

Version Dated April 28, 2008

**CREDIT SUPPORT APPENDIX („Appendix“)**

dated as of \_\_\_\_\_

to the

**Swiss Master Agreement for OVER-THE-COUNTER (OTC)  
derivative instruments**

between

\_\_\_\_\_  
**(„Party A“)**

and

\_\_\_\_\_  
**(„Party B“)**

**(„Master Agreement“)**

This Appendix shall govern the parties' credit support obligations in relation to any exposure under the Master Agreement by means of transfer of collateral, either in the form of cash or in the form of securities as irregular pledge (Eligible Credit Support).

## **1. Delivery Amount and Dispute Resolution**

### **1.1 General Principle:**

If, on any Valuation Date (as defined in section 8.3a), a party finds that its Transactions are under-collateralized (pursuant to section 1.5.1) or that the other party is over-collateralized (pursuant to section 1.5.2), then it has the right to demand that the other party deliver or return, as the case may be, Eligible Credit Support subject to the Minimum Transfer Amount pursuant to section 1.6 and the Rounding Amount pursuant to section 1.7.

The request to deliver or return Eligible Credit Support constitutes an obligation of the other party to deliver or return, as the case may be, a respective amount of Eligible Credit Support on the agreed Delivery Day (section 8.3e).

Unless otherwise agreed, such obligation shall exist irrespective of any other credit support provided by the obliged party or by any third party in favor of such party under any other agreement and regardless of the right of set-off pursuant to section 6 of the Master Agreement.

### **1.2 Exposure**

The Exposure on any Valuation Date shall be the liquidation value pursuant to section 5.6 of the Master Agreement (whereas, for the purpose of this Appendix, such liquidation value shall be calculated following principles in section 1.8 of this Appendix), assuming a hypothetical termination of all Transactions under the Master Agreement at the Valuation Time (section 8.3b). From the viewpoint of the party that would be entitled to claim the liquidation amount from the other party, the Exposure is deemed a positive figure; from the viewpoint of the party that would owe the liquidation amount, the Exposure is deemed a negative figure.

### **1.3 Independent Amount**

The parties may agree that an Independent Amount shall apply to either party (section 8.2b). If an Independent Amount applies to either party, the other party has the right to be over-collateralized to the extent of such Independent Amount at any time. If, on any Valuation Date, the party owing an Independent Amount, has a positive Exposure (i.e. could claim a corresponding liquidation amount from the other party), then the Independent Amount shall be reduced by such positive Exposure. The corresponding calculations are set out in sections 1.5-1.7.

### **1.4 Threshold Amount**

If the parties agree that a Threshold Amount shall apply to either party (section 8.2c), then the party, to whom the threshold amount applies, shall, in case of an under-collateralization of the other party, have no obligation to deliver any Eligible Credit Support to the other party up to such Threshold Amount. If and only to the extent by which the under-collateralization of the other party exceeds the Threshold Amount, the relevant party, subject to the other applicable provisions of this Appendix, has an obligation to transfer Eligible Credit Support to the other party.

### **1.5 Calculating Under-Collateralization and Over-Collateralization**

For the following calculations

X

shall be the party whose Exposure, minus any Independent Amount applicable to it and plus any Independent Amount applicable to the other party, is a positive number or zero and Y

shall be the other party.

## **1.5.1 Under-Collateralization**

On any Valuation Day, X is deemed under-collateralized in the amount by which the Credit Support Amount pursuant to section 1.5.3 exceeds the (positive or negative) sum of Net Collateral pursuant to section 1.5.4. If X is under-collateralized, it is entitled to claim that Y deliver Eligible Credit Support to the extent of the **Delivery Amount**, subject to sections 1.6 and 1.7.

## **1.5.2 Over-Collateralization**

On any Valuation Day, X is deemed over-collateralized in the amount by which the Net Collateral pursuant to section 1.5.4 exceeds the Credit Support Amount pursuant to section 1.5.3. If X is over-collateralized, Y is entitled to claim from X the return of Eligible Credit Support (**Return Amount**), subject to sections 1.6 and 1.7.

## **1.5.3 Credit Support Amount**

The Credit Support Amount equals the Exposure of X after adjusting for any applicable Independent Amount(-s) and after taking into account any Threshold Amount applying to Y. The Credit Support Amount shall thus be calculated as shown below. If this calculation produces a negative number, the Credit Support Amount shall be 0:

- a) X's Exposure (positive or negative)
- b) Plus any Independent Amount applicable to Y
- c) Minus any Independent Amount applicable to X
- d) Minus any Threshold Amount for Y.

## **1.5.4 Net Collateral**

The (positive or negative) amount of Net Collateral is calculated as follows:

- a) Amount of Eligible Credit Support delivered by Y
- b) Minus amount of Eligible Credit Support delivered by X.

## **1.6 Minimum Transfer Amount**

If the parties agree in section 8.2d that a Minimum Transfer Amount be applicable to either party, then such party only has to deliver or return Eligible Credit Support to the other party if a Delivery Amount or a Return Amount equals or exceeds such Minimum Transfer Amount. If a Delivery Amount or a Return Amount equals or exceeds the Minimum Transfer Amount applicable to the relevant party, then it has to deliver or return Eligible Credit Support not only in the amount of such excess, but in full, subject to rounding pursuant to section 1.7.

## 1.7 Rounding Amount

If the parties agree in section 8.2e that a Rounding Amount be applicable, then any Delivery Amount is rounded up to the next multiple of the Rounding Amount, and any Return Amount is rounded down to the next multiple of the Rounding Amount.

## 1.8 Valuation of Exposure and Eligible Credit Support

The valuation of Exposure and Eligible Credit Support is based on the latest market prices for the relevant transactions or Eligible Credit Support at the Valuation Time (section 8.3b). To the extent market quotations are available through on-screen information services (e.g. Bloomberg, Reuters or Telerate), such quotations shall be used. The Eligible Credit Support shall be valued pursuant to the Valuation Percentage as set fourth in section 8.2a. For valuation purposes, the party providing the calculations shall convert amounts not denominated in the Base Currency into the Base Currency at the spot rate at the Valuation Time.

## 1.9 Notification

The party that wishes to claim a delivery or return of Eligible Credit Support notifies the other party of the amount for which Eligible Credit Support should be delivered or returned by the Notification Time (section 8.3d) on the Notification Day (section 8.3c) and provides the other party with the necessary data on which it based its calculations. Notification shall be made in writing as practicable, e.g. fax or e-mail, to the Notification Address (section 8.4).

## 1.10 Dispute Resolution

The party that must deliver or return Eligible Credit Support has to verify, until the end of the agreed Notification Day (section 8.3c), the other party's calculations. If the party that has to deliver or return Eligible Credit Support objects to the other party's calculations, it shall inform the other party without delay by the end of the Notification Day.

Within the Dispute Resolution Deadline (section 8.3f), the parties shall consult with each other and come to an agreement on the disputed calculations.

The obligation to deliver or return Eligible Credit Support for the undisputed portion of the calculations shall hereby not be affected.

## 1.11 Consent, Revaluation

If the parties fail to consent on the Delivery Amount or Return Amount within the Dispute Resolution Deadline, the party requesting delivery or return of Eligible Credit Support shall reevaluate the Exposure and Eligible Credit Support on the next Bank Working Day.

**Bank Working Day** shall mean any working day on which banks at the domicile of both parties are open for business.

Any reevaluation shall be based on the arithmetical average of market prices or quotations obtained from at least three reference banks or reference sources. If fewer than three reference banks or generally accepted reference sources are able to provide a price, the arithmetical average of the available prices shall be used. If no price can be obtained from a reference bank or reference source, the original calculations of the party that requested the delivery or return of Eligible

Credit Support shall be used. It shall inform the other party of the results in writing on the same day by 16:00. The delivery/return must take place on the following Delivery Day.

## **2. Transferring Eligible Credit Support**

### **2.1 Eligible Credit Support**

Only the assets listed in section 8.2a shall qualify as Eligible Credit Support.

### **2.2 Delivery of Eligible Credit Support**

The party obliged to deliver Eligible Credit Support is free to determine the type and composition of the Eligible Credit Support with which it fulfils its credit support obligations.

### **2.3 Return of Eligible Credit Support**

If a party claims the return of Eligible Credit Support, it can oblige the other party to return Eligible Credit Support of the same type that it has originally delivered to that party. If it has originally delivered various types of Eligible Credit Support, it can choose which type of Eligible Credit Support is to be returned.

### **2.4 Instructions**

The party that must deliver or return Eligible Credit Support must transfer the Eligible Credit Support on the Delivery Day as instructed by the other party.

### **2.5 Exchange of Eligible Credit Support**

Subject to the consent of the other party, each party has the right to replace part or all Eligible Credit Support delivered with other Eligible Credit Support. The Eligible Credit Support to be exchanged may be returned only upon transfer of the new Eligible Credit Support.

### **2.6 Transfer of Title**

The parties agree that full right of title shall pass to the other party when transferring Eligible Credit Support to such party and such party shall have the right to freely dispose of the Eligible Credit Support. The party which originally delivered Eligible Credit Support acquires a right to receive back the same quantity, type and quality of Eligible Credit Support.

### **2.7 Non-Delivery of Eligible Credit Support**

If the party that is obliged to deliver or return Eligible Credit Support does not transfer the requested Eligible Credit Support and if such failure is not remedied on or before the third Bank Working Day after written notice of such failure is given to the defaulting party, the other party is entitled to early terminate the Master Agreement and all Transactions entered into under the Master Agreement pursuant to section 5.3 a) of the Master Agreement.

### **2.8 Right to Cease Performance of Obligations under this Appendix**

Section 5.7 of the Master Agreement shall apply *mutatis mutandis* to the delivery or return of Eligible Credit Support.

## 3. Income on Eligible Credit Support

3.1 „Income” with respect to Eligible Credit Support shall mean all interests or other distributions thereon, but excluding any distributions which are a payment or repayment of principal or the result of any liquidation.

## 3.2 Obligation to Pay Interest

Unless otherwise agreed, the recipient of Cash Collateral shall pay the other party interest on such Cash Collateral at the Interest Rates specified in section 8.1c (Interest Payment Dates as specified in section 8.1d).

## 3.3 Entitlement

Unless otherwise agreed, that party which originally delivered such Eligible Credit Support generating Income shall be entitled to and has a right to claim from the other party for compensation or payment of such Income, subject to applicable tax law, particularly taxation at source of interest on Cash Collateral in case that the collateral provider does not qualify as a banking institute and subject to section 3.4.

3.4 If a party has delivered Eligible Credit Support generating Income which is subject to any taxation at source, such party shall substitute such Eligible Credit Support in good time before payment of such Income falls due. If it fails to do so, the other party has no obligation to compensate for any taxes, duties or levies deducted, unless that other party has opposed to an Exchange of Eligible Credit Support.

## 4. Secured Claims

Eligible Credit Support transferred under this Appendix shall cover the parties' Exposure in the case of a termination of the Master Agreement pursuant to sections 5.3 to 5.5 of the Master Agreement, i.e. the liquidation value of Transactions pursuant to section 5.6 of the Master Agreement.

## 5 Procedure if the Master Agreement is Terminated

5.1 If the Master Agreement and all the Transactions thereunder are terminated, **Eligible Credit Support transferred between the parties shall be liquidated according to the following procedure:** All obligations under this Appendix are terminated simultaneously with the termination of the Master Agreement and the termination of all Transactions thereunder. Neither of the parties is obliged any longer to deliver or return Eligible Credit Support. The obligations to deliver or return Eligible Credit Support are replaced by a single monetary obligation to pay a liquidation value, which is calculated by the non-defaulting party in analogy to the Master Agreement.

The so calculated liquidation value under the Appendix is set off against the liquidation value under the Master Agreement.

The resulting net liquidation value shall be paid by the relevant party to the other.

The parties shall be entitled to set off the aforementioned net liquidation value against any sum owed under any other agreements, irrespective of whether such sum fell due or not.

## **5.2 Other credit support obligations**

A liquidation of Eligible Credit Support under this Appendix has no effect on any other credit support obligations pursuant to the third paragraph of section 1.1, or on the right to enforce due claims by means of insolvency proceedings or litigation.

## **6. Representations**

Each party represents to the other that it holds full title over all Eligible Credit Support or equivalent Eligible Credit Support to be transferred to the other party and that any such transfer vests full title with the other party, free from any third party rights.

## **7. Miscellaneous Provisions**

### **7.1 Clearing System Opening Hours**

If a certain type of Eligible Credit Support cannot be transferred because none of the clearing systems that could execute the transfer is operating, then, wherever possible, other Eligible Credit Support, for which a clearing system is operating, shall be transferred. If this is not possible, the transfer of Eligible Credit Support shall take place on the next Bank Working Day on which a clearing system that can effect the transfer is operating.

### **7.2 Interpretation**

In case of any inconsistency between this Appendix and the Master Agreement, this Appendix shall prevail (see section 0 para. 3 of the Master Agreement). In all other respects, the provisions of the Master Agreement shall apply.

### **7.3 Costs and Taxes:**

Unless otherwise agreed herein, each party shall bear its own costs and expenses (incl. fees and taxes).

### **7.4 Entry into Force and Termination**

**7.4.1** This Appendix shall enter into force upon execution by both parties.

**7.4.2** This Appendix may only be terminated by mutual agreement. It may not be terminated unilaterally by either of the parties.

## **8. Additional Provisions**

### **8.1 Base Currency and Currencies for Cash Collateral**

a) The „**Base Currency**” is:

b) The „**Currencies for Cash Collateral**” are:

c) The „**Interest Rates**” for Cash Collateral are:

d) The „**Interest Payment Dates**” are:

**8.2 Credit Support Obligations**

a) „**Eligible Credit Support**”: The following assets may be used by the relevant party to fulfill its credit support obligations:

	<b>Party A</b>	<b>Party B</b>	<b>Valuation Percentage (%)</b>
1. „Cash Collateral” in „Currencies for Cash Collateral”			
2. Negotiable debt obligations issued by the governments of the following countries having a residual maturity of less than one year:			
3. Negotiable debt obligations issued by the governments of the following countries having a residual maturity of more than one year but less than 5 years:			
4. Negotiable debt obligations issued by the governments of the following countries having a residual maturity of more than 5 years but less than 10 years:			



b) The „Independent Amount” is:

1) For Party A:

\_\_\_\_\_

2) For Party B:

\_\_\_\_\_

c) The „Threshold Amount” is:

1) For Party A:

\_\_\_\_\_

2) For Party B:

\_\_\_\_\_

d) The „Minimum Transfer Amount” is:

1) For Party A:

\_\_\_\_\_

2) For Party B:

\_\_\_\_\_

e) **„Rounding Amount”**: The amount of the Eligible Credit Support to be delivered/returned shall be rounded up/down to the nearest of

\_\_\_\_\_

## 8.3 Valuation and Timing

### a) „Valuation Day”:

- Each Bank Working Day (**default solution:** *applies unless otherwise agreed*)
- \_\_\_\_\_

### b) „Valuation Time”:

- Close of business on the Bank Working Day before the Valuation Day (**default solution:** *applies unless otherwise agreed*)
- \_\_\_\_\_

### c) „Notification Day”:

- „Notification Day”** is the Bank Working Day immediately after the Valuation Day. If notification occurs after the Notification Time, the next Bank Working Day is the Notification Day (**default solution:** *applies unless otherwise agreed*)
- \_\_\_\_\_

### d) „Notification Time”:

- 11:00 (Zurich) on the Bank Working Day immediately after the Valuation Day (**default solution:** *applies unless otherwise agreed*)
- Other time: \_\_\_\_\_

### e) „Delivery Day”:

#### 1) For Cash Collateral:

- The next following Bank Working Day after the Valuation Day (**default solution:** *applies unless otherwise agreed*)
- \_\_\_\_\_

2) For the transfer of securities:

The third Bank Working Day after the Valuation Day (**default solution: applies unless otherwise agreed**)

\_\_\_\_\_

If the designated day is not a Bank Working Day, the next Bank Working Day is the Delivery Day.

f) „Dispute Resolution Deadline“:

By the end of the Bank Working Day following the Notification Day (**default solution: applies unless otherwise agreed**)

\_\_\_\_\_

## 8.4 Notification Addresses

a) „**Notification Address**“ for Party A:

b) „**Notification Address**“ for Party B:

(Parties' signatures on the following page)

**Partei A**

**Partei B**

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Position: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Position: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_