
1999 ISDA

Credit Derivatives

Definitions

ISDA[®]

**INTERNATIONAL SWAPS AND DERIVATIVES
ASSOCIATION, INC.**

Copyright © 1999 by

**INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION, INC.
600 Fifth Avenue, 27th Floor
Rockefeller Center
New York, N.Y. 10020-2302**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION TO THE 1999 ISDA CREDIT DERIVATIVES DEFINITIONS	v

ARTICLE I

CERTAIN GENERAL DEFINITIONS

Section 1.1.	Credit Derivative Transaction	1
Section 1.2.	Confirmation	1
Section 1.3.	Term	1
Section 1.4.	Effective Date	1
Section 1.5.	Trade Date	1
Section 1.6.	Scheduled Termination Date	1
Section 1.7.	Termination Date	1
Section 1.8.	Event Determination Date	1
Section 1.9.	Notice Delivery Period	2
Section 1.10.	Grace Period Extension Date	2
Section 1.11.	Grace Period; Grace Period Business Day	2
Section 1.12.	Potential Failure to Pay	3
Section 1.13.	Calculation Agent	3
Section 1.14.	Calculation Agent City	3
Section 1.15.	Business Day	3
Section 1.16.	Calculation Agent City Business Day	3
Section 1.17.	ISDA Master Agreement	4
Section 1.18.	Buyer	4
Section 1.19.	Seller	4

ARTICLE II

GENERAL TERMS RELATING TO CREDIT DERIVATIVE TRANSACTIONS

Section 2.1.	Reference Entity	4
Section 2.2.	Successor	4
Section 2.3.	Reference Obligation	4
Section 2.4.	Reference Price	4
Section 2.5.	Fixed Amount	4
Section 2.6.	Fixed Rate Payer	4
Section 2.7.	Fixed Rate Payer Calculation Amount	4
Section 2.8.	Fixed Rate Payer Period End Date	4
Section 2.9.	Fixed Rate Payer Calculation Period	5
Section 2.10.	Fixed Rate Payer Payment Date	5
Section 2.11.	Business Day Convention	5
Section 2.12.	Floating Rate Payer	5
Section 2.13.	Floating Rate Payer Calculation Amount	5
Section 2.14.	Obligation	6

Section 2.15.	Deliverable Obligation.....	6
Section 2.16.	Excluded Obligation	6
Section 2.17.	Excluded Deliverable Obligation.....	6
Section 2.18.	Method for Determining Obligations	6
Section 2.19.	Method for Determining Deliverable Obligations	8
Section 2.20.	Interpretation of Provisions	10
Section 2.21.	Qualifying Participation Seller.....	10
Section 2.22.	Participation	10
Section 2.23.	Sovereign	11
Section 2.24.	Sovereign Agency	11
Section 2.25.	Supranational Organization.....	11
Section 2.26.	Domestic Currency.....	11
Section 2.27.	Substitute Reference Obligation	11
Section 2.28.	Merger of Reference Entity and Seller	12

ARTICLE III

CONDITIONS TO PAYMENT

Section 3.1.	Payment.....	13
Section 3.2.	Conditions to Payment	13
Section 3.3.	Credit Event Notice.....	13
Section 3.4.	Notice of Intended Physical Settlement	14
Section 3.5.	Publicly Available Information.....	14
Section 3.6.	Notice of Publicly Available Information	15
Section 3.7.	Public Source	15
Section 3.8.	Specified Number	15
Section 3.9.	Requirements Regarding Notices.....	15

ARTICLE IV

CREDIT EVENTS

Section 4.1.	Credit Event	16
Section 4.2.	Bankruptcy	16
Section 4.3.	Obligation Acceleration	16
Section 4.4.	Obligation Default.....	17
Section 4.5.	Failure to Pay	17
Section 4.6.	Repudiation/Moratorium.....	17
Section 4.7.	Restructuring.....	17
Section 4.8.	Certain Definitions Relating to Credit Events	18
Section 4.9.	Obligation Exchange	18

ARTICLE V

FIXED AMOUNTS

Section 5.1.	Calculation of Fixed Amount.....	19
--------------	----------------------------------	----

Section 5.2.	Fixed Rate	19
Section 5.3.	Fixed Rate Day Count Fraction.....	19
Section 5.4.	Relating Fixed Rate Payer Payments to Fixed Rate Payer Calculation Periods	20

ARTICLE VI

GENERAL TERMS RELATING TO SETTLEMENT

Section 6.1.	Settlement Method	20
Section 6.2.	Settlement Date	20
Section 6.3.	Settlement Currency	20

ARTICLE VII

TERMS RELATING TO CASH SETTLEMENT

Section 7.1.	Cash Settlement	21
Section 7.2.	Cash Settlement Date	21
Section 7.3.	Cash Settlement Amount	21
Section 7.4.	Final Price	21
Section 7.5.	Valuation Date	21
Section 7.6.	Quotation Method	22
Section 7.7.	Market Value	22
Section 7.8.	Quotation.....	22
Section 7.9.	Full Quotation	23
Section 7.10.	Weighted Average Quotation	23
Section 7.11.	Valuation Method	23
Section 7.12.	Quotation Amount	25
Section 7.13.	Minimum Quotation Amount	25
Section 7.14.	Valuation Time	25
Section 7.15.	Dealer	25
Section 7.16.	Representative Amount	25

ARTICLE VIII

TERMS RELATING TO PHYSICAL SETTLEMENT

Section 8.1.	Physical Settlement	25
Section 8.2.	Deliver	26
Section 8.3.	Physical Settlement Date	26
Section 8.4.	Physical Settlement Amount	26
Section 8.5.	Physical Settlement Period	26
Section 8.6.	Portfolio	26
Section 8.7.	Due and Payable Amount	27
Section 8.8.	Currency Amount	27
Section 8.9.	Currency Rate	27
Section 8.10.	Escrow	27

ARTICLE IX

ADDITIONAL REPRESENTATIONS AND AGREEMENTS OF THE PARTIES

Section 9.1. Additional Representations and Agreements of the Parties 27
Section 9.2. Obligation Guarantor 29
Section 9.3. Additional Representations and Agreements for Physical Settlement 29
Section 9.4. Partial Cash Settlement Due to Impossibility or Illegality 30
Section 9.5. Partial Cash Settlement of Assignable Loans or Consent
Required Loans 31
Section 9.6. Partial Cash Settlement of Assignable Loans 31
Section 9.7. Partial Cash Settlement of Participations 32
Section 9.8. Latest Permissible Physical Settlement Date 32
Section 9.9. Partial Cash Settlement Terms 32

ARTICLE X

DISPUTE RESOLUTION

Section 10.1. ISDA Dispute Resolution Guidelines 35
Section 10.2. Resolution of Disputes Concerning Certain Determinations by the
Calculation Agent 35

EXHIBIT

Sample Form of Confirmation..... 37

INTRODUCTION TO THE 1999 ISDA CREDIT DERIVATIVES DEFINITIONS

The 1999 ISDA Credit Derivatives Definitions (the “Definitions”) are intended for use in confirmations of individual transactions (“Confirmations”) governed by agreements such as the 1992 ISDA Master Agreements published by the International Swaps and Derivatives Association, Inc. (“ISDA”). Copies of the ISDA Master Agreements are available from the executive offices of ISDA. A sample form of Confirmation for use with the Definitions is attached as an Exhibit to these Definitions.

The Definitions are primarily an expansion and revision of the 1998 Confirmation of OTC Credit Swap Transaction (Single Reference Entity, Non-Sovereign) (the “Long Form Confirmation”). They provide the basic framework for the documentation of certain privately negotiated credit derivative transactions. For ease of use, certain sections of the Definitions provide fallback provisions that will apply to a transaction if the parties do not specify otherwise in the Confirmation.

As in the case of other product-specific definitions published by ISDA, parties using these Definitions to document privately negotiated credit derivative transactions may adapt or supplement the standard provisions set out in these Definitions in accordance with the specific economic terms agreed between the parties to the relevant transaction.

The provisions of these Definitions were developed by a working group of ISDA member institutions, including most of the leading participants in the privately negotiated credit derivatives market. The Definitions were developed by the working group based, as far as possible, on market practice in that market. Inevitably, in certain areas, market practice has not been uniform. Each member of the working group has, where appropriate, sought the views of its own trading, operational, legal, credit, compliance and other relevant personnel. None of this, however, obviates the need for each user of these Definitions to review the provisions of these Definitions carefully and to exercise its own independent judgment on the appropriateness of these Definitions for use in documenting privately negotiated credit derivative transactions.

These Definitions principally contemplate credit derivative transactions that reference loans or bonds, and may not contain all the necessary provisions for credit derivative transactions that reference or permit delivery of swaps or certain other payment obligations. These Definitions do not attempt to cover every type of credit derivative transaction that has or may be entered into. Parties may, however, find these Definitions a useful starting point when drafting a Confirmation for a product type not directly covered by these Definitions including, for example, credit derivative transactions that reference baskets of Reference Entities, total-return swaps or credit-linked notes. ISDA will consider developing supplements to these Definitions to address other types of credit derivative transactions.

ISDA has provided these Definitions to assist the smooth and efficient functioning of the credit derivatives market by providing a common set of terms for parties to use in preparing Confirmations for privately negotiated credit derivative transactions. *However, the precise documentation of each individual transaction remains the responsibility of the parties concerned. ISDA assumes no responsibility for any use*

to which these Definitions may be put, including, without limitation, any use of these Definitions in connection with any privately negotiated credit derivative transaction. Each party to a transaction evidenced by a Confirmation referring to or incorporating these Definitions must satisfy itself that the Definitions are appropriate for the transaction, have been properly used and/or adapted in the Confirmation for the transaction and that the Confirmation has generally been properly drafted, in each case, to reflect the commercial intentions of the parties.

PRACTICE NOTES

The following practice notes briefly discuss certain issues of which parties should be aware when using the Definitions to document Credit Derivative Transactions (as defined). Along with the publication of these Definitions, ISDA is commencing work on a User's Guide to the Definitions that will contain a complete discussion of these issues and the Definitions in their entirety.

- **Materiality.** The Definitions do not contain any provisions comparable to the materiality provisions contained in the Long Form Confirmation. Incorporation of the Materiality Condition to Payment into a credit derivative transaction can be achieved by incorporating the 1999 ISDA Credit Derivatives Definitions Materiality Annex into a Confirmation (the "Materiality Annex"). The Materiality Annex is available on ISDA's web site (www.isda.org) and will also be published in the User's Guide to the Definitions.
- **Downgrade and Credit Event Upon Merger.** The Definitions do not contain provisions comparable to the Downgrade or Credit Event Upon Merger Credit Events (or provisions related to such Credit Events) that were contained in the Long Form Confirmation. Experience with the Long Form Confirmation indicated that the Downgrade and Credit Event Upon Merger Credit Events were employed in relatively few credit derivative transactions. Provisions comparable to the Downgrade provisions appearing in the Long Form Confirmation will be included in the User's Guide to the Definitions.
- **Grace Period Extension.** The Grace Period Extension provisions in the Definitions have relatively limited application. They are applicable only in the context of the Failure to Pay Credit Event. The provisions address situations where a Potential Failure to Pay occurs in advance of the Scheduled Termination Date but, due to the length of the grace period associated with the relevant Obligation, any actual Failure to Pay would not occur until after the Scheduled Termination Date. The effect of specifying Grace Period Extension as applicable in a Confirmation is to extend the period during which such Failure to Pay Credit Event can occur and to extend the Notice Delivery Period in respect of such Failure to Pay (which would otherwise run to fourteen calendar days after the Scheduled Termination Date) to fourteen calendar days after the Grace Period Extension Date. Grace Period Extension may be regarded appropriate only for Credit Derivative Transactions involving narrow protection on specifically identified Obligations where the parties need the timing of the protection to match the term of such Obligations (including any grace periods). Where parties select a general Obligation Category rather than specifically identifying an Obligation or Obligations, care should be taken to review the terms of each obligation within such Obligation Category to identify all applicable Grace Periods. It should be noted that the Grace Period Extension provisions will not apply unless specified as applicable in a related Confirmation.

- Minimum Grace Period.** One of the effects of Section 1.11 of the Definitions (Grace Period; Grace Period Business Day) is to introduce the concept of a minimum grace period with respect to a Failure to Pay Credit Event. This concept was not contained in the Long Form Confirmation. In effect, Obligations which, at the later of the Trade Date and the date as of which they are issued or incurred, do not provide for a grace period with respect to payments or provide for a grace period with respect to payments of less than three Grace Period Business Days, will be deemed to provide for a grace period of three Grace Period Business Days. Unless Grace Period Extension is specified as applicable in the related Confirmation, this deemed minimum grace cannot expire later than the Scheduled Termination Date and, so, may be shorter than three Grace Period Business Days in relation to failures to make relevant payments close to the Scheduled Termination Date. The purpose of the concept is to reduce the likelihood that, with respect to Obligations having no grace period or a very short grace period, a Failure to Pay Credit Event will be triggered during the term of the Credit Derivative Transaction by a failure to make a relevant payment for administrative reasons or other reasons that do not reflect upon the creditworthiness or financial condition of the Reference Entity. A significant proportion of the practitioners who developed the Definitions considered this concept to be appropriate, given the nature and purpose of credit default products.
- Obligations and Deliverable Obligations.** The Definitions provide a method for the parties to define Obligations or Deliverable Obligations of a Reference Entity by selecting an Obligation/Deliverable Obligation Category and any desired Obligation/Deliverable Obligation Characteristics in the related Confirmation. In the Confirmation set out in the Exhibit to the Definitions, the selection of an Obligation/Deliverable Obligation Category and Obligation/Deliverable Obligation Characteristics is achieved by means of ticking the box next to the relevant selection. This is a new approach to the completion of an ISDA confirmation and, although it is hoped that the suggested approach is helpful, some parties may prefer not to adopt a “tick the box” approach and, instead, list the applicable Obligation/Deliverable Obligation Category and Obligation/Deliverable Obligation Characteristics separately. Either approach would work under the Definitions. Parties should specify only one Obligation/Deliverable Obligation Category, for example, “Bond”, and may further specify one or more desired Obligation/Deliverable Obligation Characteristics, for example, “Pari Passu Ranking”, “Specified Currency” or “Not Sovereign Lender” as applicable to an Obligation/Deliverable Obligation Category.

It is particularly important that only one Obligation Category and, if Physical Settlement applies, only one Deliverable Obligation Category be selected in respect of each Credit Derivative Transaction. The appropriate choice of Obligation/Deliverable Obligation Characteristics will, in many cases, depend on the specified Obligation/Deliverable Obligation Category. Certain Obligation/Deliverable Obligation Characteristics are inapplicable in respect of certain Obligation/Deliverable Obligation Categories. Care should be taken to select only those Obligation/Deliverable Obligation Characteristics that are applicable to the selected Obligation/Deliverable Obligation Category. Obligation/Deliverable Obligation Characteristics serve to narrow Obligation/Deliverable Obligation Categories. Where an Obligation/Deliverable Obligation Category is specified but no Obligation/Deliverable Obligation Characteristics are specified, the full range of obligations falling within the relevant Obligation/Deliverable Obligation Category will be considered Obligations or Deliverable Obligations in respect of the relevant transaction. Parties are encouraged to consider closely the effects of selecting and not selecting each Obligation/Deliverable Obligation Characteristic.

The Definitions contain separate “Direct Loan Participation” and “Indirect Loan Participation” Deliverable Obligation characteristics. The distinction between the two is essentially that, under Direct Loan Participation, the Buyer is able to deliver to Seller only a participation or sub-participation in Loans in respect of which either Buyer or the relevant Qualifying Participation Seller (if any) is the lender or a member of the lending syndicate. If Indirect Loan Participation has been specified, Buyer is able to deliver to Seller a participation or sub-participation in Loans in respect of which the Buyer or Qualifying Participation Seller (if any) is not the lender or a member of the lending syndicate but, instead, has purchased its interest either from the lender or from another member of the lending syndicate or from a party which purchased its participation interest either directly or indirectly from such lender or member of the lending syndicate. Indirect Loan Participation may be seen as generating greater credit risk exposure than Direct Loan Participation since the Seller is effectively accepting credit exposure to each participant in the participation chain rather than against the lender or syndicate member only, as would be the case if only Direct Loan Participation had been specified. Parties are free to specify both Direct Loan Participation and Indirect Loan Participation as Deliverable Obligation Characteristics.

- **Restructuring Credit Event.** The Restructuring Credit Event set out in Section 4.7 of the Definitions seeks to address perceived weaknesses in the definition included in the Long Form Confirmation and to promote development of the market for credit default products. The Restructuring Credit Event set out in the Long Form Confirmation was dependent upon (a) the occurrence of a relevant adjustment and (b) a subjective assessment of the impact of that adjustment on the terms of the Obligation, including whether that impact was material. Inherent in the analysis was a comparison of the terms of the Obligation at two, non-specified points in time. These issues created uncertainty which, in turn, gave rise to a certain level of disputes.

The majority of practitioners who contributed to the development of the Definitions considered that a more objective approach to the Restructuring definition, which identified specific events that are typical elements of a restructuring of indebtedness, would promote greater certainty for these transactions. Section 4.7(a) of these Definitions was drafted with this goal in mind.

It was generally recognized, however, that a definition that merely relied on the occurrence of one or more events ran the risk of characterizing as a Restructuring the very same events when they occur to, or are undertaken by, a Reference Entity whose credit quality had improved or remained the same. If, as is generally the case, the purpose of these transactions is to provide protection against deterioration in the credit quality or financial condition of a Reference Entity, they should not be triggered when credit quality or financial condition improves or stays the same. Section 4.7(b)(iii) of these Definitions was drafted to provide a limited exception to Section 4.7(a) and to minimize the prospect of the events described in Section 4.7(a) triggering a Restructuring in those circumstances.

Section 4.7(b)(iii) provides that a Restructuring will not be considered to have occurred where an event described in Section 4.7(a)(i) to (v) has occurred “in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity”. The provision should be read with its purpose in mind, namely to protect against triggering a Restructuring where a Reference Entity’s credit quality has improved and it negotiates new

terms with its lenders or where its credit quality has stayed the same but improving market conditions permit the negotiation of more favorable terms.

Whether or not the provisions of Section 4.7(b)(iii) apply will, of course, depend upon the facts and circumstances at the time of the relevant event, and the analysis in any particular case should focus on the totality of those facts and circumstances. Those involved in the development of the Definitions believed that in the vast majority of cases it will be clear when the creditworthiness of a Reference Entity has improved or remained the same. There may be circumstances, however, where the financial prospects of a Reference Entity and its indebtedness have improved over short periods of time, but where a fuller review of the facts and circumstances indicate that a Restructuring has occurred. Thus, for example, the agreement to new terms on a distressed borrowing, even after a long period of negotiations, would constitute a Restructuring under a credit derivative transaction in effect when such negotiations began despite any improvement in the creditworthiness of the Reference Entity while the new terms were being negotiated or as a result of the new, presumably more favorable, terms. In this case, the eventual agreement to new terms is best viewed as an indirect result of the original distressed situation and not as the negotiation of more favorable terms by a Reference Entity whose credit quality has improved.

- **Dispute Resolution.** Article X of these Definitions provides for two distinct dispute resolution procedures. At the time of publication of these Definitions, ISDA is developing a dispute resolution mechanism to be called the ISDA Dispute Resolution Guidelines (the “Guidelines”). The Guidelines will aim to address disputes between parties to a Credit Derivative Transaction, whether arising in respect of quantitative or qualitative issues. Once they are published, parties will be able to incorporate the Guidelines into individual Credit Derivative Transactions by specifying Dispute Resolution as applicable in the Confirmation. If, at the Trade Date, the Guidelines have been published, by specifying Dispute Resolution as applicable, the parties will be incorporating the Guidelines in effect on the Trade Date into their transaction. If the Guidelines have not been published at the Trade Date, specifying Dispute Resolution as applicable in a Confirmation will be of no effect.

Until the Guidelines are published, the provision of Section 10.2 will apply to any Credit Derivative Transaction that incorporates these Definitions. Upon publication, the Guidelines will not, without further action by the parties, apply to Credit Derivative Transactions entered into before the publication date of the Guidelines. In respect of Credit Derivative Transactions entered into on or after the date of publication of the Guidelines, the dispute resolution procedure set out in Section 10.2 will be of no effect. The Dispute Resolution procedure set out in Section 10.2 is relatively narrow in scope, applies only to the largely quantitative determinations of the Calculation Agent and is intended to provide a limited dispute resolution mechanism until the Guidelines are finalized.

- **Notice of Publicly Available Information.** The Definitions provide that Notice of Publicly Available Information may be selected as a Condition to Payment in relation to a Credit Derivative Transaction. It is not, however, compulsory to make Notice of Publicly Available Information a Condition to Payment in respect of any Credit Derivative Transaction. Even where parties have not selected Notice of Publicly Available Information as a Condition to Payment, the type of information that would be considered

Publicly Available Information may be useful in helping the Notifying Party determine that a Credit Event has occurred.

ISDA has not undertaken to review all applicable laws and regulations of any jurisdiction in which these Definitions may be used, and therefore parties are advised to consider the application of any relevant jurisdiction's regulatory, tax, accounting, exchange or other requirements that may exist in connection with the entering into and documenting of a privately negotiated credit derivative transaction.

1999 ISDA CREDIT DERIVATIVES DEFINITIONS

Any or all of the following definitions and provisions may be incorporated into a document by wording in the document indicating that, or the extent to which, the document is subject to the 1999 ISDA Credit Derivatives Definitions (as published by the International Swaps and Derivatives Association, Inc. (“ISDA”)) (the “Definitions”). All definitions and provisions so incorporated in a document will be applicable to that document unless otherwise provided in that document, and all terms defined in these Definitions and used in any definition or provision that is incorporated by reference in a document will have the respective meanings set forth in these Definitions unless otherwise provided in that document. Any term used in a document will, when combined with the name of a party, have meaning in respect of the named party only.

ARTICLE I

CERTAIN GENERAL DEFINITIONS

Section 1.1. Credit Derivative Transaction. “Credit Derivative Transaction” means any transaction that is identified in the related Confirmation as a Credit Derivative Transaction or any transaction that incorporates these Definitions.

Section 1.2. Confirmation. “Confirmation” means, with respect to a Credit Derivative Transaction, one or more documents and other confirming evidence exchanged between the parties which, taken together, confirm all of the terms of a Credit Derivative Transaction.

Section 1.3. Term. “Term” means the period commencing on the Effective Date of a Credit Derivative Transaction and ending on the Termination Date of such Credit Derivative Transaction.

Section 1.4. Effective Date. “Effective Date” means the date specified as such in the related Confirmation.

Section 1.5. Trade Date. “Trade Date” means the date on which the parties enter into the Credit Derivative Transaction, as specified in the related Confirmation.

Section 1.6. Scheduled Termination Date. “Scheduled Termination Date” means the date specified as such in the related Confirmation.

Section 1.7. Termination Date. “Termination Date” means either (a) the date as determined in accordance with Section 1.10 (Grace Period Extension Date), 3.4 (Notice of Intended Physical Settlement), 7.2 (Cash Settlement Date), 8.3 (Physical Settlement Date), 9.3(c)(ii) (Additional Representations and Agreements), 9.4 (Partial Cash Settlement Due to Impossibility or Illegality) or 9.9 (Partial Cash Settlement Terms) (as relevant) or (b) if none of such Sections is relevant, the Scheduled Termination Date.

Section 1.8. Event Determination Date. “Event Determination Date” means, if Notice of Publicly Available Information is not applicable, the date on which the Credit Event Notice is effective and, if Notice of Publicly Available Information is

applicable, the first date on which both the Credit Event Notice and the Notice of Publicly Available Information are effective.

Section 1.9. Notice Delivery Period. “Notice Delivery Period” means the period from and including the Effective Date to and including the date that is fourteen calendar days after (a) the Scheduled Termination Date or (b) the Grace Period Extension Date if (i) Grace Period Extension is specified as applicable in the related Confirmation, (ii) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Termination Date and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Termination Date.

Section 1.10. Grace Period Extension Date. “Grace Period Extension Date” means, if (a) Grace Period Extension is specified as applicable in the related Confirmation and (b) a Potential Failure to Pay occurs on or prior to the Scheduled Termination Date, the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay. If Grace Period Extension is not specified as applicable in the related Confirmation, Grace Period Extension shall not apply to the Credit Derivative Transaction. If a Failure to Pay occurs after the Scheduled Termination Date and the Event Determination Date in respect of that Failure to Pay does not occur during the Notice Delivery Period, the Grace Period Extension Date will be the Termination Date.

Section 1.11. Grace Period; Grace Period Business Day. (a) “Grace Period” means:

(i) subject to clauses (ii) and (iii), the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred;

(ii) if Grace Period Extension is specified in the related Confirmation as applicable, a Potential Failure to Pay has occurred on or prior to the Scheduled Termination Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Termination Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the related Confirmation or, if no period is specified, thirty calendar days; and

(iii) if, at the later of the Trade Date and the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applicable in the related Confirmation, such deemed Grace Period shall expire no later than the Scheduled Termination Date.

(b) “Grace Period Business Day” means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the currency of denomination of the relevant Obligation.

Section 1.12. Potential Failure to Pay. “Potential Failure to Pay” means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligation.

Section 1.13. Calculation Agent. “Calculation Agent” means the party to a Credit Derivative Transaction (or a third party) specified as such in the related Confirmation (or, if a person is not so specified, Seller) and who, if necessary (and in accordance with the terms specified in the related Confirmation), is responsible for: (a) determining a Successor; (b) determining whether (i) the aggregate amounts due under any Reference Obligations have been materially reduced by redemption or otherwise (other than due to any regularly scheduled amortization or prepayments), (ii) any Reference Obligation is an obligation guaranteed by a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the guarantee of that Reference Entity is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (iii) for any reason other than as described in (i) or (ii) above and other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity; (c) identifying and determining a Substitute Reference Obligation; (d) obtaining Quotations (and, if necessary, determining whether such Quotations shall include or exclude accrued but unpaid interest) and determining the Final Price in accordance with the applicable Valuation Method; (e) converting the Quotation Amount into the relevant Obligation Currency; (f) determining (after consultation with the parties) the Dealers (where none have been specified in the Confirmation) and substituting Dealers; (g) determining the Currency Rate; (h) determining (after consultation with the parties) the Representative Amount; (i) determining (after consultation with the parties) the number of Business Days in the Physical Settlement Period; and (j) if “Include Accrued Interest” is specified in the related Confirmation with respect to Portfolio, determining (after consultation with the parties) accrued but unpaid interest. The Calculation Agent shall, as soon as practicable after obtaining any Quotation, notify the parties in writing of each such Quotation that it receives in connection with the calculation of the Final Price and shall provide to the parties a written computation showing its calculation of the Final Price. Whenever the Calculation Agent is required to act or to exercise judgment, it will do so in good faith and in a commercially reasonable manner. Furthermore, each party agrees that the Calculation Agent is not acting as a fiduciary for or as an advisor to such party in respect of its duties as Calculation Agent in connection with any Credit Derivative Transaction.

Section 1.14. Calculation Agent City. “Calculation Agent City” means the city specified as such in the related Confirmation or, if a city is not so specified, the city in which the office through which the Calculation Agent is acting for purposes of the Credit Derivative Transaction is located.

Section 1.15. Business Day. “Business Day” means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Confirmation and if a place or places are not so specified, in the jurisdiction of the currency of the Floating Rate Payer Calculation Amount.

Section 1.16. Calculation Agent City Business Day. “Calculation Agent City Business Day” means a Business Day in the Calculation Agent City.

Section 1.17. ISDA Master Agreement. The terms “Additional Termination Event”, “Affected Party”, “Affected Transaction”, “Affiliate”, “Event of Default”, “Illegality”, “Market Quotation”, “Stamp Tax”, “Tax” and “Termination Rate” shall have the meanings given to those terms in the standard form 1992 ISDA Master Agreement (Multicurrency-Cross Border).

Section 1.18. Buyer. “Buyer” means the Fixed Rate Payer.

Section 1.19. Seller. “Seller” means the Floating Rate Payer.

ARTICLE II

GENERAL TERMS RELATING TO CREDIT DERIVATIVE TRANSACTIONS

Section 2.1. Reference Entity. “Reference Entity” means each entity specified as such in the related Confirmation and any Successor.

Section 2.2. Successor. “Successor” means (a) in relation to a Reference Entity that is not a Sovereign, a direct or indirect successor to a Reference Entity that assumes all or substantially all of the obligations thereof by way of merger, consolidation, amalgamation, transfer or otherwise, whether by operation of law or pursuant to any agreement, as determined by the Calculation Agent (after consultation with the parties), and (b) in relation to a Sovereign Reference Entity, any direct or indirect successor to that Reference Entity irrespective of whether such successor assumes any of the obligations of such Reference Entity.

Section 2.3. Reference Obligation. “Reference Obligation” means each obligation specified as such or of a type described in the related Confirmation (if any are so specified or described) and any Substitute Reference Obligation.

Section 2.4. Reference Price. “Reference Price” means the percentage specified as such in the related Confirmation or, if a percentage is not so specified, one hundred percent.

Section 2.5. Fixed Amount. “Fixed Amount” means, in respect of a Credit Derivative Transaction and a Fixed Rate Payer, an amount that, subject to any applicable condition precedent, is payable by the Fixed Rate Payer on a Fixed Rate Payer Payment Date and is specified in the related Confirmation or, if no such amount is specified, is determined in accordance with Article V of these Definitions.

Section 2.6. Fixed Rate Payer. “Fixed Rate Payer” means, in respect of a Credit Derivative Transaction, the party obligated to make one or more payments of a Fixed Amount as specified in the related Confirmation.

Section 2.7. Fixed Rate Payer Calculation Amount. “Fixed Rate Payer Calculation Amount” means the amount specified as such in the related Confirmation or, if an amount is not so specified, the Floating Rate Payer Calculation Amount.

Section 2.8. Fixed Rate Payer Period End Date. “Fixed Rate Payer Period End Date” means each date specified as such in the related Confirmation or, if no

such dates are specified, each date specified in the related Confirmation as a Fixed Rate Payer Payment Date.

Section 2.9. Fixed Rate Payer Calculation Period. “Fixed Rate Payer Calculation Period” means each period from, and including, one Fixed Rate Payer Period End Date to, but excluding, the next following Fixed Rate Payer Period End Date, except that (a) the initial Fixed Rate Payer Calculation Period will commence on, and include, the Effective Date, and (b) the final Fixed Rate Payer Calculation Period will end on, and include, the earlier to occur of the Scheduled Termination Date and the Event Determination Date.

Section 2.10. Fixed Rate Payer Payment Date. “Fixed Rate Payer Payment Date” means each date specified as such in the related Confirmation, commencing on the earliest to occur of the first such specified date, the Termination Date and the first Settlement Date and ending on the earlier to occur of the Termination Date and the first Settlement Date.

Section 2.11. Business Day Convention. (a) “Business Day Convention” means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day. The following terms, when used in conjunction with the term “Business Day Convention” and a date, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:

(i) if “Following” is specified, that date will be the first following day that is a Business Day;

(ii) if “Modified Following” or “Modified” is specified, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; and

(iii) if “Preceding” is specified, that date will be the first preceding day that is a Business Day.

(b) The Business Day Convention applicable to a date that is specified in a Confirmation to be subject to adjustment in accordance with an applicable Business Day Convention shall be the Business Day Convention specified for that date in that Confirmation or, if a Business Day Convention is not so specified for that date but a Business Day Convention is specified in a Confirmation for a Credit Derivative Transaction, the Business Day Convention shall be the Business Day Convention specified in the Confirmation for that Credit Derivative Transaction and, if a Business Day Convention is not specified for that date or in the Confirmation, the “Modified Following” Business Day Convention shall apply to that date.

Section 2.12. Floating Rate Payer. “Floating Rate Payer” means, in respect of a Credit Derivative Transaction, the party specified as such in the related Confirmation.

Section 2.13. Floating Rate Payer Calculation Amount. “Floating Rate Payer Calculation Amount” means the amount specified as such in the related Confirmation.

Section 2.14. Obligation. “Obligation” means (a) any obligation of a Reference Entity (whether as principal or surety or otherwise) determined pursuant to the method described in Section 2.18 (but excluding each Excluded Obligation, if any), (b) each Reference Obligation, unless specified in the related Confirmation as an Excluded Obligation, and (c) any other obligation of a Reference Entity specified as such in the related Confirmation.

Section 2.15. Deliverable Obligation. “Deliverable Obligation” means (a) any obligation of a Reference Entity (either directly or as provider of a guarantee of payment that is unconditional but for any requirement for the beneficiary to give notice that a payment is due under such guarantee or any similar procedural requirement) determined pursuant to the method described in Section 2.19 (but excluding each Excluded Deliverable Obligation, if any) that is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, and is not subject to any counterclaim, defense (other than a counterclaim or defense based on the factors set forth in Section 4.1(a)-(d)) or right of setoff by a Reference Entity, (b) each Reference Obligation, unless specified in the related Confirmation as an Excluded Deliverable Obligation, and (c) any other obligation of a Reference Entity specified as such in the related Confirmation.

Section 2.16. Excluded Obligation. “Excluded Obligation” means each obligation of a Reference Entity specified as such or of a type described in the related Confirmation (if any are so specified or described).

Section 2.17. Excluded Deliverable Obligation. “Excluded Deliverable Obligation” means each obligation of a Reference Entity specified as such or of a type described in the related Confirmation (if any are so specified or described).

Section 2.18. Method for Determining Obligations. With respect to any Credit Derivative Transaction, the term “Obligation” may be defined as each obligation of each Reference Entity described by the Obligation Category specified in the related Confirmation, and having the Obligation Characteristics, if any, specified in the related Confirmation. The following terms shall have the following meanings:

(a) “Obligation Category” means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the related Confirmation, and:

(i) “Payment” means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;

(ii) “Borrowed Money” means any obligation of a type included in the “Payment” Obligation Category in respect of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);

(iii) “Reference Obligations Only” means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;

(iv) “Bond” means any obligation of a type included in the “Borrowed Money” Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money obligation;

(v) “Loan” means any obligation of a type included in the “Borrowed Money” Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money obligation; and

(vi) “Bond or Loan” means any obligation that is either a Bond or a Loan.

(b) “Obligation Characteristics” means any one or more of Pari Passu Ranking, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Contingent and Not Domestic Issuance, and:

(i) “Pari Passu Ranking” means an obligation that ranks at least pari passu with the most senior Reference Obligation in priority of payment or, if no Reference Obligation is specified in the related Confirmation, the obligations of the Reference Entity that are neither subordinated by their terms (or otherwise) nor secured;

(ii) “Specified Currency” means an obligation that is payable in the currency or currencies specified as such in the related Confirmation (or, if Specified Currency is specified in a Confirmation and no currency is so specified, any of the lawful currencies of Canada, Federal Republic of Germany, Japan, Republic of France, Republic of Italy, United Kingdom and the United States of America and the euro (and any successor currency to any such currency), which currencies may be referred to collectively in a Confirmation as the “Standard Specified Currencies”);

(iii) “Not Sovereign Lender” means any obligation that is not primarily owed to a Sovereign or Supranational Organization, including, without limitation, obligations generally referred to as “Paris Club debt”;

(iv) “Not Domestic Currency” means any obligation that is payable in any currency other than the Domestic Currency;

(v) “Not Domestic Law” means any obligation that is not governed by the laws of (A) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (B) the jurisdiction of organization of the relevant Reference Entity, if such Reference Entity is not a Sovereign;

(vi) “Listed” means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange and, if specified as applicable to an Obligation Category, the Listed Obligation Characteristic shall be applicable only in respect of obligations within that Obligation Category that are Bonds;

(vii) “Not Contingent” means any obligation (A) the payment or repayment of principal in respect of which is not in an amount determined by reference to any formula or index, or which is not subject to any contingency, and (B) which bears

interest at either a fixed or floating rate that is paid on a periodic basis and computed on a benchmark interest rate plus or minus a spread, if any; and

(viii) “Not Domestic Issuance” means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity.

Section 2.19. Method for Determining Deliverable Obligations. With respect to any Credit Derivative Transaction, the term “Deliverable Obligation” may be defined as each obligation of each Reference Entity described by the Deliverable Obligation Category specified in the related Confirmation, and, subject to Section 2.20(c), having each of the Deliverable Obligation Characteristics, if any, specified in the related Confirmation. The following terms shall have the following meanings:

(a) “Deliverable Obligation Category” means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in Section 2.18(a), except that, for the purpose of determining Deliverable Obligations, Section 2.18(a)(iii) (Reference Obligations Only) shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only).

(b) “Deliverable Obligation Characteristics” means any one or more of Pari Passu Ranking, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Contingent, Not Domestic Issuance (each as defined in Section 2.18(b), except that, for the purpose of determining Deliverable Obligation Characteristics, Section 2.18(b)(vi) (Listed) shall be amended to state that, if specified as applicable to a Deliverable Obligation Category, the Listed Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds), Assignable Loan, Consent Required Loan, Direct Loan Participation, Indirect Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer:

(i) “Assignable Loan” means a Loan that is, as of the Physical Settlement Date, capable of being assigned or novated either to

(A) any third party; or

(B) at a minimum, to commercial banks and financial institutions (irrespective of their jurisdiction of organization) that are not then a lender or a member of the relevant lending syndicate

without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent, and, if specified as applicable to a Deliverable Obligation Category, the Assignable Loan Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Loans;

(ii) “Consent Required Loan” means a Loan that is, as of the Physical Settlement Date, capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of

the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent, and, if specified as applicable to a Deliverable Obligation Category, the Consent Required Loan Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Loans;

(iii) “Direct Loan Participation” means a Loan in respect of which Buyer is capable of creating, or procuring the creation of, in favor of Seller, on the Physical Settlement Date, a contractual right pursuant to a Participation agreement that provides Seller with recourse to the Participation seller for a specified share in any payments due under the relevant Loan which are received by such Participation seller, any such agreement to be entered into between Seller and either (A) Buyer (to the extent Buyer is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate), and, if specified as applicable to a Deliverable Obligation Category, the Direct Loan Participation Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Loans;

(iv) “Indirect Loan Participation” means a Loan in respect of which Buyer is capable of creating, or procuring the creation of, in favor of Seller, on the Physical Settlement Date, a contractual right pursuant to a Participation agreement that provides Seller with recourse to the Participation seller for a specified share in any payments due under the relevant Loan which are received by such Participation seller, any such agreement to be entered into between Seller and either (A) Buyer, or (B) a Qualifying Participation Seller (if any), and, if specified as applicable to a Deliverable Obligation Category, the Indirect Loan Participation Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Loans;

(v) “Transferable” means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction (provided that none of the following shall be considered contractual, statutory or regulatory restrictions):

- (A) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
- (B) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds,

and, if specified as applicable to a Deliverable Obligation Category, the Transferable Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are not Loans;

(vi) “Maximum Maturity” means an obligation that has a remaining maturity from the Physical Settlement Date of not greater than the period specified in the related Confirmation;

(vii) “Accelerated or Matured” means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Physical Settlement Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and

(viii) “Not Bearer” means any obligation that is not a bearer instrument unless interests with respect to such bearer obligation are cleared via the Euroclear system, Cedel Bank or any other internationally recognized clearing system, and, if specified as applicable to a Deliverable Obligation Category, the Not Bearer Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.

Section 2.20. Interpretation of Provisions. Unless expressly agreed to by the parties by means of a statement in a related Confirmation that this Section 2.20 is not applicable to a Credit Derivative Transaction:

(a) If the Obligation Characteristic “Listed” is specified in a Confirmation as applicable to the Obligation Category “Loan”, the Confirmation shall be construed as though Listed had not been specified as an Obligation Characteristic;

(b) If (i) any of the Deliverable Obligation Characteristics “Listed”, “Not Bearer” or “Transferable” is specified in a Confirmation as applicable to the Deliverable Obligation Category “Loan” or (ii) any of the Deliverable Obligation Characteristics “Assignable Loan”, “Consent Required Loan”, “Direct Loan Participation” or “Indirect Loan Participation” is specified in a Confirmation as applicable to the Deliverable Obligation Category “Bond”, the Confirmation shall be construed as though such Deliverable Obligation Characteristic had not been so specified; and

(c) If Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan, Direct Loan Participation and Indirect Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may consist of Loans that satisfy any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.

Section 2.21. Qualifying Participation Seller. “Qualifying Participation Seller” means any Participation seller that meets the requirements specified in the related Confirmation. If no such requirements are specified, there shall be no Qualifying Participation Seller.

Section 2.22. Participation. “Participation” means a participation or a sub-participation.

Section 2.23. Sovereign. “Sovereign” means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof.

Section 2.24. Sovereign Agency. “Sovereign Agency” means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

Section 2.25. Supranational Organization. “Supranational Organization” means any entity or organization established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

Section 2.26. Domestic Currency. “Domestic Currency” means the currency specified as such in the related Confirmation and any successor currency. If no currency is so specified, the Domestic Currency shall be the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organized, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Federal Republic of Germany, Japan, Republic of France, Republic of Italy, United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

Section 2.27. Substitute Reference Obligation. “Substitute Reference Obligation” means one or more obligations of the Reference Entity that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

(a) In the event that (i) a Reference Obligation is redeemed in whole or (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortization or prepayments), (B) any Reference Obligation is an obligation guaranteed by a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the guarantee of that Reference Entity is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall (after consultation with the parties) identify one or more Obligations to replace such Reference Obligation.

(b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that ranks *pari passu* (or, if no such Obligation exists, then, at the Buyers option, an Obligation that ranks senior) in priority of payment with such Reference Obligation immediately prior to the occurrence of any of the events set forth in Section 2.27(a) and that preserves the economic equivalent of the delivery and payment obligations of the parties to the Credit Derivative Transaction and is an obligation of a Reference Entity (either directly or as provider of a guarantee of payment that is unconditional but for any requirement for the beneficiary to give notice that a payment is

due under such guarantee or any similar procedural requirement). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.

(c) If more than one Reference Obligation is specified in relation to a Credit Derivative Transaction, any of the events set forth under Section 2.27(a) has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines (after consultation with the parties) that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.

(d) If more than one Reference Obligation is specified in relation to a Credit Derivative Transaction, any of the events set forth under Section 2.27(a) has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines (after consultation with the parties) that at least one Substitute Reference Obligation is available for any such Reference Obligation, then such Reference Obligation shall be replaced by such Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.

(e) If (i) more than one Reference Obligation is specified in relation to a Credit Derivative Transaction, any of the events set forth under Section 2.27(a) has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines (after consultation with the parties) that no Substitute Reference Obligation is available for any of the Reference Obligations, or (ii) if only one Reference Obligation is specified in relation to a Credit Derivative Transaction, any of the events set forth under Section 2.27(a) has occurred with respect to the Reference Obligation and the Calculation Agent determines (after consultation with the parties) that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the later of the Scheduled Termination Date and the Grace Period Extension Date (if any). If Cash Settlement is applicable or Physical Settlement is applicable and the Reference Obligation is the only Deliverable Obligation and, on or prior to the later of the Scheduled Termination Date and the Grace Period Extension Date (if any), a Substitute Reference Obligation has not been identified, the parties' obligations to each other under such Credit Derivative Transaction shall cease as of the later of the Scheduled Termination Date and the Grace Period Extension Date (if any).

Section 2.28. Merger of Reference Entity and Seller. In the event that Seller or a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all its assets to, the Reference Entity or the Seller, as applicable, or Seller and a Reference Entity become Affiliates, an Additional Termination Event will be deemed to have occurred with Seller as the sole Affected Party, with each Credit Derivative Transaction involving such Reference Entity as the Affected Transactions and Market Quotation applicable (irrespective of the payment measure specified by the parties in the related ISDA Master Agreement between them).

ARTICLE III

CONDITIONS TO PAYMENT

Section 3.1. Payment. Upon the occurrence of a Credit Event applicable to a Credit Derivative Transaction and satisfaction of all of the Conditions to Payment with respect to such Credit Derivative Transaction, the parties shall perform their respective obligations in accordance with the applicable Settlement Method.

Section 3.2. Conditions to Payment.

(a) Conditions to Payment. “Conditions to Payment” means (i) with respect to a Credit Derivative Transaction to which Cash Settlement is specified in the related Confirmation, Credit Event Notice and, if specified as applicable in the related Confirmation, Notice of Publicly Available Information and (ii) with respect to a Credit Derivative Transaction to which Physical Settlement is specified in the related Confirmation, Credit Event Notice and Notice of Intended Physical Settlement, and, if specified as applicable in the related Confirmation, Notice of Publicly Available Information.

(b) Credit Event Notice. The Credit Event Notice Condition to Payment may be satisfied as follows:

(i) if “Buyer” is specified in the related Confirmation as the Notifying Party, by the delivery of a Credit Event Notice by Buyer to Seller that is effective during the Notice Delivery Period; and

(ii) if “Buyer or Seller” is specified in the related Confirmation as Notifying Parties, by the delivery of a Credit Event Notice by Buyer or Seller to the other party that is effective during the Notice Delivery Period.

(c) Notice of Publicly Available Information. The Notice of Publicly Available Information Condition to Payment is satisfied by the delivery of a Notice of Publicly Available Information by the party delivering the Credit Event Notice to the other party that is effective during the Notice Delivery Period.

(d) Notice of Intended Physical Settlement. The Notice of Intended Physical Settlement Condition to Payment is satisfied by the delivery by Buyer of a Notice of Intended Physical Settlement to Seller that is effective no later than thirty calendar days after the Event Determination Date.

(e) Notifying Party. “Notifying Party” means, with respect to a Credit Derivative Transaction, each party specified as such in the related Confirmation.

Section 3.3. Credit Event Notice. “Credit Event Notice” means an irrevocable notice from a Notifying Party (which may be oral, including by telephone) to the other party that describes a Credit Event that occurred on or after the Effective Date and on or prior to the later of

(a) the Scheduled Termination Date; and

(b) the Grace Period Extension Date if:

(i) Grace Period Extension is specified as applicable in the related Confirmation;

(ii) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurred after the Scheduled Termination Date; and

(iii) the Potential Failure to Pay with respect to such Failure to Pay occurred on or prior to the Scheduled Termination Date.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set forth in Section 3.9.

Section 3.4. Notice of Intended Physical Settlement. “Notice of Intended Physical Settlement” means an irrevocable notice from Buyer (which may be oral, including by telephone) to Seller that confirms that Buyer will settle the Credit Derivative Transaction and require performance in accordance with the Physical Settlement Method, and containing a detailed description of the type of Deliverable Obligations that Buyer reasonably expects to Deliver to Seller, including the outstanding principal balance or Due and Payable Amount of such Deliverable Obligations to be Delivered. If an effective Notice of Intended Physical Settlement is not delivered by Buyer on or before the thirtieth calendar day after the Event Determination Date, such thirtieth calendar day shall be the Termination Date. A Notice of Intended Physical Settlement shall be subject to the requirements regarding notices set forth in Section 3.9.

Section 3.5. Publicly Available Information. “Publicly Available Information” means (a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event described in a Credit Event Notice has occurred and which (i) has been published in or on not less than the Specified Number of internationally recognized published or electronically displayed news sources (it being understood that each Public Source shall be deemed to be an internationally recognized published or electronically displayed news source), regardless of whether the reader or user thereof pays a fee to obtain such information; provided that, if either of the parties or any of their respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless such party or its Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; (ii) is information received from (A) a Reference Entity that is not a party to the relevant Credit Derivative Transaction (or a Sovereign Agency in respect of a Reference Entity which is a Sovereign) or (B) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; (iii) is information contained in any petition or filing instituting a proceeding described in Section 4.2(d) against or by a Reference Entity; or (iv) is information contained in any order, decree or notice, however described, of a court, tribunal, regulatory authority or similar administrative or judicial body.

(b) In relation to any information of the type described in Section 3.5(a)(ii), (iii) and (iv), the party receiving such information may assume that such information has

been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties.

(c) Publicly Available Information need not state that such occurrence (i) has met the Payment Requirement or Default Requirement, (ii) is the result of exceeding any applicable Grace Period or (iii) has met the subjective criteria specified in certain Credit Events.

Section 3.6. Notice of Publicly Available Information. “Notice of Publicly Available Information” means an irrevocable notice from the party delivering the relevant Credit Event Notice (which may be oral, including by telephone) to the other party that cites Publicly Available Information confirming the occurrence of the Credit Event described in the Credit Event Notice. The notice given must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices set forth in Section 3.9. If Notice of Publicly Available Information is applicable to a Credit Derivative Transaction and a Credit Event Notice cites Publicly Available Information, such Credit Event Notice will also be deemed to be a Notice of Publicly Available Information.

Section 3.7. Public Source. “Public Source” means each source of Publicly Available Information specified as such in the related Confirmation (or, if a source is not so specified, each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun and Financial Times (and successor publications), which sources may be referred to collectively in a Confirmation as the “Standard Public Sources”).

Section 3.8. Specified Number. “Specified Number” means the number of Public Sources specified in the related Confirmation (or, if a number is not so specified, two).

Section 3.9. Requirements Regarding Notices. A notice delivered on or prior to 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day will be effective on such Calculation Agent City Business Day. A notice delivered after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day will be deemed effective on the next following Calculation Agent City Business Day. Any notice given orally, including by telephone, will be effective when actually received by the intended recipient. If the notice is delivered orally, a written confirmation will be executed and delivered confirming the substance of that notice within one Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that oral notice. If that written confirmation is not received within such time, the party obligated to deliver that confirmation will be deemed to have satisfied its obligation to deliver such written confirmation at the time that a written confirmation of the oral notice is received. If the Calculation Agent is not a party to the Credit Derivative Transaction, any notice required to be delivered by a party to the other party shall also be delivered to the Calculation Agent; provided, however, that failure to deliver a notice to the

Calculation Agent in such circumstances shall not affect the effectiveness of the notice delivered to the other party.

ARTICLE IV

CREDIT EVENTS

Section 4.1. Credit Event. “Credit Event” means, with respect to a Credit Derivative Transaction, one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, as specified in the related Confirmation. If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from: (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation, however described, (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

Section 4.2. Bankruptcy. “Bankruptcy” means a Reference Entity (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 its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) 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 (ii) 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, official management 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; (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) (inclusive); or (i) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

Section 4.3. Obligation Acceleration. “Obligation Acceleration” means one or more Obligations have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event

of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations in an aggregate amount of not less than the Default Requirement.

Section 4.4. Obligation Default. “Obligation Default” means one or more Obligations have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations in an aggregate amount of not less than the Default Requirement.

Section 4.5. Failure to Pay. “Failure to Pay” means, after the expiration of any applicable (or deemed) Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations.

Section 4.6. Repudiation/Moratorium. “Repudiation/Moratorium” means a Reference Entity or Governmental Authority (a) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (b) declares or imposes a moratorium, standstill or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement.

Section 4.7. Restructuring. (a) “Restructuring” means that, with respect to one or more Obligations, including as a result of an Obligation Exchange, and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs, is agreed between the Reference Entity or a Governmental Authority and the holder or holders of such Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that is binding upon a Reference Entity, and such event is not provided for under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such obligation is issued or incurred:

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

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

(iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;

(iv) a change in the ranking in priority of payment of any Obligation, causing the subordination of such Obligation; or

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

(b) Notwithstanding the provisions of Section 4.7(a), none of the following shall constitute a Restructuring:

(i) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;

(ii) the occurrence of, agreement to or announcement of any of the events described in Section 4.7(a)(i) to (v) due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and

(iii) the occurrence of, agreement to or announcement of any of the events described in Section 4.7(a)(i) to (v) in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

(c) If an Obligation Exchange has occurred, the determination as to whether one of the events described under Section 4.7(a)(i) to (v) has occurred will be based on a comparison of the terms of the Obligation immediately before such Obligation Exchange and the terms of the resulting Obligation immediately following such Obligation Exchange.

Section 4.8. Certain Definitions Relating to Credit Events.

(a) Default Requirement. “Default Requirement” means the amount specified as such in the related Confirmation or, if Default Requirement is not so specified, USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event.

(b) Governmental Authority. “Governmental Authority” means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organization of a Reference Entity.

(c) Obligation Currency. “Obligation Currency” means the currency or currencies in which an Obligation is denominated.

(d) Payment Requirement. “Payment Requirement” means the amount specified as such in the related Confirmation or, if Payment Requirement is not so specified, USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

Section 4.9. Obligation Exchange. “Obligation Exchange” means the mandatory transfer (other than in accordance with the terms in effect as of the later of the Trade Date or date of issuance of the relevant Obligation) of any securities, obligations or assets to holders of Obligations in exchange for such Obligations. When so transferred, such securities, obligations or assets will be deemed to be Obligations.

ARTICLE V

FIXED AMOUNTS

Section 5.1. Calculation of Fixed Amount. The Fixed Amount payable by a Fixed Rate Payer on a Fixed Rate Payer Payment Date will be:

(a) if an amount is specified in the related Confirmation as the Fixed Amount payable by the Fixed Rate Payer for that Fixed Rate Payer Payment Date or for the related Fixed Rate Payer Calculation Period, such amount; or

(b) if an amount is not specified in the related Confirmation as the Fixed Amount payable by the Fixed Rate Payer for that Fixed Rate Payer Payment Date or for the related Fixed Rate Payer Calculation Period, an amount calculated on a formula basis for that Fixed Rate Payer Payment Date or for the related Fixed Rate Payer Calculation Period as follows:

$$\begin{array}{rcccl} \text{Fixed} & & \text{Fixed Rate Payer} & & \text{Fixed} & & \text{Fixed Rate} \\ \text{Amount} & = & \text{Calculation} & \times & \text{Rate} & \times & \text{Day Count} \\ & & \text{Amount} & & & & \text{Fraction} \end{array}$$

Section 5.2. Fixed Rate. “Fixed Rate” means, for any Fixed Rate Payer Payment Date or for any Fixed Rate Payer Calculation Period in respect of a Fixed Rate Payer Payment Date, a rate, expressed as a decimal, equal to the per annum rate specified in the related Confirmation.

Section 5.3. Fixed Rate Day Count Fraction. “Fixed Rate Day Count Fraction” means, in respect of a Credit Derivative Transaction and the calculation of a Fixed Amount:

(a) if “Actual/365” or “Actual/Actual” is specified in the Confirmation, the actual number of days in the Fixed Rate Payer Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Fixed Rate Payer Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Fixed Rate Payer Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Fixed Rate Payer Calculation Period falling in a non-leap year divided by 365);

(b) if “Actual/365 (Fixed)” is specified in the Confirmation, the actual number of days in the Fixed Rate Payer Calculation Period in respect of which payment is being made divided by 365;

(c) if “Actual/360” is specified in the Confirmation, the actual number of days in the Fixed Rate Payer Calculation Period in respect of which payment is being made divided by 360;

(d) if “30/360” or “Bond Basis” is specified in the Confirmation, the number of days in the Fixed Rate Payer Calculation Period in respect of which payment is being made divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Fixed Rate Payer Calculation Period is the 31st day of a month but the first day of the Fixed Rate Payer

Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Fixed Rate Payer Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

(e) if “30E/360” or “Eurobond Basis” is specified, the number of days in the Fixed Rate Payer Calculation Period in respect of which payment is being made divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Fixed Rate Payer Calculation Period unless, in the case of the final Fixed Rate Payer Calculation Period, the last day of the final Fixed Rate Payer Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and

(f) if neither “Actual/365”, “Actual/Actual”, “Actual/365 (Fixed)”, “Actual/360”, “30/360”, “Bond Basis” nor “30E/360” is specified in relation to a Credit Derivative Transaction, the Fixed Rate Day Count Fraction shall be “Actual/360”.

Section 5.4. Relating Fixed Rate Payer Payments to Fixed Rate Payer Calculation Periods. Unless specified otherwise in the related Confirmation, where the Fixed Amount is calculated by reference to a Fixed Rate Payer Calculation Period, the Fixed Amount applicable to a Fixed Rate Payer Payment Date will be the Fixed Amount calculated with reference to the Fixed Rate Payer Calculation Period ending on, but excluding, the Fixed Rate Payer Period End Date that is (or is closest in time to) that Fixed Rate Payer Payment Date or, in the case of the final Fixed Rate Payer Calculation Period, ending on, and including, the earlier to occur of the Scheduled Termination Date and the Event Determination Date.

ARTICLE VI

GENERAL TERMS RELATING TO SETTLEMENT

Section 6.1. Settlement Method. “Settlement Method” means, with respect to a Credit Derivative Transaction, (a) if Cash Settlement is specified in the related Confirmation or is deemed to be applicable, Cash Settlement or (b) if Physical Settlement is specified in the related Confirmation, Physical Settlement.

Section 6.2. Settlement Date. “Settlement Date” means either the Cash Settlement Date or the Physical Settlement Date, as applicable.

Section 6.3. Settlement Currency. “Settlement Currency” means the currency specified as such in the related Confirmation or, if no currency is so specified, the currency of denomination of the Floating Rate Payer Calculation Amount.

ARTICLE VII

TERMS RELATING TO CASH SETTLEMENT

Section 7.1. Cash Settlement. If “Cash Settlement” is specified in relation to a Credit Derivative Transaction or is deemed to apply pursuant to Section 9.4, 9.5, 9.6 or 9.7, Seller shall, subject to Section 3.1, pay to Buyer the Cash Settlement Amount on the Cash Settlement Date.

Section 7.2. Cash Settlement Date. “Cash Settlement Date” means (a) if the Cash Settlement Amount is not specified in the related Confirmation, the date that is the number of Business Days specified in the related Confirmation (or, if a number of Business Days is not so specified, three Business Days) following the calculation of the Final Price and (b) if the Cash Settlement Amount is specified in the related Confirmation, the date that is the number of Business Days specified in the related Confirmation (or, if a number of Business Days is not so specified, three Business Days) following the satisfaction of all Conditions to Payment. The Cash Settlement Date shall be the Termination Date.

Section 7.3. Cash Settlement Amount. “Cash Settlement Amount” means the amount specified as such in the related Confirmation or, if an amount is not specified, the greater of (a) Floating Rate Payer Calculation Amount multiplied by the difference between the Reference Price and the Final Price and (b) zero.

Section 7.4. Final Price. “Final Price” means the price of the Reference Obligation, expressed as a percentage, determined in accordance with the specified Valuation Method.

Section 7.5. Valuation Date. “Valuation Date” means (a) if “Single Valuation Date” is specified in the related Confirmation, the date that is the number of Business Days specified in the related Confirmation after satisfaction of all Conditions to Payment or, if the number of Business Days is not so specified, five Business Days, and (b) if “Multiple Valuation Dates” is specified in the related Confirmation, each of the following dates:

(i) the date that is the number of Business Days specified in the related Confirmation after satisfaction of all Conditions to Payment (or, if the number of Business Days is not so specified, five Business Days); and

(ii) each successive date that is the number of Business Days specified in the related Confirmation (or, if the number of Business Days is not so specified, five Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When “Multiple Valuation Dates” is specified, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the related Confirmation (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the related Confirmation, Single Valuation Date shall apply.

Section 7.6. Quotation Method. The applicable Quotation Method may be specified in the related Confirmation by reference to one of the following terms:

(a) “Bid” means that only the bid quotations provided by Dealers shall be used in obtaining Quotations;

(b) “Offer” means that only the offer quotations provided by Dealers shall be used in obtaining Quotations; or

(c) “Mid-market” means that only the arithmetic mean of the bid and offer quotations provided by Dealers that have provided both bid and offer quotations shall be used in obtaining Quotations.

If a Quotation Method is not specified in the related Confirmation, Bid shall apply.

Section 7.7. Market Value. “Market Value” means, with respect to an Obligation on a Valuation Date, (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (d) if only a Weighted Average Quotation is obtained, such Weighted Average Quotation; (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject to Section 7.8(b), an amount as determined by the Calculation Agent on the next Business Day on which at least two Full Quotations or a Weighted Average Quotation is obtained; and (f) if the Quotations are deemed to be zero, the Market Value shall be zero.

Section 7.8. Quotation. “Quotation” means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

(a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from at least five Dealers. If at least two such Full Quotations are not available on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from at least five Dealers and, if at least two Full Quotations are not available, a Weighted Average Quotation.

(b) If the Calculation Agent is a party to the Credit Derivative Transaction and is unable to obtain at least two Full Quotations or a Weighted Average Quotation on or prior to the tenth Business Day following the applicable Valuation Date, then the party that is not the Calculation Agent may attempt to obtain two Full Quotations or a Weighted Average Quotation from at least five Dealers. If such party is able to obtain two Full Quotations or a Weighted Average Quotation on the same Business Day within an

additional five Business Days, the Calculation Agent shall use such two Full Quotations or Weighted Average Quotation to determine the Final Price in accordance with the specified Valuation Method. If such party is unable to obtain two Full Quotations or a Weighted Average Quotation on the same Business Day within an additional five Business Days, the Quotations shall be deemed to be zero. If the Calculation Agent is a third party and is unable to obtain at least two Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, Buyer and Seller each may attempt to obtain two Full Quotations or a Weighted Average Quotation from at least five Dealers. If either or both parties is (or are) able to obtain at least two Full Quotations or a Weighted Average Quotation on the same Business Day within an additional five Business Days, the Calculation Agent shall use all such Quotations to determine the Final Price in accordance with the specified Valuation Method. If the parties are unable to obtain between them two Full Quotations or a Weighted Average Quotation on the same Business Day within an additional five Business Days, the Quotations shall be deemed to be zero.

(c)(i) If “Include Accrued Interest” is specified in the related Confirmation in respect of Quotations, such Quotations shall include accrued but unpaid interest; (ii) if “Exclude Accrued Interest” is specified in the related Confirmation in respect of Quotations, such Quotations shall not include accrued but unpaid interest; and (iii) if neither “Include Accrued Interest” nor “Exclude Accrued Interest” is specified in the related Confirmation in respect of Quotations, the Calculation Agent shall determine, after consultation with the parties, based on then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.

Section 7.9. Full Quotation. “Full Quotation” means, in accordance with the Quotation Method, each firm quotation obtained from a Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an outstanding principal balance or Due and Payable Amount (as the case may be) equal to or greater than the Quotation Amount.

Section 7.10. Weighted Average Quotation. “Weighted Average Quotation” means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an outstanding principal balance or Due and Payable Amount (as the case may be) of as large a size as available but less than the Quotation Amount (but of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in the aggregate are equal to or greater than the Quotation Amount.

Section 7.11. Valuation Method. (a) The following Valuation Methods may be specified in the related Confirmation for a Credit Derivative Transaction with only one Reference Obligation and only one Valuation Date:

(i) “Market” means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or

(ii) “Highest” means the highest Quotation obtained by the Calculation Agent (or in accordance with Section 7.8(b)) with respect to the Valuation Date.

If no such Valuation Method is specified in the related Confirmation, the Valuation Method shall be Highest.

(b) The following Valuation Methods may be specified in the related Confirmation for a Credit Derivative Transaction with only one Reference Obligation and more than one Valuation Date:

(i) “Average Market” means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or

(ii) “Highest” means the highest Quotation obtained by the Calculation Agent (or in accordance with Section 7.8(b)) with respect to any Valuation Date.

(iii) “Average Highest” means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent (or in accordance with Section 7.8(b)) with respect to each Valuation Date.

If no such Valuation Method is specified, the Valuation Method shall be Average Highest.

(c) The following Valuation Methods may be specified for a Credit Derivative Transaction with more than one Reference Obligation and only one Valuation Date:

(i) “Blended Market” means the unweighted arithmetic mean of the Market Values for each Reference Obligation determined by the Calculation Agent with respect to the Valuation Date; or

(ii) “Blended Highest” means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent (or in accordance with Section 7.8(b)) for each Reference Obligation with respect to the Valuation Date.

If no such Valuation Method is specified, the Valuation Method shall be Blended Highest.

(d) The following Valuation Methods may be specified for a Credit Derivative Transaction with more than one Reference Obligation and more than one Valuation Date:

(i) “Average Blended Market” means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date; or

(ii) “Average Blended Highest” means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the

Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date.

If no such Valuation Method is specified, the Valuation Method shall be Average Blended Highest.

(e) Notwithstanding Section 7.11(a) through (d), if Quotations include Weighted Average Quotations, the Valuation Method shall be Market, Average Market, Blended Market or Average Blended Market, as the case may be.

Section 7.12. Quotation Amount. “Quotation Amount” means the amount specified as such in the related Confirmation (which may be specified by reference to an amount in a currency or by reference to Representative Amount) or, if no amount is so specified, the Floating Rate Payer Calculation Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

Section 7.13. Minimum Quotation Amount. “Minimum Quotation Amount” means the amount specified as such in the related Confirmation (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) USD 1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

Section 7.14. Valuation Time. “Valuation Time” means the time specified as such in the related Confirmation or, if no time is so specified, 11:00 a.m. in the Calculation Agent City.

Section 7.15. Dealer. “Dealer” means a dealer (other than one of the parties or any Affiliate of one of the parties) in obligations of the type of Obligation(s) for which Quotations are to be obtained, including each Dealer specified in the related Confirmation. If no Dealers are specified in the related Confirmation, the Calculation Agent shall select the Dealers in consultation with the parties. Upon a Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Dealer(s) for one or more of the foregoing after consultation with the parties.

Section 7.16. Representative Amount. “Representative Amount” means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent in consultation with the parties.

ARTICLE VIII

TERMS RELATING TO PHYSICAL SETTLEMENT

Section 8.1. Physical Settlement. If “Physical Settlement” is specified in relation to a Credit Derivative Transaction, Buyer shall, subject to Section 3.1, on or prior to the Physical Settlement Date Deliver to Seller all or part of that portion of the Portfolio specified in the Notice of Intended Physical Settlement and Seller shall pay to Buyer that

portion of the Physical Settlement Amount that corresponds to the portion of the Portfolio that Buyer has Delivered. If Buyer Delivers Deliverable Obligations in an amount greater than the portion of the Portfolio specified in the Notice of Intended Physical Settlement, Seller shall not be required to pay more than the portion of the Physical Settlement Amount that corresponds to the portion of the Portfolio specified in the Notice of Intended Physical Settlement. For the purposes of the foregoing, Delivery by Buyer and payment by Seller shall be contemporaneous.

Section 8.2. Deliver. “Deliver” means to deliver, novate, transfer, assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the portion of the Portfolio specified in the Notice of Intended Physical Settlement to Seller free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defense (other than a counterclaim or defense based on the factors set forth in Section 4.1(a)-(d)) or right of setoff by or of the Reference Entity); provided that if all or a portion of the Portfolio consists of Direct Loan Participations or Indirect Loan Participations, “Delivery” means, with respect to Direct Loan Participations and Indirect Loan Participations, the creation (or procurement of the creation) of a Participation. “Delivery” and “Delivered” will be construed accordingly.

Section 8.3. Physical Settlement Date. “Physical Settlement Date” means the date that is the number of Business Days constituting the Physical Settlement Period following the satisfaction of all applicable Conditions to Payment. If the entire portion of the Portfolio specified in the Notice of Intended Physical Settlement is Delivered on or before the Physical Settlement Date, the Physical Settlement Date shall be the Termination Date.

Section 8.4. Physical Settlement Amount. “Physical Settlement Amount” means the Floating Rate Payer Calculation Amount multiplied by the Reference Price.

Section 8.5. Physical Settlement Period. “Physical Settlement Period” means the number of Business Days specified as such in the related Confirmation or, if a number of Business Days is not so specified, the longest of the number of Business Days for settlement in accordance with then current market practice of any Deliverable Obligation being Delivered in the Portfolio, as determined by the Calculation Agent, after consultation with the parties.

Section 8.6. Portfolio. “Portfolio” means Deliverable Obligations with (a) in the case of Deliverable Obligations that are Borrowed Money obligations, an outstanding principal balance (including accrued but unpaid interest (as determined by the Calculation Agent after consultation with the parties) if “Include Accrued Interest” is specified in the related Confirmation, but excluding accrued but unpaid interest if “Exclude Accrued Interest” is specified in the related Confirmation, and if neither “Include Accrued Interest” nor “Exclude Accrued Interest” is specified in the related Confirmation, excluding accrued but unpaid interest) or (b) in the case of Deliverable Obligations that are not Borrowed Money obligations, a Due and Payable Amount (or, in the case of either (a) or (b), the equivalent Currency Amount of any such amount), in an aggregate amount equal to the Physical Settlement Amount as of the Physical Settlement Date.

Section 8.7. Due and Payable Amount. “Due and Payable Amount” means the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation as of the Physical Settlement Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

Section 8.8. Currency Amount. “Currency Amount” means, whenever an amount is denominated in a currency other than the Settlement Currency and is specified in these Definitions to be determined by reference to a Currency Amount, such amount divided by the specified Currency Rate.

Section 8.9. Currency Rate. “Currency Rate” means (a) the rate determined by the Calculation Agent equal to the rate of conversion of the currency of the Deliverable Obligation into the Settlement Currency by reference to (i) if the Settlement Currency is U.S. Dollars, the Federal Reserve Bank of New York 10:00 a.m. (New York time) mid-point rate as displayed on Reuters Page FEDSPOT on the date that the Notice of Intended Physical Settlement is effective, or in such other commercially reasonable manner as it shall determine after consultation with the parties, or (ii) if the Settlement Currency is euros, the MEAN price as displayed on Reuters Page EUROFX/1 as of 12:00 p.m. (London time) on the date that the Notice of Intended Physical Settlement is effective, or in such other commercially reasonable manner as it shall determine after consultation with the parties, or (b) if the Settlement Currency is not U.S. Dollars or euros, the rate determined by the Calculation Agent in a commercially reasonable manner (after consultation with the parties).

Section 8.10. Escrow. “Escrow” means, if Escrow is specified in the related Confirmation as applicable, either party may require that Physical Settlement take place through the use of an independent third party escrow agent. Any costs or expenses incurred in connection with establishing such escrow arrangement shall be borne by the party requiring such arrangement.

ARTICLE IX

ADDITIONAL REPRESENTATIONS AND AGREEMENTS OF THE PARTIES

Section 9.1. Additional Representations and Agreements of the Parties. (a) Buyer and Seller shall each be deemed to represent to the other party on the Trade Date of a Credit Derivative Transaction that:

(i) in connection with such Credit Derivative Transaction, neither the other party nor any of the other party’s Affiliates has made any representation whatsoever with respect to the Reference Entity, any Reference Obligation, any Obligation or any Obligation Guarantor on which it is relying or is entitled to rely; and

(ii) it is entering into such Credit Derivative Transaction for either investment, financial intermediation, hedging or other commercial purposes.

(b) At the time a Credit Derivative Transaction is entered into, Buyer and Seller shall each be deemed to agree with the other that, so long as either party has or may have any obligation under such Credit Derivative Transaction:

(i) the parties will be obligated to perform, subject to Section 3.1, in accordance with the Settlement Method applicable to such Credit Derivative Transaction, irrespective of the existence or amount of the parties' credit exposure to a Reference Entity, and Buyer need not suffer any loss or provide evidence of any loss as a result of the occurrence of a Credit Event;

(ii) such Credit Derivative Transaction does not create, on the part of either party, either a direct or indirect obligation of the Reference Entity or any Obligation Guarantor or a direct or indirect participation in any obligation of a Reference Entity or any Obligation Guarantor owing to such party except to the extent that a Reference Entity or Obligation Guarantor is a party to such Credit Derivative Transaction, or a portion of the Portfolio Delivered includes Direct Loan Participations, Indirect Loan Participations, Assignable Loans or Consent Required Loans;

(iii) each party and its Affiliates and the Calculation Agent may deal in each Reference Obligation, Obligation or Deliverable Obligation and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, a Reference Entity, any Affiliate of a Reference Entity, any other person or entity having obligations relating to a Reference Entity or any Obligation Guarantor, and may act with respect to such business in the same manner as each of them would if such Credit Derivative Transaction did not exist, regardless of whether any such action might have an adverse effect on a Reference Entity, any Obligation Guarantor or the position of the other party to such Credit Derivative Transaction or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event);

(iv) each party and its Affiliates and the Calculation Agent may, whether by virtue of the types of relationships described herein or otherwise, on the Trade Date or at any time thereafter, be in possession of information in relation to a Reference Entity or any Obligation Guarantor that is or may be material in the context of such Credit Derivative Transaction and that may or may not be publicly available or known to the other party, and such Credit Derivative Transaction does not create any obligation on the part of such party, its Affiliates or the Calculation Agent to disclose to the other party any such relationship or information (whether or not confidential); and

(v) unless it is otherwise bound by or subject to a confidentiality obligation or agreement, a party receiving any information from the other party with respect to such Credit Derivative Transaction shall not become subject to any obligation of confidentiality in respect of that information and the transferor of such information shall indemnify and hold harmless the transferee for any loss, liability, claim, damage and expense whatsoever incurred by the transferee arising out of the breach of any law or understanding or agreement with respect to the confidentiality of that information to which the transferor may be party.

Section 9.2. Obligation Guarantor. “Obligation Guarantor” means the guarantor of any Obligation.

Section 9.3. Additional Representations and Agreements for Physical Settlement. (a) If Physical Settlement applies to a Credit Derivative Transaction (except in relation to Direct Loan Participations or Indirect Loan Participations), Buyer shall be deemed to represent to Seller on the Physical Settlement Date and on any subsequent date that Delivery of a portion of the Portfolio is effected (which representation shall survive the Physical Settlement Date and any such subsequent date) that it has conveyed (or, if applicable, caused to be conveyed) to Seller (or, if applicable, its designee) all right, title and interest in the portion of the Portfolio Delivered on such date free and clear of all claims, charges, liens and encumbrances (including, without limitation, any counterclaim, defense (other than a counterclaim or defense based on the factors set forth in Section 4.1(a)-(d)) or right of setoff by or of the Reference Entity). Subject to reasonable verification by Buyer, Buyer shall indemnify and hold harmless Seller for any loss, liability, claim, damage and expense whatsoever incurred arising out of Buyer’s breach of the representations contained in this Section 9.3(a). The indemnification in the preceding sentence shall survive the Termination Date. Any breach of the representations contained in this Section 9.3(a) shall not constitute an Event of Default.

(b) If Physical Settlement applies to a Credit Derivative Transaction, Buyer shall be deemed to represent to Seller on the Physical Settlement Date and on any subsequent date that Delivery of a portion of the Portfolio is effected (which representation shall survive the Physical Settlement Date and any such subsequent date) that, unless Seller has received an indemnity acceptable to Seller from Buyer with respect to the following, Delivery of such portion of the Portfolio to Seller and transfer of such portion of the Portfolio by Seller to a third party will not require or cause Seller to assume, and will not subject Seller to, any obligation or liability (other than immaterial, nonpayment obligations and any assignment or transfer fee in respect of Loans).

(c) If Physical Settlement applies to a Credit Derivative Transaction:

(i) Buyer agrees (which agreement shall survive the Termination Date) to execute, deliver, file and record any specific assignment, novation or other document and to take any other action that may be necessary or customary or desirable and reasonably requested by Seller in connection with Buyer’s Delivery of the Portfolio (including demonstrating to the reasonable satisfaction of Seller that Buyer has taken all reasonable steps to obtain any requisite consents and keeping Seller apprised of any occurrence of which Buyer is (or reasonably should be) aware that may affect Buyer’s ability to Deliver to Seller the portion of the Portfolio specified in the Notice of Intended Physical Settlement) and Seller agrees to cooperate reasonably with Buyer in connection with the foregoing;

(ii) Buyer may continue to attempt to Deliver the whole of the Portfolio specified in the Notice of Intended Physical Settlement for an additional five Business Days after the Physical Settlement Date. Subject to Section 8.1 and to Sections 9.4, 9.5, 9.6 and 9.7, if Buyer fails to Deliver any portion of the Portfolio specified in the Notice of Intended Physical Settlement on or prior to the date that is five Business Days after the Physical Settlement Date, such failure shall not

constitute an Event of Default and such date shall be deemed to be the Termination Date;

(iii) if an event that would otherwise constitute or give rise to an impossibility or illegality under Section 9.4 occurs and would also constitute an Illegality, it will be governed by Section 9.4 and will not constitute an Illegality;

(iv) either party (the “designator”) may designate any of its Affiliates (the “designee”) to Deliver or take Delivery, as the case may be, and otherwise to perform such party’s obligations to Deliver or take Delivery, as the case may be, in respect of a Credit Derivative Transaction and the designee may assume such obligations. Such designation shall not relieve the designator of any of its obligations under such Credit Derivative Transaction. If the designee has performed the obligations of the designator under such Credit Derivative Transaction, then the designator shall be discharged of its obligations to the other party to the extent of such performance. If, as a result of such designation, (A) it would be illegal due to any applicable law or regulation for the designee to so Deliver or take Delivery, Delivery by such designee shall not be permitted or (B) such Delivery would give rise to any Tax or any loss or cost to the non-designating party, then Delivery by such designee shall not be permitted unless the non-designating party has received an indemnity acceptable to it from the designating party with respect to such Tax, loss or cost;

(v) unless otherwise specified in a Confirmation, any recordation, processing or similar fee reasonably incurred by Buyer and payable to the agent under a Loan in connection with an assignment (where Deliverable Obligations include Assignable Loans or Consent Required Loans) or Participation (where Deliverable Obligations include Direct Loan Participations or Indirect Loan Participations) shall be payable by Buyer and Seller equally on the Physical Settlement Date or Latest Permissible Physical Settlement Date, as applicable; and

(vi) notwithstanding any other provision of the Credit Derivative Transaction, if any Stamp Tax is payable in connection with the Delivery of (A) the Reference Obligation (or other Deliverable Obligations of the same type as the Reference Obligation), payment of such Stamp Tax shall be made by the party that would in the ordinary course bear such cost under a contract for purchase of the Reference Obligation or (B) other Deliverable Obligations, payment of such Stamp Tax shall be made by Buyer.

Section 9.4. Partial Cash Settlement Due to Impossibility or Illegality.

If, due to an event beyond the control of Buyer, it is impossible or illegal for Buyer to Deliver, or due to an event beyond the control of Seller it is impossible or illegal for Seller to accept Delivery of, any portion of the Portfolio specified in the Notice of Intended Physical Settlement on the Physical Settlement Date (including, without limitation, failure of the relevant clearance system or due to any law, regulation or court order, but not including market conditions or the failure to obtain any requisite consent with respect to the Delivery of Loans), then on such date (a) Buyer shall Deliver and Seller shall take Delivery of that portion of the Portfolio specified in the Notice of Intended Physical Settlement for which it is possible and legal to take Delivery versus contemporaneous payment of that portion of the Physical Settlement Amount that corresponds to such portion of the Portfolio and (b) Buyer or Seller, as applicable, shall provide a description

in reasonable detail of the facts giving rise to such impossibility or illegality and, as soon as practicable thereafter, Buyer shall Deliver and Seller shall take Delivery of that portion of the Portfolio specified in the Notice of Intended Physical Settlement which was not Delivered versus contemporaneous payment of that portion of the Physical Settlement Amount that corresponds to such portion of the Portfolio. The date on which the portion of the Portfolio specified in the Notice of Intended Physical Settlement which was not Delivered is subsequently delivered shall be the Termination Date. If, following the occurrence of any such impossibility or illegality, such portion of the Portfolio to be Delivered specified in the Notice of Intended Physical Settlement is not Delivered to Seller on or prior to the Latest Permissible Physical Settlement Date, Cash Settlement pursuant to the Partial Cash Settlement Terms shall be deemed to apply to the Credit Derivative Transaction with respect to such portion of the Portfolio that cannot be Delivered (the “Undeliverable Obligations”).

Section 9.5. Partial Cash Settlement of Assignable Loans or Consent Required Loans. If:

(a) “Partial Cash Settlement of Loans Applicable” is specified in the related Confirmation;

(b) all or a portion of the Portfolio includes Assignable Loans or Consent Required Loans that, due to the non-receipt of any requisite consents, are not, on the Physical Settlement Date, capable of being assigned or novated to Seller or Seller’s designee and such consents are not obtained or deemed given by the Latest Permissible Physical Settlement Date; and

(c)(i) neither Direct Loan Participation nor Indirect Loan Participation is specified as a Deliverable Obligation Characteristic in the related Confirmation or (ii) either or both of Direct Loan Participation and Indirect Loan Participation are specified as Deliverable Obligation Characteristics in the related Confirmation and the relevant Participation is not effected on or before the Latest Permissible Physical Settlement Date,

Cash Settlement pursuant to the Partial Cash Settlement Terms shall be deemed to apply to the Credit Derivative Transaction with respect to that portion of the Portfolio that consists of Assignable Loans or Consent Required Loans that cannot be assigned to Seller or Seller’s designee (the “Undeliverable Loan Obligations”).

Section 9.6. Partial Cash Settlement of Assignable Loans. If:

(a) “Partial Cash Settlement of Assignable Loans Applicable” is specified in the related Confirmation;

(b) all or a portion of the Portfolio includes Assignable Loans that, due to the non-receipt of any requisite consents, are not, on the Physical Settlement Date, capable of being assigned or novated to Seller or Seller’s designee and such consents are not obtained or deemed given by the Latest Permissible Physical Settlement Date; and

(c)(i) neither Direct Loan Participation nor Indirect Loan Participation is specified as a Deliverable Obligation Characteristic in the related Confirmation or (ii) either or both of Direct Loan Participation and Indirect Loan Participation are

specified as Deliverable Obligation Characteristics in the related Confirmation and the relevant Participation is not effected on or before the Latest Permissible Physical Settlement Date,

Cash Settlement pursuant to the Partial Cash Settlement Terms shall be deemed to apply to the Credit Derivative Transaction with respect to that portion of the Portfolio that consists of Assignable Loans that cannot be assigned to Seller or Seller's designee (the "Unassignable Obligations").

Section 9.7. Partial Cash Settlement of Participations. If:

(a) "Partial Cash Settlement of Participations Applicable" is specified in the related Confirmation; and

(b) all or a portion of the Portfolio includes Direct Loan Participations or Indirect Loan Participations and the relevant Participation is not effected on or before the Latest Permissible Physical Settlement Date,

Cash Settlement pursuant to the Partial Cash Settlement Terms shall be deemed to apply to the Credit Derivative Transaction with respect to that portion of the Portfolio that consists of Direct Loan Participations or Indirect Loan Participations in respect of which the relevant Participation is not effected (the "Undeliverable Participations").

Section 9.8. Latest Permissible Physical Settlement Date. "Latest Permissible Physical Settlement Date" means, in respect of Section 9.4, the date that is 30 calendar days after the Physical Settlement Date and, in respect of Sections 9.5, 9.6 and 9.7, the date that is fifteen Business Days after the Physical Settlement Date.

Section 9.9. Partial Cash Settlement Terms. Unless specified otherwise in the related Confirmation, the following terms are deemed to be defined as follows for the purposes of the Partial Cash Settlement Terms referred to in Sections 9.4, 9.5, 9.6 and 9.7:

(a) "Cash Settlement Amount" is deemed to be, for each Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation, the aggregate of the greater of (i) the outstanding principal balance, Due and Payable Amount or Currency Amount, as applicable, of each Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation multiplied by the difference between the Reference Price and the Final Price with respect to such Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation and (ii) zero;

(b) "Cash Settlement Date" is deemed to be the date that is three Business Days after the calculation of the Final Price, which date shall also be the Termination Date;

(c) "Reference Obligation" is deemed to be each Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation and "Reference Price" is deemed to be one hundred per cent;

(d) “Valuation Date” is deemed to be the date that is two Business Days after the Latest Permissible Physical Settlement Date;

(e) “Valuation Method” is deemed to be Highest unless the relevant Quotations include Weighted Average Quotations (or, if applicable, Indicative Quotations), in which case, “Valuation Method” is deemed to be Market;

(f) “Quotation Method” is deemed to be Bid;

(g) “Quotation Amount” is deemed to be, with respect to each type or issue of Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation, an amount equal to the outstanding principal balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation;

(h) There shall be no “Minimum Quotation Amount”;

(i) “Valuation Time” is deemed to be 11:00 a.m. in the Calculation Agent City;

(j) “Market Value” means, with respect to an Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation (as applicable) on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if only a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are applicable and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (vi) if fewer than two Full Quotations are obtained, no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) then, subject to clause (k)(ii), an amount as determined by the Calculation Agent on the next Business Day on which at least two Full Quotations, a Weighted Average Quotation or three Indicative Quotations are obtained; and (vii) if the Quotations are deemed to be zero, the Market Value shall be zero.

(k) “Quotation” means each Full Quotation, the Weighted Average Quotation and, if Indicative Quotations are applicable, each Indicative Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

(i) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from at least five Dealers. If at least two such Full Quotations are not available on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from at least five Dealers, and, if at least two Full Quotations are not available, a Weighted Average Quotation. If at least two such Full Quotations or a Weighted Average Quotation are not available on any such Business Day and Indicative Quotations are applicable, the Calculation Agent shall attempt to obtain three Indicative Quotations from at least five Dealers.

(ii) If the Calculation Agent is a party to the Credit Derivative Transaction and is unable to obtain at least two Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are applicable, three Indicative Quotations) on or prior to the tenth Business Day following the applicable Valuation Date, then the party that is not the Calculation Agent may attempt to obtain two Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are applicable, three Indicative Quotations) from at least five Dealers. If such Party is able to obtain two Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are applicable, three Indicative Quotations) on the same Business Day within an additional five Business Days, the Calculation Agent shall use such Quotations to determine the Final Price in accordance with the specified Valuation Method. If such party is unable to obtain two Full Quotations, a Weighted Average Quotation (or, if Indicative Quotations are applicable, three Indicative Quotations) on the same Business Day within an additional five Business Days, the Quotations shall be deemed to be zero. If the Calculation Agent is a third party and is unable to obtain at least two Full Quotations, a Weighted Average Quotation (or, if Indicative Quotations are applicable, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, Buyer and Seller each may attempt to obtain two Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are applicable, three Indicative Quotations) from at least five Dealers. If either or both parties is (or are) able to obtain at least two Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are applicable, three Indicative Quotations) on the same Business Day within an additional five Business Days, the Calculation Agent shall use all such Quotations to determine the Final Price in accordance with the relevant Valuation Method. If the parties are unable to obtain between them two Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are applicable, three Indicative Quotations) on the same Business Day within an additional five Business Days, the Quotations shall be deemed to be zero.

(iii) The Calculation Agent shall determine, after consultation with the parties, based on then current market practice in the market of the relevant Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.

(1) “Indicative Quotation” shall mean, in accordance with the Quotation Method, each quotation obtained from a Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation (as applicable) equal to the Quotation Amount, which reflects such Dealer’s reasonable assessment of the price of such Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation based on such factors as such Dealer may consider relevant, which may include historical prices and recovery rates. Indicative Quotations shall be applicable only in the event that the Partial Cash Settlement Terms become applicable to a Credit Derivative Transaction due to the occurrence of an event giving rise to an impossibility or illegality under Section 9.4.

ARTICLE X

DISPUTE RESOLUTION

Section 10.1. ISDA Dispute Resolution Guidelines. If the ISDA Dispute Resolution Guidelines have been published at the Trade Date and “Dispute Resolution Applicable” is specified in the related Confirmation, the ISDA Dispute Resolution Guidelines (as in effect at the Trade Date) will be incorporated by reference into the relevant Credit Derivative Transaction. Until such time as the ISDA Dispute Resolution Guidelines are published, specifying “Dispute Resolution Applicable” in a Confirmation shall be of no effect and the provisions of Section 10.2 shall apply to such Credit Derivative Transaction unless otherwise specified by the parties.

Section 10.2. Resolution of Disputes Concerning Certain Determinations by the Calculation Agent. In the event that a party (the “Disputing Party”) does not agree with any determination made (or the failure to make any determination) by the Calculation Agent, the Disputing Party shall have the right to require that the Calculation Agent have such determination made by a disinterested third party that is a dealer of derivative obligations and that is, or whose Affiliates are, dealers in obligations of the type of the Reference Obligation (and, if there is no Reference Obligation, any Obligation of the type that is the subject of the dispute or, if the dispute does not concern an Obligation, any Deliverable Obligation) but is not an Affiliate of either party. Such dealer shall be selected by the Calculation Agent in its reasonable discretion after consultation with the parties. Any exercise by the Disputing Party of its rights hereunder must be in writing and shall be delivered to the Calculation Agent as soon as possible but no later than the Business Day following the Business Day on which the Calculation Agent notifies the Disputing Party of any determination made (or of the failure to make any determination). Any determination by a disinterested third party shall be binding in the absence of manifest error and shall be made as soon as possible but no later than within five Business Days of the Disputing Party’s exercise of its rights hereunder. The costs of such disinterested third party shall be borne by (a) the Disputing Party if the disinterested third party substantially agrees with the Calculation Agent or (b) the non-Disputing Party if the disinterested third party does not substantially agree with the Calculation Agent. Determinations as to any amounts due shall (if possible) be calculated retrospectively with reference to the actual amount that was due on any Cash Settlement Date, Physical Settlement Date or Partial Cash Settlement Date (as applicable), and shall not account for subsequent changes with respect to any Reference Obligation, Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or

Unassignable Obligation as the case may be. Interest on any amounts due that are subject to dispute shall be paid from (and including) the date of nonpayment to (but excluding) the date such amount is paid, at the Termination Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

Heading

[Headed paper of Party A]

Date:

To: [Name and Address or Facsimile Number of Party B]

From: [Party A]

Re: Credit Derivative Transaction

Dear :

The purpose of this [facsimile][letter] (this "Confirmation") is to confirm the terms and conditions of the Credit Derivative Transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 1999 ISDA Credit Derivatives Definitions (the "Credit Derivatives Definitions"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Credit Derivatives Definitions and this Confirmation, this Confirmation will govern.

[This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement dated as of [date], as amended and supplemented from time to time (the "Agreement"), between you and us. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.]¹

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

THE FOOTNOTES TO THIS CONFIRMATION ARE PROVIDED FOR CLARIFICATION ONLY AND DO NOT CONSTITUTE ADVICE AS TO THE STRUCTURING OR DOCUMENTATION OF A CREDIT DERIVATIVE TRANSACTION.

ISDA has not undertaken to review all applicable laws and regulations of any jurisdiction in which the Credit Derivatives Definitions may be used. Therefore, parties are advised to consider the application of any relevant jurisdiction's regulatory, tax, accounting, exchange or other requirements that may exist in connection with the entering into and documenting of a privately negotiated credit derivative transaction.

¹ Include if applicable. If the parties have not yet executed, but intend to execute, an ISDA Master Agreement include, instead of this paragraph, the following: "This Confirmation evidences a complete and binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. In addition, you and we agree to use all reasonable efforts promptly to negotiate, execute and deliver an agreement in the form of the [ISDA Master Agreement (Multicurrency-Cross Border)] [ISDA Master Agreement (Local Currency-Single Jurisdiction)] (the "ISDA Form"), with such modifications as you and we will in good faith agree. Upon the execution by you and us of such an agreement, this Confirmation will supplement, form part of, and be subject to that agreement. All provisions contained in or incorporated by reference in that agreement upon its execution will govern this Confirmation except as expressly modified below. Until we execute and deliver that agreement, this Confirmation, together with all other documents referring to the ISDA Form (each a "Confirmation") confirming transactions (each a "Transaction") entered into between us (notwithstanding anything to the contrary in a Confirmation), shall supplement, form a part of, and be subject to, an agreement in the form of the ISDA Form as if we had executed an agreement in such form (but without any Schedule except for the election of [English Law][the laws of the State of New York] as the governing law and [specify currency] as the Termination Currency) on the Trade Date of the first such Transaction between us. In the event of any inconsistency between the provisions of that agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction."

1. General Terms:

Trade Date: []
Effective Date: []
Scheduled Termination Date: []
Floating Rate Payer: [Party A][Party B] (the “Seller”).
Fixed Rate Payer: [Party A][Party B] (the “Buyer”).
Calculation Agent:² []
Calculation Agent City:³ []
Business Day:⁴ []
Business Day Convention: [Following] [Modified Following] [Preceding] (which shall apply to any date referred to in this Confirmation that falls on a day that is not a Business Day⁵).
Reference Entity: []
[Reference Obligation(s):]⁶ []

The obligation[s] identified as follows:

Primary Obligor: []
Guarantor: []
Maturity: []
Coupon: []
CUSIP/ISIN: []
Original Issue Amount: []

Reference Price: [] %⁷

2 If the Calculation Agent is a third party, the parties may wish to consider any documentation necessary to confirm its undertaking to act in that capacity. If a person is not specified, the Credit Derivatives Definitions provide that the Calculation Agent will be the Seller.

3 If a city is not specified, the Credit Derivatives Definitions provide that the Calculation Agent City will be the city in which the office through which the Calculation Agent is acting for purposes of the Credit Derivative Transaction is located.

4 The Credit Derivatives Definitions provide a fallback to days on which commercial banks and foreign exchange markets are generally open to settle payments in the jurisdiction of the currency of the Floating Rate Payer Calculation Amount.

5 The Credit Derivative Definitions provide a fallback to the Modified Following Business Day Convention.

6 Specify if required. A Reference Obligation must be specified for Credit Derivative Transactions to which Cash Settlement applies.

7 If a percentage is not so specified, the Credit Derivatives Definitions provide that the Reference Price will be one hundred percent.

2. Fixed Payments:

[Fixed Rate Payer
Calculation Amount:⁸ []

[Fixed Rate Payer Period End
Date:⁹ []

Fixed Rate Payer Payment
Date[s]: []

[Fixed Rate: []]¹⁰

[Fixed Rate Day Count
Fraction:¹¹] []

[Fixed Amount]: []

3. Floating Payment:

Floating Rate Payer
Calculation Amount:¹² []

8 If an amount is not specified, the Credit Derivatives Definitions provide that the Fixed Rate Payer Calculation Amount will be the Floating Rate Payer Calculation Amount.

9 If a date is not specified, the Credit Derivatives Definitions provide that the Fixed Rate Payer Period End Date will be each date specified in the related Confirmation as a Fixed Rate Payer Payment Date.

10 The Credit Derivatives Definitions provide that the Fixed Rate means a rate, expressed as a decimal, equal to the per annum rate specified here.

11 If a Fixed Rate Day Count Fraction is not specified, the Credit Derivatives Definitions provide a fallback to Actual/360 as the Fixed Rate Day Count Fraction.

12 Specify an amount or, for amortizing Transactions, refer to amounts listed in an amortization schedule.

Conditions to Payment: Credit Event Notice

Notifying Party: Buyer [or Seller]

[Notice of Intended Physical Settlement]¹³

[Notice of Publicly Available Information Applicable]¹⁴

[Public Source(s):[]]¹⁵

[Specified Number:[]]¹⁶

Credit Events: The following Credit Event[s] shall apply to this Transaction:

[Bankruptcy]

[[Failure to Pay]

[Grace Period Extension Applicable]¹⁷

[Grace Period:]]¹⁸

Payment Requirement: []]¹⁹

-
- 13 Notice of Intended Physical Settlement is a required Condition to Payment in respect of Credit Derivative Transactions to which Physical Settlement is applicable. It is not applicable in relation to Credit Derivative Transactions to which Cash Settlement is applicable.
- 14 If Notice of Publicly Available Information is intended to be a Condition to Payment, the parties should include a reference to it here.
- 15 If Notice of Publicly Available Information has been selected by the parties and a Public Source is not specified, the Credit Derivatives Definitions provide that the Public Sources will be Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun and Financial Times and successor publications (which sources may be referred to collectively in a Confirmation as the “Standard Public Sources”).
- 16 If Notice of Publicly Available Information has been selected by the parties and a number of Public Sources is not specified, the Credit Derivatives Definitions provide that the Specified Number will be two.
- 17 Specify whether the parties intend Grace Period Extension to apply. If Grace Period Extension is not specified here as being applicable, Grace Period Extension will not apply to the Credit Derivative Transaction.
- 18 If Grace Period Extension is applicable, the parties may also wish to specify the number of days in the Grace Period. Parties should specify whether the Grace Period is to be measured in Business Days or calendar day. If a number of days is not so specified, Grace Period will be the lesser of the applicable grace period with respect to the relevant Obligation and thirty calendar days. If at the later of the Trade Date and the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of that Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to that Obligation. Unless Grace Period Expansion is specified as applicable to a Credit Derivative Transaction, this deemed Grace Period will expire no later than the Scheduled Termination Date.
- 19 Payment Requirement is relevant to the Failure to Pay Credit Event. If a Payment Requirement is not specified, the Credit Derivatives Definitions provide that the Payment Requirement will be USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay.

[Obligation Default]
 [Obligation Acceleration]
 [Repudiation/Moratorium]
 [Restructuring]
 [Default Requirement: []]²⁰

Obligation(s)

<i>Obligation Category (Select only one):</i>	<i>Obligation Characteristics (Select all that apply):</i>
<input type="checkbox"/> Payment	<input type="checkbox"/> Pari Passu Ranking
<input type="checkbox"/> Borrowed Money	<input type="checkbox"/> Specified Currency: []] ²²
<input type="checkbox"/> Reference Obligations Only ²¹	<input type="checkbox"/> Not Sovereign Lender
<input type="checkbox"/> Bond	<input type="checkbox"/> Not Domestic Currency [Domestic Currency means: []] ²³
<input type="checkbox"/> Loan	<input type="checkbox"/> Not Domestic Law
<input type="checkbox"/> Bond or Loan	<input type="checkbox"/> Listed
	<input type="checkbox"/> Not Contingent
	<input type="checkbox"/> Not Domestic Issuance

[and:]
 [Specify any other obligations of a Reference Entity.]
 [Excluded Obligations:]²⁴ []

20 Default Requirement is relevant to the Obligation Default, Obligation Acceleration, Repudiation/Moratorium and Restructuring Credit Events. If a Default Requirement is not specified, the Credit Derivatives Definitions provide that the Default Requirement will be USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event.

21 If Reference Obligations Only is specified as the Obligation Category, no Obligation Characteristics should be specified.

22 Specify Currency. The Credit Derivatives Definitions provide that, if no currency is so specified, Specified Currency means the lawful currencies of any of Canada, Federal Republic of Germany, Japan, Republic of France, Republic of Italy, United Kingdom and the United States of America and the euro (and any successor currency to any such currency). The Credit Derivatives Definitions provide that these currencies may be referred to collectively in a Confirmation as the "Standard Specified Currencies".

23 If no currency is specified, the Credit Derivatives Definitions provide that Domestic Currency will be the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organized, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Federal Republic of Germany, Japan, Republic of France, Republic of Italy, United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

24 Unless specified here as an Excluded Obligation, the Reference Obligation will be an Obligation.

4. Settlement Terms:

Settlement Method: [Cash Settlement] [Physical Settlement]

[[Terms Relating to Cash Settlement:]]²⁵

[Valuation Date:]²⁶ [Single Valuation Date:
[] Business Days]²⁷

[Multiple Valuation Dates:
[] Business Days²⁸; and
each [] Business Days thereafter²⁹
Number of Valuation Dates: []³⁰

[Valuation Time:]³¹

[Quotation Method: [Bid][Offer][Mid-market]]³²

[Quotation Amount: [] [Representative Amount]]³³

[Minimum Quotation Amount:]³⁴

[Dealer(s):]³⁵

[Settlement Currency:]³⁶

25 Include if Cash Settlement applies.

26 Include if the Cash Settlement Amount is not a fixed amount. The Credit Derivatives Definitions provide that if neither Single Valuation Date nor Multiple Valuation Dates is specified here, Single Valuation Date will apply.

27 If the number of Business Days is not specified, the Credit Derivatives Definitions provide that this will be five Business Days.

28 If the number of Business Days is not specified, the Credit Derivatives Definitions provide that this will be five Business Days.

29 If the number of Business Days is not specified, the Credit Derivatives Definitions provide that this will be five Business Days.

30 If the number of Valuation Dates is not specified, the Credit Derivatives Definitions provide that there will be five Valuation Dates.

31 If no time is specified, the Credit Derivatives Definitions provide that the Valuation Time will be 11:00 a.m. in the Calculation Agent City.

32 If no Quotation Method is specified, the Credit Derivatives Definitions provide that Bid shall apply.

33 Specify either an amount in a currency or Representative Amount. If no Quotation Amount is specified, the Credit Derivatives Definitions provide that the Quotation Amount will be the Floating Rate Payer Calculation Amount.

34 If no amount is specified, the Credit Derivatives Definitions provide that the Minimum Quotation Amount will be the lower of (i) USD 1,000,000 (or its equivalent in the relevant Obligation Currency) and (ii) the Quotation Amount.

35 Specify the Dealers. If no Dealers are specified here, the Calculation Agent will select the Dealers in consultation with the parties.

36 If no currency is specified, the Credit Derivatives Definitions provide that the Settlement Currency will be the currency of denomination of the Floating Rate Payer Calculation Amount.

[Cash Settlement Date: [] Business Days]³⁷

[Cash Settlement Amount:]³⁸

[Quotations: [Include Accrued Interest][Exclude Accrued Interest]]³⁹

[Valuation Method:⁴⁰ [Market] [Highest]⁴¹
[Average Market] [Highest] [Average Highest]⁴²
[Blended Market] [Blended Highest]⁴³
[Average Blended Market] [Average Blended Highest]]⁴⁴

[Terms Relating to
Physical Settlement:]⁴⁵

[Physical Settlement [] Business Days]⁴⁶
Period:

[Portfolio: [Include Accrued Interest][Exclude Accrued Interest]⁴⁷

37 If a number of Business Days is not specified, the Credit Derivatives Definitions specify three Business Days.

38 If no amount is so specified, the Credit Derivatives Definitions provide that the Cash Settlement Amount will be the greater of (a) Floating Rate Payer Calculation Amount multiplied by the difference between the Reference Price and the Final Price and (b) zero.

39 If neither Include Accrued Interest nor Exclude Accrued Interest is specified with respect to Quotations, the Credit Derivatives Definitions provide that the Calculation Agent will determine, after consultation with the parties, based on then current market practice in the market of the Reference Obligations, whether such Quotations shall include or exclude accrued but unpaid interest.

40 Include if the Cash Settlement Amount is not a fixed amount.

41 Either of these Valuation Methods may be specified for a Credit Derivative Transaction with only one Reference Obligation and only one Valuation Date. If no Valuation Method is specified in such circumstances, the Credit Derivatives Definitions provide that the Valuation Method shall be Highest.

42 One of these three Valuation Methods may be specified for a Credit Derivative Transaction with only one Reference Obligation and more than one Valuation Date. If no Valuation Method is specified in such circumstances, the Credit Derivatives Definitions provide that Average Highest shall apply.

43 One of these Valuation Methods may be specified for a Credit Derivative Transaction with more than one Reference Obligation and only one Valuation Date. If no Valuation Method is specified in such circumstances, the Credit Derivatives Definitions provide that Blended Highest shall apply.

44 One of these Valuation Methods may be specified for a Credit Derivative Transaction with more than one Reference Obligation and more than one Valuation Date. If no Valuation Method is specified in such circumstances, the Credit Derivatives Definitions provide that Average Blended Highest shall apply.

45 Include if Physical Settlement applies. Subject to contrary agreement between the parties, the Partial Cash Settlement Terms contained in the Credit Derivatives Definitions apply automatically in the context of events rendering it impossible or illegal for Buyer to Deliver or for Seller to accept Delivery of any portion of the Portfolio on or prior to the Latest Permissible Physical Settlement Date. This should be distinguished from the Partial Cash Settlement of Loans, Partial Cash Settlement of Assignable Loans and Partial Cash Settlement of Participations provisions, which are elective. If applicable for any reason, the Partial Cash Settlement Terms will apply in the form prescribed in the Credit Derivatives Definitions unless contrary provision is made by the parties in the Confirmation.

46 If a number of Business Days is not specified, the Credit Derivatives Definitions provide that the Physical Settlement Period will be the longest of the number of Business Days for settlement in accordance with then current market practice of any Deliverable Obligation being Delivered in the Portfolio, as determined by the Calculation Agent, after consultation with the parties.

47 Specify whether, in respect of Deliverable Obligations with an outstanding principal balance, the Portfolio is to include or exclude accrued but unpaid interest. If neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified here, the Credit Derivatives Definitions provide that the Portfolio shall exclude accrued but unpaid interest.

Deliverable Obligations:

<i>Deliverable Obligation Category (Select only one):</i>	<i>Deliverable Obligation Characteristics (Select all that apply):</i>
<input type="checkbox"/> Payment <input type="checkbox"/> Borrowed Money <input type="checkbox"/> Reference Obligations Only ⁴⁸ <input type="checkbox"/> Bond <input type="checkbox"/> Loan <input type="checkbox"/> Bond or Loan	<input type="checkbox"/> Pari Passu Ranking <input type="checkbox"/> Specified Currency: [] ⁴⁹ <input type="checkbox"/> Not Sovereign Lender <input type="checkbox"/> Not Domestic Currency [Domestic Currency means: []] ⁵⁰ <input type="checkbox"/> Not Domestic Law <input type="checkbox"/> Listed <input type="checkbox"/> Not Contingent <input type="checkbox"/> Not Domestic Issuance <input type="checkbox"/> Assignable Loan <input type="checkbox"/> Consent Required Loan <input type="checkbox"/> Direct Loan Participation <input type="checkbox"/> Indirect Loan Participation Qualifying Participation Seller:[] ⁵¹ <input type="checkbox"/> Transferable <input type="checkbox"/> Maximum Maturity [] ⁵² <input type="checkbox"/> Accelerated or Matured <input type="checkbox"/> Not Bearer

[and:]

[Specify any other obligations of a Reference Entity.]

48 If Reference Obligations Only is specified as the Deliverable Obligation Category, no Deliverable Obligation Characteristics should be specified.

49 Specify Currency. The Credit Derivatives Definitions provide that, if no currency is so specified, Specified Currency means the lawful currencies of any of Canada, Federal Republic of Germany, Japan, Republic of France, Republic of Italy, United Kingdom and the United States of America or the euro (and any successor currency to any such currency). The Credit Derivatives Definitions provide that these currencies may be referred to collectively in a Confirmation as the "Standard Specified Currencies".

50 If no currency is specified, the Credit Derivatives Definitions provide that Domestic Currency will be the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organized, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Federal Republic of Germany, Japan, Republic of France, Republic of Italy, United Kingdom and the United States of America or the euro (or any successor currency to any such currency).

51 If either Direct Loan Participation or Indirect Loan Participation is specified as a Deliverable Obligation Characteristic, specify any requirements for the Qualifying Participation Seller here. If requirements are not so specified, the Credit Derivatives Definitions provide that there shall be no Qualifying Participation Seller, with the result that only a Participation pursuant to a Participation agreement between Buyer and Seller will constitute a Direct Loan Participation or an Indirect Loan Participation.

52 Specify maximum period to maturity from the Physical Settlement Date.

[Excluded Deliverable Obligations:]⁵³ []

[Partial Cash Settlement of Loans Applicable]⁵⁴

[Partial Cash Settlement of Assignable Loans Applicable]⁵⁵

[Partial Cash Settlement of Participations Applicable]⁵⁶

Escrow: [Applicable] [Not Applicable]

[5. Dispute Resolution Applicable]⁵⁷

[6.] Notice and Account Details:

Telephone, Telex and/or
Facsimile Numbers and
Contact Details for Notices:

Buyer: []
Seller: []

Account Details

Account Details of
Buyer: []

Account Details of Seller:
[]

[7. Offices]⁵⁸

Seller: []

Buyer: []

53 Unless specified as an Excluded Deliverable Obligation, the Reference Obligation will be a Deliverable Obligation.

54 Include if the parties intend that the Partial Cash Settlement Terms are to be applicable in relation to Assignable Loans and Consent Required Loans.

55 Include if the parties intend that the Partial Cash Settlement Terms are to be applicable in relation to Assignable Loans.

56 Include if the parties intend that the Partial Cash Settlement Terms are to be applicable in relation to Direct Loan Participations and Indirect Loan Participations.

57 Specify whether it is intended that the ISDA Dispute Resolution Guidelines (the "Guidelines") are to be applicable to the Credit Derivative Transaction. If the Guidelines have been published at the Trade Date and Dispute Resolution Applicable is specified here, the Guidelines (as in effect at the Trade Date) will be incorporated by reference into the Credit Derivative Transaction. If the Guidelines have not been published at the Trade Date, specifying Dispute Resolution Applicable here will be of no effect. Upon publication, the Guidelines will not, without further action by the parties, apply to Credit Derivative Transactions entered into prior to the date of publication of the Guidelines. Until such time as the Guidelines are published, the provisions of Section 10.2 of the Credit Derivatives Definitions shall apply to every Credit Derivative Transaction unless specifically disappplied by the parties.

58 If necessary, specify the Offices through which the parties are acting for the purposes of the Credit Derivative Transaction.

Closing

Please confirm your agreement to be bound by the terms of the foregoing by executing a copy of this Confirmation and returning it to us [by facsimile].

Yours sincerely,

[PARTY A]

By:_____

Name:

Title:

Confirmed on the date
first above written:

[PARTY B]

By:_____

Name:

Title:

Index of Terms

<u>Term</u>	<u>Page</u>
30/360	19
30E/360	20
Accelerated or Matured	10
Actual/360	19
Actual/365	19
Actual/365 (Fixed)	19
Actual/Actual	19
Additional Termination Event	4
Affected Party	4
Affected Transaction	4
Affiliate	4
Assignable Loan	8
Average Blended Highest	24
Average Blended Market	24
Average Highest	24
Average Market	24
Bankruptcy	16
Bid	22
Blended Highest	24
Blended Market	24
Bond	7
Bond Basis	19
Bond or Loan	7
Borrowed Money	6
Business Day	3
Business Day Convention	5
Buyer	4
Buyer or Seller	13
Calculation Agent	3
Calculation Agent City	3
Calculation Agent City Business Day	3
Cash Settlement	21
Cash Settlement Amount	21
Cash Settlement Date	32
Conditions to Payment	13
Confirmation	1
Consent Required Loan	8
Credit Derivative Transaction	1
Credit Event	16
Credit Event Notice	13
Currency Amount	27
Currency Rate	27
Dealer	25
Default Requirement	18
Deliver	26
Deliverable Obligation	6
Deliverable Obligation Category	8
Deliverable Obligation Characteristics	8
Direct Loan Participation	9
Dispute Resolution	35
Dispute Resolution Applicable	35
Disputing Party	35

Domestic Currency	11
Due and Payable Amount	27
Effective Date	1
Escrow	27
Eurobond Basis	20
Event Determination Date	1
Event of Default	4
Exclude Accrued Interest	23
Excluded Deliverable Obligation	6
Excluded Obligation	6
Failure to Pay	17
Final Price	21
Fixed Amount	4
Fixed Rate	19
Fixed Rate Day Count Fraction	19
Fixed Rate Payer	4
Fixed Rate Payer Calculation Amount	5
Fixed Rate Payer Calculation Period	5
Fixed Rate Payer Payment Date	5
Fixed Rate Payer Period End Date	4
Floating Rate Payer	5
Floating Rate Payer Calculation Amount	5
Following	5
Full Quotation	23
Governmental Authority	18
Grace Period	2
Grace Period Business Day	2
Grace Period Extension Date	2
Highest	24
Illegality	4
Include Accrued Interest	23
Indicative Quotation	35
Indirect Loan Participation	9
ISDA Dispute Resolution Guidelines	35
ISDA Master Agreements	v
Latest Permissible Physical Settlement Date	32
Listed	7
Loan	7
Market	23
Market Quotation	4
Market Value	22
Maximum Maturity	10
Mid-market	22
Minimum Quotation Amount	25
Modified	5
Modified Following	5
Multiple Valuation Dates	21
Not Bearer	10
Not Contingent	7
Not Domestic Currency	7
Not Domestic Issuance	8
Not Domestic Law	7
Not Sovereign Lender	7
Notice Delivery Period	2
Notice of Intended Physical Settlement	14
Notice of Publicly Available Information	15

Notifying Party	13
Obligation	6
Obligation Acceleration	16
Obligation Category	6
Obligation Characteristics	7
Obligation Currency	18
Obligation Default	17
Obligation Exchange	18
Obligation Guarantor	29
Offer	22
Pari Passu Ranking	7
Partial Cash Settlement of Assignable Loans Applicable	31
Partial Cash Settlement of Loans Applicable	31
Partial Cash Settlement of Participations Applicable	32
Payment	6
Payment Requirement	18
Physical Settlement	25
Physical Settlement Amount	26
Physical Settlement Date	26
Physical Settlement Period	26
Portfolio	26
Potential Failure to Pay	3
Preceding	5
Public Source	15
Publicly Available Information	14
Qualifying Participation Seller	10
Quotation	22
Quotation Amount	25
Quotation Method	22
Reference Entity	4
Reference Obligation	4
Reference Obligations Only	6
Reference Price	4
Representative Amount	25
Repudiation/Moratorium	17
Restructuring	17
Scheduled Termination Date	1
Seller	4
Settlement Currency	20
Settlement Date	20
Settlement Method	20
Single Valuation Date	21
Sovereign	11
Sovereign Agency	11
Specified Currency	7
Specified Number	15
Stamp Tax	4
Standard Public Sources	15
Standard Specified Currencies	7
Substitute Reference Obligation	11
Successor	4
Supranational Organization	11
Tax	4
Term	1
Termination Date	1
Trade Date	1

Transferable	9
Unassignable Obligations	32
Undeliverable Loan Obligations	31
Undeliverable Obligations	31
Undeliverable Participations	32
Valuation Date	21
Valuation Method.....	23
Valuation Time	25
Weighted Average Quotation.....	23