Issuer taking such reasonable measures as it (acting in good faith) deems appropriate:

(i) FINMA notifies the Issuer or otherwise states that (a) any outstanding Loan Notes (or any Series of Loan Notes that may be issued in the future) do not, or will not, fulfil the requirements of at least Tier 2 Capital, or equivalent thereof, for group or, if applicable, solo solvency purposes and (b) 100% of the principal amount of any outstanding Loan Notes (or any Series of Loan Notes that may be issued in the future) is not, or will not be, counted as at least Tier 2 capital or equivalent thereof, for group or, if applicable, solo solvency purposes, under any applicable transitional or grandfathering provisions of future regulations, or

(ii) FINMA affords any outstanding Loan Notes (or any Series of Loan Notes that may be issued in the future) recognition as at least Tier 2 Capital, or equivalent thereof, for group or, if applicable, solo solvency purposes, and at a subsequent time FINMA issues further guidance in relation to qualifying instruments for group or, if applicable, solo solvency purposes (by way of law, ordinance, regulation or a published interpretation thereof), and following which, notifies the Issuer or otherwise states that (a) any outstanding Loan Notes (or any Series of

Loan Notes that may be issued in the future) no longer, or will no longer, fulfil the requirements of at least Tier 2 Capital, or equivalent thereof, for group or, if applicable, solo solvency purposes and (b) 100% of the principal amount of any outstanding Loan Notes (or any Series of Loan Notes that may be issued in the future) is not, or will not be, counted as at least Tier 2 capital or equivalent thereof, for group or, if applicable, solo solvency purposes, under any applicable transitional or grandfathering provisions of future regulations.

Any reference in this definition to a statutory provision shall include any amendments to such provision from time to time and any successor provision.

"**Representative Amount**" means, in relation to any quotation of a rate for which a Representative Amount is relevant, an amount that is representative for a single transaction in the relevant market at the relevant time.

"**Required Deferral Event**" has the meaning given to it in Condition 3.5(c).

"**Required Solvency Margin**" means for group or, if applicable, solo solvency purposes, the required solvency margin (or a comparable term in case of a change in applicable rules) in accordance with the provisions of mandatorily applicable regulatory capital requirements (including but not limited to Swiss insurance regulatory law (for solo solvency purposes) or a generally recognised administrative practice, if any, of FINMA or otherwise, mandatorily applicable at that time) which is used by FINMA in determining whether deferral of interest is required under applicable rules.

"**Reset Date**" means August 15, 2025.

"**Scheduled Maturity Date**" means the Floating Interest Payment Date falling on or nearest to August 15, 2050.

"**Screen Rate**" means the rate for three-month deposits in U.S. dollars which appears on Reuters LIBOR01 (or such replacement page on that service which displays the information), as determined by the Agent Bank in accordance with Condition 3.2 for the relevant Floating Interest Period.

"**Senior Creditors**" means creditors in respect of Senior Securities.

"**Senior Securities**" means

(i) any securities or other relevant obligations, except those ranking or expressed to rank junior to or pari passu with the Loan Notes, including a guarantee or support (or any similar) agreement issued or entered into by the Issuer which ranks or is expressed to rank junior to or pari passu with the Loan Notes; and

(ii) for the avoidance of doubt but without limitation, obligations in respect of policies of insurance or reinsurance, trade accounts payable, any liability for income, franchise, real estate or other taxes owed or owing to unsubordinated creditors.

A "**Solvency Event**" shall have occurred if:

(i) the Issuer does not have appropriate funds to cover its Required Solvency Margin, or the amount of such funds would, as a result of a full or partial interest payment or redemption payment, respectively, that would otherwise be due on an Interest Payment Date, an Early Redemption Date or the Final Maturity Date, respectively, be or become less than its Required Solvency Margin, all as shown in the most recent FINMA Submission; or

(ii) the Issuer is unable to pay its debts owed to its Senior Creditors as they fall due; or

(iii) the Issuer's Assets do not exceed the Issuer's Liabilities,

as determined, for the purposes of Condition 3 only, up to the end of the Reference Date.

"**Solvency Shortfall**" means the portion of the Interest Amount that, if paid, would cause a Solvency Event to occur or be continuing.

"**Special Tax Event**" means that an opinion of a recognised independent tax counsel has been delivered, on or after the Closing Date, to the Issuer stating that, due to a change in law, ruling or interpretation, the Issuer is, or there is more than an insubstantial risk that the Issuer will be, no longer able to obtain a tax deduction for the purposes of Swiss corporation tax for any payment of interest on the Loan Notes (or on any Loan Notes that may be issued in the future) and, this cannot be avoided by the Issuer taking such reasonable measures as it (acting in good faith) deems appropriate.

"**Tax Deduction**" has the meaning given to it in Condition 3.4.

"**Taxes**" has the meaning given to it in Condition 6(a).

"**Ten Non-Bank Rule**" means the rule that the aggregate number of creditors under the Loan Notes which are not Qualifying Banks must not at any time exceed ten, in each case in accordance with the meaning of the Guidelines.

"**Tier 2 Capital**" means all items classified as tier two capital ("*Ergänzendes Kapital*") of the Issuer or the Issuer Group, as defined in the rules and regulations of FINMA at the time of issuance, comprising upper additional capital ("*oberes ergänzendes Kapital*") and lower additional capital ("*unteres ergänzendes Kapital*").

"**Transfer**" has the meaning given to it in Condition 1(c).

"**Transferred**" has the meaning given to it in Condition 1(c).

"**Twenty Non-Bank Rule**" means the rule that the aggregate number of the Issuer's creditors (including Loan Noteholders), other than Qualifying Banks, under all outstanding debt relevant for the classification of debenture (*Kassenobligation*) (within the meaning of the Guidelines) such as intra-group loans, facilities and/or private placements (including under the Loan Notes) must not at any time exceed twenty, in each case in accordance with the meaning of the Guidelines.

"**U.S. Treasury Securities**" means securities that are direct obligations of the United States Treasury, issued other than on a discount rate basis.

FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Series of Loan Notes is set out below.

Pricing Supplement dated [ ]

SWISS RE LTD

Issue of [*Aggregate Principal Amount of Series*] $700,000,000 Subordinated Fixed-to-Floating Rate Non Step-Up Callable Loan Notes with a scheduled maturity in 2050
Series Number [ ]

This document constitutes the Pricing Supplement relating to the Series of Loan Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated November 6, 2015 [and the supplemental Information Memorandum dated [ ]]. This Pricing Supplement contains the final terms of the specified Series of Loan Notes and must be read in conjunction with such Information Memorandum [as so supplemented].

1	**Issuer:**		Swiss Re Ltd (the "Issuer")
2	**Series Number:**		[ ]
3	**(i)**	**Drawing Date:**	[ ]
	(ii)	**Interest Commencement Date:**[1]	[ ]
4	**Aggregate Principal Amount of the Series:**		[ ]
5	**Optional Exchange Period:**		[From [●] to [●] 2025][2]
6	**Optional Redemption Dates:**		[Reset Date or any Floating Interest Payment Date thereafter/[●][3] or any Floating Interest Payment Date thereafter]

Signed on behalf of the Issuer:

By: By:

Duly authorised: Duly authorised

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1 The Interest Commencement Date shall be (i) if the Drawing Date is on a day in the period from (and including) the Closing Date to (but excluding) August 15, 2016, the Closing Date; (ii) after August 15, 2016, if the Drawing Date is on a day other than August 15, August 15 immediately preceding the Drawing Date; and (iii) if the Drawing Date is on August 15, the Drawing Date, unless (a) the Series of Loan Notes is issued due to a Deferral Event having occurred, in which case the Interest Commencement Date shall be the last August 15 on which the full amount of interest and/or Facility Fees then due was paid by the Issuer and not redelivered by Demeter, or (b) the Series of Loan Notes is issued as a result of the failure by the obligor of the Eligible Assets to make one or more payments when due (without giving effect to any applicable grace period) in respect of such Eligible Assets, in which case the Interest Commencement Date shall be the last August 15 on which the full amount of interest due on the Eligible Assets was paid by the obligor of the Eligible Assets, if any.

2 No Optional Exchange Date for a Series of Loan Notes may occur following the earliest of (i) the Drawing Date relating to a Delayed Call Election; (ii) the delivery of an Early Redemption Notice; (iii) the occurrence of a Bankruptcy Event; and (iv) the date falling 30 days prior to the Reset Date.

3 The date falling no later than the Floating Interest Payment Date scheduled to fall on, or failing which, immediately follows, the fifth anniversary of the Drawing Date for such Series.

DESCRIPTION OF THE FACILITY

The following summary of the terms of the Facility is qualified in its entirety by reference to the loan note issuance facility agreement dated on or about November 6, 2015 (the "**Facility Agreement**"), a copy of which is available from the Issuer upon request. Unless otherwise indicated, capitalized terms used but not defined herein shall have the meanings assigned to them in the Conditions.

General

Under the Facility, the Issuer will have the right, in its sole discretion, and, in certain circumstances the obligation, to issue Loan Notes to Demeter from time to time on or prior to August 15, 2025 (the "**Reset Date**") against the Issuer's right to receive from Demeter the Relevant Portion (as defined under "—Settlement of Loan Note Issuances") of each of the Eligible Assets, the Eligible Asset Income (if any) (each, as defined under "−Voluntary Loan Note Issuances") and the Facility Fees (if any) (as defined under "—Facility Fees"), in each case, held by Demeter on the relevant Drawing Date (as defined under "—Settlement of Loan Note Issuances"), subject as described under "—Settlement of Loan Note Issuances." The aggregate principal amount of Loan Notes (together with any Relevant Notional Loan Notes as defined under "—Settlement of Loan Note Issuances") outstanding at any one time under the Facility will not exceed $700,000,000, as may be reduced from time to time by the aggregate principal amount of Loan Notes that have been purchased in accordance with Condition 4.4 (the "**Maximum Commitment**"). The undrawn portion of the Maximum Commitment available for drawing from time to time under the Facility is referred to as the "**Available Commitment**." Notwithstanding the foregoing, at any time when the Issuer is obligated to make payments in respect of Relevant Notional Loan Notes pursuant to the Facility Agreement, it may issue an amount of Loan Notes equal to the principal amount of such Relevant Notional Loan Notes, following which its obligations under the Loan Notes so issued shall replace its obligations in respect of the Relevant Notional Loan Notes. For a summary of the consequences of the failure by the Issuer to issue Loan Notes, see "—Settlement of Loan Note Issuances."

On the date that the agency agreement made between the Issuer and the agents named therein (such agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") is executed (the "**Closing Date**"), which is expected to be on or about November 13, 2015, Demeter is to purchase a portfolio of Eligible Assets that are scheduled, as of such date, to make payments on (i) each Fixed Interest Payment Date up to (and including) the Reset Date, in an aggregate amount equal to 2.216714% per annum applied to the Maximum Commitment, and (ii) the Reset Date, in an amount equal to the Maximum Commitment. The Eligible Assets, Eligible Asset Income and Facility Fees, in each case, held by Demeter, may vary from time to time to the extent that Loan Notes are issued to Demeter or subsequently exchanged for Exchange Collateral (as defined under "—Optional Exchange"), in each case by the Issuer.

The Issuer is obligated to draw the Available Commitment in full, and the Available Commitment will be automatically drawn in full, in the circumstances described under "—Automatic Loan Note Issuance."

Subject to certain conditions (as described under "—Optional Exchange"), the Issuer may, at its discretion, on any date specified in the relevant optional exchange notice given under the Facility Agreement (an "**Optional Exchange Notice**"), which date shall not be less than 30 nor more than 60 days after the date of delivery of the Optional Exchange Notice in accordance with Condition 12 (such date, the "**Optional Exchange Date**"), deliver Exchange Collateral to Demeter, in return for outstanding Loan Notes of the applicable Series, in whole or in part, in increments of $100,000,000 in principal amount (an "**Optional Exchange**") and, thereafter in its sole discretion may (*provided* that no amounts are due and unpaid by the Issuer under the Facility Agreement), or in certain circumstances would be required to, issue further Loan Notes to Demeter, as long as the aggregate principal amount of Loan Notes (together with any Relevant Notional Loan Notes) outstanding at any one time does not exceed the Maximum Commitment. The Optional Exchange Date must fall within the optional exchange period specified as such in the applicable Pricing Supplement (an "**Optional Exchange Period**").

Each issue and reissue (following an exchange) of Loan Notes will be against the Issuer's right to receive from Demeter the Relevant Portion of each of the Eligible Assets, Eligible Asset Income (if any) and the Facility Fees (if any), in each case, held by Demeter on the relevant Drawing Date, subject as described under "—Settlement of Loan Note Issuances." Each exchange of Loan Notes will be against the Issuer's right to receive from Demeter the Loan Notes in return for the Exchange Collateral, subject as described under "—Settlement of Loan Note Issuances."

Facility Fees

Commitment Fees

In consideration for its rights under the Facility, the Issuer will, subject to no Deferral Event as defined under "—Automatic Loan Note Issuance" having occurred, make payments to Demeter with respect to each Accrual Period on the last Business Day of such Accrual Period (or if such date is not a Business Day, the following Business Day, without any adjustment in amount) (each such date, a "**Facility Fees Payment Date**") in an aggregate amount equal to 3.533286% per annum applied to the Available Commitment as of the related Facility Fees Payment Date (each, a "**Commitment Fee**" and, together with any Additional Fee (as defined under "—Additional Fees") the "**Facility Fees**"). For the avoidance of doubt, at any time when the Available Commitment has been reduced to zero as at close of business on a Facility Fees Payment Date (as defined in the Facility Agreement), no Facility Fee will be due in respect of such Accrual Period (as defined under "—Deferral of Facility Fees and Cancellation of Facility Fees upon occurrence of a Deferral Event").

Additional Fees

All payments by the Issuer under the Facility shall be made free and clear of, and without withholding or deduction (collectively, a "**Tax Deduction**") for, any Taxes imposed, levied, collected, withheld or assessed by or within or on behalf of Switzerland or any political subdivision thereof or any authority thereof having the power to tax, unless such Tax Deduction is required by applicable law, in which event the Issuer undertakes that it will, subject to the same restrictions and limitations set forth in Condition 6, as if references therein to interest were references to payments by the Issuer under the Facility, pay an additional fee ("**Additional Fee**") as shall result in receipt by Demeter, of such amounts as would have been received by it had no such Tax Deduction been required.

Without prejudice to the foregoing, if any Taxes of whatever nature are required by law to be deducted or withheld in connection with any payment under the Facility, the Issuer will increase the amount paid so that the full amount of such payment is received by the payee as if no such Tax Deduction had been made. In addition, the Issuer agrees to indemnify and hold Demeter harmless against any Taxes of whatever nature which it is required to pay in respect of any amount paid by the Issuer under the Facility.

Status of the Facility

The Issuer's obligations to pay the Facility Fees and any other amounts due and payable under the Facility, constitute unsecured and subordinated obligations ranking junior to the Issuer's obligations under any Senior Securities, *pari passu* among themselves and with the Issuer's obligations under any Parity Securities, and senior to the Issuer's obligations under its Junior Securities (each, as defined in the Conditions). In the event of the liquidation, dissolution, insolvency, compromise or other similar proceeding for the avoidance of insolvency of, or against, the Issuer, the claims of Demeter in respect of the Facility Fees and any amounts due and payable under the Facility, will be subordinated to the claims of all Senior Creditors (as defined in the Conditions), so that in any such event no amounts shall be payable in respect of the Loan Notes unless the claims of all Senior Creditors shall have first been satisfied in full. These subordination provisions are governed by the substantive laws of Switzerland and such provisions are irrevocable.

Deferral of Facility Fees and Cancellation of Facility Fees upon occurrence of a Deferral Event

Upon the occurrence of any of the circumstances set out in Condition 3.5 which require or permit (or would require or permit, if any Loan Notes were outstanding) a deferral of interest in respect of any Loan Notes, the Issuer may be required or elect, respectively, to defer the payment (in whole or in part) of the Facility Fees that would have been due and payable in respect of the relevant Facility Fees Payment Date, *provided* that, for these purposes, any references in Condition 3.5 to "Interest Payment Date" shall be deemed references to "Facility Fees Payment Date." Such deferral of Facility Fees shall constitute a Deferral Event resulting in an Automatic Issuance Event (see "—Automatic Loan Note Issuance").

Upon the occurrence of a Deferral Event, the amount of Facility Fees that would have been due and payable in respect of the relevant Facility Fees Payment Date pursuant to the Facility Agreement in the absence of such Deferral Event, shall cease to be due and payable by the Issuer and shall be cancelled, unless an Optional Exchange occurs prior to the related Facility Fees Payment Date.

Any Eligible Asset Income held by Demeter that would have been payable in the absence of such Deferral Event will still be due and payable to the Issuer on the relevant Settlement Date or Reset Settlement Date (each, as defined under "—Settlement of Loan Note Issuances").

Where:

"**Accrual Period**" means (i) the period beginning on (and including) the Closing Date and ending on (but excluding) August 15, 2016 and (ii) each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Business Day**" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets in Zurich, Switzerland and, in the case of Conditions 3, 4 and 5 only, New York, New York, London, England, provided that "Business Day" shall, with respect to Drawing Notices only, include the jurisdictions of the Specified Offices of the Registrar and any paying agent appointed under the Agency Agreement which shall initially be Luxembourg City, Luxembourg and London, England and, thereafter any such other location as the Registrar or any paying agent may specify by notice to the Issuer as its Specified Office in accordance with the Agency Agreement.

"**Interest Payment Date**" means an Interest Period Date or Additional Interest Payment Date, as applicable.

"**Interest Period Date**" means (i) each Fixed Interest Payment Date and (ii) each Floating Interest Payment Date.

Voluntary Loan Note Issuances

Subject to the limitations that (a) the principal amount of Loan Notes at any one time outstanding may not exceed the Maximum Commitment, (b) that no amounts are due and unpaid by the Issuer under the Facility Agreement and (c) that each Loan Note will be issued in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof, the Issuer may, from time to time on or prior to the Reset Date, in its sole discretion, elect to issue a Series of Loan Notes (in increments of $100,000,000 in principal amount) to Demeter, by delivering a written notice to Demeter, given in accordance with, and substantially in the form set out in, the Facility Agreement (a "**Drawing Notice**"). Such Drawing Notice will specify, among other things, the amount of Loan Notes to be issued and the proposed Drawing Date, which date shall be at least two Business Days but not more than five Business Days after the date of delivery (or deemed delivery) of the Drawing Notice by the Issuer, *provided* that:

(i) such date is at least five Business Days prior to any Early Redemption Date or other date on which the Facility is to terminate;

(ii) if the Drawing Notice is delivered in respect of an Eligible Assets Event (as defined under "—Automatic Loan Note Issuance"), the proposed Drawing Date must be no later than the day falling two Business Days following the occurrence of such Eligible Assets Event; and

(iii) if the proposed Drawing Date were to fall on the Business Day on which the expected amount of Eligible Asset Income and/or Facility Fees and/or Interest Amount in respect of an Accrual Period are to be received in full by Demeter (the "**Funded Date**") then such Drawing Date shall be postponed until the second Business Day immediately following such Funded Date and no such amounts received by Demeter shall be payable by Demeter to the Issuer in respect of such issue of Loan Notes.

In respect of any Drawing Notice delivered (or deemed to be delivered) under the Facility Agreement, the Available Commitment shall be reduced (but not below zero) with effect from the related Drawing Date, by the principal amount of Loan Notes that are validly issued pursuant to such Drawing Notice. The Loan Notes will be issued to Demeter against the Issuer's right to receive from Demeter the Relevant Portion of each of the Eligible Assets, the Eligible Asset Income (if any) and the Facility Fees (if any), in each case, held by Demeter on the relevant Drawing Date, subject as described under "—Settlement of Loan Note Issuances."

The first Optional Redemption Date for any Series of Loan Notes shall be the Reset Date unless, in respect of a Series of Loan Notes issued in the period from (and including) August 15, 2020, to (but excluding) the Reset Date, the Issuer elects to make a Delayed Call Election (as defined in the Conditions), in which case the first Optional Redemption Date for all Loan Notes will be the date falling no later than the Floating Interest Payment

Date scheduled to fall on, or failing which, immediately follows, the fifth anniversary of the Drawing Date for such Series. If the Issuer makes a Delayed Call Election, the aggregate principal amount of the Series of Loan Notes issued in conjunction therewith will be equal to the Available Commitment immediately prior to such issuance, irrespective of whether such Available Commitment has changed since the date of the Drawing Notice. Upon the issue of such Loan Notes, no further Loan Notes may be issued or any Optional Exchange requested. Loan Notes issued under the Facility will be redeemed on the Final Maturity Date, unless previously redeemed, exchanged or purchased and cancelled in accordance with the Conditions.

Where:

"**Eligible Assets**" means principal and/or interest strips of U.S. Treasury Securities.

"**Eligible Asset Income**" means cash payments received by the holder thereof on any Eligible Assets held by it.

"**Interest Amount**" means, with respect to any Interest Payment Date, the amount of interest that would be payable on the aggregate principal amount of Loan Notes outstanding on such Interest Payment Date (but excluding such date).

Automatic Loan Note Issuance

Subject as described below in respect of a Bankruptcy Event, the Issuer will be required to deliver a Drawing Notice to Demeter, by no later than the Business Day immediately following the occurrence of an Automatic Issuance Event (as defined below), for a principal amount equal to the then Available Commitment as of the close of business on the Business Day immediately preceding the date of such Drawing Notice. Each of the following shall trigger an "**Automatic Issuance Event**" on the relevant date specified:

(i) upon the occurrence of an Issuer Payment Default, on the date of such event;

(ii) upon the occurrence of a Deferral Event, on the date of the relevant notice of deferral;

(iii) upon the occurrence of an Election Not to Terminate, on the date that is seven Business Days prior to the Reset Date;

(iv) upon the occurrence of an Eligible Assets Event, on the due date for the payment triggering such event;

(v) upon the occurrence of a Bankruptcy Event, on the date constituting the relevant event;

(vi) upon the occurrence of a Redemption/Termination Event or the Issuer's election to terminate the Facility, as provided for in the Facility Agreement, on the date of delivery of an Early Redemption Notice to Demeter; or

(vii) upon the occurrence of a Demeter Event, on the date the related Demeter Event Notice is delivered by Demeter to the Issuer.

As soon as reasonably practicable upon becoming aware of a Demeter Event (or in any case, at or prior to the time of notification of such event to any other person), Demeter shall deliver a Demeter Event Notice to the Issuer.

Pursuant to the Facility Agreement, the Issuer shall notify Demeter promptly upon becoming aware of an event or development other than a Demeter Event that would give rise to an Automatic Issuance Event and, in the case of becoming aware of any Bankruptcy Event, the delivery of a Bankruptcy Order shall be deemed as delivery of a Drawing Notice and the related Drawing Date in respect of such Drawing Notice shall be the day falling two Business Days after the date of receipt of such order. For a summary of the consequences of a Bankruptcy Event in respect of the Issuer on the issue of Loan Notes or an Optional Exchange under the Facility, see "— Settlement of Loan Note Issuances."

If a Drawing Notice is delivered in respect of an Automatic Issuance Event (other than an Eligible Assets Event or a Bankruptcy Event), the proposed Drawing Date must be at least two Business Days but not more than five Business Days after the date of delivery (or deemed delivery) of the Drawing Notice by the Issuer. If a Drawing

Notice is delivered in respect of an Eligible Assets Event, the proposed Drawing Date must be no later than the day falling two Business Days following the occurrence of such Eligible Assets Event.

Where:

"**Bankruptcy Event**" means (a) the Issuer is insolvent or bankrupt or unable to pay its debts as and when they fall due; or (b) a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer be wound up or dissolved or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations otherwise than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reconstruction the terms of which shall have previously been approved by an Extraordinary Resolution of Loan Noteholders or as a result of a Permitted Reorganisation; or (c) an encumbrancer takes possession or a receiver is appointed of the whole or any substantial part of the assets or undertaking of the Issuer; or (d) a distress, execution or seizure before judgment is levied or enforced upon or sued out against any substantial part of the property, assets or revenues of the Issuer and (1) is not discharged or stayed within 60 days thereof or (2) is not being contested in good faith and by appropriate means; or (e) the Issuer shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, composition, postponement of bankruptcy, administration or insolvency law or make a general assignment for the benefit of, or enter into any composition with, its creditors; or (f) proceedings shall have been initiated against the Issuer under any applicable bankruptcy, composition, administration or insolvency law in respect of a sum claimed in aggregate of at least U.S.$100,000,000 or its equivalent in other currencies and such proceedings shall not have been discharged or stayed within a period of 60 days or are not being contested in good faith and by appropriate means.

"**Bankruptcy Order**" means an order of the court, administrator or other person or authority administering the bankruptcy, receivership, liquidation or similar proceeding of the Issuer, confirming that the Facility Agreement shall continue to be performed by the Issuer following the occurrence of such Bankruptcy Event (including, without limitation, the issuance and delivery of Loan Notes by the Issuer as a consequence of the occurrence of such Bankruptcy Event) and having the effect that the Issuer's obligations under the Facility Agreement and all Loan Notes issued or to be issued will be enforceable.

"**Deferral Event**" means:

(a) if any Loan Notes are outstanding, an election by the Issuer, or a requirement for the Issuer, to defer the payment (in whole or in part) of interest on any outstanding Loan Notes pursuant to Condition 3.5; or

(b) the requirement for the Issuer or the election by the Issuer to defer the payment (in whole or in part) of Facility Fees, as described under "—Deferral of Facility Fees and Cancellation of Facility Fees upon occurrence of a Deferral Event."

"**Demeter Eligible Assets Event**" means the Issuer is notified by, or on behalf of, Demeter that in Demeter's determination:

(a) Demeter is or will be unable to receive any payment due in respect of any Eligible Assets held by Demeter, in full, on the due date therefor, without a deduction for or on account of any tax, including withholding tax, back-up withholding tax or other duty, assessment or governmental charge of whatever nature imposed by any authority of any jurisdiction;

(b) Demeter is or will be required to pay any tax, including withholding tax, back-up withholding tax or other duty, assessment or governmental charge of whatever nature imposed by any authority of any jurisdiction in respect of any payment received in respect of any Eligible Assets held by Demeter;

(c) Demeter is or will be required to comply with any tax reporting requirement (other than in respect of any FATCA Provision) of any authority of the Netherlands or the United States in respect of any payment received in respect of the Eligible Assets held by Demeter;

(d) due to the adoption of, or any change in, any applicable law after the Closing Date, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful for Demeter to hold Eligible Assets or to receive a payment or delivery in respect of the same; and/or

(e) withholding or a deduction is or will be required to be imposed on payments in respect of any Eligible Assets held by Demeter as a result of any FATCA Provision, which shall be deemed to be the case if, on the date falling 60 days prior to the earliest date on which withholding or a deduction made in respect of any FATCA Provision could apply to payments under, or in respect of sales proceeds of, the Eligible Assets held by Demeter, Demeter is a "non participating foreign financial institution" (as such term is used under section 1471 of the Code or in any regulations or guidance thereunder),

provided that, for purposes of sub-paragraphs (a) to (c) above, Demeter, using reasonable efforts prior to the due date for the relevant payment, but without being required to incur any material expense or take any unduly onerous action, is (or would be) unable to avoid such deduction(s) and/or payment(s) and/or comply with such reporting requirements described in sub-paragraphs (a) to (c) of this definition by filing a valid declaration that it is not a resident of such jurisdiction and/or by executing any certificate, form or other document in order to make a claim under a double taxation treaty or other exemption available to it or otherwise to comply with such reporting requirements.

A "**Demeter Event**" shall occur as a result of any following:

(a) a Demeter Tax Event, where no substitution or change in residence for taxation purposes is effected by Demeter;

(b) a Demeter Illegality Event where no substitution or change in legal characteristics in relation to matters causing such event is effected by Demeter; or

(c) the acceleration before its due date of any indebtedness of Demeter for or in respect of borrowed money and, that would require Demeter to liquidate or otherwise dispose of the Loan Notes held by Demeter or Eligible Assets held by Demeter, caused by:

(i) a failure by Demeter to pay any interest (other than validly deferred interest) or sum in respect of such indebtedness when due and, such failure continues for a period of more than 14 days;

(ii) a default by Demeter in the performance of or compliance with any other obligation in respect of such borrowing, which default is either incapable of remedy or, is not remedied within 30 days after notice of such default shall have been effectively given to Demeter on behalf of any creditor; or

(iii) any of the following events whereby Demeter:

(A) is dissolved (other than pursuant to a consolidation, amalgamation or merger on terms previously approved pursuant to the terms of such borrowing);

(B) becomes insolvent, is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;

(C) save to the extent contemplated in accordance with the terms of any relevant borrowing, makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors, or such a general assignment, arrangement, scheme or composition becomes effective;

(D) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other 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 either 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 is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;

(E) has a resolution passed for its winding up or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(F) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for any assets on which the liabilities of Demeter under a relevant borrowing are secured;

(G) has a secured party take possession of any assets on which the liabilities of Demeter under a relevant borrowing are secured or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against any assets on which the liabilities of Demeter under a relevant borrowing are secured and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; or

(H) 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 clauses (A) to (G) above.

"**Demeter Event Notice**" means a notice delivered to the Issuer in accordance with the Facility, notifying it of the occurrence of a Demeter Event and specifying the applicable Demeter Event;

A "**Demeter Illegality Event**" shall occur if, due to the adoption of, or any change in, any applicable law after the Closing Date, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful for Demeter (i) to perform any absolute or contingent obligation to make a payment or delivery in respect of any of its obligations relating to its borrowings, (ii) to hold any Loan Notes (or any asset or property into which such Loan Notes are converted, exchanged or substituted, other than Eligible Assets held by Demeter) or to receive a payment or delivery in respect of the same or the Facility Agreement or (iii) to comply with any other material provision of any agreement entered into by it, which is material for the performance of its obligations and, which in the case of (i), (ii) or (iii) would require Demeter to liquidate or otherwise dispose of the Loan Notes or Eligible Assets held by it.

A "**Demeter Tax Event**" shall occur if Demeter notifies the Issuer that (i) an event would occur in relation to the Loan Notes (or any asset or property into which such Loan Notes are converted, exchanged or substituted, other than Eligible Assets held by Demeter) or the Facility Agreement (each, a "**Relevant Asset**") that would have constituted a Demeter Eligible Assets Event if the Relevant Assets had been Eligible Assets or that would have constituted an Eligible Assets Event if the Loan Notes had been Eligible Assets; or (ii) on the due date for any payment in respect of any borrowing by Demeter, it will be required by any applicable law to withhold, deduct or account for an amount for any present or future taxes, duties or charges of whatsoever nature other than a withholding tax imposed on payments pursuant to FATCA or would suffer the same in respect of its income so that it would be unable to make in full the payment in respect of such borrowing on such due date; or (iii) on the due date for any payment in respect of any borrowing by Demeter, such a withholding, deduction or account is actually made in respect of any payment in respect of such borrowing by Demeter and, which in the case of (i), (ii) or (iii) would require Demeter to liquidate or otherwise dispose of the Loan Notes or any Eligible Assets held by it.

"**Election Not to Terminate**" means the Issuer does not, on or before the 30th day prior to the Reset Date, elect to terminate the Facility and redeem the outstanding Loan Notes on the Reset Date.

"**Eligible Assets Event**" means the occurrence of either of the following:

(a) the failure by the obligor of the Eligible Assets held by Demeter to make one or more payments when due (without giving effect to any applicable grace period) in respect of such Eligible Assets held by Demeter; or

(b) the occurrence of a Demeter Eligible Assets Event.

"**Extraordinary Resolution**" means a resolution (i) passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority of at least 75% of the votes cast or (ii) in writing, signed by or on behalf of the Loan Noteholders representing not less than 75% in principal amount of the Loan Notes at the time being outstanding.

"**Issuer Payment Default**" means failure by the Issuer, on or before any Interest Payment Date or Facility Fees Payment Date, as applicable (the "**Relevant Payment Date**") to pay (a) subject to no Deferral Event having occurred, any Facility Fees due on such date under the Facility, (b) subject to no Deferral Event having occurred, any interest on, or any principal amount of, or any additional amounts in respect of, any outstanding Loan Notes due on such date or (c) any amount otherwise due and owing under the Facility on or before such date, unless, in the case of (a) or (c), such failure is cured within 30 days of the Relevant Payment Date, as applicable and, in the case of (b), such failure is cured (i) in the case of principal, within 10 days of the Relevant Payment Date and (ii) in the case of interest, within 30 days of the Relevant Payment Date.

"**Permitted Reorganisation**" means a consolidation, amalgamation, merger or reconstruction entered into by the Issuer, under which: (a) the whole of the business, undertaking and assets of the Issuer is transferred to, and all the liabilities and obligations of the Issuer are assumed by, the new or surviving entity either: (i) automatically by operation of applicable law; or (ii) by some other means so long as, in relation to the obligations of the Issuer under or in respect of the Loan Notes, all the obligations of the Issuer under the terms of the Loan Notes are so transferred or assumed by agreement, as fully as if the new or surviving entity had been named in the Loan Notes, in place of the Issuer; and, in either case, (b) the new or surviving entity will immediately after such consolidation, amalgamation, merger or reconstruction be subject to the same regulation and supervision by the same regulatory authority as the regulation and supervision to which the Issuer was subject immediately prior thereto.

Settlement of Loan Note Issuances

(i) Loan Note Issuances other than in respect of a Reset Draw

If the Issuer delivers (or is deemed to have delivered) a Drawing Notice (other than in respect of an Automatic Issuance Event resulting from (i) an Election Not to Terminate or (ii) an Optional Redemption by the Issuer on the Reset Date (each, a "**Reset Draw**")) it will issue and deliver, or will procure the delivery of, to Demeter, by 10:00 a.m. (London time) on the Drawing Date, a copy of the duly executed certificate evidencing the relevant principal amount of Loan Notes to be issued pursuant to such Drawing Notice, on a free of payment basis, in accordance with the provisions of the Agency Agreement. Subject as described under "—Voluntary Loan Note Issuances," and "—Automatic Loan Note Issuance," each Drawing Date shall be at least two Business Days but not more than five Business Days after the date of delivery (or deemed delivery) of the Drawing Notice by the Issuer.

In exchange, and by way of consideration, for the relevant principal amount of Loan Notes so issued and delivered, Demeter will deliver and pay, or will, procure the delivery or payment, as applicable, on the Settlement Date of, the Relevant Portion of each of the Eligible Assets, Eligible Asset Income (if any) and the Facility Fees (if any), in each case, held by Demeter on such Drawing Date, to the Issuer. For the avoidance of doubt, in the case of an Automatic Issuance Event upon the occurrence of a Deferral Event, the Eligible Asset Income held by Demeter and payable by it to the Issuer will include any related Eligible Asset income held by Demeter that would also be payable on the Relevant Payment Date, notwithstanding such Deferral Event.

Notwithstanding anything to the contrary contained in this description of the Facility, upon the occurrence of a Bankruptcy Event:

(i) in respect of any pending Drawing Notice for which the Drawing Date has yet to occur, no further action shall be taken in respect of such Drawing Notice until after receipt by Demeter of a Bankruptcy Order (or a copy thereof);

(ii) in respect of any pending Optional Exchange for which the Optional Exchange Date has yet to occur, no further action shall be taken in respect of such Optional Exchange until after receipt by Demeter of a Bankruptcy Order (or a copy thereof);

(iii) in respect of any Failure to Issue for which the Facility Agreement Settlement Date has yet to occur, no Failure to Issue Available Amount shall be distributed, and no partial enforcement of security shall be permitted, in respect of such Failure to Issue until after receipt by Demeter of a Bankruptcy Order (or a copy thereof);

(iv) no further Drawing Notice (whether voluntary, by reason of an Automatic Issuance Event or otherwise) may be delivered in respect of any Loan Notes until after receipt by Demeter of such Bankruptcy Order (or

a copy thereof), and no Failure to Issue, Failure to Deliver or Reset Failure to Perform shall occur as a result of any such non-delivery of a Drawing Notice; and

(v) no further Optional Exchange may be requested by the Issuer.

If (i) a Loan Notes Repudiation has occurred or (ii) a Bankruptcy Order (or a copy thereof) has not been received by the Issuer by close of business on the day falling one calendar year after the date on which Demeter became aware of such Bankruptcy Event, then (i) no Drawing Notice shall be deemed to have been delivered (and is no longer capable of being deemed to be delivered) in connection with such Bankruptcy Event; and (ii) the Issuer shall have no further right or obligation to issue Loan Notes or effect an Optional Exchange.

Failure to Issue

Upon the occurrence of a Failure to Issue, all of the Eligible Assets held by Demeter are to be liquidated as soon as reasonably practicable and the proceeds of the liquidation will then be applied (together with Eligible Asset Income (if any) and Facility Fees (if any), in each case, held by Demeter at such time):

(a) first, in payment to the Issuer of the Failure to Issue Payment Amount; and

(b) second, in payment of any residual amounts to Demeter.

Upon payment by Demeter to the Issuer of such Failure to Issue Payment Amount, any claims of the Issuer in respect of the Eligible Assets, Eligible Asset Income (if any) and/or the Facility Fees (if any), in each case, held by Demeter, shall be extinguished.

In consideration for the payment by Demeter or its agent of the Failure to Issue Payment Amount, the Issuer will make such payments to Demeter in respect of interest, principal and other amounts (if any) as though Demeter was the holder of an aggregate principal amount of Loan Notes equal to the Loan Notes Shortfall Amount (the "**Relevant Notional Loan Notes**"), with such payments falling due to be made by the Issuer on the same dates and subject to the same terms as if the Relevant Notional Loan Notes had been issued by the Issuer to Demeter on the relevant Drawing Date. The Available Commitment shall be reduced in respect of the Relevant Notional Loan Notes upon the related Facility Agreement Settlement Date, in an amount equal to the Relevant Notional Loan Notes for such Failure to Issue.

The obligation of the Issuer to make payments on the relevant due dates in respect of any Relevant Notional Loan Notes will terminate on the day that the Issuer issues to Demeter an aggregate principal amount of Loan Notes equal to the Loan Notes Shortfall Amount (any such issuance not affecting the Available Commitment or Maximum Commitment) or, if earlier, when no payments would remain outstanding in respect of the Relevant Notional Loan Notes assuming they had been issued on the relevant Drawing Date. Where the Issuer issues an aggregate principal amount of Loan Notes equal to the Loan Notes Shortfall Amount, Demeter shall have no corresponding obligation to deliver any Eligible Assets, Eligible Asset Income (if any) and/or Facility Fees (if any) to the Issuer.

Failure to Deliver

If the Issuer delivers a Drawing Notice under the Facility (other than a Drawing Notice relating to a Reset Draw) and, subject to circumstances set out in the Facility Agreement, Demeter (or any custodian appointed by Demeter, acting on its behalf and in accordance with its written instructions) fails to deliver and pay to the Issuer in full, in exchange for the principal amount of Loan Notes issued or required to be issued, the Relevant Portion of the Eligible Assets, Eligible Asset Income (if any) and the Facility Fees (if any), in each case, held by Demeter at such time, by the close of business on the Settlement Cut-off Date, then a "**Failure to Deliver**" shall occur. Upon the occurrence of a Failure to Deliver, the Issuer (but no other secured creditor in respect of any borrowing by Demeter) shall be entitled to direct any entity (subject to such entity being indemnified and/or secured and/or prefunded to its satisfaction) that has a right of enforcement granted by Demeter over the Eligible Assets held by Demeter, to effect a partial enforcement of any security in respect of the Failure to Deliver Shortfall Amount.

Notwithstanding the above, Demeter (or any custodian appointed by it acting on its behalf and in accordance with its written instructions) shall continue to attempt to deliver to the Issuer the Failure to Deliver Shortfall Amount until the occurrence of either of the following:

(a) the Issuer delivers a written notification to Demeter directing the partial enforcement of the security over the Failure to Deliver Shortfall Amount and the liquidation of the Eligible Asset Shortfall Amount and, as soon as reasonably practicable thereafter, the payment or procurement of the payment of the Failure to Deliver Payment Amount to the Issuer; or

(b) any event upon which the Eligible Asset Shortfall Amount shall be liquidated and, thereafter, the Failure to Deliver Payment Amount shall be paid to the Issuer.

Any claims of the Issuer in respect of the relevant amounts under the Facility for a Failure to Deliver, shall be extinguished upon the related Facility Agreement Settlement Date (as defined in the Facility Agreement).

(ii) Reset Draws

If the Issuer delivers a Drawing Notice in respect of a Reset Draw it will issue and deliver, or will procure the delivery of, to Demeter, by 10:00 a.m. (London time) on the Drawing Date, a copy of the duly executed certificate evidencing the relevant principal amount of Loan Notes to be issued pursuant to such Drawing Notice, on a free of payment basis and in accordance with the provisions of the Agency Agreement. Subject as described under "—Voluntary Loan Note Issuances," and "—Automatic Loan Note Issuance," each Drawing Date shall be at least two Business Days but not more than five Business Days after the date of delivery (or deemed delivery) of the Drawing Notice by the Issuer.

In exchange, and by way of consideration, for the relevant principal amount of Loan Notes so issued and delivered, Demeter (or any custodian acting on its behalf and in accordance with its written instructions) will:

(a) on each Business Day during the period commencing on (and including) the Business Day immediately prior to the Reset Date to (and including) the Reset Settlement Cut-off Date, pay the Issuer the Relevant Portion of the Eligible Asset Income (if any, which shall include for the avoidance of doubt, any amounts falling due from the obligor of the Eligible Assets (including in respect of principal) received around the Reset Date) and Facility Fees (if any), in each case, held by Demeter as at open of business on such Business Day (each, a "**Reset Payment Obligation**") and the amount payable in respect of a Reset Payment Obligation in respect of a particular Business Day, a "**Reset Payment Amount**;" and

(b) if by close of business on the Reset Settlement Cut-off Date, any amounts remain unpaid on the Eligible Assets that were held by Demeter as at the relevant Drawing Date, deliver such remaining Eligible Assets (and/or any Eligible Asset Income and/or any Facility Fees, in each case, received by it following the Reset Settlement Cut-off Date) (together, the "**Reset Delivery Amount**") to the Issuer by close of business on the second Business Day following such Reset Settlement Cut-off Date (the "**Reset Delivery Obligation**" and, together with the Reset Payment Obligations, the "**Reset Performance Obligations**"),

in each case, in accordance with the Facility Agreement (the date on which all Reset Performance Obligations are satisfied in full, the "**Reset Settlement Date**").

Reset Failure to Perform

If Demeter (or any custodian acting on its behalf and in accordance with its written instructions) fails to satisfy any of its Reset Performance Obligations, then a Reset Failure to Perform will have occurred. Upon the occurrence of a Reset Failure to Perform, the Issuer (but no other secured creditor in respect of any borrowing by Demeter) shall have the right to direct any entity (subject to such entity being indemnified and/or secured and/or prefunded to its satisfaction) that has a right of enforcement granted by Demeter over the Eligible Assets held by it, to effect a partial enforcement of the security in respect of the Eligible Assets (if any), Eligible Asset Income (if any) and Facility Fees (if any), in each case, held by Demeter at such time.

Notwithstanding the above, Demeter (or any custodian appointed by it acting on its behalf and in accordance with its written instructions) shall continue to attempt to pay or deliver to the Issuer the relevant Reset Payment Amount or Reset Delivery Amount, as applicable, until the occurrence of either of the following:

(a) the Issuer delivers a written notification to Demeter directing the partial enforcement of the security in respect of the Eligible Assets (if any), Eligible Asset Income (if any) and Facility Fees (if any), in each case held by Demeter at such time, and the liquidation of the remaining Eligible Assets held by

Demeter on the date of the notification and, as soon as reasonably practicable thereafter, to pay or procure the payment of the Reset Failure to Perform Payment Amount to the Issuer; or

(b) any event upon which the remaining Eligible Assets held by Demeter on the date of occurrence of such event shall be liquidated and, as soon as reasonably practicable thereafter, the Reset Failure to Perform Payment Amount shall be paid to the Issuer.

Any claims of the Issuer in respect of the relevant amounts under the Facility for a Reset Failure to Perform, shall be extinguished upon the related Facility Agreement Settlement Date.

Where:

"**Eligible Asset Income Shortfall Amount**" means the lesser of (i) the amount of Eligible Asset Income held by Demeter that should have been paid (if any) by Demeter to the Issuer in respect of an issue of Loan Notes in accordance with the Facility Agreement, but which Demeter failed to so pay to the Issuer; and (ii) all Eligible Asset Income then held by Demeter.

"**Eligible Asset Shortfall Amount**" means the lesser of (i) the amount of Eligible Assets held by Demeter that should have been delivered by Demeter to the Issuer in respect of an issue of Loan Notes in accordance with the Facility Agreement, but which Demeter failed to so deliver to the Issuer and (ii) all Eligible Assets then held by Demeter.

"**Facility Fee Shortfall Amount**" means the lesser of (i) the amount of Facility Fees held by Demeter that should have been paid (if any) by Demeter to the Issuer in respect of an issue of Loan Notes in accordance with the Facility Agreement, but which Demeter failed to so pay to the Issuer and (ii) all Facility Fees then held by Demeter at such time.

"**Failure to Deliver Payment Amount**" means the sum of (i) the proceeds of liquidation of the Eligible Asset Shortfall Amount, (ii) the Eligible Asset Income Shortfall Amount (if any) and (iii) the Facility Fees Shortfall Amount (if any).

"**Failure to Deliver Shortfall Amount**" means (i) the Eligible Asset Shortfall Amount, (ii) the Eligible Asset Income Shortfall Amount (if any) and (iii) the Facility Fees Shortfall Amount (if any).

"**Failure to Issue**" means in respect of any required issue of Loan Notes pursuant to an Automatic Issuance Event, a failure by the Issuer to make a valid delivery to Demeter (or its custodian, as agreed), by 10:00 a.m. (London time) on the related Drawing Date, of a copy of the duly executed certificate evidencing the Loan Notes to be issued.

"**Failure to Issue Payment Amount**" means an amount equal to the lesser of (a) the aggregate principal amount of Loan Notes that should have been issued in respect of the relevant Automatic Issuance Event, as applicable; and (b) the proceeds of liquidation of the Relevant Portion of the Eligible Assets, the Eligible Asset Income (if any) and the Facility Fees (if any), in each case, held by Demeter at such time.

"**Loan Notes Repudiation**" means that the court, administrator or other person or authority administering the bankruptcy, receivership, liquidation or similar proceeding of the Issuer communicates that the Facility Agreement shall not be further performed by the Issuer.

"**Loan Notes Shortfall Amount**" means, in respect of a Failure to Issue, the difference between (a) the Available Commitment as of the close of business on the Business Day prior to the relevant Drawing Date and (b) the aggregate principal amount of Loan Notes actually issued by the Issuer on such Drawing Date.

"**Relevant Portion**" means, with respect to any Loan Notes to be issued to Demeter on a Drawing Date, a portion of each of the Eligible Assets (if any), Eligible Asset Income (if any) and Facility Fees (if any), in each case, held by Demeter on such Drawing Date, equal to the quotient of (i) the principal amount of Loan Notes so issued on such Drawing Date, and (ii) the amount of the Available Commitment as at the close of business on the Business Day immediately prior to such Drawing Date.

A "**Reset Failure to Perform**" shall occur if Demeter has failed to comply with any Reset Performance Obligation.

"**Reset Failure to Perform Liquidation Commencement Date**" means, in respect of a Reset Failure to Perform, the date that any entity that has a right of enforcement granted by Demeter over the Eligible Assets held by Demeter, is directed to liquidate Eligible Assets held by Demeter upon the occurrence of any event.

"**Reset Failure to Perform Payment Amount**" means the sum of (i) the liquidation proceeds of the remaining Eligible Assets held by Demeter as at the Reset Failure to Perform Liquidation Commencement Date and (ii) Eligible Asset Income (if any, which shall include for the avoidance of doubt, any amounts falling due from the obligor of the Eligible Assets (including in respect of principal) received around the Reset Date) held by Demeter as at the Facility Agreement Settlement Date and (iii) the Facility Fees held by Demeter as at the Facility Agreement Settlement Date (if any).

"**Reset Settlement Cut-off Date**" means, in respect of a Reset Draw, the tenth Business Day after the Reset Date.

"**Settlement Cut-off Date**" means, in respect of any Drawing Date (other than in respect of a Reset Draw), the second Business Day following such Drawing Date.

"**Settlement Date**" means the actual date of payment by Demeter for an issue of Loan Notes by the Issuer.

Optional Exchange

The Issuer may, at its discretion, on any Optional Exchange Date within the Optional Exchange Period, deliver Exchange Collateral to Demeter, in return for outstanding Loan Notes of the applicable Series, in whole or in part, in increments of $100,000,000 in principal amount. No Optional Exchange Date for a Series of Loan Notes may occur following the earliest of (i) the Drawing Date relating to a Delayed Call Election; (ii) the delivery of an Early Redemption Notice; (iii) the occurrence of a Bankruptcy Event; and (iv) the date falling 30 days prior to the Reset Date.

The Issuer's discretion to cause an Optional Exchange is subject to the conditions that (i) no Solvency Event having occurred that is continuing at the time of delivery of the relevant notice (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured); (ii) FINMA having given its Consent to the Optional Exchange; (iii) in the case of an Optional Exchange that is within five years of the related Drawing Date and if so required by any future rules and regulations applicable to the Issuer, to such Optional Exchange being (a) funded out of the proceeds of a new issuance of capital of at least the same quality as the Loan Notes and (b) otherwise permitted under relevant rules and regulations; and (iv) all Outstanding Expected Amounts (if any) having been settled prior to, or concurrently with, such Optional Exchange.

In the case of a partial exchange, the Loan Notes to be exchanged shall be selected by the Issuer by whatever method the Issuer elects.

The Issuer thereafter in its sole discretion may (*provided* that no amounts are due and unpaid by the Issuer under the Facility Agreement), or in certain circumstances would be required to, issue Loan Notes to Demeter following an Optional Exchange, as described under "—Voluntary Loan Note Issuances" and "—Automatic Loan Note Issuance."

If the Issuer delivers an Optional Exchange Notice, Demeter will deliver the Loan Notes in respect of which such right was exercised to the Issuer, in return for the Exchange Collateral, on the Optional Exchange Date.

To the extent that any cash in U.S. dollars is paid to Demeter in connection with an Optional Exchange, such cash shall be treated as forming part of the Eligible Asset Income then held by Demeter.

Where:

"**Exchange Collateral**" means an amount of Eligible Assets and, if necessary, cash in U.S. dollars which, when taken together with the Eligible Assets, the Eligible Asset Income (if any) and the Facility Fees (if any), in each case, held by Demeter immediately prior to the Optional Exchange Date, will be sufficient to fund payments following such Optional Exchange on (i) each Fixed Interest Payment Date falling on or after the relevant Optional Exchange Date to (and including) the Reset Date, in an amount equal to 5.750% per annum applied to the Available Commitment immediately following the Optional Exchange and calculated by applying the Fixed

Rate Day Count Fraction, and (ii) the Reset Date, in an amount equal to the Available Commitment immediately following the Optional Exchange.

It shall only be necessary for the Issuer to pay cash in respect of an Optional Exchange where it is not possible to meet the funding requirement through delivery of Eligible Assets alone.

"**Outstanding Expected Amounts**" has the meaning given to it in Condition 3.5(d).

Termination following Redemption of Loan Notes

Unless previously terminated in accordance with the Conditions and the Facility Agreement, the Issuer will terminate the Facility and redeem all outstanding Series of Loan Notes, in whole but not in part, in cash, at their principal amount together with any accrued but unpaid interest up to (but excluding) the Final Maturity Date and any outstanding Deferred Interest on the Final Maturity Date.

As provided for in Conditions 4.2 and 4.3, the Issuer may, in certain circumstances, redeem outstanding Loan Notes and terminate the Facility prior to the Final Maturity Date. Upon delivering an Early Redemption Notice to Demeter in respect of the outstanding Loan Notes and, if at such time the Available Commitment is greater than zero, the Issuer will issue Loan Notes to Demeter for the full Available Commitment, with the relevant Drawing Date for such issue to fall at least two Business Days but not more than five Business Days after the date of delivery (or deemed delivery) of the Drawing Notice by the Issuer and, no later than five Business Days prior to the Early Redemption Date. In return, Demeter (or any custodian appointed by it acting on its behalf and in accordance with its written instructions) will deliver and pay, as applicable to the Issuer, the Relevant Portion of the Eligible Assets, the Eligible Asset Income (if any) and the Facility Fees (if any) held by Demeter. On the Early Redemption Date, all outstanding Loan Notes (including any newly issued Loan Notes for the full Available Commitment) will be redeemed by the Issuer at their Cash Redemption Amount. Unless a Failure to Issue has occurred as described under "—Settlement of Loan Note Issuances," the Facility will terminate upon the redemption of the outstanding Loan Notes.

Assignment; Merger; Consolidation or Sale of Assets

Demeter may only assign or transfer its rights or obligations under the Facility with the prior written consent of the Issuer and *provided* that such assignment or transfer would enable continued compliance with the requirements set out in Condition 1. Upon any transfer and assumption of obligations Demeter shall be relieved of and fully discharged from all obligations under the Facility, whether the obligations arose before or after the transfer and assumption.

The Facility does not prohibit the Issuer from entering into a merger, consolidation or sale of all or substantially all of its assets.

Substitution

If there is to be a New Issuer (as defined in the Conditions) on a substitution under Condition 9, then such New Issuer may also be substituted as obligor under the Facility, *provided* that the obligations of the New Issuer under the Facility are also guaranteed by Swiss Re Ltd, which guarantee shall, on a winding up of Swiss Re Ltd, have a *pari passu* ranking with the obligations of Swiss Re Ltd under the Loan Notes prior to the substitution of Swiss Re Ltd under Condition 9.

If the New Issuer is a company resident for tax purposes in a New Residence (as defined in Condition 9(c)), the conditions set forth in Condition 9(c) must also be met mutatis mutandis for purposes of the Facility Agreement. If the New Issuer is resident for tax purposes in a New Residence, the provisions of clause 11.2 of the Facility Agreement (relating to Additional Fees) shall apply with the substitution of references to Switzerland with references to the New Residence.

Governing Law

The Facility (except for the subordination provisions set out in clause 11.5 therein, which are governed by the substantive laws of Switzerland) and any non-contractual obligations arising out of or in connection with such agreements will be governed by, and construed in accordance with, English law.

USE OF PROCEEDS

At the time of any drawing under the Facility, the Issuer will receive from Demeter, in exchange for the Series of Loan Notes issued pursuant to such drawing, the Relevant Portion of each of the Eligible Assets, the Eligible Asset Income (if any) and the Facility Fees (if any), in each case, held by Demeter on such Drawing Date. The Issuer will, in its sole discretion, either hold the Eligible Assets or liquidate the Eligible Assets in the open market, and use the proceeds for general corporate purposes, including providing funds to its principal Business Units (or specific legal entities within the Swiss Re Group) to meet capital, liquidity and/or other financing needs. Such Eligible Assets or proceeds will be used both inside and outside of Switzerland.

CAPITALIZATION

The following table sets forth our consolidated capitalization as of September 30, 2015. You should read this table together with our Interim 2015 Financial Statements that are incorporated by reference in this Information Memorandum. See "Financial and Other Information Included or Incorporated by Reference in this Information Memorandum."

None of our long-term financial debt is secured. As of September 30, 2015, the Issuer (on a standalone basis) had no long-term financial debt outstanding.

The following table does not reflect the issuance of the Loan Notes.

	As of September 30, 2015
	(USD in millions) (unaudited)
Long-term senior and subordinated financial debt	7,891[(a)]
Shareholders' equity:	
Contingent capital instruments	1,102[(b)]
Common shares, CHF 0.10 par value (September 30, 2015: 370,706,931 shares authorized and issued)	35
Additional paid-in capital	467
Treasury shares, net of tax	(1,213)
Accumulated other comprehensive income:	
Net unrealized investment gains, net of tax	3,409
Other-than-temporary impairment, net of tax	(2)
Foreign currency translation, net of tax	(5,586)
Adjustment for pension and post-retirement benefits, net of tax	(1,074)
Total accumulated other comprehensive income	(3,253)
Retained earnings	36,588
Shareholders' equity	33,726
Non-controlling interests	93
Total equity	33,819
Total capitalization	41,710

(a) Represents $3,741 million of senior financial debt and $4,150 million of subordinated financial debt, but does not include $3,271 million of long-term operational debt. Debt used for operational leverage and financial intermediation is treated as operational debt and is currently excluded by the rating agencies from financial leverage calculations. Under guidelines issued by Moody's, operational debt may not exceed 10% of total capital (shareholders' equity plus total debt), with any excess treated as financial debt.

(b) Consists of CHF 320,000,000 of 7.25% perpetual subordinated notes with stock settlement issued by SRZ in February 2012 and $750,000,000 of 8.25% perpetual subordinated capital instruments with stock settlement issued by SRZ in March 2012. Both instruments may be converted, at the option of SRZ, into the Issuer's shares at any time through at market conversion using the retrospective five-day volume weighted average share price with a 3% discount or within six months following a solvency event at a pre-set floor price.

SELECTED CONSOLIDATED FINANCIAL DATA

You should read the following selected consolidated financial data together with our Financial Statements that are incorporated by reference in this Information Memorandum. See "Financial and Other Information Included or Incorporated by Reference in this Information Memorandum."

We extracted the selected consolidated financial data presented below from (a) our 2014 Financial Statements and 2013 Financial Statements, respectively, which have been audited by our independent auditors, and have been prepared and presented in accordance with U.S. GAAP; and (b) the Interim 2015 Financial Statements as of and for the nine months ended September 30, 2014 and 2015, which have been prepared and presented in accordance with U.S. GAAP.

	Year ended December 31,		Nine months ended September 30,	
	2013	**2014**	**2014**	**2015**
	(USD in millions)			
			(unaudited)	
Income Statement Data:				
Revenues				
Premiums earned:				
Property & Casualty Reinsurance	14,542	15,598	11,678	11,378
Life & Health Reinsurance	9,967	11,212	8,399	8,054
Corporate Solutions	2,922	3,444	2,574	2,521
Admin Re®	844	502	393	276
Group Items[(a)]	1	-	-	-
Total premiums earned	**28,276**	**30,756**	**23,044**	**22,229**
Fee income from policyholders	542	506	379	326
Net investment income – non-participating	3,947	4,103	3,121	2,700
Net realized investment gains – non-participating	766	567	548	1,186
Net investment result – unit-linked and with-profit	3,347	1,381	880	(477)
Other revenues	24	34	17	34
Total revenues	**36,902**	**37,347**	**27,989**	**25,998**
Expenses:				
Claims and claim adjustment expenses	(9,655)	(10,577)	(7,896)	(7,310)
Life and health benefits	(9,581)	(10,611)	(7,750)	(6,713)
Return credited to policyholders	(3,678)	(1,541)	(1,037)	160
Acquisition costs	(4,895)	(6,515)	(4,377)	(4,780)
Other expenses	(3,508)	(3,155)	(2,240)	(2,367)
Interest expenses	(760)	(721)	(564)	(438)
Total expenses	**(32,077)**	**(33,120)**	**(23,864)**	**(21,448)**
Income before income tax expense	4,825	4,227	4,125	4,550
Income tax (expense)	(312)	(658)	(817)	(834)
Net income before attribution of non-controlling interests	**4,513**	**3,569**	**3,308**	**3,716**
Income/(loss) attributable to non-controlling interests	(2)	0	(1)	(6)
Net income after attribution of non-controlling interests	**4,511**	**3,569**	**3,307**	**3,710**
Interest on contingent capital instruments	(67)	(69)	(52)	(51)
Net income attributable to common shareholder	**4,444**	**3,500**	**3,255**	**3,659**
Balance Sheet Data (at period end):				
Total investments	150,075	143,987	149,674	140,654
Total assets	213,520	204,461	210,257	200,327
Total liabilities	180,543	168,420	175,510	166,508
Total shareholders' equity	32,952	35,930	34,725	33,726
Total equity	32,977	36,041	34,747	33,819

Other Data (unaudited)[b]

	Year ended December 31,		Nine months ended September 30,	
	2013	2014	2014	2015
	(%)			
Property & Casualty Reinsurance operating ratios (traditional business)				
Claims ratio[c]	54.2	54.5	54.3	51.7
Expense ratio	29.6	29.2	28.4	33.1
Property & Casualty Reinsurance combined ratio (including unwind of discount)	83.8	83.7	82.7	84.8
Life & Health Reinsurance management expense ratio[d]	7.6	6.9	6.9	7.0
Life & Health Reinsurance operating margin[e]	5.8	2.6	8.8	10.7
Corporate Solutions operating ratios				
Claims ratio[f]	60.6	59.6	59.9	56.4
Expense ratio	34.5	33.4	33.0	35.5
Corporate Solutions combined ratio (including unwind of discount)	95.1	93.0	92.9	91.9

(a) Items not allocated to our business segments are included in Group Items, which encompasses Swiss Re Ltd, certain non-core activities which are in run-off (formerly presented in the business segment Legacy), Principal Investments and certain Treasury units.

(b) Unaudited ratios (calculated based on information extracted from our accounting records/management accounts).

(c) Under purchase GAAP, acquired assets and liabilities are required to be stated at fair value, which means that property and casualty reserves must be adjusted to reflect fair value. The discount (net of capital cost) unwinds over the estimated average duration of the reserves.

(d) Represents annual Life & Health business other operating costs and expenses divided by Life & Health business operating revenues (excluding unit-linked and with-profit business).

(e) Operating margin is calculated as operating income divided by total operating revenues. Total operating revenues are total revenues excluding unit-linked and with-profit revenues.

(f) Under purchase GAAP, acquired assets and liabilities are required to be stated at fair value, which means that Corporate Solutions' reserves must be adjusted to reflect fair value. The discount (net of capital cost) unwinds over the estimated average duration of the reserves.

OUR BUSINESS

OVERVIEW

The Swiss Re Group

We are a leading provider of wholesale reinsurance, insurance and risk transfer solutions to insurance companies, corporate clients, the public sector and policyholders. We are a holding company providing solutions and services through four core operating business segments: Property & Casualty Reinsurance and Life & Health Reinsurance, which together comprise our Reinsurance Business Unit; Corporate Solutions and Admin Re®. We hold our direct participations in companies and investments in certain private equity funds through Principal Investments.

Reinsurance. Our Reinsurance Business Unit consists of two segments, Property & Casualty and Life & Health. Through Reinsurance, we are a leading and diversified global reinsurer with offices in more than 20 countries, providing expertise and services to clients throughout the world. We have been engaged in the reinsurance business since our foundation in Zurich, Switzerland in 1863. We offer a comprehensive range of reinsurance and insurance-based solutions to manage risk and capital, with a focus on accessing, transforming and transferring insurable risks. Our traditional reinsurance products and related services for property and casualty, together with our life and health business, are complemented by insurance-based capital markets solutions and supplementary services for comprehensive risk management.

Corporate Solutions. Through Corporate Solutions, we provide commercial insurance solutions designed to meet the risk and capital management needs of corporate clients around the globe, through an established office network consisting of 52 sales and underwriting offices (11 of which are hubs, combining origination, underwriting and other functions). Our broad property and casualty insurance portfolio includes insurance-related solutions for corporate clients and their insurance captives. We offer insurance capacity for single and multi-line programs worldwide, either on a standalone basis or as part of structured and tailor-made solutions. In addition, we offer customized, innovative and multi-line, multi-year risk transfer solutions on a global scale, taking into account the unique needs of local markets and specialty industries, including aviation and space, energy and power, engineering and construction, and environmental and commodity markets. Our solutions may take the form of direct insurance, fronting, reinsurance for captives and/or derivative solutions (including parametric solutions for weather and natural catastrophes). Our target clients are primarily mid-sized and large multinational corporate groups with annual revenues in excess of $750 million, but we also serve small commercial insurance segments (e.g., professional indemnity for small law firms in the United States) and niche sectors (e.g., general aviation), where we believe that our expertise is a differentiating factor.

On September 30, 2015, Corporate Solutions announced the acquisition of the aviation business of Assetinsure. Corporate Solutions currently owns the majority interest of Assetinsure's aviation portfolio and Assetinsure has managed the business as Managing General Agent and minority owner since 2010. Following the closing of the transaction, Corporate Solutions will own 100% of Assetinsure's general aviation and aerospace portfolio in Australia, New Zealand and select Pacific Islands. The transaction includes the addition of the Brisbane office to Corporate Solutions' network of offices, complementing its existing Australian presence in Sydney and Melbourne.

Admin Re® Business Unit. Through Admin Re®, we acquire and manage closed blocks of in-force life and health insurance business, including pensions business, providing us with a range of products that include long-term life and pension products, permanent health insurance and critical illness products, and retirement annuities. We acquire portfolios through acquisition of entire lines of business or the entire share capital of (or a majority stake in) life insurance companies, or through reinsurance. We typically assume responsibility for administering the underlying policies in such portfolios until they reach maturity, are surrendered or an insured event occurs resulting in the conclusion of the policies. In addition, we write a nominal amount of new business on a passive basis for existing customers that request "top-ups" of current contracts as well as a limited range of decumulation products (designed to convert pension savings into retirement income), and we have recently developed a limited number of new pension products in response to regulatory developments. Our strategy is centered around gross cash generation and we seek to maximize our future expected profits through a combination of efficient management of existing policies, the acquisition of additional books of business priced on the basis of economic value and consolidation of new business with existing business to benefit from capital, tax and cost synergies. We also focus on operational excellence through the continuous improvement of our

scalable operating platform, which includes focusing on transformation and management actions, including business efficiency and ongoing cost management.

On September 23, 2015, we announced the Guardian Group Acquisition. See "—Admin Re®—Recent Developments" for further information. On October 29, 2015, we announced that, in connection with the consolidation of the closed life book business of Admin Re® with other existing Swiss Re businesses that serve the policyholders of our clients and partners, effective January 1, 2016, the Admin Re® Business Unit will be renamed the Life Capital Business Unit and will be headed by a new chief executive officer of Swiss Re Life Capital Ltd, Thierry Léger.

Summary Results

We reported on a Group basis, as of the dates and for the periods indicated, the following:

	As of and for the year ended December 31, 2014	As of and for the nine months ended September 30, 2015
	(USD in millions, except ratios)	
Premiums earned	30,756	22,229
Fee income from policyholders	506	326
Net income attributable to common shareholders	3,500	3,659
Total Expenses	(33,120)	(21,448)
Shareholders' equity	35,930	33,726
Return on equity (%)[(1)]	10.5	14.5
Total assets	204,461	200,327
Total investments	143,987	140,654

(1) Return on equity is calculated by dividing net income attributable to our common shareholders by average common shareholders' equity.

We reported on a segment basis (by Business Units), as of the dates and for the periods indicated, the following:

	Property & Casualty Reinsurance		Life & Health Reinsurance		Corporate Solutions		Admin Re®	
	As of and for the year ended 12/31 2014	As of and for the nine months ended 9/30 2015	As of and for the year ended 12/31 2014	As of and for the nine months ended 9/30 2015	As of and for the year ended 12/31 2014	As of and for the nine months ended 9/30 2015	As of and for the year ended 12/31 2014	As of and for the nine months ended 9/30 2015
	(USD in millions, except ratios)							
Net income/(loss) attributable to common shareholders	3,564	2,274	(462)	763	319	324	34	270
Premiums earned and fee income	15,598	11,378	11,265	8,091	3,444	2,521	955	565
Combined ratio (%)	83.7	84.8			93.0	91.9		
Operating margin (%)			2.6	10.7				
Return on equity (%)	26.7	23.3	(7.9)	17.0	12.5	18.7	0.6	6.1

In our earnings announcement for the nine months ended September 30, 2015 ("**9M 2015**"), issued October 29, 2015, we noted the following:

All Business Units contributed to net income of $3.7 billion for the 9M 2015 (representing a 12% increase over net income of $3.3 billion for the nine months ended September 30, 2014 ("**9M 2014**")) in an overall insurance environment that remains challenging. The result benefitted from disciplined underwriting and low natural catastrophe losses, as well as reserve releases and strong results in Life & Health Reinsurance. Swiss Re provisionally estimates its loss from the explosion in Tianjin, China at $250 million, pre-tax. As the situation

involves considerable uncertainties associated with the assessment of damage, this loss assessment remains subject to change.

Property & Casualty net income for the 9M 2015 was $2.3 billion, compared to $2.4 billion for the 9M 2014. Property & Casualty Reinsurance benefitted from benign natural catastrophe experience and positive prior-year development, offset by several large man-made losses, particularly the Tianjin explosion (estimated at $235 million, pre-tax). At constant exchange rates, premiums earned increased 4%, mainly driven by growth in casualty business, higher premiums in EMEA and reduced retrocessions, partially offset by the expiration of a large quota share in China. The increase in Life & Health Reinsurance net income, from $272 million for the 9M 2014 to $763 million in the 9M 2015, primarily reflected a strong operating result, lower interest charges and net realised gains, and demonstrated that management actions in prior years are having a positive impact. At constant exchange rates, premiums earned and fee income increased 5%.

The 30% increase in Corporate Solutions net income (from $249 million for the 9M 2014 to $324 million for the 9M 2015) was driven by continued profitable business performance across most lines and net realised gains from insurance business in derivative form, as well as the absence of natural catastrophe events. The Tianjin explosion resulted in an estimated $15 million, pre-tax loss. The 2.1% decrease in premiums earned reflected continued challenging market conditions. At constant exchange rates, premiums earned increased 2%.

The increase in Admin Re® net income (from $219 million for the 9M 2014 to $270 million for the 9M 2015) reflected higher realised gains from sales of government bonds as part of the rebalancing of the portfolio in preparation for Solvency II and tax credits following the finalisation of the UK year-end statutory results. Gross cash generation was $265 million for the 9M 2015, compared to $625 million for the 9M 2014, with the prior year period including the release of surplus reserves held against the risk of credit defaults and higher UK statutory valuation impacts.

Return on investments was 3.8% for the 9M 2015, with a reduction in net investment income driven by a lower invested asset base and reduced income from equities and alternative investments.

Group SST remains comfortably above Swiss Re's risk tolerance and Swiss Re continues to be well capitalized, including after taking into account the 20-25 percentage point expected impact of the Guardian Group Acquisition.

Swiss Re expects to launch the previously authorised share buy-back programme in November, after filing for and receiving the necessary approvals from, the Swiss Takeover Board.

Corporate Structure of the Swiss Re Group

Group Functions. We operate principally through our three Business Units. These Business Units are supported by various **Group Functions**: Group Finance, Group Risk Management, Group Underwriting, Group Asset Management, Group Operations and Group Strategy, each of which is represented by its own Group chief officer (known as a Group Function Head). Legal & Compliance and Group Human Resources are also Group Functions, though represented by the Group Chief Operating Officer. The Corporate Functions support the Business Units by managing common resources and support functions, as well as the products and assets developed for and generated by the operations of the Swiss Re Group.

The Corporate Functions define the policies, guidelines and standards for our financial and risk management, and ensure compliance through monitoring of Business Unit activities. They serve as the centers of excellence and provide support to the Business Units, while also managing key corporate processes on our behalf. Group Underwriting proposes and implements underwriting strategies and ensures compliance with our underwriting standards. Group Asset Management prepares and proposes a strategic asset allocation, which is then approved by the Group EC, and manages invested assets. Group Operations provides services (such as HR, IT, and Legal & Compliance) and ensures compliance with our standards.

We continue to oversee the Business Units, define the overall strategy for the entire Swiss Re Group and ensure its implementation, set targets for the Business Units, determine capital allocations among the Business Units, manage the financial profile of the entire Swiss Re Group and approve Business Unit strategies. We also continue to define and monitor adherence to group-wide policies, guidelines and standards, including the risk management framework.

Principal Investments. A significant proportion of our minority equity stakes in insurance and insurance-linked businesses are held by Principal Investments which has a mandate to generate long-term economic value via investments in insurance-related businesses. Principal Investments is focused predominantly on the insurance sector (with approximately 17% in non-insurance based investments), and especially on providing equity capital financing to primary insurers in high growth markets and specialty situations, and on complementing our reinsurance activities. Through Principal Investments, we seek to generate mid- to long-term economic value by leveraging our core competencies of providing capital to the insurance industry and our deep understanding of the insurance value chain and insurance risk universe. Our portfolio includes a 4.9% interest in New China Life Insurance Company (in China), a 12.3% interest in FWD Group (with operations in Hong Kong, Macau, Thailand and the Philippines), a 14.9% interest in Sul América S.A. (in Brazil) and a 26.9% interest in Apollo Investments Ltd (in Kenya).

Business Strategy

Our priority is to allocate capital to risk pools that meet our strategic and financial targets. We continue to look systematically for opportunities to deploy our capital through smart acquisitions while remaining committed to maintaining and growing dividends. Acquisitions must meet our standards for economic rate of return and will be handled mainly through Principal Investments. We maintain a balanced investment portfolio with a focus on high-quality credit investments. We are focused on expert and disciplined underwriting, which will remain a key driver of performance in the sector.

Our ambition for the remainder of 2015 will be to continue executing the current strategy and prioritizing the achievement of our 2011-2015 financial targets. In addition, we aim to continue to successfully position ourselves, based on a combination of our underwriting knowledge and experience, geographic and product diversification, and financial strength, as well as appropriate allocation of capital to risk portfolios, to meet our financial targets for 2016 and beyond (focusing on profitability and economic growth).

In furtherance of our strategic goals, the elements of our strategy include:

Achieve excellence in core reinsurance business. As a global company with a wide product range and geographical reach, we allocate capital by balancing opportunities on a risk-adjusted basis to generate sustainable earnings and growth over the long-term. Our client service model allows us to offer differentiated solutions that are tailored to clients' specific needs. We will continue to emphasize the importance of a client-centric focus.

Excellence in our core businesses relies on underwriting as a key differentiator, based on cycle management and portfolio steering. This includes the steering of peak perils, our risk transformation capabilities, and research and development. In Property, an in-house research team develops and maintains proprietary models for storm, earthquake and flood. In Casualty, we are developing an equivalent forward-looking model based on a systematic assessment of risk drivers. In Life & Health reinsurance, our mortality experience data allows us to better quantify the underlying risk.

Our key value drivers are large capacity, technical expertise and the ability to develop tailored solutions to meet clients' needs, for example in the area of solvency relief. In addition we have a market-leading position in transferring both property and life risks to the capital markets.

***Property & Casualty Reinsurance*.** We believe that maintaining a diversified portfolio of growth opportunities and differentiating our knowledge and services are key to success for Property & Casualty Reinsurance in the current market environment. We aim to maintain earnings quality through disciplined underwriting and superior service. Our product offerings go beyond pure capacity, with customized solutions that complement traditional reinsurance. We have the expertise, knowledge and services to meet the increased demand for innovative and tailored solutions and we are well positioned to support clients in both developed and high growth markets.

Natural catastrophe prices are still attractive, though reduced. We have been able to defend our leading position by deploying more capacity while maintaining absolute earnings at attractive economic profit margins. Property and specialty continued to contribute significantly to overall reinsurance earnings. We have observed differences in price development in the Property & Casualty segment, with opportunities for new and attractive casualty business present in selected markets. In all segments we will continue to focus on tailored solutions for clients, which allows us to put our capital to use at differentiated terms and conditions.

Capturing opportunities in growth markets remained a key priority across all Property & Casualty reinsurance business. As part of the high growth market strategy implementation (discussed below), we have strengthened expertise by adding to our local underwriting and client management staff in Asia and Latin America. We expect that this will enable us to deliver superior service to our existing clients and build new relationships.

Life & Health Reinsurance. Despite challenging market conditions, life and health reinsurance is a knowledge- and service-intensive business, with high barriers to entry, and only a handful of relevant global players. Our Life & Health Reinsurance business maintains a leading position and we will seek to continue to reinforce its global leadership. Our superior tools and capabilities allow us to seek to capture an over-proportionate share of the life and health risk pools and outperform competitors in terms of profitable growth. We will aim to do so through superior client services in traditional life; innovation and product development in health; know-how and capital strength in structured solutions and large, tailored transactions; and finally through pro-active portfolio steering and capital management.

We have taken a series of management actions, first announced in June 2013, to improve the in-force business performance of Life & Health Reinsurance. The actions included an in-depth review of material in-force business, commencement of asset re-balancing and the establishment of a dedicated new team (Life & Health Business Management) tasked with improving the value of the in-force book with a focus on technical accounting, claims, valuation/reserving and ALM, as well as negotiations with selected clients. As a result of these management actions in respect of the pre-2004 YRT business, we reported a pre-tax charge of $623 million for 2014, and we do not expect this pre-2004 YRT business to have an ongoing material impact on our results going forward. We will, however, continue to seek to actively manage the pre-2004 US PLT business.

Demand for life and health insurance products is expected to grow due to shifts in demographic trends and regulatory changes. Demand for life products is expected to be driven by the large and growing protection gap, while demand for health products is expected to be driven by the growth in ageing populations and health care reform in the United States.

Alongside our core mortality business, we expect our growth opportunities will be focused on opportunities in health and high growth markets and will continue to pursue large transaction opportunities. In health, we plan to deploy more capital and expand our risk portfolio, in particular in Asia and in North America, while consolidating our leadership in EMEA. In addition to the traditional risk pools (e.g., disability income, critical illness, medical business), we intend to invest further in R&D and innovation to facilitate our understanding and ability to address the health-protection needs of ageing populations. We believe that growing our health portfolio should also assist with diversification of risk from our mortality portfolio, thus minimizing the capital cost of carrying the risk. Our intent to focus on high-growth markets (China, India, Mexico, Brazil, Indonesia, Sub-Saharan Africa), in light of demographic and socio-economic trends, should support our geographical expansion efforts and help to consolidate and reinforce our leading position as a global reinsurer. Further, our pursuit of large transaction opportunities will allow us to write new business at attractive returns, enabling us to increase our support to clients in their capital-related needs, by leveraging the size of our balance sheet and our structuring capabilities. Our strong client franchise is a key asset in understanding needs and tailoring large transaction solutions.

Life & Health Reinsurance remains well on track to meet a 10%–12% return on equity target (based on an equity base of $5.5 billion as at June 30, 2013) for Life & Health Reinsurance by 2015.

Expand selectively. We will seek opportunities to expand in selective areas – by line of business, products and geographic focus. We will also seek opportunities to capitalize on our market position and experience in structuring risk transfer solutions by writing longevity risk covers. Finally, we aim to further develop Swiss Re as a leading reinsurance player in the markets where premium growth over the next ten years will far outpace growth in the developed economies. We monitor consolidation activities in the reinsurance, commercial and speciality markets, and from a capital management perspective view growth through acquisitions as one of various ways to deploy capital.

In Reinsurance, we are particularly focused on high growth markets (including Brazil, China, India, Indonesia, Mexico and Sub-Saharan Africa), many of which, we believe, are underserved by reinsurance solutions. We believe there are significant opportunities for both Property & Casualty Reinsurance and Life & Health Reinsurance to support our clients, to work with local governmental institutions and to play a role in developing the markets. Expansion in high growth markets is likely to be through a combination of organic growth and

partnerships with local players, with a focus on natural catastrophe, solvency relief, and health and medical covers. We would also consider direct investment in local insurance or reinsurance companies.

In Corporate Solutions, we currently are present and, we believe, well-placed in Colombia, Singapore and the United Arab Emirates. We have identified nine high growth markets in which, we believe, we should either gain entry (Chile, India, Malaysia and Turkey) or strengthen our position (Brazil, China, Hong Kong, Mexico and South Africa). We identified these markets on the basis of macro-economic attractiveness (for example, GDP size and projected growth, inward foreign direct investment, operating country risk and country credit risk) and the attractiveness of the commercial insurance business (for example, commercial insurance market size and growth, pool of large corporates and natural catastrophe exposure). Our country-specific entry/growth strategy depends on factors such as regulatory constraints, foreign ownership restrictions, availability of acquisition/partnership targets and business case. We also will seek to expand our geographical footprint as we believe that proximity to our clients to better understand, and tailor solutions for, their risk and capital management needs is crucial to achieve profitable growth.

Also in Corporate Solutions, we traditionally have focused on excess layer insurance solutions (which accounted for approximately 18% of the global commercial insurance market in 2014, based on GPW), and have only selectively written intermediate layers (for example, Casualty lead umbrella in the United States) and ground-up policies (for example, Surety bonds in Brazil). We believe that delivering on our strategy of being a lean global player will result in achieving significant growth in the short term, but will reach a growth ceiling around 2015-2016 due to higher pressure on margins as competition intensifies. Developing primary lead capabilities (a market that accounted for approximately 9% of the global commercial insurance market in 2014, based on GPW) in the medium-to-long term represents a logical step to ensure sustainable profitable growth. We also believe that developing primary lead capabilities will drive loyalty of clients, enable us to provide higher capacity in the excess layer policies to such clients and open new cross-selling opportunities, as well as enhance relationships with brokers. We expect our expansion into the primary lead market to be accomplished mainly organically, and will focus our primary lead capabilities on mid-sized clients in developed markets. We also will seek to selectively expand our product range in both developed and high growth markets.

Through Admin Re®, we seek to be a recognized force in the closed life book business with a focus on the United Kingdom by becoming the preferred life and pensions consolidator in the UK market. We intend to selectively pursue opportunities to build and enhance our franchise and product line principally in the UK market predominantly by acquiring businesses that allow us to leverage our capabilities and build on our market-leading position as a consolidator of closed life funds. All of our acquisitions must meet the Swiss Re Group's investment criteria and hurdle rates.

Deliver on performance and capital management priorities. We are focused on controlling management expenses (reflected in our management expense ratio, which we define as other expenses divided by the sum of net premiums earned and net investment income – non participating) at lower levels in support of our financial targets. Our goal is not merely to reduce costs, but rather to deploy cash savings to higher return opportunities. At the Swiss Re Group level, we aim, within our risk tolerance framework, to be able to continue to operate following an extreme loss event. We target an SST ratio at the Swiss Re Group level of 185% and aim to maintain S&P excess capital of $3.0-5.0 billion above that required for a "AA" rating. A liquidity stress test is also applied to ensure our financial obligations can be met. Following an extreme loss, we aim to have an SST ratio at the Swiss Re Group level of at least 100%. See "Regulation—Switzerland."

REINSURANCE

We are a leading and diversified global reinsurer with offices in more than 20 countries, providing expertise and services to clients throughout the world. We have been engaged in the reinsurance business since our foundation in Zurich, Switzerland in 1863. We offer a comprehensive range of reinsurance and insurance-based solutions to manage risk and capital. We are focused on accessing, transforming and transferring insurable risks. Our traditional reinsurance products and related services for Property and Casualty, together with our life and health business, are complemented by insurance-based capital markets solutions and supplementary services for comprehensive risk management. We are recognized as a leading authority in managing capital and risk, based on our core competencies of:

- risk transfer, for which our objective is to identify, evaluate, underwrite and diversify risk to minimize the capital cost of carrying the risk;

- underwriting expertise, based on cycle management and portfolio steering; and
- asset management, which combines ALM skills and financial market knowledge.

We provide property & casualty and life & health clients and brokers with reinsurance products, insurance-based capital market solutions and risk management services. Our traditional reinsurance underwriting skills include a wide range of property & casualty and life & health products and related services. In addition, we provide solutions that have insurance risks embedded in capital markets structures, including securitization and trading of insurance risks such as ILS, where we have a leading market position. Our global reach enables us to offer our expertise and products to a range of clients throughout the world.

We offer a range of traditional reinsurance products and also focus on promoting innovation and development of new risk transfer solutions through our Property & Specialty (property, credit and surety, natural catastrophe, as well as engineering, aviation and marine), Casualty (liability and motor) and Life & Health divisions. We deploy our underwriting knowledge and expertise to analyze the risks we underwrite and to develop the criteria for risk pricing in our life and non-life businesses.

We use a variety of distribution channels depending on local market characteristics and customer needs. Our Continental European Property & Casualty reinsurance business is primarily written directly, while a significant portion of the Property & Casualty reinsurance business in the London Market is sourced through brokers. In the United States, we have established direct and broker business units to broaden the distribution of our products. Our Life & Health Reinsurance business is generally written directly with clients, with an emphasis on building long-term relationships.

Operations

We write all major lines of reinsurance with clients throughout the world. Our reinsurance business is diversified by line, geography and type of business. We have a strong reputation for innovative re/insurance and risk management solutions, and provide wholesale re/insurance products, insurance-based capital market solutions, and supplementary risk management services to our clients and brokers around the globe.

In 2014, the Americas, Europe (including the Middle East and Africa) and the Asia-Pacific regions accounted for 40%, 34% and 26%, respectively, of gross premiums earned and fee income from policyholders, compared to 42%, 36% and 22%, respectively, in 2013.

The table below presents our 2013 and 2014 gross premiums earned and fees income from policyholders by country (based on the locations of the ceding companies).

	Year ended December 31,			
	2013		**2014**	
	(USD in millions)	*(% of Total)*	*(USD in millions)*	*(% of Total)*
United States	9,476	33	9,253	32
China	2,255	8	3,053	10
United Kingdom	2,520	9	2,746	9
Australia	1,987	7	2,014	7
Germany	1,284	4	1,294	4
Canada	1,296	4	1,213	4
Japan	844	3	1,051	4
Ireland	812	3	894	3
France	1,642	6	857	3
Switzerland	545	2	770	3
Italy	549	2	486	2
Other	5,693	20	5,742	20
Total	**28,903**	**100**	**29,373**	**100**

Property & Casualty Reinsurance

Our Property & Casualty reinsurance portfolio is diversified by line of business, type of reinsurance and geography. We are a leader in insurance-based capital markets solutions and public sector risk transfer, and we combine our global expertise with local knowledge in order to provide our clients with financially sound reinsurance support in all property and casualty lines of business.

Our Property & Casualty reinsurance business consists of the following sub-segments: Property traditional business, Casualty traditional business, Specialty traditional business and non-traditional business, and includes the following principal lines.

- *Property.* Includes fire and business interruption insurance and allied lines, insuring most importantly against fire, explosion, malicious damage, strike, riot, civil commotion and natural perils, such as flood, windstorm, hail and earthquake.

- *Casualty.* Comprises motor, general third-party and products liability, financial lines, workers' compensation, employers' liability and personal accident business.

    - Motor provides cover for physical own damage, accident and liability losses involving motor vehicles.

    - Liability provides cover for industrial, commercial, products or private liability to third parties.

    - Financial lines provides a full array of management and professional liability products including, but not limited to, Directors' & Officers' Liability, Errors & Omissions (E&O) for professions such as lawyers, accountant, architects and engineers, Technology E&O, Media E&O, Pension Trust Liability, Employment Practices Liability and Medical Professional Liability.

    - Management and professional liability provides cover for errors and omissions, professional, and management liability exposures for corporate clients.

    - Workers' compensation provides workers' benefits as a result of injury or death from accidents or occupational disease while on the job.

    - Employers' liability protects employers from liabilities arising from disease, fatality, or injury resulting from workplace conditions, practices and accidents.

    - Personal accident offers first-party coverages, typically with fixed-benefit payments for death, disability and injury resulting from involuntary accidental events.

- *Specialty lines.* Comprises Marine, Engineering, Agriculture, Special Risks, Aviation, Space, Nuclear Energy and Credit & Surety business.

    - *Marine.* Includes cover for property in transit (cargo), means of transportation (except aircraft and motor vehicles), offshore installations and valuables, as well as liabilities associated with marine risks and professions.

    - *Engineering.* Includes cover for construction and erection of objects during the construction or erection period and the insurance of machinery in operating plants.

    - *Agriculture.* Includes cover for crops, forestry, greenhouses, livestock, bloodstock and aquaculture against various perils such as drought, wind storm, diseases and loss of revenue.

    - *Special Risks.* Includes cover for a range of risks such as theft, fidelity, fraud, burglary, robbery for financial institutions and commercial risks, event cancellation and risks relating to art and antiques.

- *Aviation.* Includes cover for hull, accident and liability losses from the manufacture, use or operation of aircraft and aviation facilities.

- *Space.* Includes cover for property and liability losses from the use or operation of launch vehicles and satellites.

- *Nuclear Energy.* Includes property and liability cover for atomic reactors, power stations or any other plant related to the production of atomic energy or its incidental processes.

- *Credit & Surety.* Includes cover for financial losses sustained through the failure, for commercial reasons, of policyholders' clients to pay for goods or services supplied to them, and insurance covering sureties and guarantees issued to third parties for the fulfilment of contractual liabilities.

Underwriting Approach

Our underwriting approach is based on identification of risk and return factors at the individual transaction level, and portfolio monitoring and steering at the aggregate level.

We have developed our own modelling and costing tools and methodologies, which are constantly reviewed and adapted to the business conditions and to incorporate new knowledge. Underwriting metrics are defined and monitored centrally, within our "Underwriting Steering Values" framework, which compare current prices with benchmark risk adjusted profit margins and average price levels over the whole insurance cycle. The price adequacy of segments, and the accuracy of our costing, is reviewed regularly. In order to increase the objectivity of costing and reserving, apart from facultative business and small clients' business, the underwriting role (including the costing of our products and transactions) is generally maintained separately from the selling price decisions and separately from reserving. The marketing role is undertaken by one person, who is supervised by a separate unit on a continuous basis. While these processes report independently from each other, we continue to maintain annual feedback processes, both locally and globally.

Underwriting authority is cascaded to individual underwriters (based on individual skills and experience) throughout the world in a defined manner, within a framework of global guidelines. Transaction sign-off and escalation are defined for all levels of the organization.

Europe, Middle East and Africa

We have operated throughout Europe since our founding in 1863. We conduct our Property & Casualty reinsurance business in EMEA directly through SRZ and Swiss Re Europe S.A. (a Luxembourg-based entity) and their branches.

We maintain a strong position in our traditional markets in Belgium, France, Germany, Italy, the Netherlands, northern Europe, Spain, Switzerland and the United Kingdom. In recent years, we have also developed a strong position in Africa and a selective presence in the Middle East. In addition, we have a strong position in Central and Eastern Europe. We market our traditional reinsurance business to our European clients through offices in London, Madrid, Munich, Paris, Rome and Zurich.

In our traditional business, several of our clients in Europe have been ceding business to us for over 100 years. We write business with all types of insurers. During the past few years, the European insurance market has further consolidated. We seek to respond to these developments in Europe developing new insurance products (e.g., in the field of business interruption insurance) and promote natural perils insurance to close the gap between economic and insured losses stemming from natural catastrophe events and further grow the insurance and reinsurance market. In addition we offer to our clients an integrated value proposition ranging from traditional commodity products to more complex, tailor-made programs. In our traditional lines, we seek to respond to premium rate pressure by focusing on efficiency in our distribution channels (including developing internet-based initiatives) and in increasing administrative efficiency. We have been altering our business mix, placing greater emphasis on non-proportional treaty business, though more than half of our business (based on gross premiums written) remains proportional treaty business.

Most of our traditional Property & Casualty reinsurance business in Europe is written directly. However, a substantial portion of our business written in the London Market is obtained through reinsurance brokers. The

"London Market" consists of U.K. and non-U.K. ceding companies placing business in London with reinsurers both in the United Kingdom and abroad. The London Market is particularly recognized as a worldwide centre for specialized risk underwriting. We write a significant volume of gross premiums annually in the London Market.

Our African clients range from large multi-line insurers to small niche companies. Our relationships with ceding companies in the region are long-standing but reinsurance brokers have become more important.

Americas

North America. Swiss Re America Corporation, our subsidiary based in Armonk, New York, has conducted reinsurance operations in the United States since 1910. For many years prior to that, reinsurance business in the United States was written through SRZ from Zurich. Swiss Re Canada, our Toronto-based subsidiary, has conducted reinsurance operations in Canada since 1953. Since 2009, all of our Canadian Property & Casualty reinsurance business has been written by SRZ (Canadian Branch).

In the United States, we provide reinsurance treaty products through two principal business units: Direct and Broker. We have centralized our divisional underwriting function in Armonk, New York, Westlake Village, California, Schaumburg, Illinois and Toronto, Canada to better coordinate with marketing and control our underwriting activity.

The Direct treaty unit located in Armonk addresses the needs of regional companies as well as large U.S. and multinational insurance companies, serving clients regardless of the type of risk or location.

The Broker treaty unit consists principally of Swiss Re Underwriters Agency, formerly Underwriters Re, an underwriting agency that concentrates on products sold through the broker market channel. This business is organized around our offices in Westlake Village, California, Schaumburg, Illinois and a growing presence in New York City, New York.

We have a North American network of offices that provide facultative covers to our clients on a regional basis in Atlanta, Georgia, Chicago, Illinois, New York City, New York and Toronto, Canada. Our facultative cover market strategy includes using both direct and broker channels.

We write Property & Casualty business in the United States and Canada with all types of insurers. We maintain relationships with several hundred clients in North America and focus on providing these clients with access to all the resources of Swiss Re. Our approach is to create client-focused teams designed to provide value-added products and services, such as claims and accounting operational reviews, client underwriting reviews and technology assessments. We believe there is competitive advantage in providing these services in support of reinsurance programs, rather than performing them on a fee-for-service basis. We also offer risk financing products as well as tailor-made products to meet our clients' needs.

Swiss Re America's business is sold both directly to clients and through the broker market. A significant portion of our Canadian treaty business comes to us through brokers.

Latin America. We began writing business in Latin America in 1911. We write business primarily in Mexico, Venezuela, Chile, Puerto Rico, Colombia, Dominican Republic, Brazil, Peru, Argentina and, to a lesser extent, Uruguay, Panama, Ecuador, Honduras, El Salvador and Guatemala. In June 2012, Swiss Re obtained the authorization from SUSEP, the Brazilian insurance regulator, to establish a local reinsurer in Brazil. As a local reinsurer, we can participate fully in the Brazilian market and service a wider spectrum of clients and risks, while being an active player in future market developments.

Deregulation of the insurance industry, economic growth due to market reforms and lower inflation have all increased the attractiveness of the Latin American insurance market to foreign insurance and reinsurance companies. This has resulted in overcapacity in the market. We are focusing our Latin American activities on building leading positions in principal markets by strengthening our resources through our local offices, supported by three centralized underwriting offices in Armonk, New York, Miami, Florida, and Mexico City.

Asia

We have been one of the market leaders in Asia since 1914. Since early 2002, the headquarters of our Property & Casualty Asia division has been located in Hong Kong. We maintain local offices in the region comprising subsidiary, branch, service company or representative offices in Australia, China (Hong Kong, Beijing and Shanghai), Singapore, Malaysia, Japan, South Korea and India. We continue to work with regulators in the region to obtain national reinsurance licenses in principal markets, as well as the most appropriate legal structures from which to deliver our capabilities to our local clients.

Our strategy in the region is to position ourselves as the reinsurer of choice to both mature and developing markets in Asia. Overall insurance and reinsurance growth in the region, excluding Japan and Australia, is expected, in percentage terms, to exceed that of the North American or European markets over the next decade. In the mature markets, such as Australia, New Zealand and Japan, we will continue to build on our strong market position and strengthen our relationships with our global clients. We also focus on high growth markets in the region, particularly China, India and Indonesia. We are particularly active in emerging Asian markets where legal and societal changes have increased liability awareness, creating greater demand for liability insurance products. We believe that in these markets our worldwide experience and financial capabilities can be brought to bear, as Asia's emerging markets move closer to world regulatory best-practices, stronger economic cooperation and greater asset growth. All of our lines of business will continue to be deployed in Asia, and from a growth perspective we anticipate further expansion of our position in property and certain casualty lines, as investment, infrastructure and building commitments increase in the region.

Life & Health Reinsurance

We provide reinsurance to life and health insurance companies worldwide. With specialist knowledge of mortality, morbidity and longevity trends, we offer clients sustainable, viable solutions to their risk and capital management needs as well as support for product development. The Life & Health Reinsurance business segment is comprised of life and health businesses. As noted above, we are undertaking a series of management actions to improve the business performance of this business segment. See "—Business Strategy."

The life and health businesses include reinsurance contracts for individual and group life, disability income, critical illness, medical expenses and annuity products. In 2014, on the basis of net earned premiums and fee income, life business represented 64% (principally mortality business), and health business represented 36%, of the total (largely with the same proportions of disability, critical illness and medical reimbursement business, with smaller amounts for medical fixed benefit and accident).

Our Life & Health Reinsurance business is comprised of the following principal lines:

Life reinsurance – which predominantly includes the following:

- Mortality – which provides a lump sum payment upon death of the life insured
- Longevity – which provides a regular income for life.

Health reinsurance – which predominantly includes the following:

- Disability – which provides a regular income or a lump sum payable upon continued inability to work and earn an income as a result of a long-term illness or disability.
- Critical illness – which provides a lump sum payment to policyholders upon diagnosis of a specified serious condition, such as heart attack, stroke or cancer.
- Medical – insurance against the cost of treatments for sickness or injury.

Mortality risk is the core business of the Life & Health Reinsurance business. Historically, mortality rates have shown significant improvement as medical treatments have substantially raised life expectancy, thereby reducing or delaying claims. Advances in medicine and research conducted by the business suggest that the overall trend is one of continued improvement, but that its extent will vary considerably according to age group and market.

A global trend towards privatizing health and welfare benefits has resulted in a growing recognition of the protection provided by health insurance. Health reinsurance is an important and significant line of business in EMEA, and is expected to be a significant driver of growth in Asian and U.S. markets.

As part of our de-risking activities, we discontinued writing new VA business in 2009 and have an extensive hedging program covering our existing VA business.

In terms of new products, we have entered into pure longevity risk covers in the United Kingdom and Australia, and are expanding this offering into other markets, as appropriate opportunities become available. Longevity risk is the risk to which a pension fund or life insurance company could be exposed as a result of higher-than-expected payout patterns. Increasing life expectancy trends among policyholders and pensioners can result in payout levels that are higher than originally accounted for. As a result, as life expectancy increases (resulting in higher-than-expected benefits), strains are placed on such organizations obligated to pay retirement benefits. While demand from pension funds and life insurance companies has grown, private sector longevity risk cover has remained scarce.

We also support our clients' capital requirements through innovative bespoke risk and capital solutions (e.g. regulatory capital relief and in-force monetization and financing). We seek to capitalize on our global position, using local initiatives to respond to local market needs. Our goal is to differentiate Swiss Re as a provider of a broad range of risk management services, while controlling our administration costs. We provide support to our clients at every stage of their business cycle, from start-up planning and launch through subsequent growth into mature businesses, to, where appropriate, the cessation of specific product lines or business units. Our purpose is to help clients protect their balance sheets and to help them meet their risk management requirements.

Americas

North America. We conduct our traditional North American Life & Health Reinsurance operations primarily through Swiss Re Life & Health America. Our U.S. Life & Health Reinsurance operations are centered in Armonk, New York and Fort Wayne, Indiana. Our Canadian Life & Health Reinsurance operations are headquartered in Toronto, Ontario.

We are one of the largest life and health reinsurers in North America, with approximately $2 trillion of gross life reinsurance in force. We offer reinsurance in the United States, Canada and the Caribbean for most forms of individual and group insurance risks. In North America, our Life & Health reinsurance is sold through our marketing personnel.

United States. The focus of our U.S. operations has been individual and group life reinsurance. Current economic conditions are expected to generate lower individual life sales. Overall cession rates are facing downward pressure, averaging an annual 2-4% decrease in the recent past (2011-2014). In 2014, we concluded management actions in respect of the pre-2004 YRT business, to improve the business performance of Life & Health Reinsurance (see "—Business Strategy—Life & Health Reinsurance"), as a result of which we expect to improve our financial performance going forward.

Canada and the Caribbean. We are a market leader in both Canada and the Caribbean. Based on in-force volumes, we consistently rank in the top three (based on premiums) in all major life Canadian product lines, including individual and group life and disability. We expect that individual life sales may reduce slightly, and that strong cession rates may contract, as a result of modified and new accounting, regulatory and reserving rules impacting the reinsurance industry. The focus of our operations in Canada and the Caribbean is consistent with our approach in the United States.

We expect the market for health, accumulation and longevity risk products will continue to expand in both the United States and Canada as the population ages. While current conditions in the financial markets have adversely affected the growth of this market, we have developed expanded capabilities and offerings for this market and believe that we are well-positioned to capture new opportunities as they become available.

In addition, we provide clients with solutions for the efficient management of their statutory capital. For example, we provide XXX/AXXX reserve financing and covers for regulatory closed blocks.

Latin America. The Latin American markets are generally in an early stage of development, and the products we offer there tend to be conventional, individual and group life covers, although we are working towards

expanding our product offering. In the long term, we expect growth of our reinsurance book to continue following growth in the primary market; a more stable economic environment will result in even stronger growth in the market for individual life and health reinsurance.

Europe, Middle East and Africa

We provide life and health reinsurance solutions throughout Europe, and we have a leading market position in several markets, including, but not limited to, Switzerland, the United Kingdom, Israel, Belgium, Denmark, France, Germany, Italy, the Netherlands and Poland. We are also active in Eastern Europe where we have developed a strong market position, although current business volumes there are still small relative to Western Europe.

We write life and health reinsurance in Europe through a number of local offices including London, Zurich, Paris, Madrid, Copenhagen, Tel Aviv, Rome and Munich. Our principal products in Europe are life, disability and critical illness, written on both group and individual bases.

In Europe, we focus on specific areas of growth such as life protection products linked to loans and mortgages, products sold through banks and other financial institutions, and leading the market towards enhancing the segmentation of insured lives. This focus has been particularly strong in France, Germany, Italy and Spain. In the United Kingdom, the traditional reinsurance market is closely aligned with the primary market as a result of high cession rates.

The United Kingdom is our principal European Life & Health Reinsurance market, based on premiums written. Our primary focus in the United Kingdom is on mortality, critical illness, disability income protection and longevity. These U.K. primary markets, and consequentially the reinsurance markets, have been characterized for many years by price competition, which has increased pressure on profit margins.

Most European countries have well-established life insurance companies providing both risk and savings products. Traditional savings products sold by life insurance companies usually incorporate an element of mortality risk for which reinsurance is sought. We believe the ageing of the European population is likely to increase the need for both savings and risk products but also longevity protection. The ageing population has led to an increasing latent demand for pension provision; however, increased uncertainty regarding the structure and value of pension products has acted as a brake on growth in this area. At the same time, governments throughout Europe are trying to find ways of reducing the burden of social programs on national budgets and are actively promoting the concept of individual responsibility for welfare-related issues. A notable example is the pension reform measures undertaken in Germany. Even without welfare reform, we expect that the demand for savings and protection products will continue to grow strongly as governments encourage individuals to manage their own future financial needs.

In addition to traditional lines, we also offer structured reinsurance products for clients seeking efficient capital management solutions. This area has been subject to increased focus and interest from insurance company management in recent years, accelerated by the financial crisis and cost of raising new capital. We believe that continuing to develop and offer efficient capital management solutions will be a key driver in the continued growth of our business. As a result of the new Solvency II regulations we expect to develop new reinsurance solutions as clients look to manage their solvency capital requirement and diversification benefits under Solvency II.

In general, we conduct our European Life & Health Reinsurance business directly with clients, with an emphasis on building long-term relationships. Our European Life & Health Reinsurance clients are principally insurance companies or bancassurers.

Our African Life & Health Reinsurance operations consist primarily of business that our South African subsidiary writes in South Africa, with a small additional amount written in Sub-Saharan Africa.

Our principal products consist mainly of group and individual life, group and individual disability income and individual health. Reinsurance is offered on both original terms and risk premium arrangements, almost entirely on a proportional basis.

Asia

Our Life & Health Reinsurance business in Asia operates out of branches in Beijing, Hong Kong, Tokyo, Seoul, Kuala Lumpur and Singapore and has service companies in Mumbai and Bangalore. We write business from markets across the region, with material portfolios in the developed markets such as Japan and Korea, and continued investment in high growth markets, such as China, India and Indonesia, where we believe there are significant long-term opportunities for growth in various areas.

Our existing life and health reinsurance portfolio is dominated by mortality risk, while the growth in new business is increasingly focused on health (including medical) business, in line with underlying market trends. We expect this trend to continue, with growth spread across all markets in the region. Demand for traditional and structured reinsurance is expected to continue to increase in the region as insurers focus more attention at this time on protection business and capital efficiency. We continue to strongly promote our proposition of financial strength combined with specialized knowledge in the area of product development, risk analysis and in designing tailor-made reinsurance solutions to help clients manage risk and meet their capital requirements.

In support of the increased demand for health reinsurance, over the past two years we have invested in infrastructure to support ongoing management of this line of business.

Australia

Our Life & Health Reinsurance business in Australia and New Zealand is written through Swiss Re Life & Health Australia Ltd.

Our portfolio of business contains both individual and group, with a weighting recently towards group business, and in mortality and disability lines. In Australia, there are significant amounts of protection offered within superannuation funds, and our group risk business exposures are mainly in this space, where market conditions are improving.

Reinsurance Clients and Marketing

We market our products on a worldwide basis, under the "Swiss Re" brand name. Our marketing strategy is client-focused rather than product-focused. In this regard, we have sought to establish a local presence in growing markets to better meet the needs of our clients and brokers, by providing a reliable and integrated resource for their insurance needs. We have a marketing unit for global clients that enables us to concentrate the particular expertise needed to serve the major international insurance groups. We organize our professional resources using a client management team approach in order to deliver Swiss Re's global expertise to meet our clients' needs. In order to achieve this, we have established integrated origination teams, which we believe will enable us to develop strong origination leadership and to provide our products and services to a wider range of customers. We also provide a significant amount of technical advice and assistance to our clients as a means of enhancing our relationship with them and we take the lead in developing comprehensive reinsurance solutions to meet their needs.

For our Property & Casualty reinsurance business we conduct business with our clients both through direct relationships and through brokers. For our Life & Health Reinsurance business we primarily conduct business with our clients through direct relationships.

We believe that we have a well-developed client base, and that we are not dependent on any single client, group of clients or line of business. We do not believe that the loss of any single client would have a material adverse effect on our results of operations or financial condition.

Claims Management

We undertake reinsurance claims management through Property & Casualty Business Management and Life & Health Business Management (collectively "**Reinsurance Business Management**"). Life & Health Business Management was established as part of the series of management actions to improve the business performance of Life & Health Reinsurance and was tasked with improving the value of the in-force book with a focus, among other things, on claims. This development was mirrored on the Property and Casualty side by the formation of Property & Casualty Business Management.

We aim to provide effective claims management and adhere to an overall claims philosophy, which reflects our expertise in claims management, follows industry best practices and complies with applicable prevailing legislation and case law.

We are primarily responsible for the adjudication of our clients' claims. We normally settle individually notified claims on the basis of the notification provided by the client after verification that reinsurance coverage exists and that the loss quantum is correct. In addition, we selectively conduct investigations in our Life & Health Reinsurance business, in situations where a life insurance claim is made within the first two years that the policy is in effect. Our technical accounting and claims operations personnel assist with the administration of our claims and, pursuant to agreed segmentation guidelines, selectively manage those individual claims that have been segmented and reported to us using group-wide guidelines.

In addition to administering reported claims and conferring with clients on claim matters, our reinsurance claims personnel conduct reviews of claims experience with our ceding companies as well as audits of specific claims or portfolios and the claims procedures in general at the offices of ceding companies. We generally monitor whether the ceding company uses appropriate adjusting techniques, reserves appropriately, has sufficient staff and follows proper claims processing procedures.

We undertake regional claims portfolio reviews on a regular basis in order to highlight trends and developments and to share best practices among our claims teams.

We have implemented a formal feedback process, which allows us to share key observations with internal stakeholders, including the underwriting community. We also utilize this information to support and develop training programs for our clients.

CORPORATE SOLUTIONS

Through Corporate Solutions, we are a diversified provider of commercial insurance solutions.

Product segments

Property. Our Property insurance solutions generally cover the financial consequences of accidental losses of buildings, inventory and equipment of a business. Claims on property coverage generally are reported and settled in a relatively short period of time.

Our Property teams provide broad, global and substantial risk transfer capacity to large and mid-sized corporations for single and multi-line property programs, or as part of tailor-made structured solutions. In addition, they offer innovative financial service solutions, including reinsurance of captives. The property risk transfer solutions are offered on admitted and non-admitted paper, and placed through both retail and domestic wholesale distribution channels. We believe that we offer clients among the highest net capacity available in the marketplace, including natural catastrophe capacity. In addition to capacity, we provide, among other services, loss prevention evaluations, jurisdictional inspections and impairment services for companies across a wide range of industries, including aircraft manufacturing, automotive manufacturing, beverage plants, convention centers, education, electronics, healthcare, light metal workers, plastics, printing, real estate, retail, stadiums, supermarkets and telecommunications.

We believe we have a particularly strong market position in the Energy and Power industry segment.

Casualty. Our Casualty insurance solutions generally cover the financial consequences of legal liability of an organization resulting from negligent acts and omissions causing bodily injury and/or property damage and/or a financial loss to a third party. Our Casualty insurance solutions can be grouped into the following three larger segments with further sub-lines:

- Liability;
- Financial and Professional Lines

- D&O liability insurance, covering a company's senior executives against losses that may result from alleged errors in judgment, breaches of duty, or wrongful acts in the course of their work for an organization.

- Errors and Omissions liability insurance for industry segments like architects, lawyers, accounting and actuarial firms, health care professionals and insurance agents.

- Fiduciary liability, covering sponsor organizations and/or individuals acting as fiduciaries or administrators of benefit plans.

- Employment practices liability, covering organizations against allegations of wrongful employment practices.

- Medical malpractice liability.

- Accident & Health (mainly Medical Expense Group business written in the United States).

Specialty. We provide Specialty insurance solutions on a global scale, via both retail and wholesale distribution channels. The global approach enables us to align our expertise with the rapidly changing needs of specific industries. The local Specialty teams allow us to tailor solutions and perform adequate risk selection. Our Specialty teams serve the following industries:

- Aviation and Space;

- Engineering and Construction;

- Marine Hull & Cargo, as well as Energy Offshore;

- Environmental and Commodity Markets; and

- Contingency and Crime.

***Aviation*.** Our broad aviation risk transfer offerings are available via direct insurance or fronting and span across all lines of aviation business, including commercial airlines, general aviation aircrafts, industrial aid aircrafts, aviation manufacturers, airports, airport-related services, air traffic control as well as aircraft banks and leasing companies. We offer among the highest available capacity in the industry. We write the following covers:

- *All-Risks Hull and Liability*, covering physical damage to the aircraft hull with passenger/third-party and other liability.

- *Product Liability*, covering liability for manufacturers of airframes or aircraft parts/components, including coverage for sales and demonstration flights.

- *War and terror Third-Party Liability* in excess of the "normal" All-Risks Hull and Liability policy.

- *Contingent Liability*, covering banks and financing organizations involved in aviation.

- *Airport Liability* covering for airport and airport operators and providers of air navigation systems (air traffic controllers). We also offer cover for maintenance repair and overhaul, ground handling and refueling liability.

- *Extra Expense Protection*, an innovative product that mitigates the additional cost burden following a catastrophic aviation event, as well as *Non-Damage Business Interruption* and *Business Interruption* covers.

Space. We are one of the market leaders in the space insurance sector for the launch and in-orbit insurance coverage of satellites. We are recognized industry-wide for our ability to offer clients multi-year coverages.

We offer among the highest available capacity in the industry. We underwrite, either as a package or each protection on a standalone basis, the following covers:

- Launch phase of the satellite.
- Post-separation phase from the launching rocket including positioning and testing of the satellite.
- In-orbit operation of the satellite.

Engineering and Construction. Our Engineering and Construction team offers a wide range of professional indemnity and general liability insurance solutions for companies actively involved in engineering and construction projects on a worldwide basis. Its core business is the insurance of complex on-shore construction projects, including in oil, gas, nuclear, power and utility plants, tunnels, buildings, dams, ports and bridges. The project-specific solutions provided by our Engineering and Construction team may incorporate the transfer of one or more of the following risks:

- Construction, erection and builders' all risk.
- Risk of delay in start-up.
- Third-party liability risk (primary).
- Contractors' plant and equipment property risk.
- Existing assets property risk.

Marine Hull & Cargo; Energy Offshore. We provide innovative, tailor-made covers to vessel owners or managers, cargo owners, logistical partners and marine service providers. We offer the following products:

- Hull covers for all types of vessels that float, from large yachts to ultra-large ocean-going tankers, including cover for theft and damage.
- Cargo covers, including fine art and specie.
- Marine liability insurance, including for legal liabilities of professionals engaged in occupations closely related to a maritime operation.
- Marine energy covers for platforms/equipment engaged in the off-shore oil operation/exploration.

Environmental and Commodity Markets. Our Environmental and Commodity Markets team offers power outage risk solutions, weather risk solutions, weather-contingent commodity price risk solutions as well as solutions for crops, livestock, aquaculture and bloodstock.

Power outage risk solutions. We provide innovative, tailor-made solutions to protect a company's earnings against electricity price volatility and an unplanned loss in power production. Our structured solutions are offered as insurance or in derivative form.

Weather risk solutions. We offer innovative, tailor-made insurance and derivative solutions aimed at protecting a company's weather-related earnings volatility. We offer a wide variety of single-trigger solutions that can be structured as swaps, floors, caps or collars to meet a client's business objectives. Our weather risk solutions are based on third-party weather data measured over a specified calculation period.

Weather-contingent and commodity price risk solutions. We offer innovative, tailor-made insurance and derivative solutions aimed at protecting a company's earnings against weather and commodity price risks. We offer a wide variety of double-trigger hedges that can be structured as swaps, floors, caps or collars to meet a client's business objectives. Our weather-contingent commodity price risk solutions are based on third-party weather and commodity price data, measured over a specified calculation period. Commodity prices that are considered include a wide range of exchange-based energy and agricultural commodities. The solutions provide

revenue protection using weather data as a proxy of demand/supply risks and commodity price risks. These solutions act as an effective substitute for delta hedging strategies given market illiquidity.

Agriculture solutions. Our agriculture solutions cover crop production and revenue risks, as well as risks related to livestock, aquaculture and bloodstock. Crop shortfall solutions include crop-shortfall insurance, weather-based index covers and revenue covers to mitigate the financial impact of lower-than-expected agricultural yield and/or farm income. Livestock and aquaculture covers protect against increased mortality of livestock or fish as a result of disease or natural catastrophes. Our bloodstock solutions provide coverage against mortality and infertility of high value race horses. Our offerings are tailored to the needs of the various stakeholders across the agricultural supply chain, including banks and financial institutions, input suppliers, corporate farming operations, traders, logistics companies and processor operators.

Contingency and Crime

Contingency covers. We provide innovative, tailor-made contingency covers to corporations, organizations and governments around the globe. We offer the film industry, sporting & event organizers, as well as corporations a wide array of our contingency covers aimed at mitigating exposure to financial losses due to event cancellation, prize indemnity, non-appearance, over-redemption and extended warranty.

Commercial crime. We provide innovative, tailor-made commercial crime solutions to corporations around the globe with a wide range of covers to mitigate our clients' exposure to employee dishonesty and third-party fraud.

Comprehensive crime coverage. We also provide comprehensive crime solutions to financial institutions around the globe to mitigate our clients' exposure to financial losses, including bankers blanket bond, bankers professional indemnity, and electronic & computer crime.

We account for Contingency and Crime cover under our Property or Casualty segments, as applicable.

Credit. Our credit insurance products cover losses from receivables and contractual obligations. Our trade credit insurance products provide cover to the sellers of goods or services in the event that buyers fail to fulfill their obligations. Our surety insurance products guarantee the fulfillment of a contract even if the contractor fails to perform. In contract surety, we offer the full range of typical products, in particular bid, advance payment, performance, and maintenance bonds. In commercial surety, we mainly offer license and permit bonds, customs and judicial bonds.

Our Bank, Trade and Infrastructure offerings form part of our Credit solutions.

- We provide our banking partners with innovative Basel II-compliant solutions, combining a proprietary blend of banking & insurance tools.

- We provide banks with additional capacity through sub-participations in their portfolio of documentary trade finance, Export Credit Agency (ECA) finance and structured commodity finance business. Our unfunded participation provides banks the opportunity to optimize capital management in the Basel II setting via an alternative distribution channel to the traditional loan syndication markets. We have closed more than 4,000 transactions with leading European banks.

- We offer capacity to banks through sub-participations in debt financed transactions. We cover a wide variety of sectors, including transport, energy and power, social infrastructure, mining, and oil and gas. Our offering is fully Basel II–compliant, and provides an improvement to banks' return on capital on project finance transactions. In addition, banks benefit from participation of a non-competitor and the ability to put in stronger and/or leading bids.

Regions

Our North American operations provide solutions through 23 offices and hubs in the region. We have insurance licenses in several states in the United States, as well as in provinces in Canada, to offer a wide range of solutions to clients in North America.

Our Latin American operations provide a wide range of solutions through our hubs in Bogota, Miami and Sao Paulo, and other offices across the region. We also have an insurance license in Brazil. In addition, we have an insurance license in Colombia (following regulatory approval at the end of 2014 of our acquisition of a 51% stake in Seguros Confianza). We have identified Brazil, Colombia, Chile and Mexico as the high growth markets in this region.

Our EMEA team provides insurance solutions through its hubs in Zurich, Munich and London and nine other offices in the region. We have insurance licenses in Europe through an EEA passport. We identified three countries in this region as high growth markets – the United Arab Emirates (in which, we believe, we are currently well-placed), Turkey and South Africa.

Our Asia-Pacific team provides a wide range of products through its hub in Singapore and offices across the region. We have insurance licenses in Australia, China, Japan and Singapore. We also recently obtained a reinsurance license in Labuan, Malaysia. Among the high growth markets in the region, we believe we are well placed in Singapore. We are seeking to either gain entry or strengthen our position in China, Hong Kong, India and Malaysia.

Clients – Sales and Brokers

We market our insurance products on a worldwide basis, under the "Swiss Re Corporate Solutions" brand name. We believe that this enables us to take advantage of the "Swiss Re" brand, while at the same time differentiating ourselves from the Reinsurance Business Unit. Our marketing strategy is client- and broker-focused rather than product-focused, thereby providing access to the entire offering of Corporate Solutions products and solutions to clients and brokers.

We measure our insurance client and broker satisfaction through the Net Promoter Score ("**NPS**") survey. In 2014, we contacted 4,800 clients and brokers from all regions and lines of business (2012: 4,200; 2010: 3,600). Based on the response rate, our NPS has increased to 33% in 2014 (an increase of 4 percentage points compared to 2012 and 8 percentage points compared to 2010), mainly driven by high scores for relationship, financial stability, knowledge and expertise, and underwriting expertise.

Clients. We focus on the insurance needs of large and mid-sized corporate groups.

As part of our client-focused approach, we operate a "Key Account Management" model, which focuses on delivering our value proposition to large, strategic clients. Key account managers are typically senior, experienced employees. Under the Key Account Management model, we maintain an ongoing list of key clients to whom we provide dedicated global client management services to facilitate access to our entire range of insurance solutions. We use the following indicators to determine our key clients:

- overall premium spend;
- risk and capital management buying behavior;
- quality and depth of relationship; and
- financial strength.

We currently have approximately 220 key clients (compared to 92 in 2010). Despite the focus on large, strategic clients, our client portfolio concentration is relatively limited, with our top 10 clients accounting for less than 10% of our GPW.

We believe that we have a solid client base, and that we are not dependent on any single client, group of clients or line of business. We do not believe that the loss of any single client would have a material adverse effect on our results of operations or financial condition.

Brokers. We have traditionally sold a majority of our products through brokers. We believe that our focus on brokers enables us to capture a broad base of profitable client relationships over the long term.

The top four brokers through which we write business accounted for approximately 44% of our GPW in 2014, with all other brokers and direct distribution accounting for the remaining 56%.

Brokers are reducing the number of carriers they work with in order to gain efficiency for their placement efforts. Given that we aspire to be a significant partner for the top four brokers in the commercial insurance industry, we have entered into separate strategic broker service agreements with them. Typical benefits of such agreements include benchmarking analytics, regular senior strategic as well as local business planning meetings, retention ratio & account attrition analysis, etc.

We seek to be critical part of brokers' success and profitability. We seek to achieve this by, among other things, providing competitive products to meet the needs of brokers and clients, displaying a strong service orientation and delivering solutions that enable ease of doing business. In turn, brokers endeavor to grow profitably with us by placing our products with those clients who best meet our underwriting criteria.

ADMIN RE®

Our business involves the acquisition and management of closed blocks of in-force life and health insurance business, providing us with a range of products that include long-term life and pension products, permanent health insurance and critical illness products, and retirement annuities.

We acquire portfolios either through acquisition of entire lines of business (and a subsequent transfer of the business to us in the UK under Part VII of Financial Services and Markets Act 2000) or the entire share capital of (or a majority stake in) life insurance companies, or through reinsurance. We typically assume responsibility for administering the underlying policies in such portfolios until they reach maturity, are surrendered or an insured event occurs resulting in the conclusion of the policies. In addition, we write a nominal amount of new business on a passive basis for existing customers that request "top-ups" of current contracts and pension annuities on retirement.

Our principal sources of revenue are fee income on unit-linked products and premiums on existing policies, fee income on third party administration services we provide, any capital that is released as closed books run-off, as well as income from, and gains on, financial assets in the non-profit business based on market movements. To a lesser extent, we also generate revenue from products we sell and from introductory fees earned through our partnership with Liverpool Victoria for the distribution of annuities on our behalf. We seek to maximize our future profits through a combination of efficient management of existing policies, the acquisition of additional books of business priced on the basis of economic value and consolidation of such new business with our existing business to achieve capital, tax and cost synergies. We also focus on operational excellence through the continuous improvement of our scalable operating platform, which includes focusing on transformation and management actions, including business efficiency and ongoing cost management.

Recent Developments

On September 23, 2015, we announced the Guardian Group Acquisition. The Guardian Group is a UK closed life book consolidator and includes Guardian Assurance Limited, which is regulated by the PRA and FCA, and Ark Life Assurance Company Ltd., which is based in Ireland and regulated by the CBI. The consideration for the Guardian Group Acquisition, which is subject to regulatory approval and could be completed in early 2016, is £1.6 billion and will be funded through cash on hand from the Swiss Re Group and borrowings at the Admin Re® level. The closing of the Guardian Group Acquisition is conditional upon obtaining the PRA's regulatory approval for the change of control envisaged by the transaction, which may not be obtained or may be delayed (see "The closing of the Guardian Group Acquisition is conditional on the receipt of the PRA's regulatory approval, which may not be obtained, may be delayed and/or subject to restrictions and/or conditions.")

The Guardian Group Acquisition will add a portfolio consisting of over 900,000 annuity, life insurance and pension policies in the United Kingdom and Ireland, increasing overall number of policies by 25% to more than four million policies, and will extend Admin Re®'s position as an established market leader in the closed life assurance market in the United Kingdom. In addition, our assets under management will increase by £12.5 billion, or approximately 15%.

The Guardian Group Acquisition is expected to be accretive to our net income. It is also expected to result in a loss of approximately $0.9 billion at inception under our EVM framework, though is expected to make a

positive contribution to ENW over time. In addition, the Guardian Group Acquisition is expected to have a 20-25 percentage point impact on our SST ratio.

The description of the business that follows does not give effect to the Guardian Group Acquisition.

Business and Product Mix

We offer a range of products together with third-party administration arrangements. Our business includes:

- ***Linked business***, which includes index-linked annuities and our unit-linked business. In respect of unit-linked products, policyholders hold units in funds that hold underlying investments and receive the benefits of the performance of these funds. We invest the assets in accordance with the stated objective for the particular fund which the policyholder has selected and we receive a fee for the management of the investments for general policy administration, with the structure and level of the fees varying depending on policy type and originating company. The policyholder benefits are therefore linked to the performance of an underlying unit fund (which is disclosed via publication of a unit-price) and the policyholder bears the underlying investment risk;

- ***With-profits business***, which includes "conventional" with-profits products, where the policyholder receives an annual bonus and in the case of most products also a final bonus on encashment such that the payout meets the target requirements and "unitized" products which generally receive an annual bonus in the form of regular increases in the underlying unit price, together with a final bonus on encashment. Policyholders share the risks of investment and insurance associated with each with-profits fund, and are entitled to a share of any profits payable through annual and final (or terminal) bonuses. We invest the assets in a diverse portfolio covering a wide range of asset classes and geographical regions in order to manage market risk. If there is a shortfall in a fund, the shareholder would be required to contribute additional capital (which historically has not been the case);

- ***Non-profit non-linked business***, the majority of which relates to annuities, with all surplus capital generated available for shareholders. Policyholders benefits are determined by the terms of the products at inception and investment risk is not borne by the policyholder; and

- ***Third party administration arrangements***, which generates fee income on a per policy administered basis. We currently have two external outsourcing arrangements with Aviva and MetLife which generate income.

Structure

Admin Re®'s key operating subsidiaries are: ReAssure Limited ("**ReAssure**"), a company that is authorized by the PRA and regulated by the PRA and FCA as a life assurer and subject to regulatory solvency capital and compliance requirements relating to life assurance companies; and Admin Re UK Services Limited ("**ARUKSL**"), a service company established in 2012 that conducts administration of insurance business for ReAssure and third parties (including Aviva and MetLife), and is regulated by the FCA. ReAssure operates four core funds, each with different attributes and respective benefits to policyholders and the shareholder. The shareholder/policyholder split of each of our funds is as follows:

Fund	Shareholders/Policyholders	Notes
Non-Profit Fund ("**NPF**")	100% of profits arising within the NPF are potentially available for release to the SHF (as defined below), subject to applicable requirements, including without limitation, regulatory solvency and capital requirements.	

Fund	Shareholders/Policyholders	Notes
Windsor Life With-Profit Fund ("**WLWPF**")	Two components: • A defined book, whose future surpluses are passed to the NPF • A 90:10 with-profits business, with future surpluses passed principally to policyholders in the form of "bonuses" (which can be regular bonuses or final bonuses) that are added to the guaranteed benefits of policyholders and determine the final benefits paid out on with-profit policies. • 10% of profits arising within the WLWPF are potentially available for release to the SHF, subject to applicable requirements, including without limitation, regulatory solvency and capital requirements.	Closed to new business in July 2012 and only permits customers with invested funds to continue to invest their premiums
National Mutual With-Profit Fund ("**NMWPF**")	100% of profits owned by existing policyholders	Closed to new business in 2002
Shareholder Fund ("**SHF**")	No policies. Profits arising in each of the other funds are potentially available for release to the SHF, subject to applicable requirements, including without limitation, regulatory solvency and capital requirements. Surplus capital in the SHF is potentially available for release to the shareholder, subject to applicable requirements, including without limitation, regulatory solvency and capital requirements.	

Related Liabilities

Admin Re®'s liabilities are valued by reference to a number of assumptions to be made including in relation to policyholder demographics, the economic environment and our expenses. The key liabilities include:

Unit-Linked Liabilities. The liabilities are unit-related without any allowance for actuarial funding of units. We earn administration margins on these products and the total value to the Issuer Group is the present value of future profits.

With-Profit Liabilities. Benefits at the end of the policy term for conventional policies are defined in terms of a guaranteed minimum, while benefits for unitized policies are defined in terms of number and value of units held by the policy.

Non-Profit Non-Linked Liabilities. Our most significant liabilities relate to annuities in payment from vested deferred annuity policies, and to a lesser extent protection policies providing life and disability cover. Liabilities for these policies generally are calculated using a gross premium valuation method based on assumptions as to investment yields, mortality, expenses, withdrawals and lapses. The method is prospective as it takes into account expected future cash flows inherent in the contract from the valuation date until expiry of the contract obligations. Cash flows include primarily premiums, claims, commission, tax and expenses, with margins added for prudence to reflect the uncertainties of the underlying best estimates. Application of the gross premium valuation method could result in a negative liability provision.

Operations

There is a constant drive for insurers to understand, communicate with and service customers better. Once business has been transferred into ReAssure, it must work to retain the business by providing excellent customer services. In particular, the characteristics of the closed book industry provide a competitive advantage to participants that have customer-centric solutions, IT systems and infrastructure, which enable them to consolidate many of the complex tasks behind business integration, as well as to meet the demands of their customers. In addition, the ability to obtain and process policyholder information and other information enables us to develop and refine our assumptions and strategies.

We recognize that high-quality and reliable IT systems and infrastructure are of vital importance and we have established a comprehensive IT strategy to support the objectives of our broader business. Our IT strategy remains focused on the simplification of our administration systems, through the use of our single administration platform, as well as the upgrade of core systems and key infrastructure components. The aim of our strategy is to provide our business with IT systems and infrastructure that are reliable, scalable and can be extended cost effectively across our business.

Alpha platform

Alpha is our strategic core policy administration platform, which has been developed in-house and for which we own the intellectual property. The Alpha platform has the capability to administer a substantial majority of life and pension products in the United Kingdom and currently supports more than 25,000 different product variants that have been encountered through our historic acquisitions. Alpha delivers simplified and generic processes across a wide variety of products and has a high degree of automation, enabling transactions to be processed electronically without the need for manual intervention. We believe that our Alpha platform and associated infrastructure provides a solid base into which future acquired funds can be integrated.

We continue to invest in our Alpha platform, in an effort to achieve a more automated processing solution. In particular we are investing in enhancing the functionality of our Alpha platform to support annuity payments processing, indexation and terminations.

Outsourcing and distribution arrangements

Our existing operational model includes the extensive use of external outsource partners. External outsource partners are used for, among other things, policy administration (such as the administration of approximately 0.5 million policies in the ex-Barclays portfolio, by HCL, as of December 31, 2014), investment management services (such as the management of approximately £16.1 billion of unit-linked and with-profit assets largely managed by Aberdeen Asset Management Limited, and the non-profit and shareholder assets managed by the Swiss Re Group and its external investment managers, as of December 31, 2014), custodian services (such as services provided by HSBC Bank plc as custodian for approximately £16 billion of ReAssure's policyholder assets, as of December 31, 2014), advisory services (such as the arrangement with LV=, which operates a panel of annuity providers and advice services where required), annuity payment services, mailing services, IT development and management services (including offshore IT development), telephony services, storage and hardware services, property investment services and facilities management services.

Our most recent outsourcing and distribution arrangements include a product and distribution arrangement with LV=, which ReAssure entered into in 2014, pursuant to which ReAssure introduces customers to LV= to facilitate the purchase of their annuities and other decumulation products, and in respect of which ReAssure receives introductory fees. In addition, in 2015, we agreed, as part of our strategy of achieving operational excellence through continuous improvement of our scalable operating platform (see above), to outsource an element of ARUKSL's and ReAssure's unit pricing and investment accounting operations to HSBC, together with the appointment of HSBC Bank plc as custodian for ReAssure's policyholder assets.

While we are exposed to some level of concentration risk with outsource partners (due to the nature of the outsourced services market), we operate a policy to manage outsourcer service counterparty exposures and regularly review the impact from default of key outsource partners. We believe that we maintain strong relationships with our key outsource partners.

ASSET MANAGEMENT

The Asset Management Enabling Unit manages the assets generated through our reinsurance and insurance activities. ALM is a core focus of Asset Management to ensure that our investment portfolio is managed according to the benchmark derived from our re/insurance, insurance and corporate liabilities, defined by key rate durations, currency and legal entity constraints where applicable. We believe that this allows us to generate attractive risk-adjusted economic investment return while navigating volatile financial markets. Furthermore, Asset Management also seeks to generate, on a limited and selective basis, additional economic value, subject to rigorous risk limits and oversight. In furtherance of the Asset Management mandate, which includes the development and implementation of our strategic asset allocation, we have outsourced certain parts of our investment management activities to external parties and have created a dedicated team to oversee the corresponding external investment mandates. Actual performance and risk taking are rigorously monitored against these external mandates in the same manner as for the assets managed internally.

To prudently manage investments, Asset Management divides its investment activities into three layers: a 'risk-free' return, a market return, and an active risk-taking return. The 'risk-free' return comes from the Minimum Risk Benchmark portfolio, which is defined to match as closely as possible the cash flow characteristics of expected future claims and benefits. The market return is generated by strategic asset allocation decisions across various broad asset classes depending on macroeconomic outlook and financial market environment, which are closely monitored as part of our investment strategy. Active risk-taking return, finally, can arise through identifying and profiting from market opportunities. The proportion of market return and active return to overall investment return depends on the risk capacity and appetite of Swiss Re. Risk limits for investment activities are defined and monitored across all three layers. An independent Risk Management function, which reports directly to the Chief Executive Officer, is responsible for ensuring that the delegated limits are adhered to.

In addition, we have comprehensive risk-taking and governance processes as part of our integrated investment process, including a risk limit framework to reflect our stress scenarios, rigid oversight functions and advanced liquidity management practices. These processes focus on infrastructure and data quality, reporting, performance benchmarking and modelling of risk under the Swiss Re risk management framework. From time to time, we maintain an active hedging program to manage duration, credit spreads and our equity exposures on a more short-term basis. The hedging program's ultimate purpose is to protect Swiss Re's capital.

Since the beginning of 2012, Asset Management has been supporting the Business Units with the development of customized investment portfolios reflecting their objectives and the unique characteristics, under a consistent group-wide top-down investment strategy based on macroeconomic landscape analysis.

The Swiss Re group-wide strategic asset allocation is endorsed by the Swiss Re Group Executive Committee (the "**Group EC**"), approved by the Investment Committee of the board of directors of SRL (the "**Board of Directors**") and delegated to the Swiss Re Group Chief Investment Officer ("**Group CIO**") for implementation. The Group CIO is responsible for the investment result of the Swiss Re Group, based on the Swiss Re Group's and the Business Units' investment plans, approved by the Group EC. The Group CIO retains responsibility for decisions on investment tactics within the approved ranges of the strategic asset allocation and subject to defined risk limits. From an organizational perspective, the Group CIO oversees the Asset Management division.

Internally, we have a dedicated expert in-house portfolio management team that manages substantially all of our government bonds and agency securities portfolios, which is core to our ALM activities within the Asset Management division. This team manages a significant proportion of our total Asset Management investment portfolio (excluding unit-linked and with-profit business) by working closely with the office of the Group CIO, to ensure that we match our liabilities effectively while generating an attractive risk-adjusted economic investment return for these investments.

Our credit products, equity securities and hedge fund investments are externally managed principally by specialized investment managers. Before any appointment of an external manager, we perform diligence to confirm the manager's compliance with our investment principles. This includes considerations in investment decisions and monitoring, as well as a review of the managers' commitment to responsible investment. After being mandated, the individual performance of each manager is monitored in line with investment guidelines, and each manager is required to report regularly on its investment activities.

UNDERWRITING AND COSTING

Underwriting – accepting risk from clients – is the core business activity of Swiss Re. The objective of underwriting is to achieve an appropriate return for the risk taken. To achieve this goal, Swiss Re has strong underwriting know-how and processes at the operating level, matched by robust governance and portfolio steering at the Swiss Re Group level.

Our Board of Directors takes an active role in governance and oversees underwriting activities. The Board of Directors and the Group EC define the general principles for underwriting and the Swiss Re Group's risk tolerance framework. The Finance and Risk Committee of the Board of Directors regularly reviews Swiss Re's risk and underwriting portfolio reports, with a focus on the largest exposures, changes in the risk landscape and in Swiss Re's underwriting portfolios, and the adequacy of reserves. The Group EC defines and owns the economic value management ("**EVM**") and risk capital framework that serves as the foundation for costing and for risk quantification and aggregation. In addition, the Group EC sets the net risk appetite for the Swiss Re Group and for all major risk classes and allocates limits and underwriting capacity to specific risk-taking units. Finally, the Group EC regularly reviews Swiss Re's capacity usage compared to pre-defined limits for different types of risks and adjusts those limits in anticipation of changes in underwriting conditions. The Group EC also determines the Swiss Re Group's product policy, develops underwriting principles, defines, approves and interprets Group-wide and business unit applications of underwriting standards, grants transactional underwriting limits and claims authority limits, and holds decision-making authority over large and unusual transactions on behalf of the business units concerned. The scope includes Property & Casualty (including Credit & Surety); Life & Health; and financial market transactions that have re/insurance risk factors or have substantially new product characteristics.

Group Underwriting, led by the Swiss Re Group Chief Underwriting Officer, steers, supports and controls the underwriting activities performed within Swiss Re's Business Units. Group Underwriting works with the Business Units to position the underwriting portfolio in segments with the most attractive risk-return prospects. Through targeted R&D efforts, Group Underwriting supports the Business Units with insights into markets and risks, as well as providing technical capabilities such as underwriting tools and models. Further, Group Underwriting monitors compliance with underwriting guidelines, the quality of underwriting portfolios and costing accuracy.

Swiss Re's Business Units perform day-to-day underwriting, coordinated with Group Underwriting and following the policies and limit/capacity framework described above. Swiss Re's underwriting focus continues to be on underwriting discipline, cycle management, controlled capacity deployment, and achieving attractive risk-adjusted returns. To control and manage exposures, Swiss Re generally limits its underwriting capacity on a per claim, per event or per year basis, primarily through loss/treaty limits, claims series clauses and aggregate annual limits. Swiss Re's Risk Management and Group Underwriting functions monitor the amount and concentration of risk underwritten relative to allocated limits.

The quality of risk, past experience and future exposure are the main criteria in determining underwriting cost levels as well as underwriting capacity. Expected future claims are quantified considering loss history and current / future exposures, including the input from risk research and risk trend analysis. In addition, costing includes charges for management expenses and cost of capital, as well as the time value of money. Costing procedures differ according to the type of reinsurance (treaty or single risk, proportional or non-proportional); however, the overall costing framework and its calibration are centrally maintained and periodically reviewed and updated. Our final sale price is determined by business staff in Client Markets, within defined limits, and taking into account the costing metrics and prevailing market conditions. Costing is undertaken on the basis of risk-free rates only. We believe that we have accumulated unique knowledge in all lines and markets as a long-standing industry leader.

Our capital base, underwriting experience and willingness to provide substantial capacity on a direct basis (for example, without utilizing a reinsurance broker) provide us with opportunities to take a lead role in underwriting reinsurance contracts. We believe that being a lead underwriter is an important factor in achieving long-term success in the reinsurance market. Lead underwriters have greater influence in negotiation of reinsurance terms, contract structures and premium rates than following reinsurers. Reinsurers that lead treaties have greater access to preferred business and are better able to develop long-term relationships with their clients. Recently, we have had significant success in achieving preferential terms as lead underwriter. For life and health reinsurance business, typically a reinsurer assumes the entire obligation or acts as a co-reinsurer with no reinsurer acting as lead underwriter.

CATASTROPHE RISK

We are exposed to claims affecting multiple insureds at the same time, arising out of the occurrence of natural perils, such as an earthquake or hurricane, or man-made events, such as terrorist attacks. The occurrence of any such catastrophes could generate insured losses in one or many of our reinsurance treaties or facultative contracts in one or more lines of business. See generally "Risk Factors – Risks Relating to our Reinsurance Operations – Catastrophic events expose us to the risk of unexpected large losses."

Our Catastrophe Perils unit evaluates the frequency and severity of catastrophes and estimates our potential resulting loss exposure. Over 40 catastrophe risk specialists are employed in the modelling and evaluation of catastrophe risk exposure worldwide, using specially developed proprietary software and techniques. We prepare formal reports on our catastrophe exposure, quarterly for peak perils and annually on market and line of business bases. We also review the coverage and pricing situation half-yearly in our most important markets. We use these reports, together with other internal data, to evaluate our group-wide risk exposures and capital allocation.

With our integrated group-wide risk model, we seek to quantify our total exposure through an aggregation process for all of our acceptances to produce a loss frequency curve from which we can derive a single annual aggregate loss distribution covering the full spectrum of losses (that is, all possible combinations of adverse and unexpected large losses) up to one-in-10,000 year events. We also consider the diversification effect from other than natural catastrophe exposures for capital calculation and allocation purposes.

For capacity allocation and deployment purposes, we monitor our accumulated exposure to catastrophe losses and quantify our exposure in terms of the expected maximum loss or shortfall (also known as "**Tail VaR**"). Shortfall is calculated based on our portfolio of exposures, taking into account contract limits and the statistical distribution of losses caused by a catastrophe such as a hurricane or earthquake occurring within a given financial reporting period in a broad, contiguous geographic area. We estimate that our largest group-wide shortfalls for earthquake risks are located in California, Japan and the New Madrid fault line in central United States. We estimate that our largest shortfalls for windstorm risks, including hurricanes and tropical cyclones, are located in the United States and in Europe, followed by typhoon risk in Japan.

RESERVES

Property & Casualty

In the case of a reinsurer, significant periods of time may elapse between the occurrence of an insured loss giving rise to a claim, the reporting of the claim to the ceding company and the reinsurer and the ceding company's payment of that claim and subsequent payments to the ceding company from the reinsurer. In the case of an insurer, significant periods of time may elapse between the assumption by the insurer of the risk, the occurrence of the loss event, the reporting of the event to the insurer, and the ultimate payment by the insurer. To recognize liabilities for unpaid claims, claim adjustment expenses and future policy benefits, insurers and reinsurers establish reserves, which are balance sheet liabilities representing estimates of future amounts needed to pay reported and not yet reported claims and related expenses arising from insured losses that have already occurred.

Reserves are estimates that involve actuarial and statistical projections of the expected cost of the ultimate settlement and administration of claims. These estimates are based on facts and circumstances then known, predictions of future developments, estimates of future trends in claims frequency and severity and other variable factors such as inflation. For some types of claims, most significantly asbestos-related, environmental pollution and health hazard claims and certain liability claims (namely, our long-tail exposures), it has been necessary, and may over time continue to be necessary, to revise estimated potential claims exposure and, therefore, the related claims reserves. Consequently, actual claims, benefits and related expenses ultimately paid may differ from estimates reflected in the reserves in our consolidated financial statements.

We typically establish our case reserves for reported but not yet settled claims under proportional treaties by taking into account reserving methodologies and practices adopted on a group-wide basis. Generally, claims personnel at a ceding company establish a case reserve for the estimated amount of the ultimate payment for a reported claim. The estimate by the ceding company is based on the reserving practices and experience and knowledge of personnel at the ceding company regarding the nature and value of the specific types of claims.

We generally establish reserve levels using reports and individual case estimates received from ceding companies.

For reinsurers, in the case of facultative and non-proportional business, we generally evaluate the ceding company's reserves taking into consideration coverage, liability, severity of injury or damage, jurisdiction, an assessment of the ceding company's ability to evaluate and handle the claims and the amount of reserves recommended by the ceding company. If our own estimate of the ultimate cost of a particular claim is materially different from the reserve established by the ceding company, we adjust that case reserve accordingly. Such additional case reserves (positive or negative) are established either per treaty or per facultative acceptance.

We also establish claims reserves for incurred but not yet reported ("**IBNR**") claims to provide for payments for incurred claims that have not yet been reported to an insurer or reinsurer. In calculating our IBNR reserves, we generally use accepted actuarial reserving techniques that take into account quantitative loss experience data, together with other factors, including qualitative factors, that are relevant to the risks in question, such as changes in the volume of business written, the contract terms and conditions, the mix of business, the processing of claims and the prospective level of inflation that can be expected to affect our liability for claims over time. IBNR reserves are grouped either by accident year or by underwriting year and our internal actuaries review our reserving assumptions on a quarterly basis.

In total, we maintain loss and loss adjustment expense reserves to cover our estimated liability for both reported and unreported claims at a level that represents management's best estimate of ultimate loss and loss adjustment expenses.

Underwriting results from Property & Casualty business in the United States have in the past been adversely affected by claims developing from alleged environmental pollution. We establish reserves for reported claims as well as an estimate for unreported claims and claim adjustment expenses. Although we believe that reserves for unpaid claims are adequate in the aggregate, uncertainties arise when estimating the ultimate future amounts that may be needed for unreported environmental pollution claims. These uncertainties exist in part due to inconsistent decisions reached in court cases in various jurisdictions, including decisions about:

- the existence of insurance coverage;
- which underlying policies provide the coverage;
- whether the release of contaminants is one "occurrence" or multiple occurrences for determination of applicable coverage/policy limits;
- how pollution exclusions should be applied;
- whether clean-up costs constitute covered damage; and
- whether an insurer has a duty to defend.

Since the early 1980s, underwriting results from property and casualty reinsurance business relating to the United States have been adversely affected by claims developing from asbestos-related coverage exposures. The majority of these claims allege bodily injury resulting from exposure to asbestos products. A lesser amount of claims allege damage to buildings resulting from the presence of asbestos. We monitor developments in this area and establish reserves for reported claims as well as an estimate for unreported claims and claim adjustment expenses. We believe uncertainties exist in estimates of the ultimate future amounts that may be payable for unreported asbestos-related claims. These uncertainties include estimations of the number and value of claims that may be reported, court decisions affecting the liability, and the maximum value of asbestos-related exposures written by our clients during expired coverage periods. As a result, our obligations for claims payments and claims settlement charges also include obligations for long-latent injury claims arising out of policies written prior to 1985, particularly in the areas of U.S. asbestos and environmental liability.

During the mid-1990s we substantially strengthened our reserves for asbestos-related and environmental pollution claims arising in the United States. Since then, we have from time to time added reserves as necessary to respond to changes in the claims environment including, for example, the increasing number of asbestos-

related bankruptcies and the broadening of the legal assault to include companies that were not asbestos manufacturers or major users of the product. We have also operated a proactive policy of managing our exposure through active claims management and commutation where appropriate.

An industry measure that is often used to estimate reserve adequacy for asbestos-related and environmental pollution claims is the three-year survival ratio, calculated as the total net provision held at the end of a period divided by the average net claims paid over the previous three years. The survival ratio represents the number of years it would take for a company to exhaust its reserves based on the current level of claims payments. We calculate that our three-year survival ratio is 11.2 years as of December 31, 2014, based on our best estimates.

During the late 1990s and early 2000s, we saw, particularly in the United States, claims relating to bankruptcies and corporate, financial and/or management improprieties. Following the major financial scandals, we also saw an increasing number of large claims resulting from actions brought against financial institutions, accounting firms and other professionals alleging primary liability, or liability for aiding and abetting, in respect of violations of the securities laws, often leading to large settlements. These resulted in an increase in frequency and severity of claims under professional liability covers. The industry is facing a significant level of claims under professional liability covers arising from the subprime crisis, global financial markets collapse and related matters.

Net claims development on prior years was favorable in all lines of business during 2014. In property, releases for recent years more than offset increases for earthquakes in New Zealand (due to an increase in so-called residential over-cap claims established by the Earthquake Commission). Within casualty, favorable experience in liability across all regions more than offset increases for asbestos and environmental losses and increases elsewhere in the portfolio. Unfavorable experience in motor in France and the U.K. were offset by good claims experience in other countries. In addition, releases in accident and health due to positive experience combined with some favorable commutations contributed to the overall improvement on casualty. Favorable development in engineering contributed to the overall reserve releases on specialty lines due to a reassessment of reserves relating to Spain and France combined with very good claims experience.

Net claims development on prior years was favorable overall during 2013, driven by reserve releases from property, liability, accident and health and several of the specialty lines, especially engineering. In most cases the releases were the result of better-than-expected claims experience helped, particularly in the case of accident and health, by commutations. These releases come about despite further strengthening for U.S. and U.K. asbestos and environmental claims, strengthening on motor business in several European countries and adverse development of claims arising from the New Zealand earthquakes, partly offset by favorable development on claims from Hurricane Sandy.

During 2012, net claims development on prior years was significantly favorable, driven by favorable experience in all lines except motor, where special features in the U.K. and Italian portfolios required some strengthening.

The ADC with Berkshire Hathaway, which covers losses from 2008 or earlier, remains in place but had no impact on the result for 2014, as it was already recognized at the minimum commutation value at year-end 2011 and remains recognized at that value.

Unpaid claims and claim adjustment expenses. The following table sets forth a reconciliation of the opening and closing reserve balances for unpaid claims and claim adjustment expenses for the periods indicated.

	2013	**2014**
	(in USD millions)	
Balance as of 1 January	53,010	50,392
Reinsurance recoverable	(7,101)	(6,029)
Deferred expense on retroactive insurance	(229)	(56)
Net balance as of 1 January	45,680	44,307
Incurred related to:		
Current year	10,765	11,298
Prior year	(1,371)	(838)
Amortization of deferred expense on retroactive reinsurance and impact of commutations	151	17
Total incurred	9,545	10,477

Paid related to:		
Current year	(2,103)	(2,193)
Prior year	(9,265)	(8,693)
Total paid	(11,368)	(10,886)
Foreign exchange	211	(2,224)
Effect of acquisitions, disposals, new retroactive reinsurance and other items	239	199
Net balance as of 31 December	44,307	41,873
Reinsurance recoverable	6,029	4,746
Deferred expense on retroactive reinsurance	56	14
Balance as of 31 December	50,392	46,633

We generally do not discount liabilities arising from prospective property and casualty insurance and reinsurance contracts, including liabilities which are discounted for U.S. statutory reporting purposes. Liabilities arising from property and casualty insurance and reinsurance contracts acquired in a business combination are initially recognized at fair value in accordance with the purchase method of accounting.

Claims development triangles. The following two tables are net of retrocession, after giving effect to the ADC.

Net claim reserves and re-estimates — **Original Reporting Year**

in USD millions

			2004	2005	2006[1]	2007	2008	2009	2010	2011	2012	2013	2014
Claim reserves as at December 31			42,546	42,907	61,645	62,059	56,156	52,086	48,816	48,253	46,819	45,167	42,585
	1	year later	41,023	44,312	63,564	59,516	57,379	51,097	46,670	47,244	45,769	42,104	
	2	years later	42,469	45,631	61,302	61,091	55,376	49,228	45,438	46,162	43,319		
	3	years later	44,115	43,743	62,484	60,146	53,981	48,110	45,205	44,381			
Cumulative payments since original reporting year, plus current reserves, net of the ADC	4	years later	42,670	44,572	62,113	58,995	53,013	48,035	43,835				
	5	years later	43,395	43,652	61,329	58,145	53,134	46,731					
	6	years later	43,684	43,187	60,716	58,370	51,834						
	7	years later	43,215	42,747	61,009	57,365							
	8	years later	43,051	43,054	60,198								
	9	years later	43,346	42,806									
	10	years later	43,282										
Surplus / (deficiency)			(737)	100	1,447	4,694	4,322	5,355	4,980	3,871	3,500	3,063	
Percentage of original reserves			(1.7%)	0.2%	2.3%	7.6%	7.7%	10.3%	10.2%	8.0%	7.5%	6.8%	
Excluding foreign exchange: Surplus / (deficiency)			(98)	2,163	2,879	3,925	2,851	4,123	3,919	2,694	2,036	1,189	
Percentage of original reserves			(0.2%)	5.0%	4.7%	6.3%	5.1%	7.9%	8.0%	5.6%	4.3%	2.6%	

[1] Note that the increase from 2006 is driven by the acquisition of General Electric Insurance Solutions ("**GEIS**").

Paid losses and loss adjustment expenses — **Original Reporting Year**

in USD millions

			2004	2005	2006[1]	2007	2008	2009	2010	2011	2012	2013	2014
Claim reserves as at December 31			42,546	42,907	61,645	62,059	56,156	52,086	48,816	48,253	46,819	45,167	42,585
	1	year later	8,144	8,396	10,196	11,201	10,217	8,500	7,899	7,962	9,269	8,692	
	2	years later	13,345	14,979	18,918	18,154	16,484	14,168	12,503	14,154	14,600		
	3	years later	18,059	19,867	24,529	23,034	21,021	17,842	16,954	18,244			
	4	years later	22,124	23,207	28,725	27,037	24,257	21,796	20,176				
Cumulative Paid Losses and LAE in respect of original reported loss reserves	5	years later	24,532	25,419	32,088	29,822	27,866	24,383					
	6	years later	26,405	27,474	34,527	33,126	30,090						
	7	years later	28,814	28,698	37,562	35,052							
	8	years later	29,095	30,527	39,322								
	9	years later	31,610	31,537									
	10	years later	32,540										

[1] Note that the increase from 2006 is driven by the acquisition of GEIS.

The following table reconciles the net claim reserves of reporting year 2014, as shown in the top right corner of the two preceding triangles to the net reserves figure shown in the reconciliation of the opening and closing reserve balances for unpaid claims and claim adjustment expenses, above.

	2014
	(in USD millions)
Net claims reserves – reporting year 2014	42,585
Less P-GAAP	(697)
Less deferred expense on retroactive reinsurance	(15)

Net unpaid claims and claim adjustment expenses	41,873

Estimated net accident year view. The following table is net of retrocession. As the ADC cannot be attributed to any individual accident year, it has been omitted from the table. The accident year view of the loss development table is an approximate conversion of the first triangle provided above by using the December 31, 2014 foreign exchange rate across the various reporting periods.

Estimate net accident year view
Accident Year Development to end 2014

Ultimate Claims, at 31 December 2014 exchange rates

in USD millions

Accident Year	Expected Claims at end of	1 Year later	2 Years later	3 Years later	4 Years later	5 Years later	6 Years later	7 Years later	8 Years later	9 Years later	10 Years later	Surplus / (Deficiency)
Pre-2005	41,174	41,257	41,799	42,574	41,880	41,255	41,629	41,242	41,025	41,216	41,662	(488)
2005	11,414	11,111	10,623	10,333	10,405	9,629	9,674	9,394	9,390	9,280		2,135
2006[1]	27,057	27,223	27,420	27,043	26,991	26,770	26,547	26,453	26,213			844
2007	9,571	9,533	8,991	9,052	8,713	8,475	8,393	8,276				1,295
2008	8,979	9,160	8,875	8,646	8,512	8,365	8,443					536
2009	8,544	7,949	7,488	7,356	7,196	6,911						1,633
2010	7,313	7,101	6,990	6,830	6,862							452
2011	10,296	10,519	9,767	9,517								779
2012[2]	8,596	8,620	8,133									463
2013	10,185	9,902										283
2014	11,288											
Total												7,932
ADC cumulative impact												(1,610)
Total net of ADC												6,322

(1) Note that the increase on Accident year 2006 is driven by the acquisition of GEIS.

(2) There was no impact from the ADC since the end of 2011 beyond the effects of exchange rate movements.

Breakdown between Reinsurance and Corporate Solutions. The following table shows reserves on treaty years 1999-2014 for long-tailed lines and on treaty years 2003-2014 for short-tailed lines, and represent approximately 73% of the total gross nominal property and casualty reserves (excluding P-GAAP adjustments) at December 31, 2014.

in USD millions	Group	Reinsurance	Corporate Solutions
Reserves for business illustrated [1] [2]	34.6	27.4	7.2
Other traditional business incl. reserves for prior treaty year (excl. US Asbestos & Environmental)	8.1	5.0	3.1
U.S. Asbestos & Environmental	2.3	1.8	0.5
Total Traditional Business	45.0	34.2	10.8
Non-traditional business	1.7	1.3	0.4
Unallocated Loss Adjustment Expense	0.9	0.6	0.2
Total Gross Nominal P&C Reserves	47.5	36.1	11.4
P-GAAP Adjustment for acquired reserves[3]	(0.9)		
Total Gross Reserves held[4]	46.6		

(1) The figures in the table are shown to one decimal place

(2) The 'Reserves for business illustrated' do not include the reserves relating to Motor Corporate Solutions, as the claims ratio development tables for this line are distorted by the novation of a deal in 2014 into Motor Liability Corporate Solutions.

(3) The P-GAAP adjustment has not been allocated as it relates to the acquisition of GEIS in 2006.

(4) This figure corresponds to the entry balance as of December 31, 2014, as shown in the reconciliation of the opening and closing reserve balances for unpaid claims and claim adjustment expenses, above.

Life & Health Reinsurance

Life & Health Reinsurance reserves are established in respect of unearned premiums less deferred acquisition costs, case reserves, IBNR, profit commission reserves, disabled life reserves, annuity reserves, present value of future profits, and future policy reserves.

Reserves for future policy benefits and claims for our Life & Health Reinsurance business are calculated (as provided for under U.S. GAAP) using locked-in assumptions, established at the inception of each portfolio, for

mortality, morbidity, persistency and investment income. The locked-in assumptions contain margins and can only be changed if actual emerging experience for our Life & Health Reinsurance business as a whole is worse than the locked-in assumptions (including the margins).

The liabilities for future policy benefits for individual risks or classes of business may be greater or less than those established by ceding companies due to the use of different mortality and other assumptions. For some of our portfolios, however, the cedent data is not itemized by policy, and in those cases considerable reliance is placed on the cedent calculated reserves. Reserves for policy claims and benefits include both mortality and morbidity claims in the process of settlement and claims that have been IBNR. Claims reserves are calculated using the latest assumptions available at the time of valuation. Actual experience may differ from assumed experience and, consequently, may affect our results of operations for a period, especially for disability business where the claims reserve reflects payments over a long period of time and is based on assumptions regarding morbidity and investment income.

In addition to our general Life & Health Reinsurance business reserves, we carry liabilities for exposure related to our past VA business, which was a special segment of Life & Health Reinsurance business that we have now placed in run-off. A VA product is a hybrid insurance and investment product. The guaranteed minimum death benefit features generate both biometric risk exposure and financial market risk exposure (equity, interest rate, volatility risk). In addition VA is subject to policy lapse and withdrawal risk. VA liabilities are carried at fair value consisting of the baseline average present value of the best estimate cash flows, adjusted for a risk margin, calculated by stochastic methods.

Adequacy of Reserves

We believe that our total reserves as of December 31, 2014 are adequate based on prudent expectations of the future. Our reserves may, nevertheless, prove to be inadequate to cover our actual claims and benefits experience if experience is unfavorable. To the extent reserves are insufficient to cover actual claims, claim adjustment expenses or future policy benefits, we would have to add to these reserves and incur a charge to our earnings.

RETROCESSION AND OTHER RISK TRANSFER

Some reinsurers purchase reinsurance to cover a certain part of their own risk exposure. The purchase of reinsurance by reinsurers is referred to as retrocession. These reinsurance companies cede risks under retrocession agreements for reasons similar to those that cause insurers to purchase reinsurance, namely to reduce net liability on individual risks, to protect against catastrophic claims, to improve solvency ratios and to obtain additional underwriting capacity.

In general, our retrocession and risk transfer initiatives are aimed at accomplishing one or more of the following important strategic goals: (i) to keep net exposure within accepted limits to protect balance sheet against extreme events, (ii) to avoid disproportionate high losses, and (iii) to increase financial flexibility to free up trapped assets. We buy such protection in the capital markets and in traditional retrocession markets through a range of products, such as ILS, sidecar, collateralized reinsurance, traditional retrocession, and industry loss warranties.

We aim to minimize the counterparty and credit risk of our hedging instruments by using ILS and other instruments, which are typically collateralized, and by predominantly selecting counterparties with superior financial strength.

We have selectively placed new hedges, mainly for U.S. hurricane and other peak natural catastrophe scenarios, following the expiration of the Quota Share in 2012. Swiss Re has experienced growth of net premium written and premiums earned in 2013 and in 2014, principally due to the expiry of the Quota Share, with less than $200 million of premiums ceded to the Quota Share during 2014. Swiss Re's combined ratio also increased slightly in 2013 and during 2014 compared to 2012, as a result, among other factors, of there no longer being any ceding commission (thereby leading to an increase in acquisition costs), partly offset by lower other (administrative) expenses, because there was greater premium to carry the expense amount post-expiry. Additionally, in January 2010, we entered into the Co-Insurance Agreement with Berkshire Hathaway.

EMPLOYEES

As of December 31, 2013 and 2014, Swiss Re employed 11,574 and 12,224 regular staff, respectively. By geographic region Swiss Re's employees were distributed, as at December 31, 2014, as follows: Europe (including South Africa), 61%; Americas, 27%; and Asia Pacific, 12%.

We believe that our employee relations are good, and we have bodies that represent employees' interests in each country in which we operate and a dedicated employee relations team within our human resources department.

We promote the development of internal talent through the various educational and training programmes we offer, as well as an online Virtual Career Centre, which provides a variety of career planning tools.

Swiss Re has a global compensation and benefits framework and offers financial compensation and benefits to both senior management and a significant portion of our employees that includes an incentive component and is designed to correspond with the multi-year and long-term dynamics of our business. We also provide certain healthcare and life insurance benefits for retired employees and their dependants.

BUSINESS ENVIRONMENT AND COMPETITION

Reinsurance

The reinsurance business is competitive; however, there are barriers to entry, including regulatory and capital considerations. We compete with other reinsurers based on many factors, primarily:

- expertise, reputation, experience and qualifications of employees;
- local presence;
- geographic scope of the reinsurance business conducted;
- client relationships;
- financial strength;
- products and services offered;
- contract terms and conditions; and
- efficiency of claims payment.

Reinsurance companies have sought to expand their existing markets, obtain critical mass in new markets and further diversify risk.

At the same time, consolidation in the worldwide insurance industry has created a smaller group of larger ceding companies that are retaining an increasing proportion of their business, rationalizing reinsurance procurement policies (particularly for recurring ("flow") business placed in the open market) through central purchasing departments. They are demonstrating a greater sensitivity to counterparty risk in respect of their reinsurers, particularly in the property and casualty market, and are limiting where possible that risk through concentration limits, which in turn may impact our ability to increase market share. These trends are likely to continue in light of Solvency II requirements, which may lead to greater retention by larger clients and greater focus on risk management at ceding companies.

In the property and casualty market, factors such as general trends towards globalization, a heightened customer preference for the largest and best capitalized reinsurers and the emergence of the capital markets as an additional source of risk-bearing capacity, have resulted in consolidation and emphasis on the financial strength of reinsurers. Over the past decade, brokers have played an increasingly significant role in the property and casualty market, particularly in the United States.

The life and health reinsurance market is also increasingly concentrated. We estimate that, based on premiums written, the largest three reinsurers represent half of the life and health reinsurance market and the largest five reinsurers represent three quarters of the market. Brokers play a far less significant role in the life and health market than in the property and casualty market, although they continue to try to penetrate these markets.

Our largest competitors (by marketing name), both locally and internationally, measured by premiums written, are:

- Munich Re;
- Hannover Re;
- Berkshire Hathaway, including The Berkshire Hathaway Reinsurance Group and General Re;
- RGA (Reinsurance Group of America) (in the life and health sector);
- PartnerRe;
- Lloyd's; and
- SCOR.

Finally, the availability of alternative capital to cover natural catastrophe risks continues to grow, driven in part by low returns in fixed income markets and the benefits to capital providers of diversification given the lack of correlation between insurance risks and traditional capital markets instruments. Alternative capital now accounts in excess of $60 billion of global catastrophe limits (approximately 16% of the global property catastrophe reinsurance market), mainly driven by growth in collateralized reinsurance, which has more than doubled since 2012 and reflects the largest source of alternative capital, mirroring traditional reinsurance.

While the growth of alternative capital has largely been confined to peak risks, especially U.S. Hurricane, overcapitalisation (including due to the growth in alternative capital) has resulted in increased pressure on profit margins. We expect alternative capital to evolve and growth further, although, at present, we expect that alternative capital will remain focused on peak natural catastrophe business due to the need to collateralize catastrophe limits. The sustainability of new capacity remains uncertain, particularly in the context of potential increases in interest rates, higher levels of natural catastrophe losses and broader improvement in the financial markets.

The recent trends of consolidation in the property and casualty reinsurance industry are expected to continue as participants seek to increase market share and deploy excess capital to compete against alternative capital.

Corporate Solutions

The commercial insurance industry is highly competitive both as to price and service. We compete not only with other stock companies but also with mutual companies, other underwriting organizations and alternative risk sharing mechanisms. Rates are not uniform among insurers and vary according to the types of insurers, product coverage and methods of operation. We compete for business not only on the basis of price, but also on the basis of financial strength, availability of coverage desired by clients and quality of service, including risk engineering, knowledge and claims management. Our products and services are generally designed to serve specific client groups or needs and to offer a degree of customization that is of value to the insured. We continue to work closely with brokers as well as clients and to reinforce with them the stability, expertise and added value our products provide.

We compete for commercial insurance business on an international and regional basis with major U.S., Bermudian, European and other international insurers and with underwriting syndicates.

Admin Re®

In seeking closed books, we operate in a highly competitive market although lack of available capital and regulatory developments and uncertainty have restricted the number of companies actively seeking to make

acquisitions of closed books in the United Kingdom. The competitive environment continues to vary depending upon the size of the transaction and the type of business involved. In respect of existing in-force business, we compete with a wide range of primary life companies in the United Kingdom. For example, since the implementation of the changes to UK pensions legislation that came into effect on April 6, 2015, we believe that the market in relatively small blocks of annuity business has seen an increase in the number of participants, as firms that have been writing annuity business to individuals have started to undertake larger sized transactions as opposed to focusing on volume.

In respect of existing in-force business, we compete with a wide range of primary life companies in the United Kingdom. In respect of new acquisitions of closed books, we compete with existing closed book consolidators, which include Phoenix Life, Guardian Financial Services (prior to the closing of the Guardian Group Acquisition), Chesnara and certain private equity firms. The nature of our competitors heavily depends on the constitution of the book being considered. Were we to seek closed books in other jurisdictions, the competitive landscape would shift accordingly.

PATENTS AND LICENSES

We are not, in any material respect, dependent on any patents or any third party intellectual property rights. For a discussion of our regulatory licenses and permissions, see "Regulation."

PROPERTIES

Swiss Re's global headquarters are located in Zurich, Switzerland and include an operations centre in Adliswil and a training and management development centre in Rüschlikon, Switzerland. Our U.S. reinsurance operations are headquartered in Armonk. As of September 30, 2015, Swiss Re owned or leased office space in more than 60 cities in over 25 countries around the world. We believe that these facilities are adequate for our present needs in all material respects. Office space acquired in connection with acquisitions is integrated into Swiss Re's existing operations or disposed of as needed. Swiss Re also holds other properties for investment purposes.

We are not aware of any material environmental issues that would affect our utilization of the above properties other than our general obligation to comply with all applicable regulations.

GOVERNMENTAL, ARBITRATION AND LEGAL PROCEEDINGS

In the ordinary course of business, we are involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine our rights and obligations under insurance, reinsurance and other contractual agreements. In some disputes, we seek to enforce our rights under an agreement or to collect funds owing to us. In certain other matters, we resist attempts by others to collect funds or enforce their alleged rights if we believe that such other parties are not rightfully entitled to collect such funds or enforce such alleged rights. These disputes arise from time to time and ultimately are resolved through both informal and formal means, including negotiated resolution, arbitration and litigation. Our agreements with ceding companies and those to which we transfer risk under reinsurance arrangements typically provide that disputes are required to be finally settled by arbitration.

INTERRUPTION IN BUSINESS

During the past three years we have not experienced any material business interruption.

RISK MANAGEMENT

The following is an overview of our Risk Management processes. As discussed under "Our Business–Corporate Structure of the Swiss Re Group," Risk Management is one of the corporate functions that supports the Business Units and is managed, defined and monitored at both the Swiss Re Group level and the Business Unit level.

Risk Management

Risk management is fully embedded in all our business activities to enable controlled risk-taking and efficient, risk-adjusted capital allocation.

Risk management ensures an integrated approach to managing current and emerging threats. Embedded throughout the business, our Risk Management function ensures that strategic planning and limit-setting conform to our Group-wide risk tolerance. Risk Management is also deeply involved in large transaction approvals, portfolio monitoring and performance measurement, as well as capital cost assessment.

Controlled risk-taking requires a strong and independent risk management organization, as well as comprehensive risk management processes to identify, assess and control risk exposures. Our risk management is based on four guiding principles that we strive to apply consistently across all risk categories and Business Units:

- Controlled risk-taking: financial strength and sustainable value creation are central to our value proposition. We thus operate within a clearly defined risk policy and risk control framework.

- Open risk culture: risk transparency, knowledge sharing and responsiveness to change are integral to our risk control process.

- Clear accountability: Our operations are based on the principle of delegated and clearly defined authority. Individuals are accountable for the risks they take on, and their incentives are aligned with our overall business objectives.

- Independent risk controlling: dedicated specialized units within Risk Management monitor all our risk-taking activities. They are supported by independent Compliance and Group Internal Audit functions.

Risk policy and risk control framework. All risk-taking activities are subject to our Group Risk Policy, which articulates our core risk management and capital structure principles. It describes our risk mandate, including risk tolerance criteria and targets at the Swiss Re Group and Business Unit level. Our Risk Policy is established by the Board of Directors and our employees are bound by it at all times.

Our Risk Control Framework comprises a body of standards that establishes an internal control system for managing risk. It defines key tasks which represent the five core components of the risk management cycle:

- Risk oversight of planning – ensures that the risk implications of plans are understood and determines whether the business plan at Group and Business Unit level adheres to our risk tolerance.

- Risk identification – ensures that all risks to which we are exposed are transparent in order to make them more controllable and manageable.

- Risk measurement – enables us to understand the magnitude of its risks and set quantitative controls that limit our risk-taking.

- Risk exposure control – allows us to control our risk-taking decisions and total risk accumulations, including the passive risk we are exposed to through our operations.

- Risk reporting – creates internal risk transparency and enables us to meet external disclosure requirements.

For details on risk measurement, exposure control and reporting for individual risk categories, see "Risk assessment" below.

Risk culture. We foster and maintain a strong risk culture to promote risk awareness and support appropriate attitudes and behaviors towards risk taking and risk management. Risk Management reinforces the Swiss Re Group's risk culture by increasing risk transparency, and fostering open discussion and challenge in the Swiss Re Group's risk-taking and risk management processes.

Our risk culture provides a key foundation for the efficient and effective application of our risk management framework by delivering:

- Confidence, both within the organization and among stakeholders, regarding risk exposure and the way it is handled to deliver sustainable, profitable business. An effective and strong risk culture facilitates intelligent risk taking that optimizes return and avoids exposure to excessive loss.

- The ability to respond quickly and dynamically. Awareness and deliberate acceptance of different risks allows us to evaluate our current risk position and take advantage of opportunities it offers.

- A forward-looking mindset that enables us to pre-emptively assess and respond to risk developments and emerging risks. Proactive engagement can result in effective pre-emptive action that increases regulatory confidence and minimizes the likelihood of regulatory sanctions.

- Awareness of the limitations of risk models: knowing when to use them and when to rely on judgment.

- A strong risk culture encourages employees to speak up against agreed wisdom and provide alternative perspectives.

- Reinforced risk management, control and awareness, enabling considered and effective responses to risk.

Risk ownership and accountability. In order to ensure clear control, accountability and independent monitoring for all risks, our risk governance distinguishes between three fundamental roles in the delegation of risk taking:

- Risk owner – establishes a strategy, assumes responsibility for achieving the objectives and maintains ultimate responsibility for the outcomes.

- Risk taker – executes an objective within the authority delegated by the risk owner; risk takers are required to provide the respective risk controller with all information required to monitor and control their risks.

- Risk controller – is tasked by the risk owner with independent oversight of risk-taking activities to mitigate potential conflicts of interest between the risk owner and risk taker; risk controllers are responsible for escalating any concerns.

Risk-taking activities are typically subject to three lines of control. The first line comprises control activities performed by front-line employees (risk taskers), such as the use of authority limits, deal sign-offs and portfolio management in underwriting units. This is supported by independent functions (risk controllers), including Risk Management, Compliance and Group Internal Audit, who provide the second and third lines of control.

Key Risk Management Bodies and Responsibilities

Risk management bodies and functions. The Board of Directors is ultimately responsible for our governance principles and policies. It mainly performs risk oversight and governance through three committees:

- The Finance and Risk Committee reviews our Risk Policy and risk capacity limits, monitors adherence to risk tolerance, and reviews top risk issues and exposures.
- The Investment Committee reviews the financial risk analysis methodology and valuation related to each asset class and ensures that the relevant management processes and controlling mechanisms are in place.
- The Audit Committee oversees internal controls and compliance procedures.

The Group EC is responsible for developing and implementing our Group-wide risk management framework. It also sets and monitors risk capacity limits, oversees the EVM framework, determines product policy and underwriting standards, and manages regulatory interactions and legal obligations. The Group EC has delegated various risk management responsibilities to the Swiss Re Group Chief Risk Officer ("**Group CRO**") as well as to the Business Units.

The Group CRO, who is a member of the Group EC, reports directly to the Swiss Re Group CEO as well as to the Board's Finance and Risk Committee. He leads our Risk Management function, which is responsible for risk oversight and control across the Swiss Re Group. Our Risk Management function is comprised of central risk management units providing shared services, along with dedicated teams for the Reinsurance, Corporate Solutions and Admin Re® Business Units.

The three Business Unit risk teams are led by dedicated Chief Risk Officers, who report directly to the Group CRO, and have a secondary reporting line to their respective Business Unit CEO. The Business Unit CROs are responsible for risk oversight in their respective Business Unit, as well as for establishing proper risk governance to ensure efficient risk identification, assessment and control. They are supported by functional, regional and legal entity CROs, who are responsible for overseeing risk management issues that arise at regional or legal entity level. Each Business Unit also has a Finance and Risk Committee at board level.

While the risk management organization is closely aligned to the business organization in order to ensure effective risk oversight, all embedded teams and CROs remain part of our Risk Management function under the Group CRO, thus ensuring their independence as well as a consistent Group-wide approach to overseeing and controlling risks.

The central risk management units support the CROs at Group, Business Unit and lower levels in discharging their oversight responsibilities. They do so by providing services such as

- financial risk management;
- specialized risk category expertise and accumulation control;
- risk modelling and analytics;
- regulatory relations management; and
- developing the central risk governance framework.

The central teams also oversee Group liquidity and capital adequacy and maintain our frameworks for controlling these risks throughout the Swiss Re Group.

The monitoring of reserves for the three Business Units is provided by a dedicated Actuarial Control Unit within Risk Management. In addition, actuarial management for Corporate Solutions and Admin Re® is part of Risk Management, whereas in Reinsurance the setting of the reserves is performed by valuation actuaries within the Property & Casualty and Life & Health Business Management units.

Risk management activities are also supported by Group Internal Audit and Compliance units. Group Internal Audit performs independent, objective assessments of adequacy and effectiveness of internal control systems. It evaluates our execution processes, including those within Risk Management. Our Compliance function oversees our compliance with applicable laws, regulations, rules and our Code of Conduct. In addition, it assists the Board of Directors, the Group EC and management in identifying, mitigating and managing compliance risks.

Risk tolerance and limit framework. Our risk tolerance is an expression of the extent to which the Board of Directors has authorized the Group EC and Business Unit management teams to assume risk. It represents the maximum amount of risk that we are willing to accept within the constraints imposed by our capital and liquidity resources, our strategy, our risk appetite, and the regulatory and rating agency environment within which we operate. Risk tolerance criteria are specified for the Swiss Re Group and Business Units, as well as for major legal entities within the Swiss Re Group.

A key responsibility of Risk Management is to ensure that our risk tolerance is adhered to throughout the business. As part of this responsibility, Risk Management ensures that business planning is assessed against risk tolerance. Furthermore, both risk tolerance and risk appetite – the types and level of risk we seek to take within the constraints imposed by our risk tolerance – are reflected in a limit framework across all risk categories. Individual limits are established through an iterative process to ensure that the overall framework complies with Group-wide policies on capital adequacy and risk accumulation. The limit framework is approved by the Group EC.

Our risk tolerance and limits are monitored on a current as well as prospective basis. The latter is performed as part of the Swiss Re Group-wide planning processes.

As part of these efforts, the Risk Management function promotes a forward-looking awareness of our risk profile and is integrated into our key business decisions, seeking to be a trusted partner within Swiss Re as well as for our external stakeholders.

Risk assessment

We use our internal risk model to measure our capital requirements, as well as for defining risk tolerance, risk limits, and liquidity stress tests (see box below). Based on the internal risk model, our overall risk exposure in

terms of 99% tail value at risk (tail VaR) decreased to $19.1 billion in 2014, down 5% from $20.0 billion in 2013. 99% tail VaR (also known as expected shortfall) represents an estimate of the average annual loss likely to occur with a frequency of less than once in 100 years. Alternative risk measures, 99% and 99.5% VaR, showed risk decreasing by 2% to $14.3 billion and by 4% to $17.0 billion, respectively.

The capital requirement table below shows the 99% tail VaR on a standalone basis for each of our core risk categories:

- ***Financial market risk*** decreased by 9% to $12.2 billion, in line with the implementation of planned changes in our asset allocation. This reduction was mainly driven by sales of listed equities (predominantly exchange-traded funds), partly offset by additional investments in corporate bonds.

- ***Credit risk*** was 13% lower at $2.6 billion. The decrease was mainly driven by a regular update to default and migration probabilities used in our integrated risk model. Credit migration — which is included in credit risk — represents the risk of deterioration in credit ratings.

- ***Property and casualty risk*** remained stable overall at $9.1 billion, as we successfully defended our book in a challenging market environment and implemented planned reductions in external hedging.

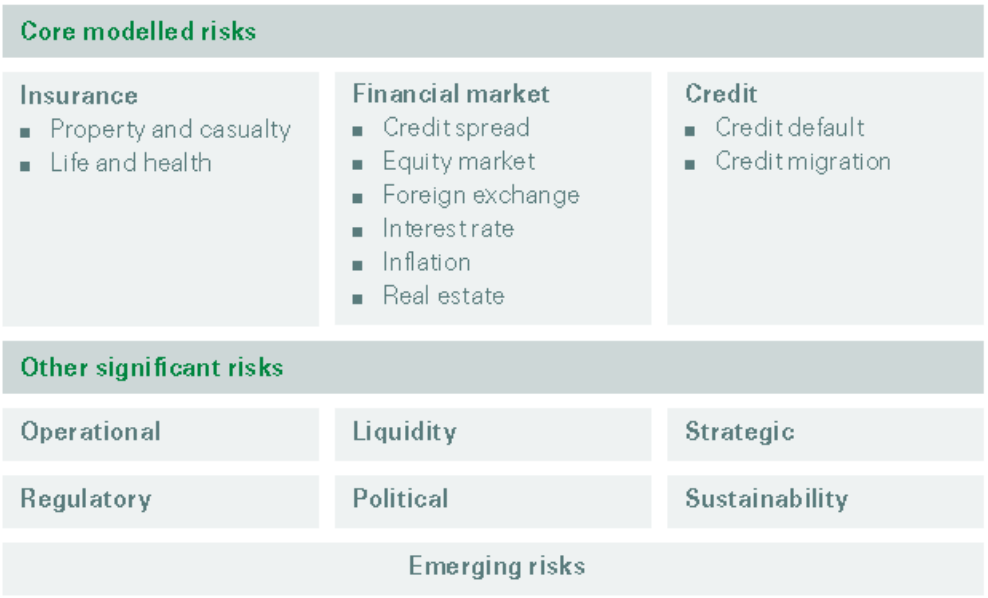
- ***Life and health risk*** rose 23% to $8.0 billion. The increase was driven by enhancements to our risk model as well as a further decrease in interest rates.

The model and its parameters are continuously refined and updated to reflect our experience, changes in the risk and regulatory environment, and advances in current best practice.

The internal risk model takes account of the accumulation and diversification between individual risks. The effect of diversification at the category level is demonstrated in the table below, which represents the difference between our 99% Tail VaR and the sum of standalone Tail VaRs for the risk categories. The extent of diversification is largely determined by the selected level of aggregation (the higher the aggregation level, the lower the diversification effect).

The risk categories shown in the table below are discussed on the following pages. Across these categories we identify and evaluate emerging threats and opportunities through a systematic framework that includes the assessment of potential surprise factors that could affect known loss potentials.

Swiss Re's Risk Landscape



The following table presents our capital requirement based on one-year 99% Tail VaR.

	As of December 31,		
	2013	2014	Change in %
	(in $ billions)		
Property and casualty	9.1	9.1	0
Life and health	6.6	8.0	23
Financial market	13.3	12.2	(9)
Credit[(1)]	3.0	2.6	(13)
Simple sum	**31.9**	**31.9**	0
Diversification effect	(12.0)	(12.9)	
Swiss Re Group	**20.0**	**19.1**	(5)

(1) Credit comprises credit default and credit migration risk.

Insurance risk

Insurance risk management includes overseeing risk-taking activities, as well as ensuring that an appropriate risk governance framework is defined and applied.

Our Risk Management function is embedded in our business processes. Before any business is written, Risk Management is involved in the Swiss Re Group-wide annual business planning; it also reviews underwriting guidelines, pricing models, and large individual transactions. Risk exposure is monitored against agreed risk limits.

Our Risk Management function monitors reserving levels; it provides information to the risk-taking functions on trends to ensure appropriate pricing. Underwriting systems across the Swiss Re Group provide timely information on risks assumed and capacity committed. Regular internal risk and issue reporting ensures transparency at all stages.

Property and casualty risk

Description. Property and casualty (P&C) insurance risk arises from the coverage that we provide for property, liability, motor, and accident risks through our Reinsurance and Corporate Solutions Business Units, as well as for specialty risks such as engineering, aviation, and marine. We classify and model our property and casualty risks in three categories at the Swiss Re Group and Business Unit level: natural catastrophes (e.g., earthquakes and windstorms), man-made risks (e.g., liability and fire), and geopolitical risks (e.g., terrorism). We also monitor and manage underlying risks inherent in the business we underwrite, such as inflation or uncertainty in pricing and reserving.

Developments in 2014. Our property and casualty risk remained stable overall. The impact of the challenging January renewals and strengthening of the U.S. dollar led to a reduction in natural catastrophe risk, which was offset by strong business growth and down-scaling of external hedges later in the year.

The natural catastrophe stress tests below show an overall decrease for all scenarios, except for Californian earthquake, which grew by 13%. U.S. natural catastrophe exposures (particularly Atlantic hurricane) were lower following the January renewals, but rose later in the year due to successful defense of the book, new business obtained, and the implementation of planned reductions in external hedges. As a result of this, Atlantic hurricane risk was slightly lower, while Californian earthquake risk increased. European windstorm and Japanese earthquake risk decreased by 18% and 5% respectively, driven primarily by the weakening of the euro and Japanese yen against the U.S. dollar.

Management. We write property and casualty business using the four-eye principle: every transaction must be approved by at least two authorized individuals — with the exception of single risk acceptances, which can be authorized by one underwriter, with the four-eye principle taken care of by spot checks after acceptance. Each underwriter is assigned an individual underwriting authority based on technical skills and experience; any business exceeding this authority triggers a well-defined escalation process.

Large individual transactions that could materially affect the Swiss Re Group's and Business Units' risk exposure require independent review and sign-off by Risk Management before they can be authorized. This is part of our three-signature approval process (involving our underwriting, client management and risk management functions) that establishes the accountability of each of the parties for significant transactions.

We monitor accumulated exposure to single risks or to an underlying risk factor (such as Californian earthquake) on a Group-wide basis. We further manage our risk by external retrocession, risk swaps, or by transferring risk to capital markets through insurance-linked securities (such as the Successor and Mythen cat bond programs).

Life and health risk

Description. Our life and health insurance risk arises from the business we take on when providing mortality (death), longevity (annuity), and morbidity (illness and disability) coverage through both the Reinsurance Business Unit, and when acquiring run-off business through the Admin Re® Business Unit. In addition to potential shock events, such as a severe pandemic, we monitor and manage underlying risks inherent in life and health contracts (such as pricing and reserving risks) that arise when mortality, morbidity, or lapse experience deviates from expectations. The investment risk that is part of some life and health business is monitored and managed as financial market risk.

Developments in 2014. Our overall life and health risk rose 23% to $8.0 billion: This increase was driven by an update of our life and health risk model as well as by the impact of a further decline in interest rates throughout the year.

In 2014, we enhanced our risk model to include the impact of mortality changes on premium income, as higher mortality will reduce the amount that we receive in future premiums. The increase in risk is amplified by a decline in interest rates to historically low levels. The long time horizon of life and health business means that a low interest rate environment has a direct economic impact on the present value of our best estimate of future cash flows.

For overall life and health risk, the increased impact from the inclusion of the mortality impact on premium income and from interest rates is partly offset by other model enhancements – in particular a more granular view of mortality changes in different regions – as well as by lower lethal pandemic risk. The latter is reflected in the 16% decrease in the 200-year pandemic event shown in the table above. The decrease is driven by model enhancements and parameter updates — triggered by a review of how health systems would respond in the event of a pandemic — as well as an update of the age mix to reflect changes in our book.

Management. We have an aggregate group limit governing the acceptance of all life and health risks, with separate individual limits for mortality, longevity and lethal pandemic risk. At the Business Unit level, acceptance of life and health risks is governed by aggregated Business Unit limits. Local teams can write reinsurance within their allocated capacity and clearly defined boundaries, such as per-life retention limits for individual business. Market exposure limits are in place for catastrophe and stop-loss business. We pay particular attention to accumulation risk in densely populated areas and apply limits for individual buildings. As in Property and Casualty, all large, complex, or unusual transactions are reviewed and require individual approval from our underwriting, client management and risk management functions. We further manage the risk exposure of our life and health book by external retrocession and also issue insurance-linked securities to reduce peak exposures.

The following table presents our insurance risk stresses based on single event losses with a 200-year return period.

	As of December 31,		
	2013	2014	Change in %
Pre-tax impact on economic capital	*(in $ billions)*		
Natural catastrophes			
Atlantic hurricane	(4.5)	(4.3)	(5)
Californian earthquake	(3.5)	(4.0)	13
European windstorm	(3.8)	(3.1)	(18)
Japanese earthquake	(3.3)	(3.1)	(5)
Life insurance			
Lethal pandemic	(2.9)	(2.4)	(16)

Note: Single event losses with a 200-year return period show for example that there is a 0.5% probability over the next year that the loss from a single Atlantic hurricane event could exceed $4.3 billion. The impact excludes earned premiums for the business written and reinstatement premiums that could be triggered as a result of the event.

Financial market and credit risk

Financial market and credit risk management involves identifying, assessing and controlling risks inherent in the financial markets, while monitoring compliance with our risk management standards. Both risk categories are managed centrally by our Financial Risk Management team, supported by dedicated Business Unit teams who manage risks assumed by our Credit and Surety underwriting business.

The central Financial Risk Management team oversees financial market activities, proposes limits, provides quantitative risk assessment across financial risk factors, and monitors portfolio risk; it also develops tactical proposals for risk mitigation or risk reduction, reviews risk and valuation models, assesses asset valuations, and approves transactions and new products. These responsibilities are exercised through defined governance procedures, including monthly reviews by our Senior Risk Committee, where the Head of Financial Risk Management is a voting member. Risk Management is responsible for both internally managed assets and our external investment mandates.

Financial market risk

Description. Financial market risk is the risk that our assets or liabilities may be affected by movements in financial market prices or rates — such as equity prices, interest rates, credit spreads, foreign exchange rates, or real estate prices. Financial market risk originates from two main sources: our own investment activities and the sensitivity of the economic value of liabilities to financial market fluctuations. We actively manage the potential mismatch in financial market risk between our liabilities and the assets that we hold.

Developments in 2014. In line with planned changes to our asset allocation, overall financial market risk decreased by 9% (see table above on page 53). This was mainly driven by sales of listed equities (predominantly exchange-traded funds) and hedge fund holdings, partly offset by additional investments in corporate bonds.

The table below shows our sensitivity to various market scenarios. The potential loss from credit spread widening increased in 2014, reflecting additional investments in corporate bonds as well as the impact of market movements in 2014. Our lower exposure to equity market moves is driven by a reduction in our listed equity and hedge fund investments. The equity scenario includes listed and private equities, hedge funds, equity derivatives, equity exposure embedded in insurance liabilities (e.g., variable annuities), fee income related to equities in unit-linked business, and funding obligations from equity holdings in our pension funds. The lower loss from a fall in real estate markets is driven by a decline in the value of real estate holdings due to the weakening of major currencies against the U.S. dollar. The decrease in the interest rate scenario resulted from the reduction of our net short duration position.

Management. Financial market risk is subject to limits at various levels of the organization (e.g., Group, Business Units, lines of business and legal entities). Individual limits are expressed in terms of stress testing,

VaR and risk factor sensitivities. Asset Management determines a more detailed set of risk limits for its portfolio mandates.

Financial Risk Management regularly reviews and updates the risk framework. It is also responsible for monitoring financial market risk in accordance with our risk management standards. Risk Management provides daily and weekly Group-level reports on risks, and on specific limits for internally and externally managed investment mandates as well as for the Business Units. These reports track exposures, document limit usage (which is independently monitored by Financial Risk Management) and provide information on key risks that could affect the portfolio. Specific limits are assigned to the line of business heads, who seek to optimize their portfolios within those limits. The reports are presented and discussed with those responsible for the relevant business line at the weekly Financial Market Risk Committee. This process is complemented by regular discussions between Financial Risk Management, Asset Management and our external fund managers.

Credit risk

Description. Credit risk is primarily the risk of incurring a financial loss from the default of our counterparties or of third parties (credit spread risk falls under financial market risk). We also take account of the increase in risk from any deterioration in credit ratings. Credit risk arises from our investment activities as well as from liabilities underwritten by the Business Units and from retrocession. We distinguish between three types of credit exposure: the risk of issuer default from instruments in which we invest or trade; counterparty exposure in a direct contractual relationship; and risk assumed by us through reinsurance contracts.

Developments in 2014. In 2014, our credit risk – which includes default and migration (deterioration in credit rating) risk decreased by 13% to $2.6 billion. This was mainly a result of updated default and migration probabilities in the course of our regular model maintenance as well as, adjusted parameters for surety underwriting to better reflect correlation with financial market risk. These effects were partly offset by increased exposures from credit underwriting and investments in corporate bonds.

In contrast, the credit default stress test increased by 16% (see table above). The stress calculation was not affected by the updated risk model parameters which drove the decrease in the credit risk calculation. Instead, the increase in stress is mainly due to the higher exposure, in particular from credit underwriting.

Management. Credit risk is managed and monitored by our Credit Risk Management unit within the central Financial Risk Management team. This is supported by dedicated teams under the Business Unit CROs that manage risks assumed through credit and surety underwriting.

In addition to the credit stress limit set by the Group EC, we assign aggregate credit limits by Business Unit, corporate counterparty and country. These limits are based on multiple factors, including the prevailing economic environment and the nature of the underlying credit exposures, as well as (for corporate counter-parties) a detailed internal assessment of a corporate entity's financial strength, industry position and other qualitative factors. Financial Risk Management is also responsible for regularly monitoring corporate counterparty credit quality and exposures, and compiling watch lists of cases that merit close attention.

Risk Management monitors and reports credit exposure and limits for the Swiss Re Group and the Business Units on a weekly basis. The reporting process is supported by a Group-wide credit exposure information system that contains all relevant data, including corporate counterparty details, ratings, credit risk exposures, credit limits, and watch lists. All credit practitioners in the Swiss Re Group and Business Units have access to this system, thus providing the necessary transparency to implement exposure management strategies for individual counterparties, industry sectors, and geographic regions.

To take account of country risks other than from credit default, our Political and Sustainability Risk Management unit prepares specific country ratings in addition to the sovereign ratings used by the Swiss Re Group and the Business Units. These ratings are considered in the decision-making process, and cover political, economic and security-related country risks.

The following table sets forth our sensitivity to various market scenarios at the dates indicated.

Financial Markets and Credit Risk Stress Tests

	As of December 31,		
	2013	**2014**	**Change in %**
Pre-tax impact on economic capital	*(in $ billions)*		
Market scenarios			
100bp increase in credit spreads	(3.6)	(3.8)	4
30% fall in equity markets (incl. hedge funds)	(4.3)	(3.2)	(26)
15% fall in real estate markets	(0.6)	(0.6)	(9)
100bp parallel increase in global yield curves	0.6	0.4	(31)
Credit stress test			
Credit default stress	(2.0)	(2.3)	16

Risk Modeling and Risk Measures

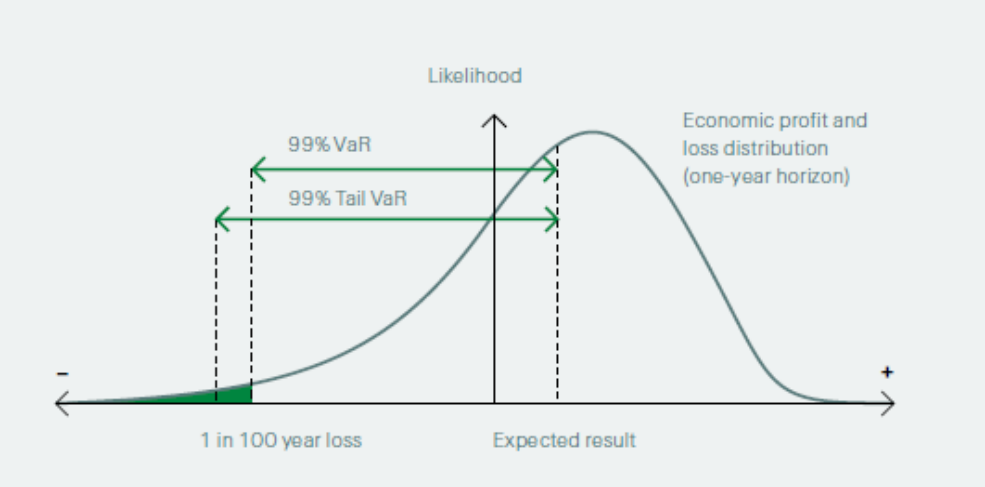
We use a proprietary integrated risk model to determine the capital required to support the risks on our books, as well as to allocate risk-taking capacity to the different lines of business. Our internal model is based on two important principles. First, it applies an ALM approach, which measures the net impact of risk on the economic value of both assets and liabilities. Second, it adopts an integrated perspective, recognizing that a single risk factor can affect different sub-portfolios and that different risk factors can have mutual dependencies.

Our risk model provides a meaningful assessment of the risks to which we are exposed and is an important tool for managing our business. It is used for determining capital requirements for internal purposes and for regulatory reporting under SST. The model provides the basis for capital cost allocation in our EVM framework, which is used for pricing, profitability evaluation and compensation decisions.

The model generates a probability distribution for our annual economic profit and loss, specifying the likelihood that the outcome will fall within a given range. From this distribution, we derive a base capital requirement that captures the potential for severe, but rare, aggregate losses over a one-year time horizon. Our risk model assesses the potential economic loss at a specific confidence level. There is thus a possibility that actual losses may exceed the selected threshold. In addition, the reliability of the model may be limited when future conditions are difficult to predict. For this reason, we continuously review and update our model and our parameters to reflect changes in the risk environment and current best practice.

For example, in 2014, we further refined our model for life and health risk. In particular, we enhanced our understanding of the way future mortality rates may deviate from current best estimates. In addition to the effect of changing mortality rates on claims, the refined model now captures this risk on future premium income from existing contracts. We complement our risk models by ensuring a sound understanding of the underlying risks and applying robust internal controls.

The risk measures derived from the integrated risk model are expressed as economic loss severities taken from the total economic profit and loss distribution. In line with the SST, we measure our total capital requirement at 99% Tail VaR (expected shortfall). This represents an estimate of the average annual loss likely to occur with a frequency of less than once in one hundred years. A less conservative measure is the 99% VaR, which measures the loss likely to be exceeded in only one year out of one hundred. 99.5% VaR measures the loss likely to be exceeded in only one year out of two hundred.



Operational risk. Operational risk is defined as the expected and unexpected economic impact of inadequate or failed internal processes, from people and systems, or from external events. This includes legal and regulatory compliance risks, as well as financial reporting risk, which represents the risk of a material misstatement in our consolidated financial statements that could cause significant reputational damage.

Our approach to mitigating operational risk is based on three lines of defense:

- The first comprises the day-to-day risk management activities of individual risk takers in the Business Units as well as in corporate and enabling functions.
- The second line of defense is formed by independent oversight functions, such as Risk Management and Compliance.
- The third consists of independent audits of processes and procedures carried out by Group Internal Audit.

The purpose at every stage is to identify operational risks and establish mitigating controls in order to close potential gaps in the internal control framework in a cost-effective manner. All operational losses and incidents are reported and tracked in a central system to ensure that they are resolved as well as to avoid the recurrence of the same or similar events.

Members of the Group EC are required to assess and certify the effectiveness of the internal control system for their respective function or unit on a quarterly basis.

Strategic risk. Strategic risk represents the risk that poor strategic decision-making, execution, or response to industry changes or competitor actions could harm our competitive position and thus our franchise value.

The primary responsibility for managing strategic risk lies with the Board of Directors, which establishes our overall strategy. The Business Unit Boards of Directors are responsible for the strategic risk inherent in their specific strategy development and execution.

Strategic risks are addressed not only during the development of strategy but also as part of its implementation in our business plan, where such risks are assessed through multi-year scenarios. These assessments consider potential risk exposures to both current and emerging risks as well as the operational risks associated with the activities required to execute our business plan.

As part of their independent oversight role, Risk Management, Compliance and Group Internal Audit are responsible for controlling the risk-taking arising from the implementation of the strategy.

Regulatory risk. Regulatory risk represents the potential impact of changes in the regulatory and supervisory regimes of the jurisdictions in which we operate. We are strongly engaged in the regulatory debate, striving to

mitigate potentially negative impacts while supporting reforms that could generate business opportunities, facilitate convergence of regulatory standards or enhance the overall health of the sector.

In 2014 and into 2015, the global regulatory agenda continued to accelerate. Governments and regulators rolled out new policies, and also conducted numerous consultations and field tests on regulations with direct impact on the insurance sector. Many reform proposals reflect the financial supervision agenda set by the G20, which includes a focus on internationally active insurance groups and G-SIIs.

We are actively engaged in dialogue on these initiatives and support regulatory convergence as well as increased application of economic and risk-based principles. At the same time, we share the broad concerns of the insurance industry around the cumulative and cross-sectoral impacts of the reforms. Some proposed regulations are more appropriate for the banking industry and do not adequately take into account the nature and benefits of insurance and reinsurance. Regulatory fragmentation is another key concern — particularly in Europe, with the challenges in introducing Solvency II, but also in the context of cross-border dialogue and protectionist measures introduced in some growth markets.

There are also concerns that the design and implementation of regulatory reforms may increase procyclicality, which could exacerbate the effects of short-term market volatility. In 2014, we participated in consultations with the FSB, the IAIS, the OECD, the European Insurance and Occupational Pensions Authority ("**EIOPA**") and the European Commission on the implications of regulatory reforms, in particular on long-term investments. For Solvency II, the institutions agreed to address the concerns regarding excessive capital requirements on long-term guarantee products.

The starting date for the implementation of Solvency II is now set for January 1, 2016. The European Commission in June 2015 granted Switzerland full equivalence for Solvency II purposes, which decision has not been objected to by the European Parliament and the European Council and is now final.

In November, the FSB confirmed the list of companies designated as G-SIIs and at the same time announced a further revision of its methodology. G-SIIs will be subject to enhanced group supervision, recovery and resolution planning, as well as higher capital requirements; for this purpose, the FSB and IAIS have introduced a basic capital requirement applicable to G-SIIs effective from 2015. The initial designation of insurers as G-SIIs took place in July 2013 (with the publication of a list of nine G-SIIs), with an updated list published in November 2014. The initial designation of reinsurers as G-SIIs, which was expected in mid-November 2014, has been postponed pending further development of the methodology, to be applied in 2016.

The IAIS also confirmed its commitment to developing a global insurance capital standard (ICS), which will be applicable to internationally active insurance groups — including Swiss Re — as part of the IAIS common framework for international group supervision.

Many countries, both in the developed and developing world, impose restrictions on the transaction of reinsurance business. We are using our leading position in the Global Reinsurance Forum to actively promote the advantages of open and competitive markets, in particular the greater choice of reinsurers, products and prices, as well as benefits from diversification through the spreading of risk and increased financial stability.

Political risk. Political risk is broadly defined as the consequences of political events or actions that could have an adverse impact on our business or operations. As a global insurer and reinsurer, we recognize the relevance of political developments to our risk portfolio, assets and operations both as threats to our operating model and opportunities for developing our business. We adopt a holistic view of political risk that covers developments in individual markets and jurisdictions, as well as cross-border issues such as war, terrorism, energy-related issues and international trade controls. In our analysis, we examine the potential impact for us and the wider insurance industry but also consider how political changes can open markets and provide new business opportunities.

Our political risk specialists work closely with experts across the Swiss Re Group to deliver tailored support to various lines of business, as well as to provide insights on business development, regulatory and compliance issues and reputational risk. We support relevant underwriting practices with proprietary risk ratings which cover political, socio-economic and security-related country risks. Our political risk experts are also engaged in Group-wide issue monitoring and scenario activities related to political crises, and coordinate actions through dedicated cross-functional task forces that bring together experts from all relevant areas, including our underwriting, asset management and legal functions. In 2014, key issues addressed by such task forces included the continued impact of a potential eurozone breakup as well as the Russia-Ukraine conflict.

We seek to raise awareness of political risk within the insurance industry and the broader public, and actively engage in dialogue with clients, media and other stakeholders. We also build relationships that expand our access to information and intelligence, and allow us to further enhance our methodologies and standards. For example, we participate in specialist events hosted by institutions such as the International Institute for Strategic Studies, the International Studies Association and the Risk Management Association, and maintain relationships with political risk specialists in other industries, think tanks and universities, as well as with governmental and non-governmental organizations.

Sustainability risk. Our continued business success depends on maintaining the trust of our clients, counterparties, investors, employees and society at large. Environmental, social and ethical risks may arise from individual business transactions and affect our reputation.

We have a long-standing commitment to sustainable business practices, active corporate citizenship and good governance. We mitigate potential damage to our reputation through clear corporate values, robust internal controls, and active dialogue with external stakeholders. All of our employees are required to commit to and comply with the values and rules of behavior defined in our Code of Conduct and our further internal policies and guidelines. We support these values with processes that enable us to identify potential problems early.

Our Sustainability Risk Framework manages environmental, socio-economic, and related ethical risks that may be inherent in some of our business transactions. Currently, the framework contains eight policies for sectors or issues, each with pre-defined exclusions, criteria and quality standards. Transactions that could potentially compromise these standards must be submitted to our Sensitive Business Risks process, where they are reviewed by our sustainability experts.

We are a founding signatory of the UN Principles for Sustainable Insurance (UN PSI). The UN PSI creates a global framework for managing environmental, social and governance challenges. We have been actively contributing to the initiative for several years and publicly report progress against the UN principles in our annual Corporate Responsibility Report.

In 2014, we were again recognized as "insurance industry sector leader" in the Dow Jones Sustainability Indices. This is the eighth time since 2004 that we have led the insurance sector in these rankings. The award highlights our long-term commitment to sustainable business and the efforts to continuously and progressively embed sustainability into key business processes and operations.

Emerging risks. Anticipating possible developments in our risk landscape is an important element of our integrated approach to enterprise risk management. We encourage pre-emptive thinking on risk in all areas of our business, combining broad claims experience and risk expertise with a structured horizon-scanning process. The key objectives are to reduce uncertainty and help diminish the volatility of the our results, while also identifying new business opportunities and raising awareness of emerging risks, both within the Swiss Re Group and across the industry.

The Swiss Re Group-wide SONAR framework gives our employees an interactive forum for raising potential emerging risks and reporting early signals. This information is complemented with insights from collaboration with think tanks, academic networks, international organizations and institutions. Findings are reported to senior management and other internal stakeholders, providing them with a prioritized overview of newly identified emerging risks, along with an estimate of their potential impact on our business and recommendations for risk mitigation. We also publish an annual emerging risk report to share findings, raise awareness and initiate a risk dialogue with key external stakeholders.

To further advance risk awareness across the industry and beyond, we continue to participate actively in strategic risk initiatives such as the International Risk Governance Council, and the CRO Forum's Emerging Risk Initiative, which we chaired in 2014. In 2014, we contributed to several publications on emerging risk topics, including the World Economic Forum's annual Global Risks Report and a CRO Forum position paper, "Pushing the limits – managing risk in a faster, taller, bigger world."

CAPITAL MANAGEMENT

During 2014 and 2015, we continued deleveraging, maintained our strong capitalization and further directed excess capital from the Business Units to SRL.

Optimizing the Capital Structure

Our level of capitalization and our capital structure are driven by regulatory and rating capital requirements, management's review of risks and opportunities arising from our underwriting and investing activities, and our perception of client expectations. As announced at the June 2013 Investors' Day, our target capital structure aims to maximize return on equity within risk tolerance targets, while optimizing financial flexibility. It focuses on the reduction of senior leverage, including letters of credits (LOCs), the issuance of contingent capital to replace traditional subordinated debt and extending our funding platform by creating access to external funding for Corporate Solutions and Admin Re®.

Key Milestones Achieved in 2015

In early April, we conducted an exchange offer pursuant to which we offered to acquire up to a €750,000,000 equivalent of our perpetual subordinated instruments with first call dates in 2016 and 2017 issued or guaranteed by SRZ. As a result, SRZ issued €750,000,000 Perpetual Subordinated Fixed-to-Floating Rate Callable Loan Notes, in exchange for €707,550,000 principal amount of our euro-denominated 5.252% Perpetual Subordinated Step-Up Loan Notes callable in 2016.

Key Milestones Achieved in 2014

We achieved three important milestones in 2014.

External senior bank funding was introduced in Admin Re® through Swiss Re Life Capital Ltd entering into a GBP 550 million multi-bank revolving credit facility in April 2014. The senior bank funding was used to repay an internal loan from Reinsurance to Admin Re® and to finance the Admin Re® transaction with HSBC.

Swiss Re Corporate Solutions Ltd, in its inaugural public debt issuance, issued USD 500 million subordinated fixed rate resettable callable loan notes, with a first call date in 2024 and a scheduled maturity in 2044 at an annual coupon of 4.5%. The transaction introduced subordinated debt into Corporate Solutions, maintaining its strong capital position while lowering its cost of capital.

Net senior deleveraging in 2014 amounted to USD 1.8 billion, driven by USD 2.8 billion senior debt maturities and a net USD 0.2 billion reduction in LOCs and related instruments, partially offset by new senior issuances and bank funding of USD 1.2 billion.

Legal Entity Capital Management

Our regulated subsidiaries are subject to local regulatory requirements, which for our EU subsidiaries will include Solvency II. At the subsidiary level, we set the target capital at a level tailored to each entity's business and the market environment in which it operates. Our underwriting and investment decisions are steered so as to make capital and liquidity fungible to the Swiss Re Group wherever possible, while complying with local regulations and client needs. Cash dividends paid to SRL totaled $4.2 billion in 2014 and $3.6 billion to date in 2015. The following table provides a breakdown by Business Unit of dividends paid during the periods indicated:

	2014	2015
	(USD in billions)	
Reinsurance	3.1	3.0
Corporate Solutions	0.7	0.2
Admin Re®	0.4	0.4
Total	4.2	3.6

Our Capital Adequacy

Regulatory capital requirements

We are supervised at the Swiss Re Group level and for our regulated legal entities domiciled in Switzerland by FINMA. FINMA supervision comprises minimum solvency requirements, along with a wide range of qualitative assessments and governance standards.

We provide regulatory solvency reporting to FINMA under the rules of the SST. The SST is based on an economic view. We calculate available capital based on our EVM framework and require capital under the SST using our internal risk model. The minimum requirement for the SST is a ratio of 100%. Our SST ratio materially exceeds the minimum requirement. See "Regulation—Switzerland." With the revised Swiss Insurance Supervision Ordinance entering into force from July 1, 2015, the SST formally has replaced the successor to the minimum solvency margin requirements under the EU's insurer solvency regime, as set out in Directive 2002/13/EC, amending Directive 73/239/EC for non-life insurers and Directive 2002/12/EC for life insurers ("**Solvency I**"), as the single solvency measurement method. Our last submission of data compiled on a Solvency I basis was made in September 2015.

Our capital management aims to ensure our ability to continue operations following an extremely adverse year of losses from insurance and/or financial market events.

Rating agency capital requirements

Rating agencies assign credit ratings to the obligations of Swiss Re and our rated subsidiaries. The agencies evaluate Swiss Re based on a set of criteria that include an assessment of our capital adequacy. Each rating agency uses a different methodology for this assessment; A.M. Best and S&P's base their evaluation on proprietary capital models. A.M. Best, Moody's and S&P rate Swiss Re's financial strength based upon interactive relationships.

- On December 10, 2013, Moody's upgraded Swiss Re's insurance financial strength rating to Aa3. The outlook on the rating is "stable."

- On November 28, 2014, S&P affirmed the AA- financial strength of Swiss Re and our core subsidiaries. The outlook on the rating is "stable." S&P revised upward its assessment of Swiss Re's financial risk profile and risk position.

- On November 6, 2014, A.M. Best affirmed the A+ financial strength rating of Swiss Re and our key subsidiaries. The outlook for the rating is "stable."

REGULATION

General

The following is a summary of the most relevant regulations applicable to our operations, with a focus on reinsurance and insurance, and is not intended to be a comprehensive description of such regulations.

The business of insurance and reinsurance is regulated in most countries, although the degree and type of regulation varies significantly in different jurisdictions. The principal elements of direct supervision are licensing requirements, adequacy of technical provisions, available and required solvency capital and governance rules. In almost all jurisdictions, insurance supervisory authorities evaluate the creditworthiness of reinsurance recoverables (indirect reinsurance supervision). In most countries, reinsurers traditionally were generally subject to less direct regulation than direct insurers. Some countries require reinsurers to post collateral or impose a gross reserving system that allows ceding companies to get credit for reinsurance only if reinsurance recoverables are covered by pledged assets. While the focus of indirect supervision is on the effect of reinsurance on the balance sheet and risk exposure of the ceding company, direct reinsurance supervision instead focuses on the reinsurance company itself.

Today, there is increased direct supervision of our insurance and reinsurance operations. In the United States, the European Union and Switzerland, the licensing and supervision standards for reinsurance are comparable to those governing direct insurers, and include direct and indirect reinsurance supervision. Direct supervision enables supervisory authorities to intervene in the affairs of a reinsurer at an early stage should its financial position deteriorate or its risk governance proves to be insufficient. Given the global nature of insurance and reinsurance businesses, mutual recognition of supervisory systems is of increasing importance. Furthermore, the financial crisis has resulted in additional regulatory reforms in Europe and the United States. Government intervention in the insurance and reinsurance markets, worldwide, continues to evolve.

Our foreign subsidiaries and branches must comply with the respective regulations of their home and host countries. As a U.S. licensed and authorized insurer and reinsurer, we are subject to considerable regulation by state insurance commissioners. Among other things, our U.S. entities have to comply with regulations on solvency (RBC), reserving adequacy, and investment policies. Our U.S. entities are also subject to comprehensive statutory reporting requirements.

Set forth below is a summary of the material insurance and reinsurance regulations applicable in the main jurisdictions where Swiss Re entities are located. We believe that all of the companies in Swiss Re are in compliance with the applicable laws and regulations pertaining to their business and operations.

Global Trends

G-SIFIs. Given the trends in global regulation, regulations that apply to us directly or that otherwise would impact our business could change, and such changes could be significant. See generally, "Risk Factors – Legal, Tax and Regulatory Risks." In 2009, the G-20 committed itself to strengthening the financial system in cooperation with international organizations by applying a comprehensive global framework for reducing the moral hazard presented by G-SIFIs. G-SIFIs are institutions "of such size, market importance and global interconnectedness that their distress or failure would cause significant dislocation in the global financial system and adverse economic consequences across a range of countries." This framework aims to provide for more intensive supervision and higher loss absorption capacity for, and resolution authority in respect of, G-SIFIs. The Basel Committee on Banking Supervision ("**BCBS**") and the International Association of Insurance Supervisors ("**IAIS**") are part of this global initiative and, under the oversight of the FSB and G-20, are focusing on the identification of global systemically important banks ("**G-SIBs**") and G-SIIs – both of which are subsets of G-SIFIs – and the development of specific regulatory measures applying to these.

G-SIBs. The FSB and the BCBS have been identifying G-SIBs annually since 2011. Currently, 30 banks have been designated as G-SIBs, with the next update to the list scheduled for November 2015. G-SIBs must hold capital of between 1% and 3.5% of their risk-adjusted assets in addition to the Basel III requirements, starting in 2016, and will also be required to provide resolution reports based on the methodology developed by the BCBS.

Although initially primarily focused on banking institutions, some of these policy measures applied to banks could have direct applicability to insurance or reinsurance operations and others could have a general impact on the regulatory landscape for financial institutions, which might indirectly impact capital requirements and/or

required reserve levels or have other direct or indirect effects on reinsurance. While many proposals and policy changes are under development and have not yet become specific or precise, the general trend appears to be towards more intense and intrusive supervision of all kinds of financial institutions.

G-SIIs. Under the purview of the FSB and the G-20, the IAIS published an assessment methodology for identifying G-SIIs in July 2013. The IAIS used both an indicator-based assessment approach and a segment-based assessment approach to identify potential candidates for G-SII designation, with the overlay of regulators' and political judgment.

The indicator-based assessment approach is consistent with that adopted by the BCBS in assessing G-SIBIs, although the selection, grouping and weighting of indicators reflect the specific nature of the insurance sector. There are 20 indicators grouped into five categories (size, global activity, interconnectedness, NTNI activities, and substitutability), with greatest weight given to NTNI activities (45%) and interconnectedness factors (40%), with the weighing for each of the other three categories being 5%.

The segment-based approach segments the business portfolio of an insurer and insurance-dominated groups by assets into its traditional, semi-and non-traditional insurance activities, as well as non-insurance financial and non-insurance industrial activities. The approach associates different risk weights to the systemic importance of each segment and assesses each comprehensively on a stand-alone basis as to its systemic importance to global financial system. In July 2013, the FSB, in consultation with the IAIS and the national authorities, designated nine insurance companies as G-SIIs, with such list subject to reassessment and update annually in November.

In November 2014, the FSB announced that it was postponing its decision on the G-SII status of reinsurers, pending further development of the methodology and reconfirmed the original list of G-SIIs. The IAIS is to further develop the methodology, which is to be applied in 2016.

Together with the publication of the first list of nine designated insurers, in July 2013 the IAIS also published its framework of policy measures for G-SIIs. The policy measures for G-SIIs are based on the general framework published by the FSB with adjustments to reflect the factors that make insurers, and the reasons why they might be systemically important, different from other financial institutions, and which include:

- **Enhanced supervision.** Supervision will be built upon IAIS' core insurance principles and the FSB's recommendations, and would include consolidated group-wide supervision, with the group-wide supervisor having direct power over holding companies, the oversight of the development and implementation of a Systemic Risk Management Plan to manage, mitigate and possibly reduce the systemic risk of the G-SIIs, and enhanced liquidity planning and management. Where separation of NTNI activities is contemplated, supervisors will need to ensure self-sufficiency of the separated entities in terms of structure and financial condition, and to prevent the creation of non-regulated financial entities.

- **Effective resolution.** Resolution efforts will include establishing Crisis Management Groups, elaborating on the development of recovery and resolution plans, conducting resolvability assessments and adopting institution-specific cross-border cooperation agreements. The IAIS framework for effective resolution will take account of the specificities of insurance activities through the inclusion of plans for separating NTNI activities from traditional insurance activities, the potential use of portfolio transfers and run-off arrangements as part of resolution of entities conducting traditional insurance activities, and the recognition of existing policyholder protection and guarantee schemes.

- **Higher loss absorption (HLA) capacity.** As a first step, BCRs are to be applied to all activities of G-SIIs, which are to form the foundation for HLA requirements for G-SIIs. The IAIS published the BCR in October 2014. The BCR will apply until a more risk-sensitive global ICS is implemented in 2019. G-SIIs will be required to hold HLA capacity. The HLA requirements are to be developed by the end of 2015, and applied in 2019, together with the ICS to G-SIIs identified in the annual listing in November 2017.

The timeline for implementation of the policy measures for G-SIIs is ambitious and implementation could have far-reaching implications for our industry. However, we believe that we are well prepared for upcoming regulatory changes as we are subject to comprehensive group supervision under an active College of Supervisors chaired by the FINMA. In addition, we believe our recent re-alignment into three business units

and the establishment of a recovery and resolution plan (independent of any potential G-SII designation), on request by FINMA, allows us to address more effectively concerns around complexity and respond to crisis management concerns. Moreover, we already operate in one of the more demanding economic-based solvency regimes (the SST).

We are concerned, however, that the ongoing regulatory reforms are overly focused on the size and interconnectedness of (re)insurance groups, which undermines the essential idea of insurance: benefiting from risk pooling and global diversification to better manage risks.

IAIGs. In addition to the G-SII policy measures and designation approach, the IAIS, under the oversight of the FSB, is developing a common framework (the "**ComFrame**") for the supervision of IAIGs. ComFrame was initiated in light of the absence of an internally coherent framework for the supervision of IAIGs and is expected to include qualitative and quantitative requirements for IAIGs, as well as requirements designed to foster greater cooperation and coordination among supervisors. ComFrame includes provisions on group-wide supervision and is expected to include provisions for recovery and resolution plans, a global ICS and other supplemental prudential measures (which could include restrictions on inter-group transactions and disallowance of diversification benefits). Substantive requirements would need to be reflected in national or regional regulatory and supervisory regimes.

The first public consultation on the ICS took place in late 2014. In early 2015, the IAIS conducted a consultation on the ICS and commenced a second field testing for the second and third quarter of 2015. According to the currently anticipated timeline, the ICS will be developed by the end of 2016 and will apply to IAIGs and G-SIIs in 2019. The ICS would replace the BCR.

According to the IAIS, the criteria and purposes for identifying G-SIIs and IAIG are distinct, as the focus of ComFrame is on ongoing supervision of IAIGs. The G-SIIs and IAIGs will likely overlap (with both being subject to the IAIS Insurance Core Principles and the ComFrame), with G-SIIs also being subject to the more intensive regulatory and supervisory oversight framework of G-SII policy measures.

European Union

In the European Union, although Member States are likely to follow the FSB framework, the European Systemic Risk Board ("**ESRB**") has yet to develop a methodology to identify SIFIs. In response to the 2012 consultation by the European Commission on a framework for resolution of financial institutions other than banks, the ESRB expressed the view that larger insurers should be subject to any such framework.

The European Union has also introduced a supervisory system that establishes "macro-prudential" supervision through the ESRB, which is tasked with monitoring potential threats to financial stability and issuing early risk warnings. Additionally, the ESRB is complemented by the "micro-prudential" European Supervisory Authorities ("**ESAs**"), which comprise three separate sector-specific supervisory authorities. The ESAs aim to facilitate harmonization of prudential rules, and are empowered to resolve conflicts among Member States' supervisory authorities. The supervisory authority for insurance business is the EIOPA.

The regulatory environment of our subsidiaries and branches in Member States has been affected by the transposition of the EU Reinsurance Directive (2005/68/EC) at the end of 2007. The EU Reinsurance Directive creates a single European market in reinsurance, based on mutual recognition of home country control and harmonization of prudential rules. Our subsidiaries in Member States are treated as EU-licensed companies and benefit from the single license principle. As for direct insurance, the system of home-country control is limited to a cross-border structure of branches. The principle of branch separation between life and non-life does not apply to reinsurance. The rules on financial supervision are based on the Solvency I standards for direct insurance, with certain adjustments.

For non-life technical provisions, the EU Reinsurance Directive abolished gross reserving systems. This means that Member States may no longer require EU licensed reinsurers to pledge assets or post collateral. The solvency margin for life reinsurance is the same as for non-life reinsurance: it is the higher of a percentage of premiums (16-18%) and of claims (23-26%) minus the retrocession reduction factor. Member States may, however, use Solvency I life insurance rules for certain classes of life insurance. As in direct insurance, the solvency margin is increased by 50% for reinsurance covering general third-party liability, aviation and marine. The EU Reinsurance Directive's investment rules are based on a "prudent person approach" with an option for Member States to introduce certain quantitative restrictions. The scope of the existing Directives on

supplementary supervision of insurance groups and financial conglomerates has been extended to reinsurers that are part of a group. The EU Reinsurance Directive stipulates that non-EU reinsurance companies may not be treated more favorably than reinsurance companies having their head office in the European Union. As for direct insurance, there is a provision on the negotiation of agreements with third countries on mutual recognition of reinsurance supervision.

The EU Reinsurance Directive provides a mechanism for cooperation among EU supervisory authorities. It is an interim measure, which will be replaced by the Solvency II framework directive. Solvency II will bring in a new era of prudential regulation across the EU covering reinsurance and direct insurance. Solvency II uses a three pillar approach as follows. Pillar 1 sets financial requirements. To ensure firms are adequately capitalized with risk-based capital. All valuations of assets and liabilities in this pillar are performed in a market consistent manner. This pillar also includes the potential use of internal models, which, subject to and prior supervisory approval, will enable us to calculate regulatory capital requirements using our own internal model which is more tailored to our risks than the standard formula. Pillar 2 is concerned with imposing standards of risk management and governance within a firm's organization. The ORSA requires us to undertake a forward looking self-assessment of our risks, corresponding capital requirements and adequacy of capital resources. Pillar 3 aims to achieve greater levels of transparency to the supervisors and the public so that firms are more disciplined in their actions. There is a private regular supervisory reporting on quarterly and annual basis and an annual public solvency and financial condition report that increase the level of disclosure required.

After several delays, Solvency II will become effective on January 1, 2016, following the two-year preparatory phase (the period before the full Solvency II regulatory reporting requirements will become effective). On September 27, 2013, EIOPA published its final guidelines for the preparation of Solvency II, which cover systems of governance, forward-looking assessment of undertakings' own risk (that incorporate the objectives of the ORSA principles), submission of information and pre-application for internal models. These guidelines became effective on January 1, 2014. On September 14, 2015, EIOPA issued the second set of guidelines for the preparation of Solvency II, which cover financial stability reporting, system of governance and ORSA, among other things, which will apply from January 1, 2016.

The decision by the European Commission to regard the SST as fully equivalent to Solvency II for group solvency calculation and group and reinsurance supervision has been finalized. A scrutiny period by the European Parliament and European Council has come to an end; the European Council concluded, on July 14, 2015, that it would not object to the European Commission's decision and, on September 12, 2015, the European Parliament updated its procedure file on the third country equivalence of Switzerland under the Solvency II Directive (2009/138/EC) and outlined that it would not object to the European Commission's decision.

Switzerland

General. We are subject to continued supervision by FINMA. FINMA monitors whether our organization, management and operations are in compliance with the provisions of applicable law and regulations, and exercises control over the calculation of our technical provisions, retrocession policy and solvency.

The Swiss insurance supervision is based on the Insurance Supervision Act, which entered into force on January 1, 2006, and secondary legislation, the Swiss Insurance Supervision Ordinance. The Insurance Supervision Act and the Swiss Insurance Supervision Ordinance extended the scope of prudential supervision to pure reinsurance companies and introduced supplementary group supervision of insurance groups and insurance conglomerates. On July 1, 2015, the revised Swiss Insurance Supervision Ordinance entered into force. The revisions were designed in large part to enable the Swiss insurance supervisory system to be treated as equivalent to Solvency II, which among other things will allow EEA supervisory bodies to rely on the group supervision exercised by FINMA

The Insurance Supervision Act contains rules on corporate governance and internal risk management. It requires each insurance company to designate a responsible actuary to review its technical provisions and solvency margin in compliance with the prudential requirements. It also requires each company to appoint an independent auditor and have an internal audit function.

Solvency. Prior to the entry into force of the Swiss Insurance Supervision Ordinance on July 1, 2015, insurance and reinsurance companies were required to maintain a minimum solvency margin under the old Solvency I framework, which was calculated for the property and casualty business in accordance with the premium and

claims index, as well as under the economic solvency requirement, the SST, the two methods being applied in parallel. The required solvency margin under the Solvency I framework was calculated based on the higher of the annual gross premiums and the average claim load for the preceding three financial years. The solvency margin for life reinsurance was 0.1% of the capital at risk, plus 4% of the mathematical provisions. For insurance and reinsurance companies also active in the financial sector, capital requirements were calculated in line with the supervisory law of the financial sector. The supervisory law also determined the admissible capital items to cover the solvency requirement (available solvency margin).

With the entering into force of the revised Swiss Insurance Supervision Ordinance, the SST has succeeded Solvency I as the single solvency measurement method, similar to Solvency II in the EEA. Our last submission of data compiled on a Solvency I basis was made in September 2015. As an insurance group, we are also subject to supplementary group supervision in Switzerland. This includes a group-wide consolidated solvency calculation, and reporting requirements relating to intra-group transactions and risk concentration. The Swiss regime of supplementary group supervision is equivalent with the rules set out in the EU Financial Conglomerates Directive (2002/87/EC). This enables FINMA to assume the lead regulator function in exercising its supplementary group supervision over us. Additionally, co-ordination among supervisory authorities is taking place in the context of Supervisory Colleges and information exchange pursuant to Memoranda of Understanding that have been concluded between the Swiss and the EU (and other) regulatory authorities. Applicable law also contains rules on corporate governance and internal risk management. It requires each insurance company (including pure reinsurers) to designate a responsible actuary to review its technical provisions and solvency margin in compliance with the prudential requirements. In contrast to primary insurance, reinsurance is not subject to the provisions governing the investments that cover technical provisions.

The SST also applies to reinsurance companies, and applies to the Swiss Re Group (because SRL is domiciled in Switzerland), as well as to SRZ and Corporate Solutions, and individually to those of our subsidiaries which are domiciled in Switzerland and licensed as insurance companies.

The SST distinguishes between risk-bearing capital (available economic capital) and target capital (required economic capital). The calculation of the target capital requirement is based on both insurance and financial risks. Reinsurance (or retrocession) is fully deductible from target capital. The credit risk related to reinsurance recoverables is part of the target capital calculation. We determine target capital on the basis of our internal risk model. A feature of the SST is that all assets and liabilities are valued on a market-consistent basis. The market-consistent value of technical provisions is defined as the best estimate discounted based on risk-free interest rates plus the market value margin, which represents the cost of holding capital during a potential run-off. The market value margin is approximated by using a cost of capital approach. This is defined as the cost of the present value of the future solvency capital, which will be necessary to back the entire existing portfolio of liabilities during the run-off period. Since January 1, 2011, companies subject to the SST are required to meet the SST capital adequacy requirements. The European Commission in June 2015 granted Switzerland full equivalence for Solvency II purposes (decision published in the Official Journal on October 14, 2015), which decision has not been objected to by the European Parliament and the European Council and is now final.

The SST assesses financial security of subject companies based on the risks to which they are exposed and if risk-bearing capital is less than target capital, a subject company likely has insufficient risk-bearing capital to be able to bear the average losses for a one in a hundred year loss event (the 99% Tail VaR). In such a case the subject company must either reduce its risk exposure or ensure that it has more risk-bearing capital.

- If the SST ratio falls below the 100% threshold, a plan of activities must be presented and implemented, and specific decisions, such as paying dividends, capital repayments, voluntary repayments of loans, intra-group transactions and other similar transactions, must be presented in advance to FINMA for approval. In this range, there is an increased risk due to the solvency situation and FINMA will intensify the dialogue to mitigate the risk. FINMA may also order audits, demand that key indicators be observed intra-year and reported to FINMA and order supplementary scenario analyses.

- If the SST ratio falls below 80%, the subject company must prepare a restructuring plan that returns the company to above 80% within two years and to above 100% within three years. FINMA can also order the preparation of an extraordinary liquidity plan, subject risky new business and renewals to approval, prohibit new and renewal business, prohibit risky and complex

transactions, order organizational changes and order more in-depth controls, monitoring, reporting and audits.

- If the SST ratio falls below 33%, FINMA can revoke a subject company's license.

The target amounts of the various thresholds are established in the assessment of the SST reports and are binding until completion of the assessment of the next SST report. In certain extraordinary circumstances, FINMA can order the performance of a sub-annual assessment and, as applicable, re-estimate target capital.

The SST is coupled with comprehensive risk reporting requirements. SST reports are intended to cover the information necessary for FINMA to assess the capital adequacy and risk position of a subject company. Historically, we submitted SST reports to FINMA on a semi-annual basis for both the insurance groups and solo entities (including SRZ), as the assessment of solo entities is considered a key element of the group assessment. The first report ("**SST 1**"), which is usually submitted on April 30 each year, covered a 12-month solvency period from January 1 to December 31 of the current year; the second report ("**SST 2**") was submitted by October 31 each year and covered the 12-month solvency period from July 1 of the current year to June 30 of the following year. Under the revised Swiss Insurance Supervision Ordinance, the filing requirement going forward will be annual only (SST 1) and our next submission will be in 2016.

In addition, under pre-existing requirements, reporting to FINMA is required upon the incurrence of significant losses (defined for SST ratios above 150%, as losses of one third or more of risk-bearing capital; for SST ratios between 100% and 150%, as losses of 20% or more of risk-bearing capital; as losses resulting in an SST ratio of 100% or less; or once an SST ratio falls below 100%, as losses of 10% or more of risk-bearing capital) and upon a significant change in risk profile (a greater than 20% change in target capital). FINMA also has the right to request more frequent filings of SST reports than annually. SST ratios for the Swiss Re Group are expected to be disclosed on the website of the Swiss Re Group following the annual FINMA submission or, if a more frequent filing of an SST report is required, as described above.

The SST ratio is a function of available and required capital based on an economic valuation of assets and liabilities with an integrated forward-looking assessment of underwriting, financial market and credit risk and, therefore, our group or solo SST ratios could fluctuate over time, and such fluctuations could be significant. See "Cautionary Note on Forward-Looking Statements." Our most recent SST ratios were as follows:

	Swiss Re Group
SST 1/2015	223%
SST 2/2014	249%
SST 1/2014	241%
SST 1/2013	245%
SST 1/2012	213%
SST 1/2011	208%
SST 1/2010	269%

Recent FINMA pronouncements. The Swiss Insurance Supervision Ordinance provides for new disclosure obligations, introduces ORSA requirements and introduces qualitative and quantitative liquidity requirements. In July 2015, FINMA released for consultation a package of reforms including a partial revision of the FINMA Insurance Supervision Ordinance (ISO-FINMA) and a series of FINMA circulars. The revised ISO-FINMA calls for new financial statement requirements. One FINMA circular addresses new ORSA requirements, and a second addresses public disclosure of information. The new requirements, which are intended to be aligned with the revised Swiss Insurance Supervision Ordinance, will enter into force on January 1, 2016. A second wave of FINMA circulars that are to be introduced or revised as a result of the revised Swiss Insurance Supervision Ordinance will be published for consultation in 2016, with aimed implementation in 2017. FINMA also announced that it would not extend the temporary adjustments to SST, which were announced in 2012 and would otherwise expire at the end of 2015.

United States

The regulation of insurance and reinsurance companies in the United States is primarily carried out within comprehensive state law regulatory frameworks. However, regulatory reforms prompted by the financial crisis introduced an overlay of a framework for regulation of the insurance industry, in addition to ad hoc, issue-specific federal regulation of insurance and reinsurance.

The Dodd-Frank Act introduced regulation covering systemic risk, resolution authority, executive compensation, rating agencies and other matters. Among other new regulatory bodies, the Dodd-Frank Act established the FSOC and the FIO.

The FSOC was created to identify risks to the financial stability of the United States, promote market discipline and respond to any emerging threats to the stability of the United States financial markets. Among its other powers, the FSOC has the authority to designate a non-bank financial company as "systemically important," which carries far reaching consequences for such company's business, operations and financial condition. The FSOC makes its determinations of which, if any, firms are systemically important based on whether a firm's material financial distress, or nature, scope, size, scale, concentration, interconnectedness or mix of activities, or failure could pose a threat to the financial stability of the United States. No industry-wide exemptions will be provided and insurance companies have been and may be assessed for designation as "systemically important." Firms designated as "systemically important" are subject to supervision by the Federal Reserve, including prudential standards developed by the Federal Reserve.

The FSOC issued the final rule for the framework and criteria to identify non-bank SIFIs. Such designation would subject a company to supervision by the Board of Governors of the Federal Reserve System (including prudential standards developed by the Federal Reserve) and would require it, among other things, to create a "living will" resolution plan and to comply with other regulations under the Dodd-Frank Act. The process for designating a non-bank financial company as systemically important incorporates both qualitative and quantitative analyses, and is ultimately subject to the discretion of the FSOC. The ultimate designation as systemically important would result in dual regulation by state regulators and a federal regulator (the Federal Reserve), risk-based solvency and liquidity requirements, leverage limits, stress testing by the federal regulator, mandatory "living will" arrangements, limits on counterparty credit exposure, enhanced risk management, including establishing a risk committee of the board of directors, periodic reporting of credit exposures between the institution and other significant financial companies, early remediation requirements that increase in stringency if financial condition of the institution declines, and a debt-to-equity limit for institutions determined to pose a grave threat to financial stability. The insurance sector is subject to assessment by the FSOC for possible designation; however, the IAIS and the FSOC to date differ in their respective approaches, and in particular on the weighting of NTNIs, which receive a higher weighting by the IAIS. In July 2013, FSOC voted to designate various non-bank financial companies, including multinational insurance corporations, as SIFIs and, in September and December 2014, respectively, the FSOC designated two insurance companies as SIFIs. In January 2015, one of the designated insurers filed suit against the FSOC, contesting the constitutionality of the FSOC's designation powers; according to public records, the case has not yet been adjudicated in a court of law.

The Federal Reserve issued a proposed rule in December 2011 that would apply capital and liquidity requirements, single-counterparty credit limits, and stress testing and risk management requirements to systemically important companies, and subject such companies to an early remediation regime based on these requirements but noted that they may tailor the application of the proposed rule to the particular attributes of systemically important non-bank financial companies on an individual basis or by category. Stress testing requirements and risk management requirements were addressed in final rules approved in October 2012 and February 2014, respectively, while the remainder of the proposal is still being considered. Additionally, non-bank financial companies supervised by the Federal Reserve could be subject to the so-called Volcker Rule, which, with respect to such companies, would result in the imposition of additional capital requirements and additional quantitative limits with respect to proprietary trading and specified relationships with hedge funds and private equity funds. Further, a systemically important company will be required to prepare a so-called "living will," or contingency plan, for resolving its affairs under the U.S. Bankruptcy Code in the event that it experiences material financial distress. Systemically important companies will also be subject to post-event assessments imposed by the Federal Deposit Insurance Corporation to recoup the costs associated with the orderly liquidation of other systemically important firms in the event one or more such firm fails.

The FIO is charged with monitoring the insurance industry, coordinating federal policy on international insurance matters, identifying gaps in insurance regulation that could contribute to a systemic crisis, recommending to the FSOC that an insurer be supervised as a non-bank financial company by the Federal Reserve, and determining which state insurance laws are pre-empted by U.S. government international agreements on the insurance sector. In December 2013, pursuant to a mandate under the Dodd-Frank Act, the FIO released a report that addresses modernization of the insurance industry. The report concludes that insurance regulation in the United States is best viewed in terms of a hybrid model, where state and federal oversight play complementary roles to improve solvency and market conduct regulation. The report outlines

near-term reforms that states should undertake regarding capital adequacy, safety and soundness, reform of insurer resolution practices, and marketplace regulation. It also outlines areas for federal involvement in insurance regulation.

Finally, the Dodd-Frank Act may also affect our operations in other ways. Certain provisions of the Dodd-Frank Act require central clearing of, and/or impose new margin and capital requirements on, derivatives transactions, which could increase the costs of our hedging transactions and impact ILS issuance, with initial clearing requirements applicable to some types of swaps having taken effect in the first quarter of 2013 and additional requirements having been proposed. There could also be possible adverse impacts on the pricing and liquidity of some of the securities in which we invest resulting from the proprietary trading and market making limitations of the Volcker Rule, which was adopted in December 2013.

Our U.S. reinsurance and insurance subsidiaries are primarily regulated under the insurance statutes (including holding company regulations) of various states. These include the states where our U.S. reinsurance and insurance subsidiaries are domiciled, which include: Missouri, New Hampshire, New York, Texas and Vermont; and each state where a subsidiary is licensed to do business. Currently, our principal operating subsidiaries are generally licensed, approved or accredited reinsurers, or are otherwise permitted to sell reinsurance in all fifty states, the District of Columbia and Puerto Rico, although this does vary by subsidiary.

State regulation generally has its source in laws that delegate regulatory, supervisory and administrative authority to a department of insurance in each state. State regulatory authorities monitor compliance with, and periodically conduct examinations regarding, state mandated standards, such as solvency, licensing requirements, investment limitations, restrictions on the size of risks that may be insured or reinsured, deposits of securities for the benefit of reinsureds, methods of accounting, and reserves for unearned premiums, losses and other purposes. In the case of reinsurance, these regulations are for the protection of reinsureds and, ultimately, their policyholders, rather than security holders.

In the case of direct insurance, the states' regulatory schemes also extend to policy form and rate approval and market conduct regulation, including the use of credit information in underwriting and other underwriting and claims practices. In addition, state legislators and officials across the country are becoming more comfortable with the idea of modernizing regulation and letting competition determine rates by enacting various competitive rate making laws, which allow insurers to set premium rate for certain classes of insurance without obtaining the prior approval of the state insurance department. State insurance departments also conduct periodic examination of the affairs of authorized insurance companies and require the filing of annual and other reports relating to the financial condition of companies and other matters. Further, some state insurance departments also cooperate with other countries with respect to regulation and regulatory enforcement. For example, the state of New York has signed Memoranda of Understanding with various foreign regulatory authorities, including, among others, Switzerland, China, Bermuda, France, the United Kingdom and Germany. The state of Missouri has signed the IAIS Multilateral Memorandum of Understanding (MMoU). While reinsurers are generally regulated in a similar manner and to a similar extent as primary insurers, they are not subject to market conduct, policy form or rate regulations. As a "certified reinsurer" in the states of California, Connecticut, Missouri, New Hampshire, New York, Pennsylvania and Virginia, we are required to post only 10% collateral, rather than 100% as is usually required under state law for a cedent to claim credit for reinsurance. The certified reinsurer status subjects us to certain additional regulation, including a requirement to report to the states, submit to the jurisdiction of the courts and insurance department within the state, and supply additional information as requested by the commissioner. The certified reinsurer status is not afforded to every reinsurer and is granted only after a thorough review by the state of the reinsurers operations, solvency and business.

Holding Company Regulation. Regulations vary from state to state, but generally require insurance holding companies and insurers and reinsurers that are subsidiaries of holding companies to register and file with state regulatory authorities certain reports including information concerning capital structure, ownership, financial condition, certain intercompany transactions and general business operations. Certain holding company transactions, including extraordinary dividending, require the domiciliary regulator's approval. In addition, under the terms of applicable state statutes, any person or entity desiring to obtain beneficial ownership of 10% (with certain limited exceptions) or more of our outstanding voting securities is required to obtain prior regulatory approval for such purchase.

Guaranty Fund Assessments. All states require licensed insurers to participate in various forms of guaranty associations in order to bear a portion of the loss suffered by certain insureds caused by the insolvency of other insurers. Depending upon state law, primary insurers can be assessed a percentage of the annual direct

premiums written for the relevant lines of insurance in that state to pay the claims of an insolvent insurer. Most of these assessments are recoverable through premium rates, premium tax credits or policy surcharges.

Involuntary Pools. Our primary insurance subsidiaries are also required to participate in various involuntary assigned risk pools or other residual market mechanisms, principally involving workers' compensation and automobile insurance, which provide various insurance coverages to individuals or other entities that otherwise are unable to purchase such coverage in the voluntary market. Participation in these pools in most states is generally in proportion to voluntary writings of related lines of direct business in that state.

Risk-Based Capital (RBC). U.S. insurers are subject to RBC guidelines that provide a method to measure the total adjusted capital (statutory capital and surplus plus/minus other adjustments) of insurance companies taking into account the risk characteristics of the company's investments and products. The RBC formulas are designed to measure the accuracy of an insurer's statutory surplus in relation to the risks inherent in its business. RBC is only one of many tools U.S. regulators use to review and measure the financial strength of the insurance industry. The RBC formulas establish capital requirements for a number of categories of risk, the largest being: asset risk, insurance risk, interest rate risk and business risk. Within each category, the NAIC continues to add risk charges. The capital requirement for each category is determined by applying factors to asset, premium and reserve items, with higher factors applied to items with greater underlying risk and lower factors for less risky items. Insurers that have less statutory capital than the RBC calculation requires are considered to have inadequate capital and are subject to varying degrees of regulatory action depending upon the level of capital inadequacy.

The RBC formulas and related ratio outputs were not designed to be used as a comparative measure of financial strength between different companies because of the different risk profile and/or capital provisions of each company. Our U.S. insurance subsidiaries have satisfied the RBC formula since it was created in the mid-1990s and have exceeded all recognized industry solvency standards. As of September 30, 2015, all of our U.S. insurance subsidiaries had adjusted capital in excess of amounts requiring regulatory and/or company action.

NAIC Ratios. The NAIC Insurance Regulatory Information System, ("**IRIS**"), was developed to help state regulators identify companies that may require special attention. The IRIS system is comprised of statistical and analytical phases consisting of key financial ratios whereby financial examiners review annual statutory basis statements and financial ratios. Each ratio has an established "usual range" of results and assists state insurance departments in executing their statutory mandate to oversee the financial condition of insurance companies. A ratio result falling outside the usual range of IRIS ratios is not considered a failing result; rather unusual values are viewed as part of the regulatory early monitoring system. Furthermore, in some years, it may not be unusual for financially sound companies to have several ratios with results outside the usual ranges. An insurance company may fall out of the usual range for one or more ratios because of specific transactions that are in themselves immaterial. Generally, an insurance company will be notified of regulatory concerns and may be subject to regulatory action if it falls outside the usual ranges of four or more of the ratios.

NAIC Credit for Reinsurance. In November 2011, the NAIC adopted changes to its Credit for Reinsurance Model Act and Model Regulation that will permit reinsurers that meet certain standards to post reduced, or no, collateral. The revised models base collateral requirements on a sliding scale, which is tied to a reinsurer's rating. The NAIC has added the revised Credit for Reinsurance Models as optional accreditation standards. This means that states are not required to adopt credit for reinsurance reforms in order to maintain NAIC accreditation; however, should a state choose to do so, it must follow the NAIC models to maintain accreditation. While it is clear in the models that these collateral reforms do not apply to in-force property and casualty contracts, their application to in-force life contracts is somewhat ambiguous. It is not known how the states adopting these changes will interpret its application to in-force life contracts.

Additional key provisions of the models include the development by the NAIC of a list of approved jurisdictions on which regulators may rely in making reduced collateral determinations, minimum capital requirements ("**MCRs**") for reinsurers, increased financial filing requirements for reinsurers, and mandatory risk concentration notifications for cedents.

To become effective, these changes must be adopted by individual states and may require statutory changes, regulatory changes, or both. Prior to the NAIC's action, four states had adopted substantially similar measures: Florida (applicable to property and casualty contracts only), Indiana, New Jersey and New York. Since then, an additional twenty states have adopted reforms: Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Iowa, Louisiana, New Hampshire, Maine, Maryland, Massachusetts, Missouri,

Montana, Nebraska, Nevada, New Mexico, North Dakota, Ohio, Pennsylvania, Rhode Island Vermont, Virginia and Washington. We have received approval to post reduced collateral in California, Connecticut, Missouri, New Hampshire, New York, Pennsylvania and Virginia.

Surplus Lines Regulation. We have a number of subsidiaries that write surplus lines business in the United States. The regulation of excess surplus lines insurers differs significantly from the regulation of licensed or authorized insurers. The regulations governing the surplus lines market have been designed to facilitate the procurement of coverage through specially licensed surplus lines brokers for hard-to-place risks that do not fit standard underwriting criteria and are otherwise eligible to be written on a surplus lines basis. In particular, surplus lines regulation generally provides for more flexible rules relating to insurance rates and forms. However, strict regulations apply to surplus lines placements under the laws of every state, and state insurance regulations generally require that a risk be declined by three licensed insurers before it may be placed in the surplus lines market. Initial eligibility requirements and annual re-qualification standards and filing obligations must also be met. In most states, surplus lines brokers are responsible for collecting and remitting the surplus lines tax payable to the state where the risk is located.

The regulation of surplus lines business has undergone certain changes. The Nonadmitted and Reinsurance Reform Act of 2010 (the "**Nonadmitted Act**"), which came into effect on July 21, 2011, pre-empts certain state surplus line laws but also maintains state insurance regulation of surplus lines transactions. Among other things, the Nonadmitted Act streamlines and simplifies the reporting, payment and allocation of premium taxes by providing that only the insured's home state may require payment of premium taxes for surplus lines insurance and permits the states to develop an interstate compact to provide for allocation and remittance procedures for these taxes. The Nonadmitted Act also provides that surplus lines insurance will be subject solely to the regulatory requirements of the insured's home state (except for workers' compensation coverage). Nearly all states have made the necessary changes to their surplus lines laws and regulations to implement the Nonadmitted Act.

In addition, both Missouri and New Hampshire have adopted "domestic surplus lines" legislation, which allows surplus lines carriers to write non-admitted products in their domicile states. Formerly, such insurers had to operate on an admitted basis in their home states.

Further federal and/or state measures may be introduced and promulgated that would result in increased oversight and regulation of surplus lines insurance, or states may sign onto an interstate compact to coordinate their approaches to surplus lines insurance. The Nonadmitted Act likely negates the state insurance regulators' ability to impose premium taxes other than in compliance with the Nonadmitted Act; however, any increase in our regulatory burden may impact our operations and ultimately could impact our financial condition as well.

Federal Initiatives. Although U.S. state regulation is the primary form of regulation of insurance and reinsurance, Congress has considered over the past few years various proposals relating to potential surplus lines regulation, reinsurance regulation, the creation of an optional federal charter and changes to taxation of reinsurance premiums paid to affiliates with respect to U.S. risks. Some lawmakers in Congress have also discussed the possibility of federal regulation of some lines of insurance, such as reinsurance. The activities of the FIO may provide an impetus for the federalization of some aspects of insurance regulation in the United States.

Although we are unable to predict what new laws will be proposed and passed by Congress, whether any such proposed laws will be signed into law by the President of the United States, the timing of such approval and adoption or the form in which any such laws would be implemented by regulation, we believe it is more likely than not that Congress will adopt new laws with respect to insurers and insurance, and we anticipate that these developments will impact our operations and also could impact our financial condition.

Foreign reinsurers and insurers minimize required capital by reinsuring risks with offshore affiliates and then deducting repatriated premiums from their taxable income. Over the past ten years, legislation have been introduced in the U.S. Congress in the House and Senate that would disallow the tax deduction for premiums repatriated by foreign insurers and reinsurers, which would raise the effective tax on such premiums. A similar assumption was included into the President's fiscal year 2011 - 2016 budget proposals. Although none of these proposals has been voted into law, we expect this trend to continue.

TRIA established a program in 2012 under which the federal government will share with the insurance industry the risk of loss arising from certain kinds of terrorist attacks. TRIA was originally scheduled to expire in 2005,

and although there was substantial uncertainty as to whether Congress would extend the program beyond its scheduled expiration, the Terrorism Risk Insurance Extension Act of 2005 ("**TRIA Extension**") was signed into law on December 22, 2005 extending TRIA, with some amendments, through December 31, 2007. On December 26, 2007, the TRIA was extended again under the Terrorism Risk Insurance Program Reauthorization Act of 2007 ("**TRIPRA 2007**") for an additional seven years (to December 31, 2014), under the Terrorism Risk Insurance Program Reauthorization Act of 2014 ("**TRIPRA 2014**"). This legislation imposes a deductible upon insurers that must be satisfied before federal assistance is triggered and also contains a coinsurance feature. The deductible, which has increased each year of the program, is based on a percentage of direct earned premiums for commercial insurance lines from the previous calendar year. The program imposes an annual cap of $100 billion on covered losses. Participation in the program for commercial property and casualty insurers is mandatory.

On January 12, 2015, TRIPRA 2014 was extended again for an additional six years (to December 31, 2020), under the Terrorism Risk Insurance Program Reauthorization Act of 2015 ("**TRIPRA 2015**"). TRIPRA 2015 contained several non-structural additional changes to the TRIA program, including a phased-in increase of the program trigger to $200 million and a phased-in increase of the insurer co-share requirements from 85/15 to 80/20. There are also gradual increases to the mandatory recoupment surcharges. For the first five years of the reauthorized period, the insurance marketplace aggregate retention amount is the lesser of $27.5 billion, which increases in annual increments to $37.5 billion, or the aggregate amount for all insurers losses during the calendar year, while in the sixth year, the Treasury Secretary will issue a final rule to annually revise such amount so that it is equal to the annual average of the sum of insurer deductibles for all insurers participating in the program for the prior three calendar years. There are no changes to the program cap of $100 billion and to the insurer deductible of 20% of direct earned premium from the previous year's covered lines.

While the legislation provides the property and casualty sector with an increased ability to withstand the effects of potential terrorist events, companies could, nevertheless, still be materially adversely impacted. Terrorist attacks are unpredictable as to the nature, severity or frequency of such potential events. Terrorist attacks also are correlated with other financial risks such as the risk of a swift and significant stock market decline.

Because terrorism risk lacks several basic requirements of insurability, a permanent federal terrorism risk backstop has been advocated by the industry to reduce the risk of market disruption from terrorism. International coordination and cooperation in undertaking such efforts will be crucial, despite this being a U.S.-based initiative.

Natural catastrophes in the United States have focused legislative and industry attention on how to best finance natural catastrophe risk in the future. On the federal level, the long-standing National Flood Insurance Program, which provides a federally-backed insurance for property owners in cases of floods, has been most recently extended through September 30, 2017. In early 2007, Florida enacted legislation that expanded the government-run insurer and reinsurance fund (Florida Hurricane Catastrophe Fund), substantially crowding out the insurance and reinsurance market. Other Gulf states, including Louisiana and South Carolina, have considered what action to take to protect their residents. Some insurers and government officials have requested that the federal government create a national fund to provide coverage for all types of natural disasters. Various bills are typically introduced in every session of Congress that would address natural catastrophes. In the 112th Congress, for example, the Homeowners' Defense Act of 2011 (H.R. 2582) would have established a National Catastrophe Risk Consortium ("**Consortium**"), a non-profit entity, that would have, among other things, maintained an inventory of catastrophe risk obligations held by state reinsurance funds and other state sponsored entities and issued on a conduit basis securities linked to catastrophe risks insured or reinsured through its members. It also would have authorized the U.S. Treasury to guarantee holders of debt issued by state catastrophe insurance programs against losses, established a Federal Natural Catastrophe Reinsurance Fund and coordinated reinsurance contracts between participating members of the Consortium and private parties. In the 113th Congress, H.R. 240, Home Owners Protection Act of 2013, would have created a federal reinsurance program for state natural catastrophe insurance programs.

There is significant industry opposition to the creation of such government funds and programs, for natural catastrophes, as many interested parties believe that the private market can adequately handle natural catastrophe risk if free market principles are allowed to operate. Governments appear more hesitant to assume contingent liabilities, following the financial crisis.

United Kingdom

In the United Kingdom, the Bank of England has macro-prudential responsibility for oversight of the financial system and, through a new operationally independent subsidiary (the PRA), for day-to-day prudential supervision of financial services firms managing significant balance sheet risk. The FCA is the conduct of business regulator, whose remit includes both retail and wholesale business, including reinsurance. All firms subject to regulatory supervision are regulated by the FCA, with significant firms, including insurers and reinsurers, also being subject to supervision by the PRA. For these dual-regulated firms, the PRA is the prudential regulator and takes the lead role, and the FCA acts as the conduct regulator. As a Member State, the United Kingdom will be required to apply Solvency II to insurers and reinsurers based on the relevant effective dates.

Our UK subsidiaries are subject to regulation and supervision under the Financial Services and Markets Act 2000, as amended by the Financial Services Act 2012 (collectively, "**FSMA**"), its implementing regulations and the powers delegated to the FCA and the PRA. Under FSMA, regulatory authority is vested in the FCA and the PRA.

The statutory objectives of the FCA are to protect the consumers, to enhance the integrity of the U.K. financial system and to help maintain competitive markets and promote effective competition in the interests of consumers. The statutory objectives of the PRA with respect to insurers are to promote the safety and soundness of insurance firms and to contribute to the securing of an appropriate degree of protection for those who are or may become policyholders. The PRA is required to advance these general objectives by seeking to ensure that the business of PRA-authorized firms is carried on in a way that avoids any adverse effect on the stability of the U.K. financial system and by seeking to minimize the adverse effect that the failure of a PRA-authorized firm could be expected to have on the stability of the U.K. financial system. With respect to policyholder protection, the PRA's role is to ensure that there is a reasonably high probability that an insurer is able to meet claims from, and material obligations to, policy holders as they fall due, and to make sure that where an insurer is unable to meet such claims and obligations, the adverse consequences for policyholders are minimized by ensuring that the insurer fails in an orderly manner. The PRA and the FCA have a statutory duty to coordinate with each other in the exercise of their functions.

The PRA's approach to supervising reinsurers is based on the same principles as its supervision of primary insurers. However, the PRA has stated that reinsurance may give rise to a greater degree of connectivity with other parts of the financial system than is usually seen with primary insurance business and that undertaking an appropriate degree of supervision of the reinsurance business transacted in the U.K. will therefore be an important element in meeting the PRA's objectives.

Subject to the exemptions ordered under FSMA, no person may carry out regulated activities in the United Kingdom without authorization by the FCA and/or the PRA. Regulated activities include effecting and carrying out contracts of insurance. The activities a company is permitted to undertake are normally specified in a permission ("**Permission**") that is granted if certain threshold conditions in the FCA Authorization Manual and the PRA Authorization Manual (which are minimum conditions necessary for a firm to be authorized) are satisfied. (Permissions previously granted by the FSA have been transferred to the PRA and/or the FCA, as applicable.) The grant of the Permission delivers authorization. Our active U.K. subsidiaries hold Permissions for life insurance and for investment business (including the management of collective investment schemes, the provision of discretionary asset management services, the provision of advisory and/or dealing services and the safeguarding and administration of assets). These subsidiaries must also comply with conduct of business rules, rules relating to systems and control and the applicable rules regarding adequacy of financial resources.

These are specified by company in the Financial Services Register maintained by the FCA. Our reinsurance and wholesale non-life insurance business is now carried on by U.K. branches of our Luxembourg-regulated carriers, which we discuss further below. These U.K. branches are subject to supervision and fees from the FCA as the EU passport principles extend to conduct supervision and consumer protection at present. This is a significant additional regulatory cost of the new U.K. system.

Under the FSMA, the directors and senior management of a company are required to satisfy "fit and proper" tests, and to set up and operate appropriate systems and controls. They are also otherwise subject to over-arching principles applicable to the company and to designated Approved Persons (those who are individually and personally responsible for defined areas of functional accountability ("**Approved Persons**")) (the "**Approved Persons regime**"). The principles include integrity; skill, care and diligence; the need to ensure

adequate capital resources and an effective risk management system. Both the FCA and the PRA need to consent to appointments of Approved Persons for dual-regulated firms.

Regulated companies are further subject to the rules and guidance set out in a series of Prudential Sourcebooks issued by the FCA and the PRA. The Prudential Sourcebooks set out a framework for the calculation of adequacy of financial resources and the proper management of categories of risk including credit, market, liquidity, operational, insurance and group risk.

Adequacy of financial resources is judged under the applicable Prudential Sourcebooks according to various tests. The requirements exceed the MCR prescribed under EU rules both in terms of amount and sophistication. For property and casualty, an Enhanced Capital Requirement ("**ECR**") is derived from a risk-based but formula-driven approach. For all forms of insurance, the MCR and ECR calculation is supplemented by a principles-driven individual capital assessment conducted on a regulated basis. This aims to achieve that companies hold capital appropriate to their business and control risks and is intended to incentivize better risk management. Regulated companies are required to have systems and procedures for assessing the adequacy of capital resources and for determining the appropriate level of financial resources, to identify the major sources of risk in each of the categories described in the Prudential Sourcebooks (underwriting, operational, liquidity, market, group, credit) and any other risk, and for each of the major sources of risk, to carry out stress tests and scenario analysis justified as appropriate to the company as regards the sources of risk. Specific guidance is provided on basic approaches but on an explicitly non mandatory basis: the approach can be tailored differently, provided justified. Economic capital models of greater sophistication will be considered and evaluated in terms of their robustness but also in terms of their appropriate integration into a valuable surrounding control environment. On the available asset side, regulated companies can diverge from admissibility rules for MCR/ECR and accounting standards provided the appropriateness is supported. Technical provisions can be discounted and equalization provisions may be extinguished as appropriate.

Regulated companies are supervised under a regular and exception reporting framework as well as by periodic visits. Under FSMA reinsurance and insurance companies are required to file with the PRA an independently audited financial statement, and other prescribed documents. The local regulated company is required to notify the appropriate regulator of any changes in "closely linked" companies as well as change of "controllers" and to review risks deriving from reliance on its parent group company - both as a matter of credit risk as well as in respect of risks affecting the parent group company as such (group risk). The FCA and PRA have substantial powers of enforcement against firms and individuals concerning both prudential and conduct of business rules breaches.

In the aftermath of the financial crisis, consideration is being given to whether and how any changes in the regulatory approach to supervision of banks should apply to insurers. Some changes have already been evident with respect to insurers. The FSA's supervisory approach had become more intensive with greater challenge to management about the outcomes of management decisions and, although the PRA has recognized that insurers are not systemic in the same way that banks are, this approach is likely to continue under the FCA and the PRA. In addition, stress testing was already used for insurers but, effective December 2010, a new stress test, a 'test to destruction' was added to the requirements for insurers. There has also been a strengthening in the application of the Approved Persons regime, by extending the range of roles covered to ensure that those persons who are likely to exert a significant influence on a firm fall within the scope of the Approved Persons regime.

In particular:

- the scope and application of the director and non-executive director controlled function requirements have been extended to include those persons employed by an unregulated (non-EU and non-EEA) parent undertaking or holding company, whose decisions or actions are regularly taken into account by the governing body of a regulated firm;

- the definition of the significant management controlled function (CF29) has been extended to include all proprietary traders who are not senior managers but who are likely to exert significant influence on a firm; and

- the application of the Approved Persons regime to U.K. branches of overseas firms based outside the EEA has been amended.

Other issues identified with respect to the banking sector may also influence future insurance supervision but will probably be addressed as part of the implementation of Solvency II. These include risk management and governance improvements, the approach to multinational groups, the use of explicitly counter-cyclical reserves or capital requirements, quality of capital and increased regulatory focus on liquidity.

Within Admin Re®, ReAssure is authorized by the PRA and is regulated by the PRA and the FCA as a life assurer and is subject to regulatory solvency capital and compliance requirements relating to life assurance companies. ARUKSL, which provides policy administration for ReAssure and third parties, is regulated by the FCA. ReAssure operates a long-term business fund whose component funds are required by PRA regulations to maintain sufficient capital.

Luxembourg

We have a reinsurance carrier, two direct non-life insurance carriers and one direct life insurance carrier, each based in Luxembourg (Swiss Re Europe S.A., Swiss Re International SE, iptiQ Insurance S.A. and iptiQ Life S.A.) with branches, representation and contact offices across Europe, America, Asia and Australia. Business from a number of entities and branches in Ireland, the United Kingdom, the Netherlands, Denmark, France, Germany, Italy and Spain are integrated into the Luxembourg carriers. Certain of our EU and other European business not currently included in our EU branches or legal entities will continue to be written by our Zurich carriers.

In Luxembourg, insurance and reinsurance companies have been subject to prudential supervision by the Commissariat aux Assurances (the "**CAA**") under the Law of 6 December 1991 on the insurance sector, as amended (the "**Insurance Sector Law**"). The Insurance Sector Law is supplemented by Grand-Ducal regulations and circular letters, the latter being issued by the CAA. Insurance and reinsurance businesses in Luxembourg are regulated activities subject, in principle, to authorization from the minister responsible for the supervision of private insurance. The Insurance Act requires companies to obtain authorization from the CAA to conduct insurance by line of business; general authorizations covering both life and non-life activities will not be delivered to insurance undertakings, and, therefore, insurance companies must choose between either one of them.

The Insurance Act requires the establishment of adequate technical provisions (including equalization provisions) plus a Solvency I margin, which is calculated in accordance with the premium and claims index and minimum guarantee fund being one third of the solvency margin in line with EU principles. The implementation of the EU Reinsurance Directive by the Law of December 5, 2007 (the "**Reinsurance Law**") did not fundamentally change the existing supervisory framework in Luxembourg, although certain amendments were necessary. The Reinsurance Law, as amended, is accompanied by several Grand Ducal regulations. The Grand Ducal regulation of December 5, 2007 (the "**Reinsurance Regulation**") specifies the conditions for the license and exercise of reinsurance undertakings. The Reinsurance Law does not impose quantitative limitations for the assets covering the technical provisions and contains a definition of finite reinsurance but does not provide specific rules for finite reinsurance contracts. According to article 17 of the Reinsurance Regulation, claims against reinsurers arising from reinsurance operations concluded with third country reinsurers are, under certain conditions, admitted for the coverage of the technical provisions of a Luxembourg cedent company provided the third country reinsurer is authorized to carry out reinsurance operations by its home country regulator and if that country's supervisory system is compatible with international standards. This is the case for Swiss-based reinsurers supervised by FINMA vis-à-vis the CAA. The coverage of technical provisions of a Luxembourg insurance undertaking by claims against third country reinsurers requires the approval of the CAA. The timely implementation of the EU Reinsurance Directive in Luxembourg was important to allow us to complete the restructuring of our European legal entity structure, notably to perform the business transfers from existing group subsidiaries to Swiss Re Europe S.A. (Luxembourg). As an incorporated and licensed reinsurance company, Swiss Re Europe S.A. fully benefits from the EU passport principle – the freedom to conduct cross-border business or to establish branches in all EEA member states under the home country control of the CAA.

As a Member State, Luxembourg will be required to apply Solvency II to insurers and reinsurers based on the relevant effective dates.

Insurance contracts are mainly governed by the Law of 21 July 1997 on the insurance contract, as amended (the "**Insurance Contract Law**"). Insurance undertakings may also be subject to specific laws and additional

provisions set out under circular letters of the CAA (depending on the type of contract and the branch to which it refers). On the other hand, reinsurance contracts are specifically excluded from the Insurance Contract Law.

Other Regulation

Certain other entities through which we conduct non-insurance business are regulated under the applicable financial services regulations in their respective jurisdictions. Swiss Re Capital Markets Limited, located in London, England, is a company authorized and regulated in the conduct of its investment business in the United Kingdom by the FCA and is entered in the FCA's Register. Swiss Re Capital Markets Corporation, located in New York City, is a member of the Financial Industry Regulatory Authority ("**FINRA**") in the United States and the Securities Investor Protection Corporation, and is regulated by FINRA.

As we move into new and high growth markets, we will continue to monitor local regulatory requirements and will take the necessary steps to comply. For example, in February 2015, Chinese regulators finalized the China Risk Orientated Solvency System (C-ROSS), which is expected to enter into force in January 2016 and follows the three-pillar approach of Solvency II.

CERTAIN INFORMATION ABOUT THE ISSUER

Name, Incorporation, Registered Office, Duration, Purpose and Registration

SRL (Swiss Re AG, Swiss Re SA) was incorporated on February 2, 2011 for an unlimited duration as a stock corporation (*Aktiengesellschaft*) under Swiss law. The object of SRL according to Article 2 of SRL's Articles of Association is to acquire, hold, administer and sell direct or indirect participations in all types of business in Switzerland and abroad, in particular in the areas of reinsurance, insurance and asset management. SRL may acquire participations in other companies in Switzerland and abroad. SRL has, as an ancillary activity, the power to acquire and sell mortgage and real estate properties, both in Switzerland and abroad. Its registered office and the principal executive offices are located at Mythenquai 50/60, 8002 Zurich, Switzerland. Its telephone number is +41 43 285 2121. SRL has been entered in the Commercial Register of the Canton of Zurich since February 7, 2011, and as of today has the firm number CHE-191.546.434. SRL's Articles of Association were last amended on April 21, 2015. Statutory publications of SRL are made in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*).

SRL is a holding company of the Swiss Re Group. The rights of shareholders of SRL are set forth in SRL's Articles of Association, and SRL is managed in accordance with SRL's Articles of Association and bylaws.

Share Capital Structure

Issued Share Capital. SRL's issued share capital, as registered with the Commercial Register of the Canton of Zurich on December 12, 2011, is CHF 37,070,693.10 divided into 370,706,931 fully paid-in registered shares (each with a nominal value of CHF 0.10) (the "**SRL Shares**"). There are no additional types of shares with a higher or limited voting power, privileged dividend entitlement or any other preferential rights, nor are there any other securities representing a part of SRL's share capital. SRL's capital structure ensures equal treatment of all shareholders in accordance with the principle of "one share/one vote." All issued shares are fully paid and validly created under Swiss law.

Conditional Share Capital. Article 3a of SRZ's Articles of Association provides for a capital increase from conditional capital limited to a share capital increase not exceeding CHF 5,000,000 by issuing a maximum of 50,000,000 registered shares, payable in full, each with a nominal value of CHF 0.10, through the voluntary or mandatory exercise of conversion and/or option rights granted in connection with bonds or similar instruments, including loans or other financial instruments, issued by SRL or Swiss Re Group companies (collectively, the "**Equity-Linked Financing Instruments**"). Existing shareholders' subscription rights *(Bezugsrechte)* are excluded. The then-current holders of the conversion and/or option rights granted in connection with Equity-Linked Financing Instruments will be entitled to subscribe for the new registered shares. Furthermore:

- Existing shareholders' advance subscription rights *(Vorwegzeichnungsrechte)* with regard to these Equity-Linked Financing Instruments may be restricted or excluded by decision of the Board of Directors (subject to the limitations set forth in the last bullet below), in order to issue Equity-Linked Financing Instruments (i) on national and/or international capital markets (including by way of private placements to one or more selected strategic investors); and/or (ii) to finance or re-finance the acquisition of companies, parts of companies, equity stakes (participations) or new investments planned by SRL and/or Swiss Re Group companies.

- If advance subscription rights *(Vorwegzeichnungsrechte)* are excluded, then (i) the Equity-Linked Financing Instruments are to be placed at market conditions, (ii) the exercise period is not to exceed ten years for option rights and twenty years for conversion rights, and (iii) the conversion or exercise price for the new registered shares is to be set at least in line with the market conditions prevailing at the date on which the Equity-Linked Financing Instruments are issued.

- The acquisition of registered shares through the exercise of conversion or option rights and any further transfers of registered shares shall be subject to the restrictions specified in Article 4 of SRL's Articles of Association.

- The total of shares issued from (i) authorized capital according to Article 3b of SRL's Articles of Association where the existing shareholders' subscription rights *(Bezugsrechte)* were excluded, and (ii) shares issued from conditional capital according to Article 3a of SRL's Articles of

Association where the existing shareholders' advance subscription rights (*Vorwegzeichnungsrechte)* on the Equity-Linked Financing instruments were excluded, may not exceed 74,000,000 shares up to April 21, 2017.

Authorized Share Capital. Article 3b of SRL's Articles of Association provides for a capital increase from authorized share capital of SRL at any time up to April 21, 2017, by an amount not exceeding CHF 8,500,000 through the issue of up to 85,000,000 registered shares, payable in full, each with a nominal value of CHF 0.10. Increases by underwriting as well as partial increases are permitted. The date of issue, the issue price, the type of contribution and any possible acquisition of assets, the date of dividend entitlement as well as the expiry or allocation of non-exercised subscription rights *(Bezugsrechte)* will be determined by the Board of Directors. Furthermore:

- With respect to a maximum of CHF 5,000,000 through the issue of up to 50,000,000 registered shares, payable in full, each with a nominal value of CHF 0.10 out of the total amount of authorized capital, the subscription rights of shareholders may not be excluded.

- With respect to a maximum of CHF 3,500,000 through the issue of up to 35,000,000 registered shares, payable in full, each with a nominal value of CHF 0.10 out of the total amount of authorized capital referred to above, the Board of Directors may (subject to the limitations set forth in the last bullet below), exclude or restrict the subscription rights *(Bezugsrechte)* of the existing shareholders for the use of shares in connection with (i) mergers, acquisitions (including takeover) of companies, parts of companies or holdings, equity stakes (participations) or new investments planned by SRL and/or Swiss Re Group companies, financing or re-financing of such mergers, acquisitions or new investments, the conversion of loans, securities or equity securities; and/or (ii) improving the regulatory capital position of SRL or Swiss Re Group companies in a fast and expeditious manner if the Board of Directors deems it appropriate or prudent to do so (including by way of private placements).

- The subscription and acquisition of the new registered shares, as well as each subsequent transfer of the registered shares, will be subject to the restrictions specified in Article 4 of SRL's Articles of Association.

- The total of registered shares issued from (i) authorized capital according to Article 3b of SRL's Articles of Association where the existing shareholders' subscription rights *(Bezugsrechte)* were excluded; and (ii) shares issued from conditional capital according to Article 3a of SRL's Articles of Association where the existing shareholders' advance subscription rights *(Vorwegzeichnungsrechte)* on the Equity-Linked Financing Instruments were excluded, may not, in the aggregate, exceed 74,000,000 shares up to April 21, 2017.

Share buyback. We currently have authorization for a share buyback programme for purchases of up to CHF 1.0 billion of our shares. Purchases under this programme could be effected until the annual general meeting in 2016.

The SRL Shares

The SRL Shares are registered shares with a nominal value of CHF 0.10 each.

The SRL Shares are listed in accordance with the International Reporting Standard on the SIX Swiss Exchange and traded under the symbol "SREN." The SRL Shares are included in a number of other major indices such as the STOXX Europe 600 Insurance, the FTSEurofirst 300 Insurance and the FTSE4Good Global. In the United States, the SRL Shares are traded over-the-counter in the form of American Depositary Receipts under the symbol "SSREY."

The SRL Shares are dematerialized securities (*Wertrechte*, within the meaning of the Swiss Federal Code of Obligations) and are administrated as intermediated securities (*Bucheffekten*, within the meaning of the Swiss Federal Act on Intermediated Securities of 2008, as amended ("**FISA**")).

SRL may issue its registered shares in the form of single certificates, global certificates and intermediated securities. SRL may convert its registered shares from one form into another form at any time and without the

approval of the shareholders, who have no right to demand a conversion into a certain form of registered shares. Each shareholder may, however, at any time request a written confirmation from SRL of the registered shares held by such shareholder, as reflected in the share register of SRL. The SRL Shares may be transferred by way of book-entry credit to other securities accounts in accordance with the provisions of the FISA. Furnishing of collateral in the SRL Shares must also conform to the regulations of the FISA; the transfer and furnishing of collateral by assignment is excluded.

The SRL Shares are freely transferable, without any limitations, *provided* that the buyers declare that they are the beneficial owners of the SRL Shares and comply with the disclosure requirements of the Swiss Federal Act on Stock Exchanges and Securities Trading of 1995, as amended ("**SESTA**").

Persons who do not declare that they are the beneficial owners of the SRL Shares held by them ("nominees") are entered without further inquiry in the share register of SRL as shareholders with voting rights up to a maximum of 2% of the outstanding share capital at the time. Additional SRL Shares held by such nominees that exceed the limit of 2% of the outstanding share capital are entered in the share register with voting rights only if such nominees disclose the names, addresses and shareholdings of the beneficial owners of the holdings amounting to or exceeding 0.5% of the outstanding share capital. In addition, such nominees must comply with the disclosure requirements of the SESTA.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Under SRL's Articles of Association, the Board of Directors is to consist of at least seven members. The directors are to be elected at a general meeting of shareholders for a term of office until completion of the next general meeting of shareholders. Directors whose term of office has expired are immediately eligible for re-election. The business address of the members of the Board of Directors is Mythenquai 50/60, 8022 Zurich, Switzerland.

The Board of Directors is constituted as follows[(1)]:

Name	Birth Year	Position
Walter B. Kielholz	1951	Chairman
Renato Fassbind	1955	Vice Chairman
Mathis Cabiallavetta	1945	Director
Raymond K.F. Ch'ien	1952	Director
Mary Francis	1948	Director
Rajna Gibson Brandon	1962	Director
C. Robert Henrikson	1947	Director
Hans Ulrich Maerki	1946	Director
Trevor Manuel	1956	Director
Carlos E. Represas	1945	Director
Jean-Pierre Roth	1946	Director
Philip K. Ryan	1956	Director
Susan L. Wagner	1961	Director

(1) The Board will propose Sir Paul Tucker as a new member for election at the next annual general meeting in 2016.

Biographical Information

Walter B. Kielholz, Chairman, non-executive director. Walter B. Kielholz, a Swiss citizen born in 1951, was elected to SRZ's board of directors in June 1998, and to the Board of Directors in 2011 (upon the formation of SRL). He began his career at the General Reinsurance Corporation, Zurich, in 1976. After working in the United States, United Kingdom and Italy, he assumed responsibility for the company's European marketing. In 1986, he joined Credit Suisse, Zurich, where he was responsible for banking relationships with large insurance groups in the multinational services department. In 1989, Walter B. Kielholz joined SRZ. He became a member of SRZ's Executive Board in January 1993 and was SRZ's Chief Executive Officer from 1997 to 2002. He was Executive Vice Chairman of SRZ's board of directors from 2003 to 2006 and Vice Chairman from 2007 to April 2009. He was nominated Chairman of SRZ's board of directors with effect from May 1, 2009 (and as Chairman of the Board of Directors beginning in 2011).

Walter B. Kielholz was a member of the board of directors of Credit Suisse Group AG from 1999 to 2014. He was chairman of the bank's board of directors from 2003 to 2009. He is a member and former president of the International Monetary Conference, chairman of the European Financial Services Roundtable and a board member of the Institute of International Finance. Walter B. Kielholz is also a member and former chairman of the board of trustees of Avenir Suisse. From 1998 to 2005, and again since 2009, he has served as a member of the International Business Leader Advisory Council and, in 2009, he became a member of the International Advisory Panel of the Monetary Authority of Singapore. In 2005, he was elected to the Insurance Hall of Fame, which honors individuals who have exercised substantial influence on the insurance industry for the benefit of society. Furthermore, Walter B. Kielholz is chairman of the Zurich Art Society. Walter B. Kielholz studied business administration at the University of St. Gallen and graduated in 1976 with a degree in business finance and accounting.

Renato Fassbind, Vice Chairman, non-executive and lead independent director. Renato Fassbind, a Swiss citizen born in 1955, was elected to the Board of Directors in April 2011. Renato Fassbind was chief financial officer and a member of the executive board of Credit Suisse Group AG from 2004 to September 2010. Before that, he held the position of group chief executive officer of Diethelm Keller Holding Ltd. From 1997 to 2002, he was chief financial officer and a member of the group executive committee, and from 1990 to 1996, head of corporate staff audit, at ABB Ltd. After two years with Kunz Consulting AG, he worked with F. Hoffmann-La Roche AG, Basel, in internal audit from 1984 to 1990 and was appointed head of internal audit in 1988. From 1986 to 1987, he worked with Peat Marwick in New Jersey, United States, as a public accountant. Renato

Fassbind is a board member of Nestlé, Kühne+Nagel International Ltd and the Swiss Federal Audit Oversight Authority. He received his certification as a certified public accountant in 1986 in Colorado, United States. Renato Fassbind graduated from the University of Zurich in 1982 with a PhD in economics and received an MBA from the University of Zurich in 1979.

Mathis Cabiallavetta, non-executive and independent director. Mathis Cabiallavetta, a Swiss citizen born in 1945, was elected to SRZ's board of directors in 2008, was nominated Vice Chairman as of March 13, 2009 and joined the Board of Directors in 2011 (upon the formation of SRL). Mathis Cabiallavetta is a member of the boards of Philip Morris International and BlackRock, Inc. He is also a member of the executive advisory board of General Atlantic Partners in New York. He was vice chairman of the board of directors of Marsh & McLennan Companies ("**MMC**") from November 2001 to November 2004. Prior to joining MMC in 1999, Mathis Cabiallavetta was chairman of the board of directors of UBS AG, having held several senior positions in the company from 1971. He became president of the group executive board in 1996 and was elected chairman of UBS AG in 1998. He is a former member of the Bank Council of the Swiss National Bank (the "**SNB**") and a past vice chairman of the board of directors of the Swiss Bankers Association. He was also a member of the committee of the board of directors of the SIX Swiss Stock Exchange and the International Capital Markets Advisory Committee of the Federal Reserve Bank of New York. Mathis Cabiallavetta graduated from the University of Montreal with a bachelor's degree in economics

Raymond K. F. Ch'ien, Non-executive and independent director. Raymond K. F. Ch'ien, a Chinese citizen born in 1952, was elected to SRZ's board of directors in April 2008 and joined the Board of Directors in 2011 (upon the formation of SRL). Raymond K. F. Ch'ien was chairman of CDC Corporation from 1999 until his resignation effective October 3, 2011, and served as chief executive officer of the company in 2005 and as acting chief executive officer in 2004. He also served as a director of CDC Software Corporation, a subsidiary of CDC Corporation, from 2009 until January 23, 2012, and as chairman of China.com Inc., then indirectly controlled by CDC Corporation, from 1999 until March 29, 2013. CDC Corporation filed a voluntary petition seeking relief under Chapter 11 of the U.S. Bankruptcy Code on October 4, 2011. CDC Corporation's plan of reorganisation was approved by the U.S. Bankruptcy Court for the Northern District of Georgia on September 6, 2012. From 1984 to 1997, he was group managing director of Lam Soon Hong Kong Group. Raymond K. F. Ch'ien also serves as chairman of the boards of directors of MTR Corporation Limited and Hang Seng Bank Limited. He is also a member of the board of directors of the Hong Kong and Shanghai Banking Corporation Limited, China Resources Power Holdings Company Limited, The Wharf (Holding) Limited, UGL Limited and the Hong Kong Mercantile Exchange Limited. In addition, Raymond K. F. Ch'ien holds positions in several public service institutions. He is a member of the Economic Development Commission of the Hong Kong SAR Government, the honorary president of the Federation of Hong Kong Industries and a member of the Standing Committee of the Tianjin Municipal Committee of the Chinese People's Political Consultative Conference. He became a trustee of the University of Pennsylvania in 2006. Raymond K. F. Ch'ien studied at Rockford College and the University of Pennsylvania, graduating with a PhD in economics in 1978.

Mary Francis, Non-executive and independent director. Mary Francis, a British citizen born in 1948, was elected to the Board of Directors in April 2013. Mary Francis is senior independent director of Centrica plc, a member of the board of directors of Enso plc and a senior advisor to Chatham House. Formerly, she was a member of the boards of directors of the Bank of England, Aviva plc, Alliance & Leicester plc, Cable & Wireless Communications plc and St Modwen Properties plc. From 1999 to 2005, Mary Francis was director general of the Association of British Insurers. Prior to this she held several senior positions with the UK Civil Service, including as deputy private secretary to the Queen (1995-1999), private secretary to the Prime Minister (1992-1995) and financial counsellor at the British Embassy in Washington DC (1990-1992). Mary Francis has a Master of Arts degree from Newnham College, University of Cambridge.

Rajna Gibson Brandon, Non-executive and independent director. Rajna Gibson Brandon, a Swiss citizen born in 1962, was elected to SRZ's board of directors in June 2000 and joined the Board of Directors in 2011 (upon the formation of SRL). Rajna Gibson Brandon is a professor of finance at the University of Geneva and director of the Geneva Finance Research Institute. She was a professor of financial economics at the University of Zurich from 2000 to 2008 and was previously a professor of finance at the University of Lausanne from 1991 to 2000. She is a deputy director of the National Centre of Competence in Research (NCCR) "Financial Valuation and Risk Management" research network, director of research of the Swiss Finance Institute (SFI) and a board member of Banque Privée Edmond de Rothschild S.A. She was a member of the Swiss Federal Banking Commission from 1997 until the end of 2004. Rajna Gibson Brandon studied business and economics at the University of Geneva, graduating with a BA in 1982 and a PhD in economics and social sciences in 1987.

C. Robert Henrikson, Non-executive and independent director. C. Robert Henrikson, an American citizen born in 1947, was elected to the Board of Directors in April 2012. He served as chairman of the board of MetLife, Inc. from April 2006 to December 2011, and was MetLife's chief executive officer from March 2006 through April 2011 having previously held various senior positions in Metlife, including becoming chief operating officer in 2004. C. Robert Henrikson is a member of the board of directors of Invesco Ltd. He is a former member of the President's Export Council, the principal U.S. national advisory committee on international trade. C. Robert Henrikson is former chairman of the American Council of Life Insurers, a former chairman of the Financial Services Forum, a director emeritus of the American Benefits Council and chairman of the Wharton School's S.S. Huebner Foundation for Insurance Education. He also serves on the board of trustees of Emory University. C. Robert Henrikson received a bachelor's degree from the University of Pennsylvania and a law degree from Emory University School of Law.

Trevor Manuel, Non-executive and independent director. Trevor Manuel was a minister in the South African government for more than 20 years, serving under Presidents Mandela, Mbeki, Molanthe and Zuma and was elected to the Board of Directors in April 2015. He served as Finance Minister from 1996 to 2009. Before his retirement from public office in 2014, he was Minister in the presidency responsible for South Africa's National Planning Commission. Throughout his career, he assumed a number of ex officio positions on international bodies, including the United Nations Commission for Trade and Development (UNCTAD), the World Bank, the International Monetary Fund, the G20, the African Development Bank and the Southern Africa Commission, Global commission on Growth and Development, Global Ocean Commission, and the New Climate Economy. Trevor Manuel is a member of the Board of Directors of SABMiller plc, member of the International Advisory Board of Rothschild Group, Deputy Chairman of Rothschild South Africa, Chancellor of the Cape Peninsula University of Technology, Professor Extraordinaire at the University of Johannesburg and Trustee of the Allan Gray Orbis Foundation Endowment. Trevor Manuel is a South African citizen born in 1956. He holds a National Diploma in Civil and Structural Engineering from the Penninsula Technikon, South Africa, and completed an Executive Management Programme at the Stanford University, USA.

Hans Ulrich Maerki, Non-executive and independent director. Hans Ulrich Maerki, a Swiss citizen born in 1946, was elected to the SRZ board of directors in 2007 and joined the Board of Directors in 2011 (upon the formation of SRL). Hans Ulrich Maerki joined IBM Switzerland in 1973. After some years in the sales area, he was promoted to a number of managerial positions in IBM's Paris European Headquarters as well as in IBM Switzerland. From 1993 to 1995, he led IBM's business in Switzerland as general manager, before moving to IBM Europe in Paris to build the largest IT services business in the market. In August 2001, he was appointed chairman of the board of directors of IBM EMEA. From 2003 to 2005 he was also chief executive officer of IBM EMEA. He retired from IBM after 35 years of service in April 2008. He is a member of the board of directors of ABB Ltd, Mettler-Toledo International and the Menuhin Festival AG Gstaad. He serves on the foundation board of Schulthess-Klinik in Zurich, on the board of trustees of the Hermitage Museum in St. Petersburg, as well as on the international advisory boards of the Ecole des Hautes Etudes Commerciales (EDHEC) Paris, the IESE Business School University of Navarra (IESE) and Bocconi University in Milan. He is currently a Senior Fellow of Advanced Leadership at Harvard University. Hans Ulrich Maerki graduated with a master's degree in business administration from the University of Basel in 1972.

Carlos E. Represas, Non-executive and independent director. Carlos E. Represas, a Mexican citizen born in 1945, was elected to the SRZ board of directors in April 2010 and joined the Board of Directors in 2011 (upon the formation of SRL). Carlos E. Represas was chairman of the board of Nestlé Group Mexico from 1983 to 2010. He also serves on the boards of directors of Bombardier Inc. and Merck & Co. Inc., and on the board of the Mexican Health Foundation A.C. Furthermore, he is chairman of the board of trustees of the National Institute of Genomic Medicine in Mexico, president of the Mexico Chapter of the Latin American Chamber of Commerce in Switzerland, and a member of the Latin America Business Council (CEAL). Between 1968 and 2004, Carlos E. Represas held various senior positions at Nestlé in the United States, Latin America and Europe. He was executive vice president and also head of the Americas of Nestlé S.A. from 1994 to 2004. Carlos E. Represas studied economics at the National University of Mexico and industrial economics at the National Polytechnic Institute, Mexico. He completed further studies in the areas of finance, marketing and management in the United States and in Switzerland.

Jean-Pierre Roth, Non-executive and independent director. Jean-Pierre Roth, a Swiss citizen born in 1946, was elected to the SRZ board of directors in April 2010, with effect from July 1, 2010, and joined the Board of Directors in 2011 (upon the formation of SRL). Jean-Pierre Roth is chairman of the board of directors of Geneva Cantonal Bank. In addition, he serves on the boards of directors of Nestlé S.A. and Swatch Group AG. Jean-Pierre Roth was chairman of the governing board of the SNB from January 2001 until December 2009. He

joined the SNB in 1979, where he held various senior positions before he was appointed a member of the governing board in 1996. From 2001, he was a member, and from 2006, chairman, of the board of directors of the Bank for International Settlements, until his retirement from this position in 2009. Jean-Pierre Roth also served as Swiss Governor of the International Monetary Fund from 2001 to 2009 and as a Swiss representative on the Financial Stability Board from 2007 to 2009. Jean-Pierre Roth studied economics at the University of Geneva and graduated from the Graduate Institute of International Studies (Institut Universitaire de Hautes Etudes Internationales) with a PhD in political sciences in 1975.

Philip K. Ryan, Non-executive and independent director. Philip K. Ryan, a U.S. citizen born in 1956, was elected to the Board of Directors in April 2015. He has held various positions with Credit Suisse from 1985 to 2008, including as Chairman of the Financial Institutions Group (UK), Chief Financial Officer of Credit Suisse Group (Switzerland), Chief Financial Officer of Credit Suisse Asset Management (UK) and Managing Director of CSFB Financial Institutions Group (USA/UK). Mr. Ryan was Chief Financial Officer of the Power Corporation of Canada from January 2008 until May 2012. In that capacity, he was a director of IGM Financial Inc., Great-West Lifeco Inc., and several of their subsidiaries, including Putnam Investments. Mr. Ryan is a Chairman of Swiss Re America Holding Corporation, the holding company for Swiss Re's U.S. reinsurance operations. Mr. Ryan earned an MBA from the Kelly School of Business, Indiana University and a Bachelor of Industrial Engineering from the University of Illinois. He currently serves as a member of the board of directors of Medley Management, Inc., Advisory Board member of NY Green Bank, Adjunct Professor at NYU Stern School of Business and member of the Smithsonian National Board.

Susan L. Wagner, Non-executive and independent director. Susan L. Wagner, a U.S. citizen born in 1961, was elected to the Board of Directors in April 2014. She is a co-founder and director of BlackRock, where she served as vice chairman and a member of the global executive and operating committees before retiring in mid-2012. Over the course of her nearly 25 years at BlackRock, Ms. Wagner served as chief operating officer, head of strategy, corporate development, investor relations, marketing and communications, alternative investments and international client businesses. She led the firm's strategic initiatives, including its IPO, acquisitions and joint ventures. Ms. Wagner was named among Fortune magazine's "50 Most Powerful Women in Business," included on similar lists published by the Financial Times and Crain's New York, and honoured by the National Council for Research on Women. She also served as global executive sponsor of, and as a director continues to support, BlackRock's Women's Initiative Network. Ms. Wagner assisted in writing and editing Conversations with Economists, which was named one of the ten best business and economics books published in 1984 by both Business Week and Forbes. She graduated magna cum laude from Wellesley College with a BA in English and economics, and earned an MBA in finance from the University of Chicago. Ms. Wagner currently serves on the boards of BlackRock, DSP BlackRock (India), Wellesley College and the Hackley School.

Our Executive Committee is constituted as follows[(1)]:

Name	Birth Year	Position
Michel M. Liès	1954	Group Chief Executive Officer
David Cole	1961	Group Chief Financial Officer
John R. Dacey	1960	Group Chief Strategy Officer
Guido Fürer	1963	Group Chief Investment Officer
Patrick Raaflaub	1965	Group Chief Risk Officer
Agostino Galvagni	1960	Chief Executive Officer Corporate Solutions
Jean-Jacques Henchoz	1964	Chief Executive Officer Reinsurance EMEA
Christian Mumenthaler	1969	Chief Executive Officer Reinsurance
Moses Ojeisekhoba	1966	Chief Executive Officer Reinsurance Asia
J. Eric Smith	1957	Chief Executive Officer Swiss Re Americas
Matthias Weber	1961	Group Chief Underwriting Officer
Thomas Wellauer	1955	Group Chief Operating Officer

(1) Thierry Léger will serve as chief executive officer of Swiss Re Life Capital Ltd effective January 1, 2016.

The business address of the members of the Group EC is Mythenquai 50/60, 8022 Zurich, Switzerland.

Biographical Information

Michel M. Liès, Group Chief Executive Officer. Michel M. Liès, a citizen of Luxembourg born in 1954, was appointed Group CEO effective February 1, 2012. From the beginning of 2011 until he became Group CEO,

Mr. Liès was Chairman Global Partnerships, a position outside the Group Executive Committee that was established to foster relationships in areas of the public sector, governments and non-government organisations. Prior to that time, Mr. Liès was a member of the Group Executive Committee and Head Client Markets since September 2005. Before that, he was Head of the Europe Division within the Property & Casualty Business Group (from April 2000) and head of the Latin America Division (from July 1998 to March 2000). Mr. Liès joined Swiss Re's Life department in 1978. Based in Zurich, he first covered the Latin American market. From 1983 to 1993, he was responsible for the life and health business in France and the countries of the Iberian Peninsula and coordinated Swiss Re's life strategy in the European Community member states. In 1994, he transferred to the non-life sector of our Southern Europe/Latin America department, where he was initially responsible for the Spanish market. Mr. Liès was appointed head of the Southern Europe/Latin America department in 1999. He is a member of the boards of Fördergesellschaft des Instituts für Versicherungswirtschaft (St Gallen), the Geneva Association, the Global Risk Forum, the Insurance Europe's Reinsurance Advisory Board, the IMD Foundation Board, the Pan-European Insurance Forum (PEIF) and the Swiss American Chamber of Commerce. He is also a voting member of the Conference Board. Mr. Liès holds a degree in mathematics from the Swiss Federal Institute of Technology (ETH) in Zurich and has completed the Stanford Executive Program at Stanford University and the Senior Executive Program at Harvard University.

David Cole, Group Chief Financial Officer. David Cole, a Dutch and American citizen born in 1961, holds a Bachelor of Business Administration from the University of Georgia and an International Business degree from the Nijenrode Universiteit in the Netherlands. David Cole joined Swiss Re on November 1, 2010 as Chief Risk Officer from ABN AMRO Holding, where he was, until April 2010, chief financial officer and chief risk officer and member of the board of managing directors. He started his career in 1984 with ABN AMRO in Amsterdam and held a series of credit and relationship management positions in New York, Houston, Chicago and Amsterdam before being appointed executive vice president and regional head of Risk Management for Latin America in 1999, based in São Paulo, Brazil. In 2001, he returned to Amsterdam to assume corporate centre responsibility for Credit Portfolio Management within Group Risk Management. In 2002, David Cole became chief financial officer of wholesale clients ("WCS") change management and in 2004 he was appointed senior executive vice president and chief operating officer of WCS. In January 2006, he was appointed head of Group Risk Management for ABN AMRO Bank and in 2008 chief financial officer and chief risk officer. He was appointed the Group Chief Financial Officer with effect from May 1, 2014.

John R. Dacey, Group Chief Strategy Officer. John R. Dacey, an American citizen born in 1960, was appointed to the Group Executive Committee as Group Chief Strategy Officer, as well as Chairman of Admin Re®, effective November 1, 2012 (and served in the latter capacity until the summer of 2015). He joined Swiss Re on October 1, 2012 from AXA, where he was group regional CEO and group vice-chairman for Asia-Pacific, as well as member of AXA's group executive committee. John R. Dacey joined AXA in 2007. Prior to joining AXA, he had been chief strategy officer and a member of the risk committee and investment committee at Winterthur Insurance from 2005. From 2000 until 2004, John R. Dacey was Winterthur's chief financial officer and a member of both the Winterthur group executive board and Credit Suisse's risk committee. He joined Winterthur Insurance in 1998 as head of corporate development. From 1990 to 1998, he was a consultant and subsequently partner at McKinsey & Company. John R. Dacey holds a master's degree in Public Policy from the Kennedy School at Harvard University and a Bachelor of Arts in Economics from the Washington University St Louis.

Guido Fürer, Group Chief Investment Officer. Guido Fürer, a Swiss citizen born in 1963, was appointed to the Group Executive Committee as Group Chief Investment Officer effective November 1, 2012. In addition, Guido Fürer is Head Asset Management Reinsurance. Previously, he was Head CIO Office and a member of our Group Management Board with responsibility for Global Asset Allocation, Portfolio Steering and Portfolio Analytics. Prior to these roles, he worked for Swiss Re Capital Partners from 2001 to 2004 with responsibility for European strategic participations. Guido Fürer joined Swiss Re in 1997 as a Managing Director in the New Markets division, focusing on Alternative Risk Transfer. Prior to joining Swiss Re, he worked for eight years in leading positions for Swiss Bank Corporation/O'Connor & Associates in options trading and structured capital market transactions in Chicago, New York, London and Zurich. Guido Fürer earned a Master in Economics and a PhD in Financial Risk Management from the University of Zurich and an Executive MBA from INSEAD.

Patrick Raaflaub, Group Chief Risk Officer. Patrick Raaflaub, a Swiss citizen born in 1965, was appointed to the Group Executive Committee as Group Chief Risk Officer effective September 1, 2014. Prior to joining Swiss Re, he was the chief executive officer of FINMA from 2008, where he was responsible for integrating three formerly separate regulatory bodies into one, while navigating the new authority through the 2008 global financial crisis and its aftermath. Patrick Raaflaub had previously been with Swiss Re since 1994. His last

position before joining FINMA was Head of Group Capital Management, where he was responsible for the capital management at Group level and global regulatory affairs. Before this, he served as Regional Chief Financial Officer Europe and Asia from 2005 to 2006, Head of Finance Zurich from 2003 to 2005, Divisional Controller Americas Division from 2000 to 2003 and Chief Financial Officer of Swiss Re Italia SpA from 1997 to 2000. Patrick Raaflaub also was a research fellow at the University of St. Gallen and briefly worked for Credit Suisse and a consulting start-up. He holds a PhD from the University of St. Gallen.

Agostino Galvagni, Chief Executive Officer Corporate Solutions. Agostino Galvagni, an Italian citizen born in 1960, graduated with a master's degree in economics from the Università Commerciale Luigi Bocconi in Milan and then joined Bavarian Re, Munich, as a trainee in 1985. After undertaking various activities in the fields of underwriting and marketing as well as project work, he joined Swiss Re New Markets, New York, in 1998, structuring and marketing insurance-linked and asset-backed securities. He returned to Bavarian Re in 1999 as a member of the board of management. In 2001, he joined SRZ, as Head of the Globals Business Unit and member of the Europe Division Executive Team. He was appointed to SRZ's Executive Board with effect from September 2005 to head the Globals & Large Risks division within Client Markets and was appointed Chief Operating Officer of Swiss Re and member of SRZ's Executive Committee as of May 2009. Agostino Galvagni was appointed CEO of Corporate Solutions with effect from October 1, 2010.

Jean-Jacques Henchoz, Chief Executive Officer Reinsurance EMEA. Jean-Jacques Henchoz, a Swiss citizen born in 1964, was appointed to the Group Executive Committee as Regional President EMEA, effective January 1, 2012. He started his career in 1988 and held various roles at the Swiss Federal Department of Economic Affairs, and the European Bank for Reconstruction and Development (EBRD). From 1995 to 1996 he was business development manager at SGS Société Générale de Surveillance. Jean-Jacques Henchoz joined Swiss Re in 1998, serving in several underwriting roles in the SRL Europe Division. In 2003 he became Head of Strategy for Swiss Re's Property & Casualty business, before he was appointed Chief Executive Officer of Swiss Re Canada and the English Caribbean markets in 2005. Jean-Jacques Henchoz was appointed Head of Swiss Re's EMEA Division and became a member of the Swiss Re Group Management Board as of March 1, 2011. Jean-Jacques Henchoz holds a degree in political science from the University of Lausanne and an MBA from the International Institute for Management Development (IMD), Lausanne.

Christian Mumenthaler, Chief Executive Officer Reinsurance. Christian Mumenthaler, a Swiss citizen born in 1969, received a PhD in Molecular Biology and Biophysics at the Swiss Federal Institute of Technology (ETH) in Zurich. He started his professional career in 1997 as an associate at the Boston Consulting Group before joining Swiss Re in 1999 as a manager in Group Strategic Planning. In 2002, he established and became Head of the new Group Retro and Syndication. He was appointed Head of Life & Health in the (Re)Insurance Products area in September 2007 and was a member of SRZ's Management Board. He also served as Group Chief Risk Officer of Swiss Re with effect from January 1, 2005 to the end of 2007. He was appointed to SRZ's Executive Committee as Chief Marketing Officer Reinsurance effective January 1, 2011. Effective October 21, 2011, he became Chief Executive Officer of the Reinsurance Business Unit. His commitments in organisations outside Swiss Re include board membership in the International Risk Governance Council (IRGC) and in the Sustainability Forum Zürich (TSF).

Moses Ojeisekhoba, Chief Executive Officer Reinsurance Asia. Moses Ojeisekhoba, a Nigerian and American citizen born in 1966, was appointed to the Group Executive Committee as CEO Reinsurance Asia and Regional President Asia, effective March 15, 2012. He joined Swiss Re from Chubb Group of Insurance Companies where he had been the head for Asia-Pacific since 2009. He spent 16 years with Chubb in various roles in the United States, Europe and Asia. Prior to that, he worked with Unico American Corporation and Prudential in the United States. Moses Ojeisekhoba holds a bachelor's degree in statistics from the University of Ibadan in Nigeria, and a master's degree in management from London Business School.

J. Eric Smith, Chief Executive Officer Swiss Re Americas. J. Eric Smith, an American citizen born in 1957, was appointed to the Group Executive Committee as Regional President Americas effective January 1, 2012. He gained knowledge of the property and casualty business serving in various roles at Country Financial for more than twenty years. As of 2003 he was responsible for the agency business at Allstate Financial Services, before he joined USAA Life Insurance Co. where he was named president in 2010 leading the effort to provide life, health and annuity solutions through the direct channel. In July 2011, J. Eric Smith joined Swiss Re as Chief Executive Officer of Swiss Re Americas and became member of the Group Management Board. J. Eric Smith holds an MBA in strategy, marketing and corporate finance from the Kellogg Graduate School of Management and a bachelors' degree in finance from the University of Illinois.

Matthias Weber, Group Chief Underwriting Officer. Matthias Weber, a Swiss citizen born in 1961, graduated from the Swiss Federal Institute of Technology (ETH) in Zurich with an MS in Physics and a Ph.D. in Natural Sciences. He started his career at Swiss Re in 1992, when he joined the R&D department in Zurich as an expert for natural perils. In 1995, Matthias Weber became Leader of the Storm/Flood Group and Deputy Head of Swiss Re's Cat Perils Department. He contributed to the development of Swiss Re's Cat models and helped perform internal planning and control processes such as the Cat Accumulation Control or CAMARES. In 1997, he supported Swiss Re New Markets in developing Swiss Re's first cat bond. Matthias Weber moved to the Swiss Re Americas Division in 1998 as an expert for international catastrophe perils and, in 1999, assumed responsibility for the Property Underwriting Unit of Global & National. In 2000, he became Regional Executive for the Western Region of the United States, located in San Francisco. From 2001 to 2005, Matthias Weber was responsible for Property Underwriting in US Direct Business Unit, following which he became Head of the Americas Property Hub in Armonk. In September 2008, Matthias Weber was appointed Division Head of Property and Specialty Reinsurance and as a member of SRZ's Management Board. He was appointed to the Group Executive Committee as Group Chief Underwriting Officer effective April 1, 2012.

Thomas Wellauer, Group Chief Operating Officer. Thomas Wellauer, a Swiss citizen born in 1955, holds a PhD in systems engineering from the Swiss Federal Institute of Technology (ETH), as well as a Master of Business Administration from the University of Zurich. He started his career with McKinsey & Company, specializing in the financial services and pharmaceutical industry sectors, and became a partner in 1991 and senior partner in 1996. In 1997, he was named CEO of the Winterthur Insurance Group, which was later acquired by Credit Suisse. At Credit Suisse he was a member of the group executive board, initially responsible for the group's insurance business before becoming CEO of the Financial Services division in 2000. From 2003 to 2006, Thomas Wellauer headed the global turnaround project at Clariant. Subsequently, he joined Novartis as head of Corporate Affairs and became member of the executive committee of Novartis in 2007. From April 2009 until the end of September 2010, he was a member of the supervisory board of Munich Re. Thomas Wellauer was appointed Group Chief Operating Officer of Swiss Re and member of SRZ's Executive Committee with effect from October 1, 2010.

TAXATION

Swiss Taxation

General

This section describes the principal tax consequences under the laws of Switzerland of the acquisition, ownership and sale of Loan Notes for an investor who is a corporate entity and is the one Permitted Non-Qualifying Lender (as defined in the Conditions of the Loan Notes) or a Qualifying Bank (as defined in the Conditions of the Loan Notes). This summary does not address the tax treatment of any other investors.

This summary is based on legislation, regulations and regulatory practices, in each case as of the date of this Information Memorandum, and a tax ruling with the Swiss Federal Tax Administration, and does not aim to be a comprehensive description of all the Swiss tax considerations that may be relevant to a decision to invest in Loan Notes.

Potential investors are advised not to rely upon the tax summary contained in this Information Memorandum but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, ownership and sale of, and other events in relation to, Loan Notes. Only these advisers are in a position to duly consider the specific situation of the potential investor. The tax treatment of Loan Notes depends on the individual tax situation of the relevant investor and may be subject to change.

Swiss Federal Withholding Tax

According to current Swiss tax law and the present practice of the Swiss Federal Tax Administration, payments by the Issuer of interest on, and repayment of principal of, the Loan Notes, will not be subject to Swiss federal withholding tax (*Verrechnungssteuer*) (currently levied at a rate of 35%), *provided* that the aggregate number of Loan Noteholders who are not Qualifying Banks (as defined in the Conditions) will not at any time while any Loan Notes are outstanding exceed ten (Ten Non-Bank Rule, as defined in the Conditions), and the aggregate number of lenders to the Issuer (including Loan Noteholders) under all of the Issuer's financial debt (including Loan Notes) who are not Qualifying Banks will not at any time while any Loan Notes are outstanding exceed twenty (Twenty Non-Bank Rule, as defined in the Conditions).

Paragraph (i) of Condition 1 requires the Issuer to comply at all times while any Loan Notes are outstanding with the Non-Bank Rules (as defined in the Conditions) and paragraphs (c), (g) and (h) of Condition 1 require the Loan Noteholders to comply with the restrictions on transfer of Loan Notes, exposure transfers and grants of security which, *inter alia*, restrict the Loan Noteholders to (i) one single Permitted Non-Qualifying Lender and (ii) up to five Qualifying Banks. The Swiss Federal Tax Administration confirmed in a tax ruling that Demeter, who is the initial Permitted Non-Qualifying Lender, counts in respect of the Loan Notes held by it as one single lender only for the purpose of the Non-Bank Rules.

Swiss Federal Stamp Taxes

Subject to the Issuer complying, at all times while any Loan Notes are outstanding, with the Non-Bank Rules (as defined in the Conditions) and, subject to the Issuer and the Loan Noteholders complying with the restrictions on transfer of Loan Notes, exposure transfers and grants of security in paragraphs (c), (g), (h) and (i) of Condition 1, no Swiss federal stamp tax on the turnover of securities will be payable neither on the issuance of the Loan Notes on the Drawing Date nor on any transfer or assignment of Loan Notes thereafter (see "—Swiss Federal Withholding Tax" above for a summary of the restrictions).

Income Taxation on Principal or Interest

(i) Loan Notes held by non-Swiss Loan Noteholders

A Loan Noteholder who is a corporate entity not resident in Switzerland (including Demeter as the single one Permitted Non-Qualifying Lender (as defined in the Conditions)) and who during the taxation year has not engaged in trade or business carried on through a permanent establishment or a fixed place of business in Switzerland to which the Loan Notes are attributable is in respect of such Loan Notes not subject to income tax in Switzerland (see "—Swiss Federal Withholding Tax" above for details relating to the Swiss federal withholding tax).

(ii) Loan Notes held as Swiss business assets

Swiss resident corporate taxpayers and corporate taxpayers resident abroad holding Loan Notes through a permanent establishment in Switzerland are required to recognize payments of interest in respect of the Loan Notes and any capital gain or loss realized on the sale or other disposal of Loan Notes, in each case converted into Swiss francs at the exchange rate prevailing at the time of payment or sale, as applicable, in their income statement, as the case may be, for the permanent establishment in Switzerland, for the respective tax period, and will be taxable on any net taxable earnings, as the case may be, attributable to the permanent establishment Switzerland, for such period.

European Union Taxation

EU Savings Directive

Under the EU Savings Directive, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income made or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

For a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of countries and territories outside the European Union, including Switzerland, have adopted similar measures. A withholding system at a rate of currently 35% in the case of Switzerland with the option of the individual to have the paying agent and the relevant Swiss authorities provide to the tax authorities of the Member State the details of the interest payments or payments of other similar income in lieu of the withholding.

On March 24, 2014, the Council of the European Union adopted the Amending Directive amending and broadening the scope of the requirements described above. The Amending Directive requires Member States to apply these new requirements from January 1, 2017. If the new requirements were to take effect, they would expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities, and also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported or subject to withholding tax. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where a person, entity or arrangement is established or effectively managed outside of the European Union. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where a person, entity or arrangement is established or effectively managed outside of the European Union. In connection with the Amending Directive, Switzerland and the European Community have signed, on May 27, 2015, an amendment protocol to the agreement between the European Community and the Confederation of Switzerland dated as of October 26, 2004, which would introduce, if ratified, an extended automatic exchange of information regime in accordance with the Global Standard released by the OECD Council in July 2014, in lieu of the withholding system, beginning in 2018, and expand the range of payments covered.

However, the European Commission has proposed the repeal of the EU Savings Directive from January 1, 2017 in the case of Austria and from January 1, 2016 in the case of all other Member States (subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). If the proposal to repeal the EU Savings Directive is adopted in its current form, Member States would not be required to apply the new requirements of the Amending Directive. This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under the Amending Cooperation Directive. The Amending Cooperation Directive was adopted to introduce an extended automatic exchange of information regime in accordance with the Global Standard released by the OECD Council in July 2014. The Amending Cooperation Directive requires Member States to adopt national legislation necessary to comply with it by December 31, 2015, which legislation must apply from January 1, 2016 (January 1, 2017 in the case of Austria). The Amending Cooperation Directive is generally broader in scope than the EU Savings Directive, although it does not impose withholding taxes, and provides that to the extent there is overlap of scope, the Amending Cooperation Directive prevails.

If a payment were to be made or collected through a Member State, or a country or territory outside of the European Union that has adopted similar measures, which has opted for a withholding system, including Switzerland, and an amount of, or in respect of, tax were to be withheld from that payment (pursuant to the EU Savings Directive or any other directive or any law or agreement implementing or complying with, or introduced or entered into in order to conform to, the EU Savings Directive), Loan Noteholders will not be entitled to receive any Additional Amounts or recalculated interest to compensate them as a result of any such withholding.

Final Foreign Withholding Taxes

See "Risk Factors—Risks Relating to the Loan Notes—Agreements with the United Kingdom and Austria concerning final foreign withholding taxes (*internationale Quellensteuer*) could impact Loan Noteholders" for a discussion of a possibility that a final foreign withholding tax may apply on payments under the Loan Notes. If final withholding tax were to be deducted or withheld from a payment of interest or capital gain relating to the Loan Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the Conditions, be obligated to pay additional amounts with respect to any Loan Note as a result of the deduction or imposition of such final withholding tax.

Proposed Financial Transaction Tax

On February 14, 2013 the European Commission published the Commission's Proposal for a Directive for a common FTT in the participating Member States. The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in Loan Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Loan Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by January 1, 2016. However, the Commission's Proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional Member States may decide to participate.

United States Taxation

FATCA

See "Risk Factors—Risks Relating to the Loan Notes—There is a possibility of U.S. reporting and withholding tax on payments under the Loan Notes." for a discussion of a possibility that a U.S. withholding tax may apply on payments under the Loan Notes. No additional amounts shall be payable on account of any taxes payable or required to be withheld or deducted pursuant to any U.S. withholding tax that is imposed or collected by reason of FATCA Provisions in accordance with Condition 6 or Condition 9.

TRANSFER RESTRICTIONS

General

Transfers of Loan Notes shall be made in accordance with the provisions of Condition 1. A Loan Note may only be assigned or transferred (a **Transfer** and **Transferred** shall be construed accordingly), in whole or in part, but only if the Transfer is:

(i) subject to the Issuer being notified of the intended Transfer and the Issuer not having objected thereto in writing within 10 Business Days after receipt of such notice of the intended Transfer based on reasonable grounds, to a Qualifying Bank; or

(ii) subject to the Issuer having consented thereto in writing, to the Permitted Non-Qualifying Lender,

provided that there shall at any time be no more than five Qualifying Banks that are Loan Noteholders. Title to the relevant Loan Note passes only on due registration on the Register.

No Loan Noteholder shall at any time enter into any arrangement with any third party under which such Loan Noteholder in a transaction that does not constitute a Transfer, while retaining title to Loan Notes, transfers all or part of its interest in such Loan Notes to that third party, unless under, and throughout the term of, such arrangement:

(i) the relationship between the Loan Noteholder and the third party is that of debtor and creditor (including during the bankruptcy or similar event affecting that Loan Noteholder or the Issuer);

(ii) the third party has no proprietary interest in the benefit of the Loan Notes or in any monies received by the Loan Noteholder under or in relation to the Loan Notes held by that Loan Noteholder; and

(iii) the third party under no circumstances will be subrogated to, or substituted in respect of, the Loan Noteholder's claims under its Loan Notes, or will otherwise have any contractual relationship with, or rights against, the Issuer under or in relation to the Loan Notes.

For the avoidance of doubt, the granting of security in accordance with Condition 1(h) will not be subject to the foregoing limitations.

The Loan Notes will be issued in certificated, registered form, and will bear a legend setting forth the applicable transfer restrictions.

U.S. Securities Law Restrictions

The Loan Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or resold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. The Loan Notes are not being offered in the United States or to U.S. persons.

Restrictions Applicable in the United Kingdom

This Information Memorandum is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005, as amended, (the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Loan Notes and the issue of any securities upon substitution of the Loan Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons").

This Information Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Information Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Restrictions Applicable in Switzerland

The Loan Notes may not be publicly offered, sold, or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland.

Neither this Information Memorandum nor any other offering and marketing material relating to the offering of the Loan Notes, the Loan Notes or the Issuer have been or will be filed with or approved by any Swiss regulatory authority. The Loan Notes themselves are not subject to the supervision by FINMA or any other Swiss regulatory authority, and investors in the Loan Notes will not benefit from protection or supervision by any such authority.

Restrictions Applicable in Other Jurisdictions

The distribution of this Information Memorandum in other jurisdictions may be restricted by law and persons into whose possession this Information Memorandum comes should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of U.S. securities laws or the laws of any such other jurisdictions.

GENERAL INFORMATION

Authorizations

The entry into the Facility (including issuances of Loan Notes under the Facility from time to time) was authorized by SRL by resolutions of the Board of Directors passed on September 10, 2015.

Information on Business Outlook for the Swiss Re Group

Property & Casualty Reinsurance

Excess capital and low loss occurrence led to continuing pressure on property catastrophe rates as anticipated, although the decrease is expected to slow down. For special lines (except marine), continued exposure growth is expected with significant differences in pricing developments by markets and lines of business. Casualty markets remain relatively stable overall. Motor rates are increasing in some countries, mainly the United States. Liability rates remain stable.

Our clients recognize our strengths, allowing us to access business at sustainable rates. This differentiation, in addition to portfolio steering, remain key in this softening rate environment. We believe we are well positioned to support clients in both developed and high growth markets with our expertise, knowledge and services.

Life & Health Reinsurance

The Life & Health Reinsurance business is expected to grow modestly in the medium term. The reinsurance market is expected to grow more slowly than the direct insurance market due to decreasing cession rates in mature markets as primary insurers retain more risk. In addition, in mature markets, the low interest rate environment will continue to have an unfavorable impact on the long-term life business growth for our cedents; cession rates are expected to decrease as primary insurers retain more risk. High growth markets will see stronger increases in life and health businesses and primary insurers' cession rates are expected to be stable. As a result, we expect reinsurance volumes from these markets to be relatively flat in mature markets and to increase in high growth markets.

To manage these challenges, we are pursuing opportunities presented by major demographic and socioeconomic trends, such as the rise of high growth markets, where growth remains dynamic, and in health lines of business. Primary insurers' cession rates are expected to be stable in high growth markets.

We will continue to pursue growth opportunities in high growth markets, respond to the expanding need for health protection driven by ageing societies, and to pursue large transaction opportunities (including longevity deals), all of which we believe will allow us to write new business at attractive returns. We are also improving our capabilities to help close the protection gap. We will continue to ensure that our future new business meets the Swiss Re Group's return on equity hurdle rates.

Corporate Solutions

Prices for commercial insurance are under significant pressure, with some segments operating at unsustainable rate levels. Corporate Solutions has maintained its commitment to underwriting discipline. Corporate Solutions believes that it is well positioned to successfully navigate an increasingly challenging market thanks to its value proposition, strong balance sheet and selective underwriting approach.

Admin Re®

Admin Re® continues to pursue selective growth opportunities in the UK. The recently announced Guardian Group Acquisition is the most recent example of that strategy. Admin Re® may also consider acquisitions outside the United Kingdom that offer a strategic opportunity to further accelerate growth, and expects to monitor market developments, particularly in Germany and the Netherlands, over the next 12 to 18 months. All transactions must meet the Group's investment criteria and hurdle rates. Overall Admin Re® aims to improve efficiency, to achieve capital and tax synergies and to actively manage its asset portfolios and blocks of business. Through these actions Admin Re® aims to generate approximately USD 700 million in cash from the

existing business and, following closing of the Guardian Group Acquisition, we expect Admin Re® to generate a further USD 1 billion from the acquired business, in each case, from 2016 through 2018.

Statement of no material adverse change

There has been no material adverse change in the prospects of SRL since December 31, 2014, the date of its last published audited financial statements. There has been no significant change in the trading position or the financial position of the Swiss Re Group since September 30, 2015, the end of the last financial period for which financial information for the Swiss Re Group has been published.

Litigation

Except as it may otherwise be indicated in this Information Memorandum, we have not been involved in any litigation, governmental, or arbitration proceedings, including any such proceedings which are pending or threatened of which we are aware, during the 12 months preceding the date of these listing particulars which may have, or have had in the recent past, a significant effect on our financial position.

Independent Auditors

Our consolidated financial statements, presented in accordance with U.S. GAAP as of and for the years ended December 31, 2013 and 2014, have been audited by PricewaterhouseCoopers Ltd, Birchstrasse 160, CH-8050 Zurich, as independent auditors, as stated in their reports incorporated by reference in this Information Memorandum.

The audited statutory accounts of SRL presented in accordance with the requirements of Swiss law and SRL's Articles of Association, as of and for the years ended December 31, 2013 and 2014, have been audited by PricewaterhouseCoopers Ltd, Birchstrasse 160, CH-8050 Zurich, as independent auditors, as stated in their reports incorporated by reference in this Information Memorandum.

PricewaterhouseCoopers Ltd is a member of EXPERTsuisse - Swiss Expert Association for Audit, Tax and Fiduciary.

Documents Available for Inspection

Printed copies of this Information Memorandum and the Facility Agreement can be obtained free of charge at the offices of the Agent at One Canada Square, London E14 5AL, United Kingdom.

Copies of our latest and future published audited consolidated financial statements and interim financial statements (currently, quarterly), and SRL's Articles of Association can be downloaded from the website www.swissre.com, following the link to "Investors – Financial information" and "About us – Corporate governance – Corporate regulations," respectively. Except as set forth in "Financial and Other Information Included or Incorporated by Reference in this Information Memorandum," no information contained on the Swiss Re Group web site, or on any other web site, is incorporated herein by reference.

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