

MASTER AGREEMENT FOR REPURCHASE TRANSACTIONS

**SAMPLE ONLY – NOT FOR USE**

**Master Agreement for Repurchase Transactions with Delivery of Securities  
"Pensions Livrées"**

Between the undersigned:

**Party A:**

**UBS AG, LONDON BRANCH**, a company incorporated in Switzerland and whose registered offices are at Aeschenvorstadt 1, CH-4051, Basel, and Bahnhofstrasse 45, CH-8021 Zurich CH-270.3.0K0K4.646-4 whose principal place of business within the United Kingdom is at 1 Finsbury Avenue, London EC2M 2PP,

represented by:

of the first part,

AND

**Party B:**

**[COUNTERPARTY]**

whose registered place of business is at, \_\_\_\_\_

represented by: \_\_\_\_\_

of the second part,

hereinafter referred to as "the Parties"

The Parties have entered into this Master Agreement (the "Agreement") in order to have their present and future Repurchase Transactions governed by and brought under a single agreement and to benefit from all legislative provisions applying thereto, in particular Article 12 of Act 93-1344 of 31 December 1993, as amended (the "Act"), and all subsequent implementation instruments.

**Article 1 - General principles of the Agreement**

*1.1.* The general principles of this Agreement (the "General Principles") are as follows:

- the Repurchase Transactions governed by this Agreement are solely those referred to in Article 12 of the Act for which the relevant securities are delivered in accordance with the procedures set out in Decree 94-350 dated 2 May 1994 ;
- the Repurchase Transactions governed by this Agreement shall constitute a whole for termination and netting purposes ;

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- upon an Event of Default by either Party the other Party shall be entitled to terminate all Repurchase Transactions governed by this Agreement, to set off reciprocal liabilities and claims thereunder and establish the Close-out Balance due to or payable by it; and
- such Close-out Balance shall be calculated on the basis of a calculation method laid down in the Agreement that reflects the economic value of the Repurchase Transactions at the date of their termination and takes into account the Margin deposited by one Party with the other.

**1.2.** The Parties may, in accordance with the General Principles, amend the terms of this Agreement by using for such purpose Appendix I, which forms an integral part of this Agreement, or by entering into a supplementary agreement. Such amendments shall then take precedence over this Agreement;

## Article 2 - Definitions

<b>"Amount Due"</b>	In relation to a terminated Repurchase Transaction and a specific Party, the sum of any amounts that were payable by such Party and have not been paid for whatever reason at the Termination Date, together with accrued Late Interest, calculated from the due date for payment to the Termination Date;
<b>"Business Day"</b>	A day on which banks are open for the settlement of interbank transactions in the financial centre referred to in Appendix I A;
<b>"Calculation Agent"</b>	A person (a Party or a third party) referred to in Appendix I A, whose function is set out in Article 7.2;
<b>"Change in Circumstances"</b>	An event mentioned in Article 10.2.1;
<b>"Close-out Balance"</b>	Amount established on the Termination Date by the Non-Defaulting Party or the Non-Affected Party, in accordance with the provisions of Article 11.1;
<b>"Confirmation"</b>	A document evidencing the agreement of the Parties on the terms and details of a Repurchase Transaction entered into by them, and setting out specific terms and details thereof;
<b>"Currency"</b>	Any freely convertible and transferable currency, including ECU;
<b>"Event of Default"</b>	An event mentioned in Article 10.1.1:
<b>"Haircut"</b>	For a given Repurchase Transaction, the adjustment level agreed to by the Parties at the time such Repurchase Transaction is entered into, thus allowing the Purchase Price of the Securities subject to such Repurchase Transaction to be established by reference to the volume and Value thereof;

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<b>"Late Interest"</b>	Interest calculated on any and all amounts due from one Party to the other and not paid, at the interest rate (the Late Interest Rate) as defined in Appendix I A;
<b>"Margin"</b>	On a given date, any sums of money and/or Securities, full title to which has passed to one Party in accordance with the provisions of Article 7.2 and Appendix I C, as valued on such date;
<b>"Margin Transaction"</b>	Any Repurchase Transaction other than those in respect of which the Parties have expressly excluded, in the relevant Confirmations, the application of the provisions of Article 7 and Appendix I C;
<b>"Purchase Date"</b>	Date of commencement of a particular Repurchase Transaction, on which the Securities subject to such Repurchase Transaction are transferred against payment of the Purchase Price to the seller, as specified in the relevant Confirmation;
<b>"Purchase Price"</b>	For a given Repurchase Transaction, the amount paid by the buyer on the Purchase Date (taking into account the Haircut, if any), against delivery by the seller of the Securities subject to such Repurchase Transaction;
<b>"Reference Currency"</b>	Currency selected by the Parties in which the Margin and Close-out Balance are denominated and paid, as set out in Appendix I A;
<b>"Reference Rate"</b>	Interest rate in the Reference Currency, establishing the cost of maintaining any cash Margin, as set out in Appendix I A;
<b>"Repurchase Date"</b>	Maturity date of a Repurchase Transaction, on which the Securities subject to such Repurchase Transaction are sold back against payment to the buyer of the Repurchase Price, as set out at the time such Repurchase Transaction was entered into (and specified in the relevant Confirmation) or, subject to fulfilment of any applicable notice requirement, during the lifetime of the relevant Repurchase Transaction;
<b>"Repurchase Price"</b>	For a given Repurchase Transaction, the amount paid by the seller on the Repurchase Date against the return of the relevant Securities by the buyer;
<b>"Repurchase Rate"</b>	For a given Repurchase Transaction, the interest rate agreed upon between the Parties at the time such Repurchase Transaction is entered into, pursuant to which the Repurchase Price will be calculated;
<b>"Repurchase Transaction"</b>	Transaction pursuant to which one Party transfers to the other full title to Securities in consideration for an agreed price,

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with the seller irrevocably undertaking to repurchase the Securities, and the buyer irrevocably undertaking to sell them back to the seller on an agreed date and at an agreed price;

**"Securities"**

The assets, securities and negotiable instruments referred to in Article 3;

**"Termination Date"**

The date on which all Repurchase Transactions entered into by the Parties, or, upon the occurrence of a Change in Circumstances referred to in Article 10.2.1.1, only those Repurchase Transactions affected by such Change of Circumstances, are terminated. Such date will be:

a) in the case of an Event of Default as referred to in Article 10.1.1.5, the date of the judgement commencing the reorganization or winding up proceedings or any equivalent proceedings or, if the Non Defaulting Party cited in the termination notice so elects, the date of publication of such judgement or proceedings; and

b) in all other case, the Business Day selected by the Party giving notice of termination, being any one of the ten Business Days following the date of receipt of the notice;

**"Valuation Date"**

Date on which the Valuation Deficiencies of all Margin Transactions are established, as set out in Appendix I A;

**"Valuation Deficiency"**

For a given Repurchase Transaction, the exposure (not taking into account any deposited Margin) of one Party to the other on a given Valuation Date, as a result of the change in the Value of the Securities subject to such Repurchase Transaction, as defined in Appendix I C;

**"Value of the Margin"**

On any Valuation Date,

- for that portion of the Margin consisting of cash, the value of such cash on the preceding Valuation Date (after any adjustment of the Margin as of such date), plus any accrued interest, calculated at the Reference Rate for the period from the preceding Valuation Date up to such Valuation Date ; and

- for that portion of the Margin consisting of Securities, the Value of such Securities on the relevant Valuation Date (before any adjustment on such date) ; and

**"Value of the Security(ies)"**

On any given date:

- if the relevant Security is listed on a stock exchange, the last quoted price of such Security on the relevant date, plus any interest or dividend accrued as of that date;
- if the relevant Security has, on the main market on which it

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is traded, its price published or made public by a central bank or an entity of undisputed authority, such price on such date, plus any interest or dividend accrued as of that date; and  
- in any other case, the average of the bid and offer prices for such Security , at 3 p. m. (local time) on such date, as established by two prime market participants other than the Parties, plus interest or dividend accrued as of that date.

**Article 3 - Eligible Securities. Substitution of Securities**

**3.1.** The Parties agree that the Repurchase Transactions entered into between them with may be in respect of the following assets, securities and negotiable instruments:

- negotiable securities (other than equity securities), listed on the official list of a French or foreign exchange;
- negotiable securities (other than equity securities), listed on the Second Market;
- Negotiable debt instruments traded on an organized French or foreign exchange; and
- private and public sector promissory notes and bills of exchange (with the proviso, for private notes and bills, that each Party be a credit institution).

**3.2.** The Parties may at any time agree to substitute other Securities for any Securities subject to a Repurchase Transaction, provided that at the time on which they opt for such substitution, the Value of the new Securities be at least equal to the Value of the original Securities for which they are being substituted. The substitution is to be made, in accordance with the provisions of Article 6.2, by the transfer of title to the new Securities by the seller to the buyer and transfer of title to the original Securities by the buyer to the seller. The substitution will have no novation effect on the relevant Repurchase Transaction or any Margin that may already have been deposited. Accordingly, the Parties remain bound by the terms and conditions of the relevant Repurchase Transaction, with the undertaking to repurchase applying thenceforth to the new Securities.

**Article 4 - Events Relating to Securities**

**4.1.** In the event of any payment of interest or any other sum not subject to the deduction of tax at source provided for by the Code Général des Impôts during the course of a Repurchase Transaction, the buyer will pay to the seller a cash amount equal to the sum so paid. Such cash payment will take place on the same day as that on which the payment is made. The provisions of Article 8.2.3. will apply in cases of delay.

**4.2.** In the event of any redemption, drawing of lots resulting in redemption, exchange, conversion or exercise of subscription rights attaching to the Securities subject to a Repurchase Transaction, the Repurchase Date of the Repurchase Transaction in question will automatically be advanced to the second Business Day following publication of the notice relating to such event.

**4.3.** In the event of a public offer to buy the Securities subject to a Repurchase Transaction, the Parties will consult together, upon written notice from either the buyer or the seller, any such request to be made within three Business Days of publication of the notice relating to such public offer. If no agreement can be reached within two Business Days after such written notice, the Repurchase Date of the relevant Repurchase Transaction will be advanced

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to the second Business Day following the formal recording of the disagreement.

**Article 5 - Initiation of Repurchase Transactions**

**5.1.** Repurchase Transactions may be entered into by any means, and will take effect between the Parties immediately each has informed the other of its consent. To this end, each Party authorizes the other to record any telephone conversations relating to the initiation of their Repurchase Transactions.

**5.2.** The initiation of each Repurchase Transaction shall be followed by an exchange of Confirmations by letter, telex, telefax or any system of electronic communication considered sufficiently reliable by the Parties. The absence of a Confirmation by one of the Parties will not affect the validity of the relevant Repurchase Transaction. In the event of disagreement over the terms of a Confirmation, which disagreement shall be notified immediately to the other Party, each Party may adduce its telephone conversation recordings as evidence to prove the terms of the relevant Repurchase Transaction.

**5.3.** Subject to the General Principles, in respect of any Repurchase Transaction the Parties may incorporate special provisions in the relevant Confirmation. Such provisions shall apply solely to the Repurchase Transaction in question and shall take precedence over this Agreement.

**Article 6 - Sale and Repurchase of Securities**

**6.1.** On the Purchase Date, the seller will deliver or have delivered to the buyer the Securities subject to a Repurchase Transaction against payment of the Purchase Price by the buyer. On the Repurchase Date, the buyer will deliver or have delivered to the seller the relevant Securities against payment of the Repurchase Price by the seller.

**6.2.** Any delivery of Securities will be made in such a way as to vest full title to the securities being delivered in accordance with the procedures established by current practices and regulations.

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**Article 7 - Margin Call and Maintenance Provisions**

7.1. Unless provided otherwise on the date when it is entered into, each Repurchase Transaction will result, in accordance with the provisions set out in Appendix I C, in Margin being deposited or, as the case may be, released to take into account any change in the Value of the Securities subject to Repurchase Transactions. The Parties irrevocably agree that any Margin so deposited shall apply to all outstanding Repurchase Transactions, be they Margin Transactions or not.

7.2. On each Valuation Date, the Calculation Agent will be responsible for establishing the Valuation Deficiency of each Margin Transaction and the Margin to be deposited or released and will inform the Parties as soon as possible after they have been established. Such information and calculations will be conclusive upon notification and, in the absence of any manifest error, will not be open to dispute. Each Party undertakes to proceed with any deposit or release of Margin required from it within the time limits set out in Appendix I C.

7.3. For the purposes of the provisions of Article 7 and Appendix I C, the deposit of Margin (the 'remise complémentaire' referred to in the Act) is to be construed as the passing, in full title, of cash denominated in the Reference Currency (taking the form of an irrevocable transfer order) or, if the recipient so accepts, as the delivery of Securities to such Party (by transfer of the securities without a corresponding cash payment). Conversely, when Margin has been deposited with one Party, its release is to be construed as the passing, in full title of cash denominated in the Reference Currency (taking the form of an irrevocable transfer order) or, if the margin has been deposited in the form of Securities, by transfer of the securities without a corresponding cash payment. In the event of a partial release of Margin, the Party concerned shall have complete freedom in deciding whether this release of Margin shall be effected by way of cash or the Securities concerned so long as the value of the released Margin will be the agreed one. Any such release will reduce pro tanto the Value of any remaining Margin.

**Article 8 - Late Payment or Delivery****8.1. Late Payment or Delivery on the Purchase Date**

8.1.1. In the event of late payment of the Purchase Price, the Repurchase Transaction is to be maintained without change, and that also applies to its Purchase and Repurchase Prices, even if the Securities have not been delivered on the due date by the seller as a result of the late payment. In any event, the buyer undertakes to pay, in addition to the Purchase Price, Late Interest which will become due immediately, ipso jure and without any prior notice, and will be calculated on the Purchase Price from (and including) the Purchase Date up to (and excluding) the date on which payment is actually made.

8.1.2. In the event of late delivery of the Securities subject to a Repurchase Transaction, such Repurchase Transaction is to be maintained without change, and that also applies to its Purchase and Repurchase Prices, even when the Purchase Price has not been paid on the due date by the buyer as a result of the late delivery of the securities. If however the Purchase Price was paid to the seller, the seller undertakes, in addition to delivering the Securities, to pay Late Interest which will become due immediately, ipso jure and without prior notice, and will be calculated on the Purchase Price from (and including) the date on which it is paid up to (and excluding) the date on which the relevant Securities are actually delivered.

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**8.2. *Late Payment or Delivery on the Repurchase Date***

**8.2.1.** In the event of late payment of the Repurchase Price, the Repurchase Price is to be recalculated as if the Repurchase Transaction had been due from the start to expire on the date on which the Repurchase Price is actually paid, even if the Securities have not been delivered on the due date by the buyer as a result of the late payment. In any event, the seller undertakes to pay, in addition to the recalculated Repurchase Price, Late Interest which will become due immediately, ipso jure and without any prior notice, and will be calculated on the Repurchase Price from (and including) the Purchase Date as initially stipulated up to (and excluding) the date on which payment of the Repurchase Price is actually made.

**8.2.2.** In the event of late delivery by the buyer of the Securities subject to a Repurchase Transaction and when the Repurchase Price has not been paid on the due date as a result of the buyer's failure to return such Securities, the Repurchase Price is not to be modified in any way, so that on the date on which the relevant Securities are actually returned, the original seller will only be liable to pay the Repurchase Price initially agreed upon. In case of late delivery by the buyer of the Securities subject to a Repurchase Transaction and in the event the Repurchase Price has been paid to the buyer, the buyer undertakes, in addition to returning the Securities, to pay Late Interest calculated on the Repurchase Price, at a rate equal to the sum of the Repurchase Rate and the Late Interest Rate, which will become due immediately, ipso jure and without any prior notice, from (and including) its payment date up to (and excluding) the date on which the relevant Securities are actually returned.

**8.2.3.** The provisions of Article 7 will apply to any Repurchase Transaction until the date on which the Repurchase Price is actually paid (in the event referred to in Article 8.2.1) or the date on which the relevant Securities are actually returned (in the event referred to in Article 8.2.2).

**8.3. *Reimbursement of other costs and penalties; effect on the application of the provisions of Articles 10 & 11***

**8.3.1.** Without prejudice to the provisions of Articles 8.1 and 8.2, the Party failing to deliver or pay on the due Purchase or Repurchase Date will bear all evidenced costs, damages, interest and penalties for which the other Party might be liable as a result of the late payment or delivery, to the extent that they are foreseeable on the date on which the Repurchase Transaction was entered into.

**8.3.2.** The provisions of this Article will not restrict in any way the application of the provisions of Articles 10 & 11, and in particular Article 10.1.1.1.

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**Article 9 - Representations**

Each Party represents and warrants at the time of entering into this Agreement:

**9.1.** that it has been properly incorporated and is conducting its business in accordance with the laws, decrees, regulations and articles of association (or other instruments of incorporation) that are applicable to it;

**9.2.** that it has full authority and capacity to enter into this Agreement and any Repurchase Transaction relating thereto, and that this Agreement and any such Repurchase Transaction have been duly and properly authorized by its management bodies or any other duly authorized body;

**9.3.** that the entry into and performance of this Agreement and each Repurchase Transaction relating thereto do not contravene any provision of the laws, decrees, regulations and articles of association (or instruments of incorporation) that apply to it;

**9.4.** that all permits, licences and authorizations which may be necessary for entering into and carrying out this Agreement and any Repurchase Transaction relating thereto have been obtained and remain in effect;

**9.5.** that this Agreement and each Repurchase Transaction entered into pursuant hereto constitute a corpus of rights and obligations that are binding on the Party in all their respective terms and conditions;

**9.6.** that there is no Event of Default in respect of the Party;

**9.7.** that it has the necessary knowledge and experience to assess the benefits arising from and risks incurred in connection with each Repurchase Transaction and has not relied on the other Party for such purpose; and

**9.8.** that no arbitration or judicial actions or proceedings have been initiated or administrative or other measures taken against it that could result in a clear and material deterioration in such Party's business, net worth or financial condition or which could affect the validity or the proper implementation of this Agreement or of any Repurchase Transaction.

**Article 10 - Termination of Repurchase Transactions****10.1. Termination in Events of Default**

**10.1.1.** Any one of the following events will constitute an Event of Default in respect of one of the Parties (the "Defaulting Party"):

**10.1.1.1.** failure to comply with any provisions whatsoever of this Agreement or a Repurchase Transaction (relating to a payment, a delivery or otherwise), which failure has not been remedied, either upon notice of non-performance served by the other Party (the "Non-Defaulting Party") when such failure relates to the deposit or release of Margin, or within three Business Days following the serving of such notice in all other cases;

**10.1.1.2.** any representation made under Article 9 proves to have been incorrect when

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made by such Party, or ceases to be correct, in any material respect;

*10.1.1.3.* a declaration from such Party to the other Party of its inability or unwillingness to pay all or any part of its debts or meet its obligations, the granting of a moratorium by the administrative or judicial authorities, a voluntary general arrangement with assignment to creditors, the appointment of an administrator at the request of the courts, a ban imposed by any regulatory authority on the raising of capital on a market, or any equivalent procedure;

*10.1.1.4.* the *de facto* cessation of activities, the commencement of voluntary winding-up proceedings or any other equivalent proceedings;

*10.1.1.5.* the commencement of court-ordered reorganization or winding-up proceedings or any equivalent proceedings concerning the head-office or any branch of such Party;

*10.1.1.6.* failure to meet any payment obligation when due with respect to the Non-Defaulting Party or any third party, other than such obligations arising out of this Agreement or a Repurchase Transaction, save in the event of any manifest error and unless the payment of such sum is subject to a serious substantive dispute; or

*10.1.1.7.* any event likely to result in any collateral or security granted separately in favour of the Non-Defaulting Party in respect of one or more Repurchase Transactions becoming void, unenforceable or ceasing to exist, or any of the events mentioned in Articles 10.1.1.3 to 10.1.1.6 affecting a third party that has issued a personal guarantee in respect of this Agreement or a Repurchase Transaction.

**10.1.2.** Upon the occurrence of an Event of Default, the Non-Defaulting Party will be entitled, simply by serving notice on the Defaulting Party, to suspend performance of its payment and delivery obligations and to terminate all Repurchase Transactions outstanding between the Parties, irrespective of the place they were entered into or their place of performance. Such notice will specify the Event of Default being cited and the applicable Termination Date.

***10.2. Termination by Reason of a Change in Circumstances***

**10.2.1.** Any one of the following events will constitute a Change in Circumstances for a Party (*the "Affected Party"*):

*10.2.1.1.* the entry into force of a new law or new regulation, the amendment of any law or any other legislation of mandatory effect or any change in the judicial or administrative interpretation of any such legislation which results in a Repurchase Transaction becoming unlawful for such Party, or which results in any new deduction or withholding of tax on a sum receivable from the other Party under such Repurchase Transaction: or

*10.2.1.2.* any merger or demerger affecting such Party or any transfer of assets effected by it which results in a material deterioration in its business, net worth or financial condition.

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10.2.2. On the occurrence of any Change in Circumstances as referred to in Article 10.2.1.1., any Party which obtains knowledge thereof will notify the other Party as soon as possible, identifying the Repurchase Transactions affected by such Change in Circumstances. The Parties shall then suspend performance of their payment and delivery obligations under the affected Repurchase Transactions only, and will attempt in good faith for a period of 30 days to find a mutually satisfactory solution for making such Repurchase Transactions lawful or avoiding such deduction or withholding. If at the end of such period no mutually acceptable solution can be found, each of the Parties (in the event of any unlawfulness ) or the Party receiving an amount less than that provided for (in the event of deduction from or withholding on a sum paid by the other Party) will have the right to serve notice on the other Party of the termination of only those Repurchase Transactions affected by the Change in Circumstances. Such notice will specify the applicable Termination Date.

10.2.3. In the event of the occurrence of any Change in Circumstances referred to in Article 10.2.1.2, all Repurchase Transactions will be deemed to be affected. The other Party (the "Unaffected Party") shall then be entitled, simply by serving notice on the Affected Party, to suspend performance of its payment and delivery obligations and to terminate all the outstanding Repurchase Transactions between the Parties irrespective of the place they were entered into or their place of performance. Such notice will specify the applicable Termination Date.

10.2.4. If a Change of Circumstances results directly in the occurrence of an Event of Default, such Event of Default will be deemed not to have occurred and only the provisions of Article 10.2 shall then apply.

**10.3. *Effect of Termination***

With effect from the Termination Date, the Parties will no longer be bound by any payment or delivery obligations in respect of the terminated Repurchase Transactions. Termination does however entitle the relevant party in respect of such Repurchase Transactions to payment of the Close-out Balance and, when it results from the occurrence of an Event of Default, to reimbursement of the expenses referred to in Article 12.5.

**Article 11 - Calculation and Payment of the Close-out Balance**

**11.1. *Calculation of the Close-out Balance***

11.1.1. On the Termination Date, the Non-Defaulting Party or the Unaffected Party (hereafter the "Calculation Party") shall have sole responsibility for establishing the Close-out Balance.

11.1.2. To this end, the Calculation Party will establish the Valuation Deficiency of each terminated Repurchase Transaction on the Termination Date together with the Amounts Due, if any, from each Party with respect to such Repurchase Transaction. Such calculation will take place whether or not the relevant Repurchase Transaction is a Margin Transaction.

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**11.1.3.** The aggregate of all positive Valuation Deficiencies for the Calculation Party and all Amounts Due from the other Party, less the aggregate of all negative Valuation Deficiencies for the Calculation Party and all Amounts Due from it shall constitute the overall exposure of the Calculation Party (hereafter the "Overall Exposure"). Any Valuation Deficiency or Amount Due denominated in a Currency other than the Reference Currency will be converted into the latter Currency on the Termination Date on the basis of the foreign exchange spot rates available to the Calculation Party at noon on that date.

**11.1.4.** The Calculation Party shall then compare its Overall Exposure with the Value of the Margin (if Margin has been deposited) on the Termination Date and establish the Close-out Balance in the following manner:

- a) If no Margin has been deposited, the Close-out Balance will be equal to the Calculation Party's Overall Exposure and will be due from the Defaulting or Affected Party if it is positive and from the Calculation Party if it is negative.
- b) if Margin has been deposited with the Calculation Party and if such Party shows a positive Overall Exposure, the Close-out Balance will be equal to the difference between the Overall Exposure and the Value of the Margin and be due from the Defaulting or Affected Party if it is positive and from the Calculation Party if it is negative. If, however, the Calculation Party shows a negative Overall Exposure, the Close-out Balance will be equal to the sum of the absolute value of the Overall Exposure and the Value of the Margin and will be due from the Calculation Party.
- c) if Margin has been deposited with the Defaulting or Affected Party and if the Calculation Party shows a negative Overall Exposure, the Close-out Balance will be equal to the difference between the absolute value of the Overall Exposure and the Value of the Margin and be due from the Calculation Party if it is positive and from the Defaulting or Affected Party if it is negative. If, however, the Calculation Party shows a positive Overall Exposure, the Close-out Balance will be equal to the sum of the Overall Exposure and the Value of the Margin and be due from the Defaulting or Affected Party.

A summary calculation table of the Close-out Balance is shown in Appendix II, which forms an integral part of this Agreement.

**11.1.5.** If following the occurrence of any Change in Circumstances referred to in Article 10.2.1.1, only some (but not all) Repurchase Transactions outstanding are affected, the Margin will in that case be established by reference to those Margin Transactions that are affected, if any .

***11.2. Notification and Payment of Close-out Balance***

**11.2.1.** The Calculation Party will notify the other Party as soon as possible of the Close-out Balance and of the details of the calculations on which it was based. These calculations will become final as soon as the other Party is notified of them and, in the absence of manifest error, shall not be open to dispute.

**11.2.2.** The Party owing the Close-out Balance will pay it to the other Party within three Business Days from receipt of the notice referred to in Article 11.2.1. However, in the event

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that such payment is owed by the Non-Defaulting Party to the Defaulting Party following the occurrence of an Event of Default, the Non-Defaulting Party will be irrevocably authorized to set off such amount against any other amount due to it by the Defaulting Party for any reason whatsoever.

**11.2.3.** In the event of late payment of the Close-out Balance, the sum in question will be increased by the relevant Late Interest which shall become due, ipso jure and without any prior notice, and will be calculated on the Close-out Balance from (and including) the Termination Date up to (and excluding) the date on which the Close-out Balance is actually paid.

**Article 12- Miscellaneous**

***12.1. Notices***

Any notice given pursuant to this Agreement will be made by letter, telex, telefax or any system of electronic transmission considered by the Parties to be sufficiently reliable, and will have effect as of the date of receipt. Notices will be sent in accordance with the provisions of Appendix I B.

***12.2. Payment in a Currency other than the Agreed Currency***

If for any reason a payment is made in a Currency other than the Agreed Currency for a Repurchase Transaction and there is a difference between this amount converted into that Currency and the amount in the Currency provided for by the Repurchase Transaction, the Party owing this amount will, as an independent obligation, indemnify the other Party on demand against all costs and losses resulting there from, without being entitled to raise any objection thereto.

***12.3. No Waivers***

The failure to exercise or late exercise by a Party of any right, power or privilege deriving from this Agreement shall not constitute a waiver of the particular right, power or privilege.

***12.4. Assignment to a Third Party***

This Agreement, any Repurchase Transaction and any one of the rights and obligations deriving therefrom may not be transferred or assigned by either Party without the prior consent of the other Party.

***12.5. Costs and Expenses***

The Non-Defaulting Party alone shall have the right, upon termination of the Repurchase Transactions, to reimbursement of any evidenced costs and expenses, including legal costs, if any, that it may have incurred as a result of the occurrence of an Event of Default.

**Article 13 - Term of the Agreement**

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*13.1.* This Agreement is entered into for an indefinite period. It may be terminated at any time, by registered letter with acknowledgement of receipt ; such termination will take effect five Business Days after receipt of such registered letter.

*13.2.* However, this Agreement will continue to govern relations between the Parties in respect of all Repurchase Transactions entered into prior to termination becoming effective.

**Article 14 - Waiver of Immunity**

This Agreement is of a commercial nature. The Parties hereby irrevocably waive any immunity from suit or execution that they might enjoy in respect of themselves or their present or future assets.

**Article 15 - Governing Law - Jurisdiction**

*15.1.* This Agreement is governed by French law. In the event of translation, only the signed version will be authentic.

*15.2* Any dispute, particularly in respect of its validity, interpretation or performance will be subject to the jurisdiction of the courts within the district of the Paris Court of Appeal.

Done in \_\_\_\_\_, on \_\_\_\_\_

UBS AG, London Branch

[COUNTERPARTY]

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 PARAMETERS AND TECHNICAL PROVISIONS  
 APPLICABLE TO THE AGREEMENT
**A: FINANCIAL PARAMETERS**

**Calculation Agent:** (unless otherwise specified: the most diligent Party)

(see definition & Art. 7)

**Financial Centre for the determination of** (unless otherwise specified: Paris and London)

**Business Days:** (see *Business Day* definition)

**Valuation Date:** (unless otherwise specified: each Business Day in Paris and London)

(see definition & Art. 7)

**Reference Currency:** (unless otherwise specified: French Franc)

(see definition, Art. 7 & 11)

**Reference Rate:**

(see *Value of the Margin* definition)

(unless otherwise specified: the T.M.P. (Taux Moyen Pondéré du Marché au jour le jour, which is the weighted average rate of the Paris call money market as calculated by the Banque de France))

**Late Interest Rate:**

(see *Late Interest* definition)

(unless otherwise specified:

-for amounts in French Francs: the highest interest rate charged by the *Banque de France* for financing the Party who is due to receive the payment that is late;

-for amounts in other currencies, the average of the call money rates available to the Party who is due to receive the payment that is late during the relevant period)

**Margin Adjustment Trigger Point:**

(see Appendix I C)

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**B: ADMINISTRATIVE PARAMETERS**

MASTER AGREEMENT FOR REPURCHASE TRANSACTIONS

**Administrative Parameters with respect to Party A**

Address to which notices are to be sent:

Department: Credit Risk Management – Documentation Unit/Legal Department  
Fax number: +44 171 567 44 06/+44 171 568 2898  
Telephone number: +44 171 568 3333

Name of persons authorized to enter into Repurchase Transactions:

**Administrative Parameters with respect to Party B**

Address to which notices are to be sent: \_\_\_\_\_

Departments: \_\_\_\_\_

Telex number: \_\_\_\_\_

Fax number: \_\_\_\_\_

Telephone number: \_\_\_\_\_

Name of persons authorized  
to enter into Repurchase Transactions: \_\_\_\_\_

Name of hierarchical superior: \_\_\_\_\_

## MASTER AGREEMENT FOR REPURCHASE TRANSACTIONS

## APPENDIX I

(CONT.)

**C: MARGIN MAINTENANCE PROVISIONS****C.1 Establishment of the Valuation Deficiency of a Margin Transaction and of the Net Deficiency of Each Party**

C.1.1. On each Valuation Date, the Calculation Agent will establish in respect of each Margin Transaction outstanding on such date, the difference, whether positive or negative, between:

(a) the Value of the Securities subject to the relevant Repurchase Transaction, as adjusted by the Haircut, if any; and

(b) the Purchase Price of such Securities, together with accrued interest, calculated at the Repurchase Rate from, and including, the Purchase Date up to, and excluding, the relevant Valuation Date.

C.1.2. Once this difference has been ascertained, the Calculation Agent will, in respect of each outstanding Margin Transaction, establish the Valuation Deficiency for each Party, which will be equal to:

- For each Repurchase Transaction in which the Party concerned is the seller: the difference between the two above-mentioned amounts, and will have the same sign;
- For each Repurchase Transaction in which the Party concerned is the buyer: the difference between the two above-mentioned amounts, but will have the opposite sign.

C.1.3. Once the Valuation Deficiency of each Margin Transaction has been ascertained, the Calculation Agent will establish the net Valuation Deficiency of each Party (hereafter the "Net Deficiency"), which will be equal to the algebraic sum of all such Party's Valuation Deficiencies for all outstanding Margin Transactions. To this end, any Valuation Deficiency expressed in a currency other than the Reference Currency will be converted into that Reference Currency on the Valuation Date on the basis of the foreign exchange spot rates available to the Calculation Agent at noon on that date.

**C.2. Margin Deposits and Releases resulting from the Net deficiency**

C.2.1. On each Valuation Date, the Calculation Agent will request the Party showing a negative Net Deficiency to deposit with the Party showing a positive Net Deficiency Margin of a Value equal to such Net Deficiency, subject to the provisions of Article C.2.2.

C.2.2. If on any Valuation Date, Margin has already been deposited by one Party with the other, the Calculation Agent will compare the Value of the Margin on such date with the Net Deficiency, and:

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MASTER AGREEMENT FOR REPURCHASE TRANSACTIONS

(a) in the event that such Margin has been deposited with the Party showing a positive Net Deficiency and if the Value of the Margin is lower than such Net Deficiency, the Calculation Agent will request the Party showing a negative Net Deficiency to deposit additional Margin of a Value equal to the difference. If however the Value of the Margin is higher than the Net Deficiency, the Calculation Agent will request the Party showing a positive Net Deficiency to release the surplus Margin (as established on the relevant Calculation Date) over the Net Deficiency;

(b) in the event that such Margin has been deposited with the Party showing a negative Net Deficiency, the Calculation Agent will request such Party to release such Margin in full and to deposit with the Party showing a positive Net Deficiency new Margin of a Value equal to such Net Deficiency.

C.2.3. The Party with whom Margin is to be deposited or to whom it is to be released on any given date may notify the Party having to deposit or release such Margin that it will agree to a reduction in the Value of the Margin to be so deposited or released on such date.

C.2.4. Any Margin deposit or release notified by the Calculation Agent with respect to a given Valuation Date will take place on the following Business Day.

C.3. Trigger Point for the Deposit and Release of Margin

C.3.1. No deposit or release of Margin will take place on any Valuation Date unless the Value of the Margin so deposited or released exceeds the Trigger Point, as defined above, and will then be made for its full amount, without exemption. However, if the Margin consists solely of Securities, the Margin adjustment will be rounded down to the nearest unit of the relevant Securities. In the case referred to in Article C.2.2 b, the Trigger Point will be assessed by reference to the aggregate of the release and deposit of Margin.

C.3.2. The above provisions do not apply to the full release of the Margin that takes place at the end of the last Repurchase Transaction outstanding between the Parties.

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**D: OTHER CHANGES TO THE AGREEMENT**

**D1:** Article 10.1.1.6 will apply to both parties subject to amendment by adding at the end thereof the following words:

An Event of Default under Article 10.1.1.6 is constituted by any failure to meet any payment obligation (s) or an aggregate amount of not less than the threshold amount of 2% of its shareholders equity in relation to Party A as shown on the most recent annual audited financial statement of UBS AG, and in relation to Party B USD10,000,000 or its Reference Currency equivalent."

## MASTER AGREEMENT FOR REPURCHASE TRANSACTIONS

## APPENDIX II

## SUMMARY CALCULATION TABLE OF THE CLOSE-OUT BALANCE

	$OE_{cp} > 0$	$OE_{cp} < 0$
NO DEPOSITED MARGIN	<b>CoB = <math>OE_{cp}</math></b> CoB due from the Defaulting or Affected Party	<b>CoB = <math> OE_{cp} </math></b> CoB due from the Calculation Party
MARGIN DEPOSITED WITH THE CALCULATION PARTY	$M < OE_{cp}$ <b>CoB = <math>OE_{cp} - M</math></b> CoB due from the Defaulting or Affected Party	<b>CoB = <math> OE_{cp}  + M</math></b> CoB due from the Calculation Party
	$M > OE_{cp}$ <b>CoB = <math>M - OE_{cp}</math></b> CoB due from the Calculation Party	
MARGIN DEPOSITED WITH THE DEFAULTING OR AFFECTED PARTY	<b>CoB = <math>OE_{cp} + M</math></b> CoB due from the Defaulting or Affected Party	$M <  OE_{cp} $ <b>CoB = <math> OE_{cp}  - M</math></b> CoB due from the Calculation Party
		$M >  OE_{cp} $ <b>CoB = <math>M -  OE_{cp} </math></b> CoB due from the Defaulting or Affected Party

Calculation Party: Non-Defaulting or Non-Affected party, as the case may be

**$OE_{cp}$** : Overall Exposure of the Calculation Party

$OE_{cp} = \Sigma$  positive Valuation Deficiencies of such Party plus Amounts Due from the other Party -  $\Sigma$  negative Valuation Deficiencies of such Party plus Amounts Due from such Party

**M**: Deposited Margin, as valued on the Termination Date

**CoB**: Close-out Balance