MARNE ET CHAMPAGNE FINANCE a.r.l.

(incorporated with limited liability under the laws of the Island of Jersey)

€396,000,000

Secured Euro Medium Term Note Programme

Marne et Champagne Finance a.r.l. (the "**Issuer**") has established an asset-backed euro medium term note programme (the "**Programme**"), which is described in this Offering Circular. Under the Programme, the Issuer will issue series (each a "**Series**") of Class A1 Senior Notes (the "**Class A1 Notes**") and one series of Class A2 Senior Notes (the "**Class A2 Notes**", together with the Class A1 Notes, the "**Senior Notes**") each ranking *pari passu* with the other, and one series of Subordinated Mezzanine Notes (the "**Mezzanine Notes**"). The Class A1 Notes, the Class A2 Notes and the Mezzanine Notes are referred to herein collectively as the "**Notes**" and each minimum denomination of any of the Notes is individually referred to herein as a "**Note**". The Class A2 Notes and the Mezzanine Notes may be offered for sale (i) in the United States to qualified institutional buyers ("**QIBs**") (as defined in Rule 144A ("**Rule 144A**") under the Securities Act of 1933 (the "**Securities Act**")) pursuant to Rule 144A or (ii) outside the United States to non-U.S. persons in reliance on and in accordance with Regulation S ("**Regulation S**") under the Securities Act. The Class A1 Notes may be offered for sale only outside the United States to non-U.S. persons in reliance on and in accordance with Regulation S. See "**Subscription and Sale**" and "**Transfer Restrictions**".

For certain considerations applicable in connection with an investment in the Notes, see "Investment Considerations" in this Offering Circular.

Application has been made to list the Notes issued under the Programme during the period of twelve months after the date of this Offering Circular on the Luxembourg Stock Exchange.

The Class A1 Notes and the Class A2 Notes have been rated A by each of Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**Standard & Poor's**") and Duff & Phelps Credit Rating Co. ("**DCR**") and A2 by Moody's Investors Service Inc. ("**Moody's**") (Standard & Poor's, DCR and Moody's being collectively referred to as the "**Rating Agencies**"). Unless otherwise specified in the applicable Supplemental Offering Circular, Class A1 Notes issued under the Programme after the Closing Date will carry a corresponding rating. The Mezzanine Notes have been rated BBB by each of Standard & Poor's and DCR and Baa2 by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Investors and potential investors in the Notes must make their own investigation as to any applicable rating of the relevant reference herein.

The Notes have not been and will not be registered under the Securities Act and are being offered and sold in the United States only to qualified institutional buyers in reliance on Rule 144A. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Notes are not transferable except in accordance with the restrictions described under the section "Transfer Restrictions".

Arranger and Dealer

NOMURA INTERNATIONAL

CREDIT LYONNAIS S.A. **MORGAN STANLEY DEAN WITTER**

The date of this Offering Circular is 16th March 2000.

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In connection with the issue of any Notes under the Programme, the Dealer (if any) which is specified in the relevant Supplemental Offering Circular as the stabilising institution may over-allot or effect transactions, which stabilise or maintain the market price of the Notes of the class and series of which such Notes form part, at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

IMPORTANT NOTICE

This Offering Circular (the "**Offering Circular**") contains summary information provided by or on behalf of the Issuer. The Issuer has appointed each Dealer (as defined below in the section entitled "The Parties") as dealer for the Notes under the Programme, and has authorised and requested each Dealer to circulate this Offering Circular in connection therewith.

The Issuer accepts responsibility for the information contained in this Offering Circular, except for the Marne et Champagne Information (as defined below) and the Lending Bank Information (as defined below) and, to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular, other than the Marne et Champagne Information and the Lending Bank Information, is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of Marne et Champagne ("**Marne et Champagne**"), Champagne Lanson Père & Fils ("**Lanson**") and Besserat de Bellefon ("**B de B**") (each a "**Borrower**" and together, the "**Borrowers**"), having made all reasonable enquiries, confirms that this Offering Circular, including any document included herein by reference, contains all information relating to the Borrowers which is material in the context of the Programme, that the Marne et Champagne Information is true and accurate in all material respects and is not misleading, that the opinions and intentions of the Borrowers expressed herein are honestly held and that there are no other facts the omission of which would make the Marne et Champagne Information or the expression of any such opinion or intention misleading and each of the Borrowers accepts responsibility accordingly.

"**Marne et Champagne Information**" means all of the information contained in the sections of this Offering Circular entitled (1) "Investment Considerations" (a) "Champagne Appellation Controlee Regulations" and (b) "Commercial Aspects of the Transaction", (i) "Considerations Affecting Borrowers' Income", (ii) "Market Cyclicality", (iii) "Competition", (iv) "Harvest", (v) "Seasonality" and (vi)"Industrial Relations", (2) "Description of the Borrowers", (3) "The Champagne Industry", (4) (to the extent that it relates to the Borrowers) "General Information" and (5) (to the extent that it relates to the Borrowers) "Available Information".

Lloyd's TSB Bank plc, acting through its Brussels Branch (the "**Lending Bank**"), accepts responsibility for the information contained in the section of this Offering Circular, entitled "Description of the Lending Bank" (the "**Lending Bank Information**").

This Offering Circular should be read and construed together with any amendments or supplements hereto and with any other documents incorporated by reference herein and, in relation to any Series of Notes, should be read and construed together with the relevant Supplemental Offering Circular.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or a Dealer.

No representation or warranty is made or implied by a Dealer or any of its affiliates or the Trustee, and no Dealer nor any of its affiliates nor the Trustee makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Offering Circular. Neither the delivery of this Offering Circular or any Supplemental Offering Circular nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date thereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and any Supplemental Offering Circular and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular or any Supplemental Offering Circular comes are required by the Issuer and each Dealer to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Offering Circular or any Supplemental Offering Circular and other offering material relating to the Notes, see "Subscription and Sale".

Each purchaser of Class A2 Notes or Mezzanine Notes who is a U.S. person (other than certain U.S. persons buying for the account of non-U.S. persons) will be deemed to (i) represent that it is purchasing such Notes for its own account or for the benefit of an account with respect to which it exercises sole investment discretion and that it or such account is a QIB and (ii) acknowledge that the Class A2 Notes and the Mezzanine Notes have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred, except (A) in compliance with Rule 144A to a person who the seller reasonably believes is a QIB, (B) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available and upon delivery of an opinion of counsel to that effect in a form satisfactory to the Issuer) or (C) outside the United States in compliance with Rule 903 or 904 of Regulation S, in each case in accordance with any applicable securities laws of any state of the United States. Each purchaser of Notes sold outside the United States in reliance on Regulation S will be deemed to have represented that it is not purchasing the Notes with a view to the resale, distribution or other disposition thereof to a U.S. person. Except as otherwise indicated, terms used in this paragraph have the meanings given to them in Regulation S. For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see "Subscription and Sale".

Notes offered hereby will be issued in registered form, without interest coupons. Notes initially sold to QIBs will, unless otherwise specified, be available only in book-entry form, and will be represented by a note in the form of a restricted global note certificate (the "**Restricted Global Note Certificate**") deposited on or about the issue date as specified in the applicable Supplemental Offering Circular with or on behalf of The Depository Trust Company ("**DTC**") and will be registered in the name of its nominee. Notes sold outside the United States in reliance on Regulation S will, unless otherwise specified, be available only in book-entry form and will be represented by either (i) an unrestricted global note certificate (an "**Unrestricted Global Note Certificate**") deposited on or about the issue date as specified in the applicable Supplemental Offering Circular with or on behalf of DTC for the accounts of its direct and indirect participants, including Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("**Euroclear**"), and Clearstream Banking, société anonyme (formerly Cedelbank) ("**Clearstream, Luxembourg**") or (ii) an international global note certificate (an "**International Global Note Certificate**") deposited with a common depositary located outside the United States (a "**Common Depositary**") for Euroclear and Clearstream, Luxembourg. On or prior to the 40th day after the later of the commencement of the offering and the date of delivery of the Class A2 Notes and the Mezzanine Notes, beneficial interests in an Unrestricted Global Note Certificate or an International Global Note Certificate representing Class A2 Notes and the Mezzanine Notes may be held only through Euroclear or Clearstream, Luxembourg.

In addition, the Issuer has not authorised any offer of Notes having a maturity of one year or more to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (the "**Regulations**"). Notes may not lawfully be offered or sold to persons in the United Kingdom except in circumstances which do not result in an offer to the public in the United Kingdom within the meaning of the Regulations or otherwise in compliance with all applicable provisions of the Regulations.

The Notes may not be directly or indirectly offered or sold to the public in France and the offer and sale of the Notes will only be made in France to qualified investors or to a close circle of investors acting for their own account, in accordance with Article 6-II of the Ordinance nº 67-833 dated 28th September 1967, as amended, and Decree nº98-880 dated 1st October 1998. Accordingly, this Offering Circular has not been submitted to the clearance procedure of the *Commission des Opérations de Bourse* and this Offering Circular together with any other offering material may only be distributed to qualified investors or to a close circle of investors in France.

Neither this Offering Circular nor any Supplemental Offering Circular constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Offering Circular or any Supplemental Offering Circular should subscribe for or purchase any Notes. Each recipient of this Offering Circular or any Supplemental Offering Circular shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

A copy of this Offering Circular has been delivered to the registrar of companies in Jersey in accordance with Article 6 of the Companies (General Provisions) (Jersey) Order 1992, and he has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958, as amended, to the issue of the Notes. It must be distinctly understood that, in giving these consents, neither the registrar of companies in Jersey nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of any schemes or for the correctness of any statements made, or opinions expressed with regard to them. The Jersey

Financial Services Commission is protected by the Borrowing (Control) (Jersey) Law 1947, as amended, against any liability arising from the discharge of its functions under that law.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €396,000,000.

In this Offering Circular, unless otherwise specified, references to "**EUR**", "**euro**", or "**€**" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Communities, as amended by the Treaty on European Union, references to "**FRF**", or "**Francs**" are to French Francs and references to "**£**" are to pounds sterling.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any state securities commission or other regulatory authority, and none of the foregoing authorities has confirmed the accuracy or determined the adequacy of this Offering Circular. Any representation to the contrary is a criminal offence.

NOTICE TO NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a license has been filed under Chapter 421-b of the New Hampshire Revised Statutes with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the Secretary of State of the State of New Hampshire that any document filed under RSA 421-b is true, complete and not misleading. Neither any such fact nor the fact that an exception is available for a security or a transaction means that the Secretary of State of the State of New Hampshire has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security, or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer, or client any representation inconsistent with the provisions of this paragraph.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Offering Circular:

(1) the most recently published audited annual financial statements of the Issuer from time to time;

(2) the most recently published audited annual financial statements of each of Marne et Champagne, Lanson, B de B and the Group;

(3) the semi-annual interim unaudited financial statements of each of Marne et Champagne, Lanson and B de B;

(4) all amendments or supplements to this Offering Circular prepared by the Issuer from time to time; and

(5) any Supplemental Offering Circular prepared by the Issuer from time to time,

save that any statement contained in this Offering Circular or in any of the documents incorporated by reference in, and forming part of, this Offering Circular shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

Any document incorporated by reference in this Offering Circular will be available free of charge at the specified office of any Paying Agent or the specified office of the Luxembourg Listing Agent in Luxembourg.

ENFORCEMENT OF LIABILITIES AND SERVICE OF PROCESS

The Issuer is organised under the laws of Jersey with its domicile in Jersey, Channel Islands. All of the directors and executive officers of the Issuer named herein are non-residents of the United States. All or a substantial portion of the assets of such non-resident persons and of the Issuer are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or the Issuer, or to enforce against them in U.S. courts judgements obtained in such courts predicted upon civil liability provisions of the Federal securities laws of the United States. The Issuer has been advised by Olsen Backhurst Dorey, Jersey counsel to the Issuer, that there is doubt as to the enforceability in Jersey, in original actions or actions for enforcement of judgements of U.S. courts of civil liabilities predicated solely upon the Federal securities laws of the United States.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with resales of the Notes under Rule 144A, for so long as any Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer has agreed to furnish upon request of a holder of Class A2 Notes or Mezzanine Notes, or to a prospective purchaser designated by such holder in connection with resale of a beneficial interest in such registered securities the information required to be delivered under Rule 144A(d)(4) under the Securities Act and will otherwise comply with the requirements of Rule 144A(d)(4) under the Securities Act if, at the time of such request, the Issuer is not a reporting company under Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934 (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder. For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the exchange so require, the above mentioned information will also be made available at the principal office of the Paying Agent in Luxembourg.

SUPPLEMENTARY OFFERING CIRCULAR

The Issuer has undertaken, in connection with the listing of the Notes on the Luxembourg Stock Exchange, that if there shall occur any adverse change in the business or financial position of the Issuer or any change in the information set out under "Conditions of the Notes", that is material in the context of issuance under the Programme, the Issuer will prepare or procure the preparation of an amendment or supplement to this Offering Circular or, as the case may be, publish a new Offering Circular, for use in connection with any subsequent issue by the Issuer of Notes to be listed on the Luxembourg Stock Exchange.

THE PARTIES

Issuer:	Marne et Champagne Finance a.r.l.
Arranger:	Nomura International plc
Dealers:	Nomura International plc, Nomura Securities International, Inc. and such other party appointed from time to time by the Issuer as dealer either generally in respect of the Programme or in relation to a particular Series of Notes.
Trustee:	Bankers Trust Company
Borrowers:	Marne et Champagne, Champagne Lanson Père & Fils and Besserat de Bellefon
Share Trustee:	Dominion Corporate Trustees Limited
Corporate Administrator:	SFM Offshore Limited
Loan Administrator:	Deutsche Bank AG London
Cash Manager:	Deutsche Bank AG London
Lending Bank:	Lloyds TSB Bank plc, Brussels Branch
Registrar:	Bankers Trust Company
Principal Paying Agent:	Deutsche Bank AG London
Paying and Transfer Agent:	Deutsche Bank Luxembourg S.A.
Luxembourg Listing Agent:	Kredietbank S.A. Luxembourgeoise
Hedge Counterparty :	Deutsche Bank AG London
Third Party Possessor:	Société Auxiliaire de Garantie ("**Auxiga**")
Liquidity Bank:	Lloyds TSB Bank plc, Bristol Branch
Calculation Agent:	Deutsche Bank AG London
Exchange Rate Agent:	Bankers Trust Company

SUMMARY OF THE PROGRAMME

The following description is an overview of the transaction in connection with which the Notes are to be issued. It is not an exhaustive description of the agreements or arrangements referred to and should be read in conjunction with the remainder of this Offering Circular and the Transaction Documents. See "Summary of Transaction Documents".

Purpose of the Programme:	The purpose of the issue of the Notes under the Programme is to provide, by way of the arrangements described below, medium-term financing to the Borrowers in order to refinance the Borrowers' activities.
The Notes:	Under the Programme the Issuer will issue Series of Class A1 Notes, Class A2 Notes and Mezzanine Notes. On or about the Issue Date the Issuer will issue three Series of Notes, namely one Series of Class A1 Notes in a maximum aggregate principal amount of EUR 91,000,000, one Series of Class A2 Notes in an aggregate principal amount of EUR 245,000,000 and one Series of Mezzanine Notes in an aggregate principal amount of EUR 60,000,000.
Listing:	Application has been made to list each Series of Notes on the Luxembourg Stock Exchange.
Clearing Systems:	In the United States, the system operated by DTC and, outside the United States, Euroclear and/or Clearstream, Luxembourg. Notes that are intended to be sold in both the United States and the Euro markets will clear through DTC. Notes that are intended to be sold primarily outside the United States, including all of the Class A1 Notes, will clear through Euroclear, Clearstream, Luxembourg and/or any other clearing system specified in the applicable Supplemental Offering Circular.
Programme Amount:	Up to EUR 396,000,000 aggregate principal amount of Notes (and, if any, A1 Advances) outstanding at any one time.
Issuance in Series:	Notes will be issued in Series. On or about the Issue Date, three Series of Notes will be issued as Class A1 Notes, Class A2 Notes and Mezzanine Notes. Class A2 Notes and Mezzanine Notes will each comprise one Series issued on or about the Issue Date. Class A1 Notes will comprise one Series issued on or about the Issue Date and may comprise further Series issued thereafter but no later than the date which is 48 months from the Issue Date. Application has been made to list the Notes issued under the Programme on the Luxembourg Stock Exchange during the period of twelve months after the date of this Offering Circular.
Supplemental Offering Circulars:	Each Series will be the subject of a Supplemental Offering Circular which, for the purposes of that Series only, supplements the Conditions of the Notes and this Offering Circular and must be read in conjunction with this Offering Circular. The terms and conditions applicable to any particular Series of Notes are the Conditions of the Notes as supplemented, amended and/or replaced by the relevant Supplemental Offering Circular.
Forms of Notes:	Notes may only be issued in registered form. The Issuer will deliver (i) an Unrestricted Global Note Certificate and a Restricted Global Note Certificate or (ii) an International Global Note Certificate, as specified in the relevant Supplemental Offering Circular. Notes initially sold to QIBs in reliance on Rule 144A will, unless otherwise specified in the applicable Supplemental Offering Circular, be available only in book-entry form, and will be represented by a Restricted Global Note Certificate deposited with or on behalf of DTC and registered in the name of its nominee.

Notes sold outside the United States to non-U.S. persons in reliance on Regulation S which are part of a series that is also offered in the United States will, unless otherwise specified in the applicable Supplemental Offering Circular, be available only in book-entry form and will be represented by a Unrestricted Global Note Certificate deposited on or about the issue date as specified in the applicable Supplemental Offering Circular with or on behalf of DTC for the accounts of its direct or indirect participants, including Euroclear and Clearstream, Luxembourg.

Beneficial interests in the Restricted Global Note Certificates and Unrestricted Global Note Certificates (as such terms are defined below) shall be represented through book entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Purchasers of Notes may elect to hold interests in Restricted Global Note Certificates and Unrestricted Global Note Certificates through any of DTC, Clearstream, Luxembourg or Euroclear if they are participants in such systems or indirectly through organisations which are participants in such systems. If specified in the applicable Supplemental Offering Circular, Notes sold outside the United States pursuant to Regulation S, may be represented, in whole or in part, by an "**International Global Note Certificate**" that is deposited with or on behalf of a Common Depositary for Euroclear and Clearstream, Luxembourg, or a nominee thereof, for credit to the respective accounts of beneficial owners of the Notes represented thereby. International Global Note Certificates will be subject to special restrictions and procedures referred to under "International Global Note Certificates" below. See "Book-Entry, Delivery and Forms of Notes".

Limited Recourse: Recourse to the Issuer under the Notes shall be limited to the proceeds of realisation of the Note Collateral under the Trust Deed (as further specified in "Summary of the Transaction Documents – The Trust Deed"), net of any sums which the Issuer is or may be obliged to pay in priority to any other party, in the order of priority set forth in Condition 4(d). *(Post-Enforcement Application of Proceeds)*. See "Summary of Transaction Documents – The Trust Deed".

Currency: Notes will be denominated in euro.

Offering: Class A2 Notes and Mezzanine Notes will be offered (i) in the United States only to QIBs pursuant to Rule 144A and (ii) outside the United States to non-U.S. persons in reliance on Regulation S. Class A1 Notes will be offered only outside the United States to non-U.S. persons in reliance on Regulation S. See "Subscription and Sale".

Status of the Notes: The Senior Notes will be issued on a senior basis, and Mezzanine Notes will be issued on a subordinated basis, in both cases subject to the provisions of the Trust Deed. The Class A1 Notes will rank *pari passu* with the Class A2 Notes. The Senior Notes will rank in priority to the Mezzanine Notes in point of security and as to payment of both interest and principal. The Trust Deed contains provisions requiring the Trustee to have regard to the interests of the holders of the Senior Notes (and/or Subscribers of the A1 Advances – see "Subscription Commitment Agreements" below) for so long as there are Senior Notes outstanding and thereafter to the interests of the Mezzanine Noteholders (as defined below). The Senior Notes and the Mezzanine Notes will become due and payable at the same time upon the occurrence of a Note Event of Default (as described in the Conditions of the Notes and the term Note Event of Default includes a payment default on the A1 Advances) and the Note Collateral will be enforced at such time. The Notes of each Series will rank *pari passu* without any preference among themselves.

The Notes will be secured as further described under "Summary of Transaction Documents –The Trust Deed".

Issue Price:	Notes may be issued at their principal amount or at a discount or premium to their principal amount and shall be issued fully paid.
Maturities:	The Senior Notes and the Mezzanine Notes will each mature on 20th March 2007.
Redemption:	Notes will be redeemable at par.
Mandatory Redemption:	The Issuer shall upon not less than four Business Days' prior notice redeem the Notes of any Class (in whole or in part and if in part, *pro rata* all Notes of such Class outstanding upon such redemption) on any Interest Payment Date in an amount equal to the corresponding principal repayment amount received by the Issuer under the Limited Recourse Funding Agreement, together with all accrued but unpaid interest thereon, up to and including such relevant Interest Payment Date.
Optional Redemption:	The Issuer may redeem the Notes of any Class (in whole or in part and, if in part, *pro rata* all Notes of such Class outstanding upon such redemption) on any Interest Payment Date at their face value together with all accrued but unpaid interest thereon, up to and including such relevant Interest Payment Date: (i) in the case of Class A1 Notes, upon no less than four Business Days' prior notice; and (ii) in the case of Class A2 Notes and Mezzanine Notes upon no less than 30 days' and no more than 60 days' prior notice. However, no Class A2 Notes shall be redeemed so long as any Class A1 Notes and/or A1 Advances are outstanding or until the Conversion Date (as defined in Condition 2) has occurred and no Mezzanine Notes shall be redeemed so long as any Class A2 Notes are outstanding. Class A2 Notes and Mezzanine Notes which have been redeemed will be cancelled and may not be reissued or resold.
Interest:	Notes will be interest-bearing and interest will accrue at a floating rate, as specified in the relevant Supplemental Offering Circular, on a quarterly basis in relation to Class A2 Notes and Mezzanine Notes and, subject to the provisions of the next paragraph, on a monthly basis in relation to Class A1 Notes. Non-payment of interest in respect of Mezzanine Notes while a Mezzanine Deferral Condition is in existence (as defined below) shall not constitute a Note Event of Default and such interest shall continue to accrue and shall itself bear interest at the rate of interest applicable to the Mezzanine Notes pursuant to the relevant Supplemental Offering Circular until such time as all of the assets of the Issuer have been exhausted, at which time any outstanding and unpaid interest shall be cancelled. On the date falling 48 months from the Issue Date or, if the Conversion Date occurs prior to such date, on the next Interest Payment Date applicable to the Class A2 Notes immediately falling after the Conversion Date, interest on the Class A1 Notes shall become payable on quarterly Interest Payment Dates.
Denominations:	Notes will be issued in Euro subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Taxation:	All payments in respect of Notes will be made free and clear of withholding taxes of Jersey and the United Kingdom unless the withholding is required by law. In that event the Issuer or the relevant Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. None of the Issuer, the Paying Agents or the Registrar

will be obliged to make any additional payments to any Noteholder in respect of such withholding or deduction.

Governing Law: English law.

Ratings: On the date of this Offering Circular, the Class A1 Notes and the Class A2 Notes to be issued and the A1 Advances to be made on or about the Issue Date have been rated A by each of Standard & Poor's and DCR and A2 by Moody's. Unless otherwise specified in the applicable Supplemental Offering Circular, Class A1 Notes issued and A1 Advances made under the Programme after the Issue Date will carry a corresponding rating.

On the date of this Offering Circular, the Mezzanine Notes to be issued on or about the Issue Date have been rated BBB by each of Standard & Poor's and DCR and Baa2 by Moody's.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the relevant rating agency. All investors and potential investors in the Notes must make their own investigation as to any applicable rating of the relevant Notes.

Selling Restrictions: For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom, France, Jersey, Japan and the Republic of Italy, see "Subscription and Sale" and "Transfer Restrictions" below.

Subscription Commitment Agreements: On or about the Issue Date, the Issuer will enter into a subscription commitment agreement with a subscriber or several subscription commitment agreements each with a subscriber (each a "**Subscriber** and collectively, the "**Subscribers**") pursuant to which the Subscribers shall agree to subscribe, on a several basis, for the Class A1 Notes, issued under the Programme on or prior to the date which is 48 months after the Issue Date or, at each Subscriber's option, advance (an "**A1 Advance**") to the Issuer an amount equal to the principal amount of the Class A1 Notes so issued on substantially the same terms and conditions as the Conditions applicable to such Class A1 Notes. See Condition 14, "Summary of Transaction Documents – Subscription Commitment Agreement" and "Subscription and Sale".

Each Subscriber has the right to transfer its commitment to subscribe for Class A1 Notes pursuant to the terms of the Subscription Commitment Agreement to which it is a party.

THE LOANS AND SECURITY

Limited Recourse Funding: The Issuer shall, immediately upon receipt of the proceeds of the issue of the Notes and, if any, A1 Advances, make available to the Lending Bank by way of a limited recourse funding not exceeding EUR 396,000,000 (the "**Limited Recourse Funding**") pursuant to a limited recourse funding agreement (the "**Limited Recourse Funding Agreement**") the funds required by the Lending Bank to make loans to the Borrowers pursuant to the Secured Loan Agreement described below.

The Limited Recourse Funding will be unsecured and recourse by the Issuer to the Lending Bank in respect of the Lending Bank's payment obligations thereunder shall be limited to the amount of corresponding payments received by the Lending Bank under the Secured Loan Agreement.

The Limited Recourse Funding will be divided into three facilities, namely a fixed term facility in an aggregate principal amount of EUR 245,000,000 (the "**Tranche A LR Term Facility**") a fixed term facility in an aggregate principal amount of EUR 60,000,000 (the "**Tranche M LR Term Facility**") (together, the "**LR Term Facilities**") and a revolving facility in a maximum aggregate

principal amount of EUR 91,000,000 (the "**LR Revolving Facility**" and together with the LR Term Facilities, the "**LR Facilities**").

Advances under the Tranche A LR Term Facility shall bear interest at the same rate as advances under the Secured A2 Facility (see below). Advances under the Tranche M LR Term Facility shall bear interest at the same rate as advances under the Secured M Facility (see below). Advances under the LR Revolving Facility will bear interest at the same rate as advances under the Secured A1 Facility (see below). Payments received by the Issuer under the LR Facilities whether in respect of principal, interest or otherwise shall be applied by the Issuer in accordance with the priority of payments contained in Condition 4(c) *(Pre-Enforcement Application of Proceeds)* and 4(d) *(Post-Enforcement Application of Proceeds)* and the Co-ordination Agreement.

The Trustee will be entitled to assume that the Lending Bank is in compliance with its obligations under the Limited Recourse Funding Agreement unless the Trustee is informed otherwise by any of the Issuer, the Loan Administrator or the Lending Bank.

The Limited Recourse Funding Agreement is governed by English law.

Secured Loan:

The Lending Bank shall use the proceeds advanced to it by the Issuer pursuant to the Limited Recourse Funding Agreement to make available to the Borrowers on a joint and several basis a secured loan (the "**Secured Loan**") in an aggregate principal amount not exceeding EUR 396,000,000 pursuant to a secured loan agreement (the "**Secured Loan Agreement**").

The Secured Loan Agreement will be entered into on or before the Closing Date.

The Secured Loan will be secured pursuant to the arrangements set out below at "Underlying Security" and constitutes obligations of the Borrowers which, on enforcement, will be limited recourse solely to the Underlying Security.

The Secured Loan will be divided into three facilities, namely a revolving term facility in a maximum aggregate principal amount of EUR 91,000,000 (the "**Secured A1 Facility**"), a fixed term facility in a maximum aggregate principal amount of EUR 245,000,000 (the "**Secured A2 Facility**") and a fixed term facility in a maximum aggregate principal amount of EUR 60,000,000 (the "**Secured M Facility**") (together, the **Secured Facilities**").

The rate of interest payable by the Borrowers (i) on the Secured A1 Facility is EURIBOR to a maximum of the Strike Rate plus 1.00 per cent, (ii) on the Secured A2 Facility is EURIBOR to a maximum of the Strike Rate plus 0.90 per cent, and (iii) on the Secured M Facility is EURIBOR to a maximum of the Strike Rate plus 1.65 per cent. The "**Strike Rate**" is 6.5 per cent.

The term of the Secured Loan is 60 months.

Under the Limited Recourse Funding Agreement, the Lending Bank is only obliged to make payments of interest, principal or costs to the Issuer, to the extent that it receives corresponding payments from the Borrowers under the Secured Loan Agreement. The Borrowers will be required to pay to the Lending Bank (for payment to the Issuer) all amounts necessary to indemnify the Issuer for its Costs (as defined below) .

The Lending Bank will be responsible to the Borrowers for the administration and servicing of the Secured Facilities (including calculation of the Global Borrowing Base Ratio (as defined below)). – The Lending Bank will in turn appoint the Loan Administrator to assist it in the administration and servicing of the Secured Facilities pursuant to the Co-ordination Agreement.

The Trustee will be entitled to assume that each of the Borrowers is in compliance with all of its obligations pursuant to the Secured Loan Agreement unless it is informed otherwise by the Lending Bank pursuant to the provisions of the Co-ordination Agreement (as referred to below).

The Issuer will have no right, title or interest in or to any of the rights of the Lending Bank under the Secured Loan Agreement or the Underlying Security.

The Secured Loan Agreement is governed by French law.

Liquidity Facility:

The Issuer will enter into a liquidity facility agreement (the "**Liquidity Facility Agreement**") with a commercial bank (the "**Liquidity Bank**") the short term unsecured and unsubordinated obligations of which are rated A-1+ by Standard and Poor's, P-1 by Moody's and acceptable to DCR on or before the Closing Date pursuant to which the Liquidity Bank will grant to the Issuer a liquidity facility (the "**Liquidity Facility**") which will entitle the Issuer to draw up to an aggregate amount of EUR 60,000,000 thereunder.

The purpose of the Liquidity Facility is to enable the Issuer to meet its payment obligations under the Notes and A1 Advances (other than the payment of amounts of principal) and in respect of those liabilities of the Issuer ranking senior to the payment of interest on the Notes and A1 Advances and which the Issuer is in each case unable to meet as a result of any shortfall in amounts received by it under the Limited Recourse Funding Agreement including the funding of any costs and expenses associated with the Programme and the costs, expenses, indemnities and liabilities of the Trustee and the Lending Bank including in relation to the realisation of security granted in respect of the Notes and realisation of the Underlying Security (as referred to below). In calculating any such shortfall, the amount of any principal repayment shall, prior to the Conversion Date, be ignored.

The Liquidity Facility will rank senior to the Notes and A1 Advances in point of priority and payment.

The Liquidity Facility is a 364-day renewable committed limited recourse facility which provides for the amount of the facility to be drawn in full upon the occurrence of a rating downgrade or the failure of the Liquidity Bank to renew its commitment. Advances thereunder shall bear interest at 1 month EURIBOR plus a margin.

The Liquidity Facility Agreement is governed by English law.

Underlying Security:

As security for the performance of its respective obligations under the Secured Loan Agreement:

(a) each Borrower will grant to the Lending Bank pursuant to a pledge agreement (*Contrat de Gage*) (the "**Pledge Agreement**") a pledge, in the form of a "*gage*", over the Pledged Assets (as more specifically referred to in each Pledge Agreement) including *inter alia* the stocks of champagne owned by each Borrower.

Pursuant to the terms of each Pledge Agreement, the Lending Bank will, pursuant to Article 91 of the French Commercial Code, nominate Auxiga to act as third party possessor (*tiers détenteur*) of the assets pledged thereunder for the duration of the Pledge Agreement (see below). The Pledged Assets will be held in specifically designated warehouses which will be exclusively occupied and overseen by Auxiga, access to and from which shall be controlled by Auxiga, acting on the directions of the Lending Bank.

Such arrangements enable the relevant Borrower to continue to operate its business on an on-going basis (for a period of 4 years from the initial

drawdown under the Secured Loan) whilst allowing the security created pursuant to the Pledge Agreement to remain intact.

(b) Marne et Champagne will assign to the Lending Bank, pursuant to an Insurance Delegation Agreement (*Convention de délégation d'assurances*) (the "**Insurance Delegation Agreement**") all of its rights to receive any insurance indemnity payments or premiums relating to pledged stock under the all-risk insurance policy (*police d'assurance tous risques*) to which it is beneficiary, and entered into with the insurance company CGU Courtage as more specifically referred to in the Secured Loan Agreement; and

(c) Each Borrower will enter into agreements (*Contrats de Licences de Marques non-Exclusives*) (the "**Trademark Licence Agreements**") which will ensure that the pledged stocks of champagne under the Pledge Agreement can be sold, under their relevant trademark in case the pledge (*gage*) is enforced.

Each of the documents mentioned in paragraphs (a) to (c) above is referred to as an "**Underlying Security Document**" and is governed by French law.

The security created by the Pledge Agreement, the Insurance Delegation Agreement and the Licences granted under the Trademark Licence Agreements are referred to as the "**Underlying Security**".

The Underlying Security secures only the Secured Loans and does not secure any obligations under the Limited Recourse Funding Agreement, the Liquidity Facility Agreement or the Notes.

The Trustee can, however, as specified in the Conditions of the Notes, provide directions to the Loan Administrator on behalf of the Lending Bank pursuant to an Extraordinary Resolution or Written Resolution of the Noteholders, at its discretion or having received expert advice and subject, in any case, to having been indemnified and/or secured to its satisfaction regarding enforcement of the Underlying Security pursuant to the Co-ordination Agreement (see below).

Auxiga:

Auxiga is a French *Société Anonyme* with a share capital of FRF 5,005,000 whose registered office is located at 20, rue Laffitte, 75009 Paris and which is registered at the Commercial and Companies Registry of Paris under number B 303 507 776. The chairman of its board of directors (*président directeur général*) is Mr André Houssa and its managing directors (*directeurs généraux*) are Mr Pierre Bacquelaine and Mr Jacques Levenez.

The main activities of Auxiga consist of (i) storing and exercising control over goods and (ii) acting as a third party possessor in favour of creditors, which benefit from pledges with dispossession, in order to ensure dispossession of pledged assets.

Auxiga will act for the Lending Bank as third party possessor and will be responsible for ensuring that the pledged stock remains out of the possession of the Borrowers, in accordance with the Pledge Agreement.

If Auxiga fails to comply with its obligations under the Pledge Agreement, the Lending Bank will be able to revoke the mandate of Auxiga without notice and choose any other third party possessor or act itself as a third party possessor if the Lending Bank so wishes.

The Lending Bank will also be entitled to revoke the mandate of Auxiga even if Auxiga fulfils its obligations, provided that the Lending Bank gives Auxiga notice of its decision and indemnifies Auxiga according to the terms of the Pledge Agreement.

Co-ordination Agreement:	Pursuant to the Co-ordination Agreement between the Issuer, the Lending Bank, the Liquidity Bank, the Cash Manager, the Loan Administrator and the Trustee, the Lending Bank agrees to exercise its rights to declare a Secured Loan Event of Default and enforce the Underlying Security and the Issuer agrees to exercise its rights of enforcement under the Limited Recourse Funding Agreement, in accordance with the directions of the Trustee, acting at its discretion or having received expert advice or on an Extraordinary Resolution or Written Resolution of the Noteholders (which would include Subscribers of A1 Advances should any such Advances be outstanding), as specified in the Conditions of the Notes and subject, in any case, to having been indemnified and/or secured to its satisfaction. The Cash Manager's cash management responsibilities and the Loan Administrator's loan administration responsibilities (including the right of the Loan Administrator to direct the Lending Bank to take steps to protect the Underlying Security in case of certain jeopardy events) are also described. See "Summary of Transaction Documents – The Co-ordination Agreement" and "Conditions of the Notes".
Cap Agreement:	The Issuer and the Hedge Counterparty will enter into a Cap Agreement pursuant to which the Hedge Counterparty will pay the Issuer two Business Days prior to each Interest Payment Date the amount by which EURIBOR calculated on the Principal Outstanding Amount of the Notes exceeds the Strike Rate.
Closing Date:	The establishment of the Programme, and the execution of the Liquidity Facility Agreement, the Secured Loan Agreement, the Limited Recourse Funding Agreement and the Co-ordination Agreement, all of which are expected to take place on or about 16th March 2000 (the "**Closing Date**") and in any event prior to 20th March 2000 (the "**Issue Date**"), are conditional upon one another.
Transaction Documents:	References in this Offering Circular to "**Transaction Documents**" are references to the Trust Deed, the Dealer Agreement, each Subscription Commitment Agreement, the Notes, the Paying Agency Agreement, the Underlying Security Documents, the Limited Recourse Funding Agreement, the Secured Loan Agreement, the Cap Agreement, the Corporate Administration Agreement, the Share Trust Instrument, the Liquidity Facility Agreement and the Co-ordination Agreement or any of them as the context may require, including all notices and acknowledgements and the like required thereunder or in relation thereto.

INVESTMENT CONSIDERATIONS

An investment in the Notes is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may result therefrom.

The following is a description of certain additional aspects of the issue of the Notes of which any prospective Noteholder should be aware. It is not intended to be exhaustive and any prospective Noteholder should also read the detailed information set out elsewhere in this document and take its own tax, legal and other relevant advice as to the structure and viability of investment in the Notes.

Credit Considerations

Obligations solely those of Issuer

The Notes are solely the obligation of the Issuer. In particular, the Notes are not the obligation or responsibility of, or guaranteed by, the Borrowers, (other than to the extent described in "**Performance under the Loans**" below), the Trustee, the Cash Manager, the Loan Administrator, the Arranger, the Dealers, the Lending Bank, the Liquidity Bank, the Paying Agents, the Corporate Administrator, or the Hedge Counterparty. Apart from the Issuer, none of those persons will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

Limited Recourse

The Notes will constitute notes which, on enforcement, will be limited to recourse solely to the assets of the Issuer secured pursuant to the Trust Deed (the "**Security**"), net of any sums which the Issuer is or may be obliged to pay in priority or *pari passu* to any other party in the order of priority set out in Condition 4(c) (*Pre-Enforcement Application of Proceeds*) and 4(d) (*Post-Enforcement Application of Proceeds*). If payments received by the Trustee for the benefit of the Noteholders under the Transaction Documents are insufficient to make payments on the Notes, no other assets will be available for payment of the deficiency, and following liquidation of the available funds, the obligations of the Issuer to pay such deficiency shall be extinguished. The Issuer's principal asset is its rights under the Limited Recourse Funding and any Transaction Documents to which it is a party. The Issuer will not, as of the Closing Date, have any significant assets other than those rights. The Issuer does not have recourse to or the benefit of the Underlying Security granted in favour of the Lending Bank by the Borrowers and has no right, title or interest in or to any of the rights of the Lending Bank under the Secured Loan Agreement or the Underlying Security. The Trustee's right in relation to enforcement of the Underlying Security will be limited to directing the Lending Bank to enforce as provided in the Co-ordination Agreement.

Performance under the Loans

The ability of the Issuer to meet its obligations under the Notes is dependent on its receipt under the Limited Recourse Funding Agreement of payments from the Lending Bank related to Advances made thereunder. Such payments are derived solely from payments by the Borrowers under the Secured Loan Agreement and, in certain circumstances, by payments made by the Liquidity Bank under the Liquidity Facility Agreement. The obligations of the Borrowers under the Secured Loan Agreement are secured pursuant to the security granted in favour of the Lending Bank and the rights of the Lending Bank (via the Loan Administrator) on enforcement are limited recourse to the proceeds of realisation of the Underlying Security.

Performance of Contractual Obligations

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the Transaction Documents of their obligations thereunder, including the performance by the Borrowers, Auxiga, the Lending Bank, the Hedge Counterparty , the Liquidity Bank, the Dealers, the Cash Manager, the Loan Administrator, the Trustee and the Paying Agents of their respective obligations.

Absence of Secondary Market; Limited Liquidity

There can be no assurance that a secondary market in the Notes will develop or, if it does develop, that it will provide holders of Notes with liquidity of investment or that such market or any liquidity of investment which may exist or develop will continue for the life of the Notes. Application has been made, however, to list the Notes

on the Luxembourg Stock Exchange. In addition, the market value of Notes may fluctuate, including as a result of changes in prevailing rates of interest. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount from the original purchase price of such Notes.

Rating of Notes

The ratings assigned to the Notes by the Rating Agencies are based on their assessment of relevant structural features of the transaction (including the long term unsecured debt rating of the Hedge Counterparty and the Lending Bank, the ratings of which are reflective of the views of the Rating Agencies) and of the effect of significant champagne price declines on the matters addressed by the ratings. The ratings are intended to address the likelihood of full and timely payment to the Noteholders of all payments of interest on the Notes on each Interest Payment Date and the full and timely payment of principal on a date that is not later than the Maturity Date. A rating does not address the frequency of prepayments or the possibility that Noteholders might suffer a lower than anticipated yield; nor does a rating address the likelihood of receipt of default interest amounts, broken funding or other break costs or gross up payments. Rating agencies other than the Rating Agencies could elect to rate the Notes and, if such "shadow ratings" are lower than the comparable ratings assigned to the Notes by the Rating Agencies, such ratings could have an adverse effect on the value of the Notes. Future events could have an adverse impact on the ratings of the Notes. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies or any of them as a result of changes in or unavailability of information or other circumstances if, in their judgment, circumstances so warrant. There is no specific obligation on the part of the Borrowers, the Issuer, the Cash Manager, the Loan Administrator, the Trustee, the Hedge Counterparty, the Liquidity Bank, the Corporate Administrator, the Dealers or any other person or entity to maintain or procure maintenance of any rating for the Notes.

Subordination of the Mezzanine Notes

The rights of the Mezzanine Noteholders to receive payment of principal and interest otherwise payable in respect of the Mezzanine Notes will be subordinated to the rights of the holders of the Senior Notes. This may result in a shortfall in the payment of interest or principal due on the Mezzanine Notes. In addition, upon the occurrence of a Mezzanine Deferral Condition (as defined below) and for so long as such event is continuing no interest will be paid on the Mezzanine Notes and the entitlement of the Mezzanine Noteholders to such interest will be deferred. The amount of any such deferred interest will itself bear interest and will only be payable upon the relevant Mezzanine Deferral Condition (as defined below) ceasing to exist and in accordance with the provisions of the Conditions and otherwise as described herein.

"**Mezzanine Deferral Condition**" exists at any time when (i) the Loan Administrator on behalf of the Lending Bank has notified the Issuer and the Trustee that (i) a Secured Loan Event of Default has occurred and (ii) the Notes Borrowing Base Ratio is greater than 1.15 and shall cease to exist irrespective of whether such Secured Loan Event of Default is continuing on the date on which the Lending Bank has informed the Issuer and the Trustee that the Notes Borrowing Base Ratio has become less than or equal to 1.15.

"**Notes Borrowing Base Ratio**" means at any time, the following ratio:

$$\frac{\text{(Total amount of all Secured Advances plus the sum of accrued interest due and payable in respect of each Secured Advance, together with all due and payable costs and expenses relevant to such Secured Advances less the value of cash and Eligible Investments held by the Issuer.)}}{\text{The Global Borrowing Base}}$$

Whilst any Senior Notes are outstanding the Mezzanine Noteholders will not have any right to direct the Trustee to take any steps in relation to the occurrence of a Note Event of Default.

Conversion of Class A1 Notes and Voting Provisions

Post-Conversion Terms: Any Interest Period in relation to the Class A1 Notes which would otherwise extend beyond the date falling 48 months after the Issue Date shall end on such date falling 48 months after the Issue Date (unless prior to such date the Conversion Date has occurred) and Interest Periods applicable to the Class A1 Notes shall thereafter be the same as Interest Periods applicable to the Class A2 Notes.

If the Conversion Date occurs prior to the date falling 48 months from the Issue Date as a consequence of a Default Declaration, other than a Note Default Declaration, any interest period applicable to the Class A1 Notes which would otherwise extend beyond the next Interest Payment Date in relation to the Class A2 Notes shall end on such date and the Issuer shall not be obliged to pay interest in relation to the Class A1 Notes accruing in relation to the period commencing on the Interest Commencement Date for Class A1 Notes falling immediately prior to the Conversion Date and ending on such Interest Payment Date in relation to the Class A2 Notes, until such Interest Payment Date in relation to the Class A2 Note.

Thereafter Interest Periods, Rates of Interest and Interest Payment Dates in relation to the Class A1 Notes shall be the same as those applicable to the Class A2 Notes and shall be notified to the Noteholders and the Luxembourg Stock Exchange.

Each of the Subscribers will have the right to vote for all purposes on behalf of the relevant Class A1 Noteholders by reference to the principal amount of such Subscriber's Commitment, as specified in the Subscription Commitment Agreement to which it is a party or, if such Subscriber is a transferee, by reference to the principal amount of the Commitment acquired by it under a transfer certificate and notified to the Issuer and registered by it pursuant to the terms of a Subscription Commitment Agreement. Each Class A1 Noteholder irrevocably delegates its right to vote as a Class A1 Noteholder to the Subscribers and references to voting or directions of Class A1 Notes should be construed accordingly. Each investor (other than a Subscriber) which becomes a Class A1 Noteholder should make arrangements (whether by way of proxy, power of attorney or otherwise) with the person from whom it has acquired a Class A1 Note and the Subscriber who initially subscribed such Note to ensure that such Subscriber represents such Noteholder's views when voting.

The Trustee shall rely on directions of the Subscribers from time to time (who will be identified to the Trustee by means of an Issuer Certificate) as representatives of the Class A1 Noteholders for all voting purposes.

Each of the Class A1 (which will include Subscribers for A1 Advances), the Class A2 and Mezzanine Noteholders, as applicable, shall be entitled to vote at separate Noteholders' meetings or resolve by means of Written Resolution in relation to all matters in accordance with Condition 17(a) (*Meetings of Noteholders*). No resolution of the Mezzanine Noteholders will be effective unless ratified by a resolution of all outstanding Senior Noteholders (which will include Subscribers for A1 Advances) in a single meeting or by Written Resolution.

The Luxembourg Stock Exchange will be informed by the Issuer of the occurrence of a Default Declaration. The text of any relevant Resolution will be made available at the offices of the Paying Agent in Luxembourg.

In relation to directing the Trustee to declare the Notes to be due and payable under Condition 11 (*Events of Default*), the Class A1 Noteholders, Subscribers for A1 Advances and the Class A2 Noteholders will be entitled to direct the Trustee (subject to the Trustee having been indemnified to its satisfaction) by means of an Extraordinary Resolution or Written Resolution of the Holders of all of the Senior Notes and the Subscribers for A1 Advances then outstanding. The Class A1 Notes, A1 Advances and Class A2 Notes rank *pari passu* and without any preference amongst themselves.

"**Default Declaration**" has the meaning ascribed to such term in Condition 2(a) (*Definitions*).

Withholding Tax

In the event withholding taxes are imposed in respect of payments to Noteholders of amounts due pursuant to the Notes, the Issuer is not obliged to gross-up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of withholding taxes.

In the event withholding taxes are imposed in respect of payments to the Lending Bank under the Secured Loan Agreement, the Borrowers will be obliged to gross-up such payments so as to ensure that the Lending Bank receives such amount as it would have received but for such withholding.

In the event withholding taxes or VAT are imposed in respect of payments by the Lending Bank to the Issuer under the Limited Recourse Funding Agreement, the Lending Bank shall increase the amount to be paid to the Issuer to ensure that the Issuer receives and retains a sum equal to the sum which it would have received and so retained had no such withholding or VAT amount been made or required to be made, provided that the obligation of the Lending Bank to increase the amount to be so paid to the Issuer shall be limited to (other than as detailed below) (a) promptly making a demand on the Borrowers under the Secured Loan Agreement for payment of such amount and (b) upon receipt from the Borrowers, paying any such amount as it receives to the

Issuer, provided further that the obligation of the Lending Bank to increase the amount to be so paid to the Issuer shall not be dependent upon receipt of any amount from the Borrowers (and the Lending Bank shall not make a demand on the Borrowers for such amount) if such deduction, withholding or VAT amount payable arises as a consequence of an act or omission by the Lending Bank (including without limitation transfer by the Lending Bank of its lending office).

In the event withholding taxes are imposed in respect of payments made by the Cash Manager or the Loan Administrator under the Co-ordination Agreement, neither the Cash Manager nor the Loan Administrator is obliged to gross-up or otherwise compensate the Issuer or any other party to the Co-ordination Agreement for the lesser amounts it will receive as a result of withholding taxes.

In relation to withholding taxes arising in respect of payments made under the Cap Agreement, see "Considerations related to Interest Rate Exposure Hedging" below.

Considerations Related to Interest Rate Exposure Hedging

The Cap Agreement will be documented on the terms of an ISDA Master Agreement (1992 Multicurrency-Cross Border) which specifies certain Events of Default and Termination Events, the occurrence of which with respect to the Issuer will give the Hedge Counterparty the right to terminate the Cap Agreement. The termination of the Cap Agreement could entail certain risks for the Issuer in respect of interest rate increases.

Events of Default

The majority of the Events of Default specified in the ISDA Master Agreement have been disapplied with respect to the Issuer. Therefore, the Hedge Counterparty will have the right to terminate the Cap Agreement only in certain limited circumstances, viz, (i) Failure to Pay or Deliver – the Issuer fails to pay any amounts due under the Cap Agreement; (ii) Bankruptcy – an act of insolvency arises with respect to the Issuer; or (iii) Merger Without Assumption – the Issuer merges with or into another entity and the resulting entity fails to assume all of the Issuer's obligations under the Cap Agreement.

Termination Events

The Hedge Counterparty may only terminate the Cap Agreement if any of the following occurs with respect to the Issuer; (i) Illegality; (ii) if a Note Event of Default (as described in the Conditions) occurs and the Trustee issues a notice in accordance with Condition 11(a) (*Enforcement*) declaring all the Notes then outstanding to be immediately due and payable and the Security in relation thereto to be enforceable (in which case either party may terminate the Cap Agreement); and (iii) Tax Event (as described in "Right to terminate in the event of withholding" below).

The Issuer likewise has the right to terminate the Cap Agreement if any of the foregoing occurs with respect to the Hedge Counterparty and, in addition, has the right to terminate in certain other circumstances, including if the long-term unsecured unsubordinated debt obligations of the Hedge Counterparty cease to be assigned a rating of at least A by Standard & Poor's and A2 by Moody's and to be acceptable to DCR.

Right to terminate in the event of withholding

In the event that withholding taxes required by any applicable law become payable on an amount due by one party to the other under the Cap Agreement, such party will not be required to pay to the other party such additional amount as will enable the other party to receive the same amount as it would have received in the absence of such deduction or withholding. All payments are required to be made net of any such deduction or withholding. However, the occurrence of any such deduction or withholding would give rise to a termination event ("**Tax Event**"), thus entitling the party receiving the net payment to terminate the Cap Agreement.

Events of Default under the Subscription Commitment Agreement

Each utilisation of the Subscription Commitment Agreement is subject to continuing conditions precedent, which, if not met, will result in the Subscriber thereto no longer being obliged to subscribe for Class A1 Notes or A1 Advances. The continuing conditions precedent are: (a) no Secured Loan Event of Default (other than a Secured Loan Event of Default specified in Clause 14.1(f) to (k) (inclusive) of the Secured Loan Agreement) has occurred which has resulted in the Lending Bank making a declaration pursuant to the Secured Loan Agreement and (b) no Note Default Declaration has been made. If these conditions precedent are not met, the Subscriber is

entitled to terminate its Subscription Commitment Agreement and all the parties to the Subscription Commitment Agreement will be released and discharged from their respective rights thereunder (except with respect to selling restrictions contained in the Subscription Commitment Agreement and the undertakings of the Issuer therein). The termination of a Subscription Commitment Agreement does not accelerate or alter the terms of the Class A1 Notes or A1 Advances outstanding pursuant to it.

Champagne Appellation Contrôlée Regulations

The production of champagne and the status of those persons who are authorised to produce and sell champagne (*négociant manipulants*) (including any sale pursuant to the enforcement of security) is strictly regulated in France.

The label "Champagne" is exclusively reserved for wines which are produced in the Champagne region of France from certain authorised varieties of vines.

Disqualification of the "Champagne" Label

The production of champagne is subject to specific and rigorous conditions imposed by the INAO and CIVC (as defined below). In the absence of any of these conditions, the product will not receive the label "Champagne" and will not benefit from the quality guarantee constituted by the *appellation contrôlée*, hence losing a significant portion of its market value.

INAO

The *Institut National des Appellations d'Origine* ("**INAO**") is the French authority responsible for distribution and protection of the appellation contrôlée label attributed to French products such as champagne and determines the maximum weight of grapes per hectare of vines which may be harvested on an annual basis by a champagne wine producer. In 1998, the maximum allocation was 13,000 kilos per hectare of vines. If the harvest exceeds the maximum allocation, the excess grapes are either left unharvested, destroyed or sent to a distillery.

The INAO also determines the maximum volume of grape juice (*moût*) per kilo of pressed grapes which may be produced in any given year. By way of example, in 1998, the allocation was 102 litres of grape juice for 160 kilos of grapes produced. Any excess will not benefit from the label "Champagne".

The INAO dictates that champagne wine producers must store, treat and handle champagne wines at premises which are completely separate from those premises containing grape harvests or wines to which the label "Champagne" does not apply.

At the end of the production process, provided that all of the INAO regulations have been met, the champagne wine producers are entitled to sell their wines produced under the label "Champagne" following certification by INAO.

Security over Qualitative Reserve (Réserve Qualitative)

Wine which is classified as qualitative reserve (i.e. wine which has not yet been subject to the second fermentation process and has been harvested within the limit imposed by the INAO as described above) may be stored for an indeterminate period of time in order to meet the expected demand for or to compensate for a shortfall in production in any given year.

The champagne wine producer does not acquire ownership over the qualitative reserve until authorisation has been given by the *Comité Interprofessionnel des Vins de Champagne* ("**CIVC**") to produce final bottles of champagne from such qualitative reserve.

CIVC

The CIVC was established by statute in 1941. The CIVC has regulatory power to organise, control and direct the production, distribution and trading of wines in the Champagne area and to regulate the relationships between the various other union and wine production societies. The CIVC also has power to intervene in the market when product is overly low and overly abundant in order to maintain stable supplies for producers.

The CIVC provides technical services in relation to areas such as parasite control, climate studies and microbiology.

Together with the INAO, the CIVC protects the use of the Champagne name internationally.

The CIVC levies taxes on champagne producers and merchants to finance its activities.

Legal Aspects of the Transaction

French Insolvency Law

Certain procedures under French insolvency law may affect the Lending Bank's (and thereby investors') rights. These are:

(a) Law n°84-148 of 1st March 1984 (the "**1984 Law**") providing for an early warning procedure *(procédure d'alerte)* for the early detection of potential difficulties which may lead to a cessation of activities. The objective of this law is to encourage a voluntary arrangement *(règlement amiable)* between a company in difficulty and its main creditors; and

(b) Law n°85-98 of 25th January 1985 as amended (the "**1985 Law**") relating to (A) judicial recovery *(redressement judiciaire)*, which primarily seeks to ensure the continuation of a company and protection of employment and (B) judicial liquidation *(liquidation judiciaire)* if recovery is not possible,

which laws provide significant protection to companies and their employees against creditors, both secured and unsecured.

A. The 1984 Law

Early Warning Procedure (Procédure d'Alerte)

The main objective of the early warning procedure under the 1984 Law is to detect at an early stage difficulties which may lead to a cessation of the activities carried on by a company and to encourage the directors and shareholders to consider the general position in which the company finds itself and subsequently to take appropriate measures.

The early warning procedure may be initiated by a shareholder, employee representatives, the auditors or, in certain circumstances, by the competent court. It may not be initiated by a creditor or holder of security. The procedure relies entirely on the normal operation of the management bodies of the company, which continue to exercise their respective management powers. The procedure does not involve interference by any third party (including a secured creditor or its representative) in the day-to-day operation of the company. It may, however, lead to one of the other procedures set out below.

Ad hoc mandate (Mandataire ad hoc)

Management of a company which is not bankrupt may apply to the Commercial Court to appoint an ad hoc negotiator to help to iron out perceived financial difficulties. Other concerned parties such as creditors, the comité d'entreprise, or persons dealing with the company, may be parties to the application. The procedure may result in a restructuring of the company, a Voluntary Arrangement or a bankruptcy (for both of the latter, see below).

Voluntary Arrangement (Règlement Amiable)

The voluntary arrangement (*règlement amiable*) is a procedure aimed specifically at rescuing companies in difficulty (but not bankrupt) through the intervention of a mediator (*conciliateur*) appointed by the commercial court.

The conciliateur will seek to persuade the main creditors and the debtor to reach an agreement providing for a rescheduling of and/or reduction in the debts owed by the company. While the voluntary arrangement is in force, the creditors (including secured creditors), as parties to the voluntary arrangement, are prohibited from taking any further security for the payment of any debt mentioned in the voluntary arrangement or commencing any legal proceedings or enforcement action whatsoever against the company or its assets.

Non-compliance by the company with any of its financial commitments under the voluntary arrangement leads to insolvency proceedings, which can be commenced at the request of the company itself, of any of the

creditors party to the voluntary arrangement or of the public prosecutor (*procureur de la République*) or upon the order of the commercial court.

Voluntary arrangement does not involve interference by any third party (including a secured creditor or its representative) in the normal management of the company, which remains in the hands of the existing directors and shareholders.

B. The 1985 law

Judicial Recovery (Redressement Judiciaire)

Main Characteristics

A declaration of bankruptcy against the insolvent company does not involve any discontinuation of the company's activities or of the powers vested in its management bodies. Subject to any contrary decision of the competent court, the business of the company will therefore be continued and run by existing management under the supervision of a court-appointed administrator.

The judicial recovery procedure includes an observation period (*période d'observation*) during which the court-appointed administrator will make an exhaustive assessment of the current status of the company in order to determine whether or not there are reasonable grounds to believe that the company may continue following a reorganisation and/or total or partial sale. On expiry of the observation period, the court must decide whether the company can be continued through either a reorganisation or a sale or whether it should be liquidated.

Effects on Creditors' Rights

The creditors (including secured creditors) of a company which are subject to the judicial recovery procedure are represented by a court-appointed creditors' representative (*représentant des créanciers*), who acts in the name and in the interest of the creditors. The main effects of the judicial recovery procedure are as follows:

(a) All creditors must file their claim with the creditors' representative. Failure to do so extinguishes the debt and therefore entails the loss of all the rights of the creditor to payment (and of all its rights against all assets secured in its favour). It should be noted that creditors secured by a registered security interest are personally informed of the commencement of the judicial recovery procedure and there is thus little risk (barring negligence) that their claim is not declared in time;

(b) All creditors are subject to a stay of proceedings. In consequence, secured creditors cannot foreclose during the judicial recovery procedure and all proceedings against the insolvent company commenced before the court decision ordering the judicial recovery are stayed;

(c) Any current agreement continues to be in effect, unless the court-appointed administrator decides to terminate it. Interest accruing under the Secured Loan Agreement would continue to accrue; and

(d) Debts which arise after the beginning of the judicial recovery procedure and debts to the company's employees may take precedence over the preferential claim which secured creditors have on the sale price of any secured asset but will not do so if the security over the stocks of champagne constituted by the Pledge Agreement is enforced by judicial attribution or if the stock is sold by the liquidator (see below).

Liquidation (Liquidation judiciaire)

Main Characteristics

The court can decide whether the company should be liquidated without going through the judicial recovery procedure if it appears either that the company has already ceased all activities or that recovery is impossible. It may also order liquidation at any time during the judicial recovery procedure if it appears that recovery will not be possible.

As from the date of the liquidation order, the company is deemed to be represented by a court-appointed liquidator (*liquidateur judiciaire*). The liquidator exercises all the powers of management of the company, whose

existing management is not allowed to interfere in any way in the liquidation of the company or with its temporary continuation, which is conducted under the sole authority of the liquidator.

Effects on Creditors' Rights

The main effects of liquidation are as follows:

(a) The court decision ordering liquidation renders due all debts of the company, whatever the term provided for in the relevant agreements;

(b) Certain interest ceases to accrue. However, interest under the fixed term tranches of the Secured Loan Agreement would continue to accrue;

(c) All creditors are subject to a stay of proceedings. However, secured creditors may in certain circumstances, as in the case of the Lending Bank in relation to the security constituted by the Pledge Agreement recover their right to institute proceedings.

Security

The security for this transaction is the stock-in-trade of the Borrowers, throughout its production, storage and commercialisation processes, including necessary installations and equipment ("**Pledged Assets**"), and the use of relevant trademarks necessary for this purpose only. The security package is as follows:

(a) the joint and several liability of the Borrowers under the Secured Loan Agreement;

(b) a pledge (*gage*) over the Pledged Assets; and

(c) legal or contractual assignment (*délégation*) of the benefit of insurance policies relating to the pledged stock to which such Borrower is beneficiary.

The security granted to the Lending Bank does not extend to taking any charges over the bank accounts of the Borrowers or an assignment in favour of the Lending Bank of receivables generated by the Borrowers in the course of their respective businesses. Recourse to the assets of the Borrowers is, therefore, limited to the security referred to in (b) to (c) above.

Effective realisation of the security granted to the Lending Bank above is subject to general French law insolvency provisions (see above).

Specific issues in connection with the realisation of the security granted to the Lending Bank are summarised below.

French Law Security

Pledge Agreement (Contrat de Gage)

In order to ensure the validity of the pledge and, *inter alia*, to ensure that an insolvency of the pledgor will not affect the interests of the pledgee pursuant to such pledge, the possession of the Pledged Assets is to be transferred to Auxiga as third party possessor (*tiers détenteur*) in the transaction.

The pledge is a pledge with dispossession (*gage avec dépossession*) and bestows upon the pledgee (the Lending Bank) a right of retention (but not a right of realisation or sale, see below) which is enforceable against the pledgor, its judicial administrator, its judicial liquidator and all of its creditors at all stages of judicial recovery and judicial liquidation procedures, whilst at the same time allowing the pledgor to continue normal operation of its business.

The Pledge Agreement is a continuous pledge over the Pledged Assets of each Borrower during the relevant production processes and storage. To the extent that champagne stocks are sold or removed from the pledge and replaced, the pledge will continue to be effective over renewed stock.

The Borrowers are not entitled to claim restitution of the Pledged Assets unless they have repaid the debt secured by the pledge in full, together with accrued interest and any related costs. The Pledge Agreement will not be released by any partial payment made by a Borrower in satisfaction of the Secured Loan, without the prior consent of the Lending Bank.

Third Party Possessor (Tiers Détenteur)

Under the Pledge Agreement, the Borrowers transfer all effective control over the Pledged Assets and any other equipment required in relation to the production and storage of such assets during the term of the Pledge Agreement to Auxiga (including the grant of leases to Auxiga of the premises, including the vats, on which the Pledged Assets are purchased, stored and distributed).

Risks associated with the Tiers Détenteur

The effectiveness of the pledge over the Pledged Assets is reliant upon the competent performance by Auxiga of its functions. If such functions are not correctly performed by Auxiga, the competent court might maintain that the pledge or the dispossession of the Pledged Assets is extinguished. Any such decision would be based on the length of time and the degree to which Auxiga fails to carry out its functions.

The third party possessor is required to preserve the Pledged Assets in good condition and is responsible for any deterioration due to lack of appropriate care. This onus is mitigated to the extent that each Borrower is required to assist Auxiga in the preservation of such Pledged Assets if specific expertise is required in connection therewith. Any such intervention of a Borrower does not constitute a release of the pledge.

A judicial administrator might be entitled to terminate any leasing contract of the premises (as referred to in condition (b) above) between a Borrower and the third party possessor. This risk has been reduced, however, by incorporating the relevant leasing provisions into the Pledge Agreement.

Enforcement of Security

Enforcement of the Security, described below, will have to take into account the fact that some of the stock-in-trade will, at any point of time, be only partially through the production process. Enforcement will therefore have to take account of the rules relating to the production of champagne which relies upon the employees and techniques of a producer qualified to carry out the champagne process

Non-Insolvency Related Enforcement of Pledge

Pursuant to Article 93 of the French Commercial Code, in the event that the debt secured by the pledge is due but unpaid, the Lending Bank may, upon eight days notice to the relevant Borrower, arrange for the sale of the Pledged Assets by public auction or apply to the court for these assets to be attributed to it. A forced sale by the Lending Bank must be in relation to the entirety of the Pledged Assets. The public auction takes place in the presence of a notary (*notaire*), a bailiff (*huissier*) or auctioneer (*commissaire priseur*). (See "Sale by Way of Public Auction" below).

Observation Period

The Lending Bank may not realise (i.e. exercise its power of sale under) the pledge during any observation period applicable to a Borrower. However, the Pledged Assets remain unavailable to such Borrower and the right of retention of the Lending Bank in relation thereto may only be extinguished by settlement in full by the judicial administrator of the debt secured by the pledge.

Continuation Plan

Similarly, during the implementation of any continuation plan *(plan de continuation)* ordered by the competent court in connection with judicial recovery proceedings, the right of retention of the Lending Bank may only be extinguished by settlement in full by the judicial administrator of the debt secured by the pledge.

The competent court may order the rescheduling of all of the outstanding debts of a Borrower as part of the continuation plan. In these circumstances the Lending Bank would only be entitled to receive settlement of the debt secured by the pledge in accordance with any rescheduling plan endorsed by the court. Rescheduling of debts usually takes place over a period of ten years with irregular repayments being made to the creditors throughout such period. However the risk of the court ordering a rescheduling of amounts owing under the Secured Loan has been reduced by the incorporation of certain provisions into the Secured Loan Agreement and the Pledge Agreement.

Article 55 of the 1985 Law preserves the right of creditors to receive accrued interest of any existing loan agreement throughout the course of a continuation plan.

Assignment Plan

If the pledgee has security over the vast majority of the assets of the pledgor, it is more likely that the competent court would implement a different type of plan whereby the pledgor's business is transferred to new shareholders who would either have to refinance the debt secured by the pledge or allow the Pledged Assets to be transferred to the pledgee in satisfaction of such debt.

Methods of Enforcement of Pledge

During insolvency proceedings, the Lending Bank may seek recourse by way of either (a) judicial attribution (*attribution judiciaire*) to it of the Pledged Assets pursuant to Article 2078 of the French Civil Code or (b) the sale by way of public auction of the Pledged Assets pursuant to Article 93 of the French Commercial Code.

These options are available to the Lending Bank in the event of (a) judicial liquidation of the pledgor, (b) an assignment plan involving transfer of the pledgor's business ordered by the competent court or (c) non-respect by the pledgor of the provisions of any debt rescheduling arrangements imposed by the competent court during the implementation of a continuation plan.

1. Judicial Attribution (Attribution Judiciaire)

The judicial attribution process enables the pledgee to request the competent court to order that the Pledged Assets shall be transferred to it up to the value of the debt secured by the pledge.

The principal advantage of the judicial attribution process is that it allows the pledgee to receive settlement of its debt in the absence of competition with all other creditors of the pledgor.

The market value of the Pledged Assets is determined by an independent third party expert appointed by the competent court. The court may vary such determination at its discretion.

If the market value of the Pledged Assets is considered to be below the amount of the debt owed to the pledgee, the pledgee becomes an unsecured creditor in relation to the outstanding portion of such debt, ranking below all preferential creditors of the insolvent pledgor. (See "Preferential Creditors" above). If the value of the Pledged Assets is considered to be greater than the value of the debt owed to the pledgee, the pledgor has the right to retain the difference.

2. Sale by way of Public Auction

In insolvency proceedings, a sale by way of public auction is only available to a creditor in the event that the liquidator has not already taken such initiative within six months of the court judgement ordering liquidation of the pledgor.

If the liquidator has not already initiated the sale, the pledgee may, upon eight days notice to the pledgor, arrange for such sale. A forced sale by the pledgee must be in relation to the entirety of the Pledged Assets. The public auction takes place in the presence of a notary (*notaire*), a bailiff *(huissier)* or auctioneer (*commissaire priseur*). The proceeds of sale generated by such auction are deposited in escrow with a third party (*Caisse des dépôts et consignations*) whilst the ranking of creditors is being determined which is commenced at the initiative of the most diligent creditor of the pledgor and is conducted by the judicial liquidator.

Sale by way of auction of Pledged Assets is not necessarily the optimum method of enforcing the pledgee's security. The claims of the pledgee to the ensuing proceeds of the sale would rank below the claims of preferential creditors.

Furthermore, if the sale of the Pledged Assets is commenced at the initiative of the pledgee, realisation of the Pledged Assets will be delayed whilst the ranking of the creditors is established and funds are released by the *Caisse des dépôts et consignation*. A delay of several months to a year would not be unusual.

Additionally, any sale or transport of the champagne stocks would be required to be to or by a qualified wine merchant (*négociant manipulant*) (see below) except for the champagne stocks for which taxes have been paid.

Qualified Wine Merchants (Négociant manipulant)

The persons entitled to be classed as qualified wine merchants (*négociants manipulants*) are strictly regulated by the relevant French authorities.

It is a precondition to obtaining such title that the wine merchant must have exclusive use of the premises where the champagne wine is produced, stored and distributed. This may mean that a pledgee under a pledge agreement with dispossession would theoretically be prevented from obtaining judicial attribution of the Pledged Assets in the event of realisation of the pledge if it were not classed as a qualified wine merchant. This problem will be circumvented by the pledgee simply holding the Pledged Assets attributed to it by the competent court following the judicial attribution of such assets and immediately thereafter selling such assets to a qualified wine merchant with which it has agreed to enter into a binding sale contract.

Delegation of Insurance (*delegation d'assurances*)

A delegation is a three party agreement under which A (the *délégant*), which is owed amounts by B, requires B (the *délégué*) to pay those amounts to C (*délégataire*) towards satisfaction of a debt owed by A to C. A delegation can either be *parfaite* (in which case B is no longer bound to pay A at all, but only C) or *imparfaite* (in which case B continues to be bound to pay A as well as C, but the parties will agree that B's debt to A is discharged to the extent that B pays C). The parties to a delegation can agree that B will continue to pay A until receipt of a notification by C requiring payments to be made to C.

Pursuant to Article L.121-13 of the French Insurance Code the beneficiary of a pledge is automatically entitled to insurance damages which are due by the insurer as a result of damage suffered by the goods which are subject to the pledge. No express delegation is needed. However an express delegation can be entered into if the insurer accepts some additional and specific obligations.

Marne et Champagne, under a policy underwritten by Marne et Champagne on its behalf and on behalf of B de B, will enter into an insurance delegation agreement with its insurer whereby the Lending Bank shall be notified of material issues affecting the insurance policy and events which could result in its termination. Marne et Champagne will undertake to maintain the insurance policy throughout the term of the Pledge Agreement and to obtain the prior written consent of the Lending Bank for amendments to or termination of the insurance policy.

Lanson's insurers have not accepted to sign a delegation subjecting them to specific obligations. Lanson's broker has however agreed to notify the Lending Bank of any issues capable of affecting the policy within five days of his becoming informed thereof.

Enforcement of Delegation

The notification or demand for payment may be made under the délégation by simple letter, although it is recommended to give notice by registered mail with acknowledgement of receipt requested, or to serve such notice by bailiff (*hussier*). Failing payment, the *délégataire* may bring proceedings against the *délégué*.

Trademark Licence Agreements (*Contrats de Licences de Marques non-Exclusives*)

The Trademark Licence Agreements provide for the granting to the Lending Bank of Licences, which do not give any right to the Lending Bank to take possession of the trademarks which are the subject of the Trademark Licence Agreements and to have them sold but ensure that the pledged stocks of champagne under the Pledge Agreement can be sold under their relevant trademarks if the pledge *(gage)* is enforced.

As an on-going contract, the court appointed administrator (in the event of recovery proceedings carried out against the Borrowers) has the power to decide not to enforce the Trademark Licence Agreements. However, the relevant Borrower's (and the Borrower's creditors') best interests would normally be that the Trademark Licence Agreements be implemented and that the pledged stocks of Champagne be sold under their brand at their highest market value.

In addition, an early termination would cause the Borrowers to pay an indemnity to the Lending Bank and this would also be contrary to the Borrowers' best interest and to the best interest of their creditors.

Commercial Aspects of the Transaction

No Investigation

No investigations, searches or other enquiries have been made by or on behalf of the Issuer, the Lending Bank, the Loan Administrator or the Trustee in respect of the Borrowers, the Note Collateral, the Underlying Security, Auxiga or the Hedge Counterparty and no representations or warranties have been given to the Issuer in respect thereof. Prospective Noteholders should take their own tax, legal, accounting and other relevant advice as to the structure and viability of the Notes and the collateral therefor and their investment in them.

Considerations affecting Borrowers' Income

The ability of the Borrowers to pay principal and interest under the Secured Loan Agreement will be dependent upon the trading performance of the Borrowers which is in turn largely dependent on the ability of the Borrowers to produce and sell champagne and the prices achieved on such sales.

Market Cyclicality

The worldwide market for champagne is cyclical (see "The Champagne Industry"). Champagne sales are expected to increase in all of the Borrowers' markets worldwide during 2000 as a consequence of millennium celebrations and events. However, the onset of an economic recession in the major markets into which the Borrowers sell champagne would be expected to reduce sales volume and prices.

Competition

The main competition for the Borrowers' products comes from other champagne houses, except in the United States of America where Californian sparkling wine presents the most significant competition. In an expanding champagne market, competitive brands are not expected to erode the sales of the Borrowers' champagnes. In a recessionary, contracting market the Borrowers believe that their broad range of products will be protective of their market share. However this cannot be guaranteed.

Harvest

Harvest factors and grape price volatility have in the past had a significant impact on supply and price. However the introduction of the reserve system and pricing controls (see "The Champagne Industry") has significantly reduced supply and price volatility and it is envisaged that they will continue to do so in the future. The abandonment of the reserve system or a failure to arrive at an agreed indicative price for the period 2000 – 2004 could have an impact on sales values or pricing.

Seasonality

Champagne sales are significantly seasonal with 45 per cent. of sales occurring between September and December in each year.

Industrial Relations

The Borrowers consider that their industrial relations with their employees are good. However, there is no guarantee that this state of affairs will continue and, as noted above, the ability to realise maximum value from the realisation of Underlying Security by a disposal of stocks utilising the champagne label is partially dependent upon qualified employees continuing to implement production processes.

EU Withholding Tax Directive

In May 1998, the European Commission presented to the Council of Ministers of the European Union a proposal to oblige Member States to adopt either a "withholding tax system" or an "information reporting system" in relation to interest, discount and premium. It is unclear whether this proposal will be adopted, and if it is adopted, whether it will be in its current form. The "withholding tax system" would require a paying agent established in a Member State to withhold tax at a minimum rate of 20 per cent. from any interest, discount or premium paid to an individual resident in another Member State unless such an individual presents a certificate obtained from the tax authorities of the Member State in which he is resident confirming that those authorities are aware of the payment due to that individual. The "information reporting system" would require a Member State

to supply, to another Member State, details of any payment of interest, discount or premium made by paying agents within its jurisdiction to an individual resident in another Member State. For these purposes, the term "paying agent" is widely defined and includes as agent who collects interest, discount and premium on behalf of an individual beneficially entitled thereto. If this proposal is adopted, it will not apply to payments of interest, discount or premium made before January 2001.

Year 2000 Compliance

Many computer software programmes and electronic components that incorporate computer programmes use only two-digit year references for dates and date dependent functions and may therefore require upgrading or replacement during the year 2000 to function properly thereafter (the "**Year 2000 Problem**"). While there can be no assurance that the Year 2000 Problem will not have an adverse effect on any of the parties to the Transaction Documents, their respective obligations to service payments thereunder, and the Issuer's ability to make payments in respect of the Notes, none of such parties has experienced any significant Year 2000 Problems as of the date of this Offering Circular.

The Issuer believes that the risks described above are the principal risks inherent in the transaction for Noteholders, but the inability of the Issuer to pay interest or principal on, or other amounts payable pursuant to, the Notes may occur for other reasons and the Issuer does not represent that the above statements of the risk of holding the Notes are exhaustive. While the various structural elements described in this Offering Circular are intended to lessen some of these risks for Noteholders, there can be no assurance that these measures will be sufficient or effective to ensure payment to Noteholders of interest or principal on, or any other amounts in respect of, the Notes on a timely basis or at all.

The Limited Recourse Funding Agreement

The Limited Recourse Funding Agreement will be entered into on the Closing Date between the Issuer and the Lending Bank. The Issuer will agree, subject to the satisfaction of the conditions precedent, to grant on the Closing Date to the Lending Bank the facilities described below.

The Limited Recourse ("LR") Facilities

The Limited Recourse Funding Agreement will provide for a limited recourse revolving facility (the "**LR Revolving Facility**"), a tranche A limited recourse term facility (the "**Tranche A LR Term Facility**") and a tranche M limited recourse term facility (the "**Tranche M LR Term Facility**" and, collectively with the LR Revolving Facility and the Tranche A LR Term Facility, the "**LR Facilities**"), to be made available by way of cash advances to the Lending Bank as of the Issue Date:

(a) the Tranche A LR Term Facility in an aggregate principal amount of EUR 245,000,000 pursuant to which a single advance will be made in the amount of the facility (the "**Tranche A LR Term Advance**");

(b) the Tranche M LR Term Facility in an aggregate principal amount of EUR 60,000,000 pursuant to which a single advance will be made in the amount of the facility (the "**Tranche M LR Term Advance**" and, together with the Tranche A LR Term Advance, the "**LR Term Advances**"); and

(c) the LR Revolving Facility in a maximum aggregate principal amount of up to EUR 91,000,000 pursuant to which short term revolving advances will be made from time to time (each, a "**LR Revolving Advance**" and, together with the LR Term Advances, the "**LR Advances**").

The LR Revolving Facility will cease to be a revolving facility upon the Conversion Date (as defined in Condition 2).

Use of Proceeds

The proceeds of each LR Advance shall be used by the Lending Bank solely to finance its obligations under the Secured Loan Agreement.

General Condition Precedent to LR Advances

It shall be a condition precedent to the making of any LR Advance on the Issue Date that the Issuer has received, in form and content satisfactory to it, a certificate signed by any two authorised signatories of the Lending Bank substantially in the form set out in Schedule 1 to the Limited Recourse Funding Agreement.

The Tranche A LR Term Advance and the Tranche M LR Term Advance shall be made by the Issuer to the Lending Bank on the Issue Date in an amount equal to EUR 245,000,000 and EUR 60,000,000, respectively, on the terms and subject to the conditions of the Limited Recourse Funding Agreement by the payment of such amount in cleared funds for value on the Issue Date to the Lending Bank if the following conditions precedent have been satisfied:

(i) no LR Replacement Bank Event has occurred and is continuing;

(ii) the Issuer has received, in form and content satisfactory to it, a certificate signed by any two authorised signatories of the Lending Bank substantially in the form set out in Schedule 2 to the Limited Recourse Funding Agreement together with the documents referred to in it;

(iii) the Issuer has received cleared funds in an amount equal to the proceeds of issue of the Class A2 Notes and the Mezzanine Notes; and

(iv) the Lending Bank has received legal opinions in form satisfactory to it from French, Belgian, English and Jersey Counsel to the Dealer.

An LR Revolving Advance will be made by the Issuer to the Lending Bank on an Interest Payment Date provided that the Conversion Date has not occurred, subject to the terms and conditions of the Limited Recourse Funding Agreement, if:

(i) the Issuer has received cleared funds in an amount equal to the requested LR Revolving Advance from the proceeds of issue of a series of Class A1 Notes and/or of A1 Advances. Provided that if the Issuer receives cleared funds in an amount which is less than the amount of the requested LR Revolving Advance (a "**Lesser Amount**"), the Issuer shall only make available and the Lending Bank shall only be entitled to receive an LR Revolving Advance of such Lesser Amount;

(ii) no LR Replacement Bank Event has occurred and is continuing; and

(iii) the Loan Administrator on behalf of the Issuer has received, in form and content satisfactory to the Issuer, a confirmation signed by any two authorised signatories of the Lending Bank substantially in the form set out in Schedule 2 of the Limited Recourse Funding Agreement and the documents referred to in it not less than 5 Business Days prior to the proposed drawdown date.

Prepayment of a LR Advance shall be made by the Lending Bank only upon a cancellation or payment of a corresponding Secured Advance, which has been cancelled or prepaid in accordance with Clauses 7 and 8 of the Secured Loan Agreement and on the same terms as such prepayment.

Contractual Repayment

Each LR Advance will be repaid by way of payments made under the corresponding advance by the Borrowers to the Lending Bank under the Secured Loan Agreement at the same time and on the same conditions as the corresponding advance under the Secured Loan Agreement.

Whenever the Lending Bank receives an amount in or towards payment of any amount from the Borrowers pursuant to the Secured Loan Agreement, it shall pay to the Issuer a corresponding amount in or towards payment of a corresponding amount under the Limited Recourse Funding Agreement. The Lending Bank must identify to the Issuer the specific tranches of LR Advances (with respect to principal and/or interest), Costs, Exceptional Expenses or Indemnity Claim (each as defined in Condition 2) for which payment is being made.

Lending Bank costs

The Issuer shall, subject to the provisions of the Co-ordination Agreement and Conditions 4(c) and 4(d), forthwith on demand indemnify the Lending Bank in respect of:

(i) any liabilities, obligations, losses, damages, penalties, actions, judgements, costs, expenses or disbursements (the "**Liabilities**") which may be imposed on, incurred by or asserted against the Lending Bank in any way relating to or arising out of its acting as the Lending Bank except (i) if such Liabilities are Normal Expenses (which are for the account of the Lending Bank) or (ii) to the extent that such liabilities arise directly from the Lending Bank's negligence or misconduct; and

(ii) any cost, loss or expense incurred as a result of (i) enforcing; or (ii) taking steps to protect its rights in relation to or taking advice in relation to any possible enforcement of; or (iii) taking steps to protect the value or enforceability of the Underlying Security (or being obligated to indemnify or put in funds Auxiga in relation to any matter.

"**Normal Expenses**" means costs, expenses or disbursements incurred by the Lending Bank in compliance with its day-to-day obligations under the Transaction Documents in the normal course of carrying out its duties thereunder.

Contemporaneously with the Lending Bank making a claim as described above from the Issuer, it will make a claim under the Secured Loan Agreement for immediate payment of an identical amount by the Borrowers. To the extent that the Lending Bank receives amounts so claimed from the Borrowers, the Lending Bank may apply such amounts in satisfaction of the obligation of the Issuer in respect thereof. The Lending Bank shall reimburse the Issuer for any payments made by the Issuer (as described above) if the Lending Bank has been reimbursed for such amounts

Issuer costs and issuer indemnity claims

If the Issuer becomes liable to make any payment or incurs any other liability in relation to an Indemnity Claim, Costs or Exceptional Expenses, the Issuer shall give written notice thereof to the Lending Bank and the Lending Bank shall promptly make a demand on the Borrowers for payment of such amount under the Secured

Loan Agreement. To the extent that the Lending Bank receives amounts from the Borrowers so claimed, the Lending Bank shall pay such amounts to the Issuer.

If any party to a Transaction Document makes a demand on the Issuer to make a payment in respect of Costs (including, without limitation, a demand for the payment of any amount in relation to costs and expenses incurred in negotiating and/or entering into of Transaction Documents, and any amount of commission or fees payable to a Dealer or Subscriber) or an Indemnity Claim, or any liability in respect of any such payment is asserted, imposed, levied or assessed against the Issuer, (other than for the avoidance of doubt, any claim under the Limited Recourse Funding Agreement) including by reason of any change in law or in its interpretation or administration or any request from any fiscal or other authority, the Issuer (or the Loan Administrator on its behalf) shall give written notice thereof to the Lending Bank and the Lending Bank shall promptly make a demand on the Borrowers for payment of such amount under the Clause 19.3(c) of the Secured Loan Agreement.

If the Issuer (or the Loan Administrator on its behalf) shall have given or is entitled to give notice to the Lending Bank pursuant to the Limited Recourse Funding Agreement, it shall be entitled (on behalf of the Lending Bank) to deduct from the proceeds of any issuance of Class A1 Notes or an A1 Advance (whether on the Issue Date or otherwise) the amount of the claim in relation to which it has given or is entitled to give notice and to pay to the Lending Bank the net proceeds of such issuance or advance, such that the amount so deducted shall satisfy the obligation of the Borrowers under the Secured Loan Agreement to pay to the Lending Bank the corresponding amount to which the Lending Bank is entitled to make claim.

Representations and Warranties

No independent investigation with respect to the matters warranted in the Limited Recourse Funding Agreement will be made by the Issuer, the Loan Administrator, the Cash Manager or the Trustee. In relation to such matters, the Issuer, the Loan Administrator, the Trustee and Cash Manager will rely entirely on the representations and warranties to be given by the Lending Bank to be contained in the Limited Recourse Funding Agreement. These will include representations and warranties from the Lending Bank to the Issuer as to the following matters:

(a) it is a public limited liability company duly organised under the laws of England and Wales, an authorised institution under the Banking Act 1987, is entering into this Agreement in the ordinary course of its banking business for the purposes of s.349(2) of the Income and Corporation Taxes Act 1989 and is registered as a branch with the Belgian Banking and Finance Commission and is authorised to carry on banking business in France.

(b) in any proceedings taken in its jurisdiction of incorporation in relation to this Agreement, the choice of English law as the governing law of the Limited Recourse Funding Agreement and any judgment obtained in England will be recognised and enforced.

(c) the obligations expressed to be assumed by it in the Limited Recourse Funding Agreement are legal and valid obligations binding on it and enforceable against it in accordance with the terms hereof.

(d) the Lending Bank has not taken any corporate action nor have any other steps been taken or legal proceedings been started or (to the best of its knowledge and belief) threatened against the Lending Bank for its winding-up, dissolution, administration or re-organisation (whether by voluntary arrangement, scheme of arrangement or otherwise) or for the appointment of a receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any or all of its assets or revenues.

(e) under the laws of its jurisdiction of incorporation in force at the date of the Limited Recourse Funding Agreement, it will not be required to make any deduction or withholding from any payment it may make under the Limited Recourse Funding Agreement.

General debt restructuring

Under the Limited Recourse Funding Agreement, the Issuer will bear the risk of any General Debt Restructuring in relation to the Secured Loan Agreement and the Lending Bank may not participate in any agreement in connection with a General Debt Restructuring which relates to any amount payable or repayable under the Secured Loan Agreement without the prior written consent of the Trustee and on terms (including terms as to the obtaining by the Issuer of the benefit of any such agreement on the same terms (mutatis mutandis) as the Limited Recourse Funding Agreement) acceptable to the Trustee. However, nothing in the Limited Recourse

Funding Agreement shall prevent or impose any condition upon the compliance by the Lending Bank with the terms of any redressement judiciaire in respect of the Borrowers. "**General Debt Restructuring**" means any *règlement amiable*, *mandataire ad hoc* or *redressement judiciaire*.

Covenants

The Lending Bank will covenant as to the following matters:

(a) it will obtain, comply with and maintain in full force and effect all authorisations, approvals, licences and consents required to enable it to enter into and perform its obligations under the Limited Recourse Funding Agreement and to ensure the legality, validity, enforceability or admissibility in evidence of the Limited Recourse Funding Agreement;

(b) it will promptly notify the Issuer and the Trustee of the occurrence of any LR Replacement Bank Event (as described below) and upon receipt of a written request from the Issuer, will confirm to the Issuer that, save as previously notified or as notified in such confirmation, no LR Replacement Bank Event has occurred;

(c) upon the occurrence of an LR Replacement Bank Event, the Lending Bank shall use its reasonable endeavours to find a replacement bank which shall be a Qualifying Bank which (a) has a long term unsecured, unsubordinated and unguaranteed debt rating of at least A by Standard & Poor's and A2 by Moody's and is acceptable to DCR and (b) can assume the Lending Bank's obligations under the Secured Loan Agreement without any prejudice (i) to the Borrowers and (ii) to the ratings of the Notes as confirmed by the Rating Agencies (a "**Replacement Bank**") to assume the Lending Bank's obligations hereunder on terms and conditions which are in all material respects identical to those in this Agreement (taking into account the then prevailing market conditions).

"**Qualifying Bank**" means an entity which is (prior to the date on which a payment falls due):

(a) able to make that payment on that date under a double taxation agreement in force on that date (subject to the completion of any necessary procedural formalities) without a tax deduction; and

(b) a *Banque Eligible*, as such term is defined in the Secured Loan Agreement.

LR Replacement Bank Events

The Limited Recourse Funding Agreement describes the following circumstances, each of which will constitute a "**LR Replacement Bank Event**":

(a) The Lending Bank fails to pay any sum due from it under the Limited Recourse Funding Agreement at the time, in the currency and in the manner specified therein and such event is not remedied within 10 Business Days of the earlier of the Lending Bank becoming aware of such event and receipt by the Lending Bank of written notice by the Issuer (or the Loan Administrator on its behalf) requiring the same to be remedied.

(b) Any representation or statement made by the Lending Bank in the Limited Recourse Funding Agreement or in any notice or other document, certificate or statement delivered by it pursuant thereto or in connection therewith is or proves to have been incorrect or misleading in any material respect, provided that if the Lending Bank's failure to pay results from a Cash Manager Default Event, such failure to pay shall not constitute an LR Bank Replacement Event.

(c) The Lending Bank is subject to a Downgrade. "**Downgrade**" means (a) the long-term unsecured, unsubordinated and non-guaranteed debt of the Lending Bank ceasing to be rated at least A by Standard & Poor's or A2 by Moody's or ceasing to be acceptable to DCR or (b) the short term unsecured, unsubordinated and non-guaranteed debt of the Lending Bank ceasing to be rated at least A-1 by Standard & Poor's, P-1 by Moody's and acceptable to DCR or (c) being put on creditwatch by any of such Rating Agencies.

(d) The Lending Bank is unable to pay its debts as they fall due, commences negotiations with any of its creditors with a view to the readjustment or rescheduling of its indebtedness or makes a general assignment for the benefit of its creditors.

(e) The Lending Bank takes any action or other steps are taken or legal proceedings are started for its winding-up, dissolution, administration or re-organisation (whether by way of voluntary arrangement, scheme of arrangement or otherwise) or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any or all of its revenues and assets.

(f) At any time it is or becomes unlawful for the Lending Bank to perform or comply with any or all of its obligations under the Limited Recourse Funding Agreement or any of the obligations of the Lending Bank under the Limited Recourse Funding Agreement are not or cease to be legal, valid, binding and enforceable and such event is not remedied within 90 days of the earlier of the Lending Bank becoming aware of such event and receipt by the Lending Bank of written notice by the Issuer (or the Loan Administrator on its behalf) requiring the same to be remedied.

(g) The Lending Bank commits a material breach of any of its obligations under the Co-ordination Agreement such that the ability of the Issuer to perform its obligations under the Notes or of the Cash Manager or the Trustee to perform their respective obligations under the Co-ordination Agreement or the Trust Deed are materially adversely affected or otherwise repeatedly (which shall mean more than 3 times in any 6 month period) fails to comply with or perform its obligations under the Co-ordination Agreement and such event is not remedied within 90 days of the earlier of the Lending Bank becoming aware of such event and receipt by the Lending Bank of written notice by the Issuer (or the Loan Administrator on its behalf) requiring the same to be remedied.

Consequences of an LR Replacement Bank Event

Upon the occurrence of an LR Replacement Bank Event the Issuer may, and upon the direction of the Trustee shall, declare the availability of any undrawn portion of the LR Term Facility and LR Revolving Facility to be cancelled; and

(i) a Replacement Bank shall be sought in accordance with the Limited Recourse Funding Agreement; and

(ii) upon first written demand, the Lending Bank shall indemnify the Issuer from the Lending Bank's own account for amounts described below under "Further Indemnities".

Further Indemnities

The Lending Bank undertakes to indemnify the Issuer against (a) any reasonable cost, claim, loss, expense (including legal fees) or liability together with any VAT thereon, which it may sustain or incur as a consequence of (i) the occurrence of any LR Replacement Bank Event or (ii) the Lending Bank failing to remedy the occurrence described in Clauses 17.1 (*Failure to Pay*), 17.6 (*Illegality*) and 17.7 (*Breach of Co-ordination Agreement*) of the Limited Recourse Funding Agreement immediately upon its occurrence notwithstanding any grace period provided for in such Clauses; and (b) any cost or loss it may suffer or incur as a result of its funding or making arrangements to fund its portion of an LR Advance requested by the Lending Bank but not made as a result of the operation of the Limited Recourse Funding Agreement or the Transaction Documents.

Taxes

All payments to be made by the Lending Bank to the Issuer under the Limited Recourse Funding Agreement shall be made free and clear of and without deduction for withholding or on account of tax and without taking into account any VAT payable thereon, unless the Lending Bank is required by law to make a payment subject to the deduction or withholding of tax or is required to pay VAT thereon. If any such deduction or withholding is made or is required to be made, or if any such VAT is payable thereon, the Lending Bank shall (other than as detailed below) (a) promptly make demand on the Borrowers under the Secured Loan Agreement for payment of such amount and (b) upon receipt of such amount from the Borrowers, increase the amount to be paid to the Issuer to ensure that the Issuer receives and retains a sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made or had such VAT been applicable thereon, Provided that the obligation of the Lending Bank to increase the amount to be so paid to the Issuer shall not be dependent upon receipt of any amount from the Borrowers (and the Lending Bank shall not make a demand on the Borrowers for such amount) if such deduction, withholding or VAT amount payable arises as a consequence of an act or omission by the Lending Bank (including without limitation transfer by the Lending Bank of its lending office).

If in relation to payments due in respect of the Notes the Issuer is required to make any payment on account of tax (including any applicable VAT) or any liability in respect of any such payment is asserted, imposed, levied or assessed against the Issuer, the Lending Bank shall, upon demand of the Issuer (or the Loan Administrator on its behalf), promptly make a demand on the Borrowers under Clause 19.3(c) of the Secured Loan Agreement for payment of such amount as has been described above regarding the Costs (as defined above) of the Issuer.

Governing Law

The Limited Recourse Funding Agreement will be governed by English Law.

Secured Loan Agreement

The Secured Loan Agreement will be entered into on the Closing Date between the Lending Bank and the Borrowers for a term of 60 months. Under the terms of the Secured Loan Agreement, the Lending Bank will agree, subject to the satisfaction of certain conditions precedent, to advance on the Issue Date to the Borrowers the facilities described below provided always that the Lending Bank has been placed in funds to enable it to do so.

The Secured Facilities

The Secured Loan Agreement will provide for the following facilities to be made available by way of cash advances to the Borrowers as of the Issue Date:

(a) the Secured A1 Facility pursuant to which short term advances in a maximum aggregate principal amount of EUR 91,000,000 will be made from time to time (each a "**Secured A1 Advance**" and, together with the Secured A2 Advance and the Secured M Advance (as defined below), the "**Secured Advances**");

(b) the Secured A2 Facility under which an advance will be made in a maximum aggregate principal amount of EUR 245,000,000 (the "**Secured A2 Advance**"); and

(c) the Secured M Facility under which an advance will be made in a maximum aggregate principal amount of EUR 60,000,000 (the "**Secured M Advance**" and, together with the Secured A2 Advance, the "**Secured Term Advances**").

Further drawdowns under the Secured A1 Facility will cease to be available upon the expiration of 48 months from the Issue Date and any outstanding Secured A1 Advances at such date (including any Secured A1 Advance made on such date) will become subject to the same terms and conditions as the Secured A2 Advance.

Use of Proceeds

The Secured Loan Agreement will be utilised by the Borrowers as of the Issue Date to provide medium-term financing to the Borrowers in order to refinance the Borrowers' activities.

Conditions Precedent to Secured Advances

The conditions precedent (the "**Conditions Precedent**") to be provided to the satisfaction of the Lending Bank on or prior to the Lending Bank making each Secured Advance available to the Borrowers on the Issue Date are, *inter alia*, that:

(a) each of the Transaction Documents has been duly executed by the parties thereto;

(b) delivery of solvency certificates from each of the Borrowers and from the external auditors of the Borrowers;

(c) comfort letters from the Borrowers' external auditors;

(d) delivery of an evaluation of the quantity and the value of the stock-in-trade to be pledged in favour of the Lending Bank pursuant to the Pledge Agreement (*Contrat de Gage*);

(e) confirmation of the appointment of Auxiga as third party possessor (*tiers détenteur*) of the Pledged Assets pursuant to the Pledge Agreement (*Contrat de Gage*) and delivery to the Lending Bank of certification that all necessary actions have been undertaken in order for Auxiga's functions to be effective pursuant to the provisions thereof;

(f) delivery by Auxiga to the Lending Bank of an inventory of the stock-in-trade and all installations and equipment relating thereto constituting the Pledged Assets under the Pledge Agreement (*Contrat de Gage*);

(g) delivery by relevant counsel of the legal opinions to issued in favour of the Issuer and/or the Lending Bank;

(h) letter from the insurance provider confirming that Insurance Policies referred to in the Secured Loan Agreement are in conformity with the Borrower's activity;

(i) letter from each of the Rating Agencies confirming the ratings of the Notes;

(j) letter from the Jersey regulatory authority providing that the Issuer is authorised to issue the Notes; and

(k) a listing confirmation letter from the Luxembourg Stock Exchange; and

(l) letter from the Borrowers to the Rating Agencies providing certain undertakings of the Borrowers *vis-à-vis* the Rating Agencies.

Further Conditions Precedent to Secured Advances

The further condition precedent to be satisfied on or prior to the Lending Bank making a Secured Advance to a Borrower is that the Lending Bank has received from the Issuer an LR Revolving Advance in case of a Secured A1 Advance, the Tranche A LR Term Advance in case of a Secured A2 Advance and the Tranche M LR Term Advance in case of a Secured M Advance.

If the Lending Bank does not receive from the Issuer an amount under a LR Advance equal to the Borrowers' requested Secured Advance but the Lending Bank receives a lesser amount (a "**Lesser Amount**"), the Secured Advance made to the Borrowers shall not exceed the Lesser Amount.

Each of the Borrowers shall be jointly and severally liable for the obligations of each Borrower under the Secured Loan Agreement.

Interest

The rate of interest payable on the Secured Advances made to the Borrowers under the Secured Loan Agreement will be determined by reference to EURIBOR, capped at the Strike Rate, plus the relevant margin.

Costs

The Lending Bank will be entitled to demand of the Borrowers indemnification for Costs (as defined above) of the Issuer.

Contractual Repayment

Each Secured A1 Advance may be repayable at a Borrower's option on the repayment date specified in a notice of repayment (*Avis de Remboursement*) which shall correspond with the day falling one Business Day prior to the end of the Interest Period applicable to the Secured A1 Advance. Any Secured A1 Advance which has been repaid shall be available to be redrawn in accordance with the provisions with the Secured Loan Agreement.

Each Secured A2 Advance may be repayable in full or in part at the Borrower's option on the repayment date specified in the notice of repayment (*Avis de Remboursement*) which shall be the day falling one Business Day prior to the end of the Interest Period applicable to the Secured A2 Advance, on the condition that no Secured A1 Advance is outstanding at the time of the repayment. Any Secured A2 Advance which has been repaid shall not be available to be redrawn.

Each Secured M Advance may be repayable in full or in part at the Borrower's option on the repayment date specified in the notice of repayment (*Avis de Remboursement*) which shall be the day falling one Business Day prior to the end of the Interest Period applicable to the Secured M Advance, on the condition that neither a Secured A1 Advance nor any Secured A2 Advances are outstanding at the time of the repayment. Any Secured M Advance which has been repaid shall not be available to be redrawn.

The Secured Loan will be repayable on its final repayment date falling 60 months after the Issue Date.

Obligatory Repayment

An obligatory repayment shall be made by the Borrowers pursuant to the Secured Loan Agreement in the following circumstances:

(a) if the Global Borrowing Base Ratio is at any time greater than one, each of the Borrowers will be obliged to immediately repay to the Lending Bank, in the same proportion as the outstanding Secured Advances of each Borrower bear to the Secured Loan, an amount sufficient to ensure that the Global Base Borrowing Ratio does not exceed one; or

(b) if it becomes illegal for the Lending Bank to perform its obligations under the Secured Loan Agreement or to finance or to maintain the facilities made available by it thereunder, the Borrowers will be obliged, upon the demand of the Lending Bank, to repay all outstanding Secured Advances on the earlier of the last day of the current Interest Period or on the last day authorised by the regulation triggering such repayment; or

(c) if the weighted average price of finished bottles of champagne wine sold during any quarter falls to or below FRF 53.50, the Borrowers shall repay all of the Secured Advances.

All amounts repaid, except for those payments made in relation to A1 Advances before the Conversion Date, cannot be redrawn.

Prepayment

If the Lending Bank has made a demand for payment in respect of any gross-up payment or additional costs and the circumstances for such demand are still in existence, each Borrower will be entitled to prepay (in whole or in part) on the last day of an Interest Period the Secured Advances made to it under the Secured Loan Agreement, provided that such Borrower has given not less than four Business Days' notice to prepay on such date to the Lending Bank.

Any reimbursement effected by the Borrowers shall be applied by the Lending Bank in the following order:

(a) Reimbursement Amount borne by Marne et Champagne;

(b) accrued interest due and unpaid under any Secured A1 Advance and any Secured A2 Advance *pari passu*;

(c) if applicable, financial costs relating to the repayment of any Secured A1 Advance and any Secured A2 Advance;

(d) accrued interest due and unpaid of any Secured M Advance;

(e) if applicable, financial costs relating to the repayment of any Secured M Advance; and

(f) repayment of principal due under any Secured A1 Advance;

(g) repayment of principal due under any Secured A2 Advance; and

(h) repayment of principal due under any Secured M Advance.

For these purposes:

"Reimbursement Amount" referred to as *Frais Exigibles* under the Secured Loan Agreement means any outstanding Costs and Indemnity Claims payable by the Borrowers and any other unpaid costs and expenses due by the Borrowers under the Secured Loan Agreement.

"**Global Borrowing Base Ratio**" means at any time, the following ratio:

$$\frac{\text{Total amount of all Secured Advances plus the sum of accrued interest due and payable in respect of each Secured Advance, together with all due and payable Costs and Indemnity Claims}}{\text{The lesser of (i) the Global Borrowing Base and (ii) €396,000,000}}$$

Representations and Warranties

No independent investigation with respect to the matters warranted in the Secured Loan Agreement will be made by the Lending Bank and the Lending Bank will, save as previously disclosed, rely entirely on the representations and warranties to be given by the Borrowers to be contained in the Secured Loan Agreement. These will include representations and warranties from each of the Borrowers to the Lending Bank made solely on the Closing Date and others on the Closing Date and on each drawdown date.

(a) the representations and warranties to be made on the Closing Date include, *inter alia*, the following:

(i) it is duly incorporated as a French *Société Anonyme* and has the capacity to enter into, deliver and perform the Transaction Documents to which it is a party;

(ii) the entry into, performance and delivery of the Transaction Documents to which it is a party does not contravene its memorandum and articles of association (*statuts*) or any obligations toward a third party or regulation or final court decision applicable to it;

(iii) it has the corporate authority to enter into, deliver and perform the Transaction Documents and the entry into, performance and delivery of the Transaction Documents to which it is a party has been duly authorised;

(iv) the entry into, performance and delivery of the Transaction Documents to which it is a party is not subject to the prior approval of any administrative authority;

(v) all documents supplied to the Lending Bank or its counsel for the negotiation, drafting and execution of the Transaction Documents to which it is a party which are presented as being the most recent available documents (i) in respect of any information (with the exception of financial statements or future forecasts), give a complete and accurate picture of the Borrowers and its activities in all material respects and are not misleading, (ii) in respect of any forecast has been established in good faith and (iii) in respect of financial statements were prepared in accordance with accounting principles generally accepted in France;

(vi) the Insurance Policies have been subscribed and are in force in accordance with the applicable custom in the business sector of the borrowers;

(vii) with the exception of Permitted Encumbrances, no Encumbrance exists over its assets;

(viii) it is certified by the CIVC as a qualified wine merchant (*Négociant Manipulant*);

(ix) it does not have any financial indebtedness other than the Authorised Indebtedness; and

(x) it has a full understanding of all the terms and conditions of the Transaction Documents.

(b) the representations and warranties to be made on the Closing Date and each drawdown date include *inter alia* the following:

(i) the Transaction Documents to which it is a party are legal, valid and binding and enforceable against it in accordance with their terms;

(ii) no Secured Loan Event of Default or Potential Secured Loan Event of Default under the Secured Loan Agreement (declared or not) has occurred;

(iii) it is not in breach of any of its obligations in relation to third parties which have a material adverse effect;

(iv) the information provided and declarations contained in each document, in conformity with the Transaction Documents to which it is a party are at their respective dates complete and accurate in all material respects and are not misleading;

(v) its most recent consolidated accounts, certified by its auditors have been prepared in accordance with accounting principles generally acceptable in France and give a true and accurate picture of its financial situation and operations. There has not been any change in its financial situation or that of any of its subsidiaries since the date of its most recent certified accounts which have a material adverse effect;

(vi) entry into, performance and delivery of the Transaction Documents to which it is a party does not contravene any final court decision to which it is subject;

(vii) it is not insolvent or unable to pay its debts (*en état de cessation de paiements*) and cannot invoke the defence of immunity in relation to any of its assets;

(viii) it has full ownership of the trademarks over which it has granted a licence in accordance with the Trademark Licence Agreement to which it is a party;

(ix) it has full ownership of all assets to be secured pursuant to the Underlying Security Documents in accordance with the terms hereof;

(x) no litigation, arbitration or administrative proceedings exist or are pending or threatened against it which have a material adverse effect, other than those previously disclosed to the Lending Bank;

(xi) there are no financial leases in place; and

(xii) it has the personnel and financial resources necessary to carry out its obligations under the Transaction Documents.

Positive Covenants

Each Borrower will make standard covenants for this type of facility, including, *inter alia*, the following:

(a) to ensure that it renews and maintains all necessary authorisations and regulations, in particular, authorisations required by the CIVC for it to undertake its activities as a qualified wine merchant (*négociant manipulant*);

(b) to submit to the Lending Bank in respect of Marne et Champagne on the first business day of each week a certificate which confirms, *inter alia*, that the Global Borrowing Base Ratio is equal to or less than one;

(c) to inform the Lending Bank of the occurrence of any Secured Loan Event of Default or Secured Loan Potential Event of Default under the Secured Loan Agreement;

(d) to subscribe to and to maintain the Insurance Policies;

(e) to deliver to the Lending Bank within 180 days of its financial year end its annual accounts and the consolidated accounts of the Borrowers;

(f) to deliver to the Lending Bank within 120 days of the end of each half-year its management accounts;

(g) to comply with applicable environmental laws and regulations; and

(h) to deliver to the Lending Bank each quarter a certificate of the weighted average price of finished bottles of Champagne wine sold during that quarter.

For these purposes:

"**Global Borrowing Base**" means the sum at any time of the Individual Borrowing Bases of the Borrowers.

"**Individual Borrowing Base**" means, in relation to each Borrower, the sum at any time of the following:

(a) the number of bottles corresponding to wine/grape juice stored in vats (*en cuves*) multiplied by the En Cercle Value;

(b) the number of bottles *sur lattes* multiplied by the Sur Lattes Value;

(c) the number of bottles stored in a tilted position (*sur pointes*) multiplied by the Sur Pointes Value;

(d) the number of bottles *dégorgé* but unlabelled multiplied by the Dosés Value; and

(e) the number of bottles labelled (*habillées*) and ready for delivery multiplied by the Habillées Value.

The value multipliers are summarised in the following table:

Value	Vins Marque (FFr per bottle equivalent)	Vins Contre Marques (FFr per bottle equivalent)
En Cercle Value	43.5	28.5
Sur Lattes Value	51.5	34.5
Sur Pointes Value	57.5	37.5
Dosés Value	60.5	40.5
Habillées Value	66.0	45.5

If (on a rolling two-quarter basis) the weighted average price of finished bottles of Champagne sold by the Borrowers falls below FRF 59 a bottle then each item in the above borrowing base matrices will be reduced by the difference between the average market price and FRF 59.

If following a reduction, (on a rolling four-quarter basis) the weighted average price of finished bottles of Champagne increases then each item in the borrowing base matrices will be increased but will not be higher than the figures mentioned above.

"**Vins Contre-Marques**" means the wines sold under trademarks other than those under which are sold Vins Marques; and

"**Vins Marques**" means the wines sold under the trademarks listed in Schedule 5 of the Secured Loan Agreement, the trademark Alfred Rothschild & Cie and any existing or future trademark which shall be notified by Marne et Champagne to the Lending Bank under which shall be sold a wine product of a quality at least equivalent to that of the Vins Marques and of which the anticipated invoice price per bottle (excluding taxes) shall not be lower than 110 per cent. of the Habillées Value for Vins Marques.

Negative Covenants

Each of the Borrowers shall undertake, *inter alia*, not to:

(a) create or permit to subsist any Encumbrance over all or any of its present or futures revenues or assets other than Permitted Encumbrances;

(b) grant any guarantees which is not an Authorised Indebtedness unless such guarantees are legally required by any authority in the course of any administrative or judicial procedure;

(c) sell any Pledged Assets;

(d) incur or enter into any financial indebtedness under, *inter alia*, a finance lease, a sale and lease back arrangement, receivable financing or any other off-balance sheet financing unless the financial indebtedness is an Authorised Indebtedness;

(e) enter into a restructuring or a merger operation (*opération de fusion*) or to undertake to enter into a merger operation unless the Lending Bank is satisfied that such restructuring or merger operation does not jeopardise any of its rights under the Secured Loan Agreement or the Underlying Security Documents and the Rating Agencies are satisfied that such restructuring or merger operation does not jeopardise the rating of the Notes;

(f) change its by laws or its form of incorporation without the prior approval of the Lending Bank and confirmation of the Rating Agencies that the proposed changes do not jeopardise the rating of the Notes; or

(g) carry out any activity which might have an adverse effect on its main activity of champagne wine merchant.

For these purposes:

"**Authorised Indebtedness**" means (a) the bond issue made by Financière Lanson S.A. subscribed by *Consortium de Réalisation*, (b) credit lines which cumulated amount must not exceed 35 million Euros or any loan granted by any member of the Borrowers, to the extent that such credit lines or loans are not secured by any security over the assets of any member of the Borrowers, (c) existing factoring agreement between some members of the Borrowers and Facto France Heller or any factoring agreement entered into in accordance with standard market terms and conditions which may be substituted for the existing factoring agreement and (d) any financial indebtedness subordinated to the Secured Loan or secured by security granted by the Borrowers over other assets than the Pledged Assets and to the extent that the Rating Agencies have confirmed that such financial indebtedness does not negatively affect the rating given to the Notes.

"**Pledged Assets**" means the assets pledged in accordance with the Pledge Agreement (*Contrat de Gage*).

For these purposes:

"**Encumbrance**" means (a) any security interest or preference, (b) any set-off arrangement or combination of accounts, (c) any title transfer, (d) any retention arrangement and (e) any agreement which would enable a third party to have a preferential claim over the assets of the relevant Borrower.

"**Permitted Encumbrances**" means the security granted in favour of the Lending Bank pursuant to the Secured Loan Agreement.

Secured Loan Events of Default

The Secured Loan Agreement will contain standard events which may lead to a default (each a "**Secured Loan Event of Default**") and acceleration of amounts outstanding for a full recourse facility of its nature, including, *inter alia*:

(a) non-payment of any sums due under the Secured Loan Agreement;

(b) breach of any obligations (other than payment obligations) under the Transaction Documents to which a Borrower is a party which are not remedied within 15 Business Days;

(c) breach of any representations and warranties;

(d) non-payment on the due date of or default (whether declared or not) any financial indebtedness of at least EUR 2,000,000 by any member of the Borrowers;

(e) the Global Borrowing Base Ratio being greater than one and the Global Borrowing Base Ratio not being decreased to less than one within five Business Days;

(f) any Borrower commences discussions with a view to rescheduling its debts or any part thereof;

(g) commencement of any insolvency-related proceedings; and

(h) occurrence of any event which has a material adverse effect.

It shall be a potential secured loan event of default (a "**Potential Secured Loan Event of Default**") if either of the events described in (b) and (f) above occur prior to the stated remedy period expiring.

Following an occurrence of a Secured Loan Event of Default, the Lending Bank will be entitled to cause the repayment obligations of the Borrowers to be accelerated immediately and no further drawing of the Secured A1 Facility will be permitted.

An LR Replacement Bank Event under the Limited Recourse Funding Agreement or Note Event of Default under the Notes will not, of itself, trigger a default under the Secured Loan Agreement.

The only remedy of the Lending Bank following acceleration of the Secured Loan by the Lending Bank following a Secured Loan Event of Default will be that it is entitled to enforce the Underlying Security.

If the Lending Bank has declared the Secured Advances to be due and payable following a Secured Loan Event of Default, the maturity date of the Secured A1 Advance shall be converted to the maturity date of the Secured Term Advances.

Taxes

All payments of principal and interest in respect of the Secured Loan Agreement will be made free and clear of, and without withholding or deduction for, any tax, unless such withholding or deduction is required by law. In such event, the Borrowers will pay such additional amounts as will result in the receipt by the Lending Bank of such amounts as would have been received by it if no such withholding or deduction had been required.

Governing Law

The Secured Loan Agreement will be governed by French law.

Pledge Agreement *(Contrat de Gage)*

As security for the performance of its respective obligations under the Secured Loan Agreement, each of the Borrowers shall grant to the Lending Bank a pledge with dispossession (*gage avec dépossession*) over the following assets:

(a) grape juice (*moût*);

(b) wine stored in vats (other than qualitative reserve (*réserve qualitative*) nominated as such in accordance with the regulations relating to the production of champagne);

(c) wine in any stage of the champagne production process (other than wine mentioned in (b) above); and

(d) all installations and equipment required to produce such wine.

The Lending Bank will nominate Auxiga to be the third party possessor (*tiers détenteur*) of the assets pledged under the Pledge Agreement.

In order to ensure the effective transfer by the relevant Borrower to Auxiga of control of the Pledged Assets and any other equipment required in relation to the production and storage of such assets for the duration of the pledge, the following procedures will be effected:

(a) the relevant Borrower shall lease to Auxiga all premises on which the Pledged Assets are produced, stored and/or distributed;

(b) premises on which the Pledged Assets are produced, stored and/or distributed (the "**Gage Premises**") shall be effectively separated from any other premises of the relevant Borrower which are not subject to the Pledge;

(c) Auxiga shall have an exclusive right of occupation of such premises;

(d) Auxiga shall, as agreed by the Lending Bank, undertake any action to ensure that the existence of the pledge is publicised;

(e) Auxiga shall have a copy of all keys to the premises enabling it to have total control over access to and from the premises and will have the original keys to padlocks which may be used to lock the premises and prevent access by the Borrowers;

(f) Auxiga shall have a permanent presence on the premises (at least during working hours); and

(g) Auxiga shall comply at all times with all procedural controls agreed between it and the Lending Bank pursuant to the Pledge Agreement.

If the Lending Bank has declared the Secured Advances to be due and payable following a Secured Loan Event of Default under the Secured Loan Agreement has occurred and is continuing, the Lending Bank will be entitled upon 8 days' notice to the relevant Borrower to enforce each pledge.

On the Business Day falling after the date falling 48 months from the Issue Date, the pledge granted under the Pledge Agreement will crystallise and the Borrowers will not be permitted to remove any further stocks from any Gage Premises.

Trademark Licence Agreements ***(Contrats de Licence de Marques non-Exclusives)***

Each Borrower will enter into a separate agreement with the Lending Bank (collectively, the "**Trademark Licence Agreements**") under which each Borrower will grant in favour of the Lending Bank a non-exclusive licence in France, the United Kingdom, the United States of America, Germany and Benelux countries (the "**Licence**") to operate the trademarks owned by each such Borrower and referred to in the schedule to the relevant Trademark Licence Agreement. Each Trademark Licence Agreement shall be entered into in order to ensure that the stocks of champagne pledged under the Pledge Agreement can be sold under the relevant trademark in case the pledge (*gage*) is enforced and the rights of the Lending Bank thereunder shall be limited to what shall be necessary to realise and to sell the pledged stocks should the pledge granted under the Pledge Agreement be enforced.

Covenants

Each Borrower shall undertake that:

(a) it has not granted and shall not grant any security interest over its trademarks which are the subject of the Trademark Licence Agreement to which it is a party without the prior consent of the Lending Bank subject to the Rating Agencies being satisfied that the granting of any such security interest is not likely to affect the rating of the Programme;

(b) it shall proceed, at its own costs, with the renewal of such trademarks for so long as the relevant Trademark Licence Agreement is in force;

(c) it shall not sell bottles labelled *Vins Marque* under other trademarks than those which are the subject of the Trademark Licence Agreement to which it is a party; and

(d) it shall grant without delay to the Lending Bank a Licence under terms similar to those contained in the Trademark Licence Agreement to which such Borrower is a party should such Borrower sell any champagne wine (comprised in the pledged stocks) which has become a *Vin Marque*.

Indemnity

In the event that the Borrower fails to comply (in full or in part) with its obligations under the Trademark Licence Agreement to which it is a party and more generally, in case of rescission or any other form of termination of such agreement occurring prior to the date on which, following the judicial attribution of the pledged stocks of Champagne to the Lending Bank, if any, the pledged stocks have been fully sold by or on behalf of the Lending Bank or by one or several wholesale purchasers, the relevant Borrower shall (unless such failure to comply with its obligations by such Borrower or the termination of the Trademark Licence Agreement is due to the negligence of the Lending Bank), under a penalty clause (*clause pénale*), pay on demand of the Lending Bank (which demand may take place forthwith upon the non-performance in full or in part of the Licence granted under the Trademark Licence Agreement provided that, in the event of a partial non-performance of such Licence by the relevant Borrower, the demand shall not be issued earlier than 8 days following a written notification of such non-performance which has not been remedied) an indemnity calculated as follows:

The indemnity shall be equal to one-third of the market value of the pledged stocks of *Vins Marques* the subject of the above described non-performance or termination (to the exclusion of any *Vins Contre Marques*) as this market value shall be determined in accordance with the provisions of the Secured Loan Agreement and each Trademark Licence Agreement.

Delegation of Insurance ***(Délégation d'Assurances)***

As security for the performance of its respective obligations under the Secured Loan Agreement, Marne et Champagne shall assign to the Lending Bank pursuant to an Insurance Delegation Agreement (*Convention de Délégation d'Assurance*) all of its rights to receive insurance indemnity payments or premiums payable under the insurance policies relating to Pledged Assets to which it is beneficiary.

The Trust Deed

Parties

The Issuer has entered into a Trust Deed dated 16th March 2000 (the "**Trust Deed**") with Bankers Trust Company (the "**Trustee**").

Note Security

The Issuer with full title guarantee will create and agree to create in favour of the Trustee as Trustee for the Secured Parties (as defined below) the following security interests:

(a) the first fixed charge over all the Issuer's rights, title and interest in and to all monies from time to time standing to the credit of the Issuer Account and the Liquidity Standby Account and its account at each Paying Agent, including any interest accrued or accruing thereon, in respect of the Notes, and the debts represented thereby; and

(b) an assignment by way of security of all the Issuer's rights, title and interest in and to the Paying Agency Agreement, the Co-ordination Agreement, the Liquidity Facility Agreement, each Subscription Commitment Agreement and the Limited Recourse Funding Agreement; and

(c) an assignment by way of security of all the Issuer's rights, title and interest under the Cap Agreement and the Issuer's rights to receive all sums derived therefrom; and

(d) a floating charge over the whole of its undertakings and assets to the extent that such undertaking and assets are not effectively encumbered by the charge and assignments provided in sub-clauses (a), (b) and (c),

(together, the "**Note Collateral**").

The Secured Parties

The "**Secured Parties**" means those persons other than the Issuer referred to in Condition 4(d) (*Post-Enforcement Application of Proceeds*).

Priority before a Note Default Declaration

All monies received by or on behalf of the Issuer or the Trustee prior to enforcement by the Trustee of the Security constituted by the Trust Deed and either prior to or (where the Security constituted by the Trust Deed is not concomitantly enforced) following enforcement by the Lending Bank of the Underlying Security shall be applied in the order of priority set out in Condition 4(c) and the Co-ordination Agreement.

Priority after a Note Default Declaration

All monies received by or on behalf of the Trustee after a Note Default Declaration and the enforcement of the Security constituted by the Trust Deed and after enforcement by the Lending Bank of the security constituted by the Underlying Security Documents provided, however, that the Security has concomitantly become enforceable shall be applied by or on behalf of the Trustee in or towards payment in the order of priority set out in Condition 4(d) and the Co-ordination Agreement.

Limited Recourse

Only the Trustee may enforce the provisions of the Notes and the Trust Deed or direct the Lending Bank to enforce the provisions of the Underlying Security Documents and (subject as set out below) only the Trustee may pursue the remedies available thereunder or under the general law in connection with such exercise or enforcement. None of the other Secured Parties shall be entitled to proceed directly against the Issuer or any assets of the Issuer unless the Trustee, having become bound so to proceed in accordance with the terms of the Trust Deed or the Conditions, fails to do so within a reasonable time and such failure is continuing.

The Co-ordination Agreement

The Co-ordination Agreement will be entered into on the Closing Date between the Issuer, the Lending Bank, the Cash Manager, the Loan Administrator, the Trustee and the Liquidity Bank.

The Co-ordination Agreement regulates the manner in which the Lending Bank will exercise its rights under the Secured Loan Agreement and the Underlying Security and the Issuer will exercise its rights under the Limited Recourse Funding Agreement, governs the appointment of the Loan Administrator by the Lending Bank and the obligations of the Loan Administrator in administering and servicing the Secured Loan Agreement and governs the appointment of the Cash Manager by the Issuer and the obligations of the Cash Manager in administering the income and payment obligations of the Issuer.

As between the Lending Bank, the Issuer and the Trustee the obligations of the Lending Bank in relation to the Secured Loan Agreement are limited to passing to the Loan Administrator notices, certificates and other communications from the Borrowers and acting upon the directions of the Loan Administrator and the Trustee.

The obligations of the Loan Administrator under the Co-ordination Agreement are to receive notices, certificates and communications from the Lending Bank and to make determinations and give the Lending Bank directions in relation thereto (other than in relation to those matters which are reserved to the Trustee) including, in particular,

(a) delivery of an Autorisation de Sortie in response to a Notice de Sortie;

(b) determining (solely in reliance upon certificates delivered to it) whether any Secured Loan Event of Default, Potential Secured Loan Event of Default or LR Replacement Bank Event has occurred and informing the Lending Bank, Trustee, Issuer and Cash Manager thereof;

(c) confirming acceptability of conditions precedent;

(d) reconciling calculations in each Borrowing Base Certificate and each Certificat de Tierce Detention;

(e) consenting to amendments, waivers and extension of time;

(f) deciding to conduct any special audit;

(g) determining whether any breach by the Borrowers has had an Adverse Effect (as defined in the Secured Loan Agreement); and

(h) determining whether a Market Disruption has occurred.

The Loan Administrator may also, in any case where in the opinion of the Loan Administrator or Auxiga, failure to take action would or may jeopardise the value, enforceability or availability of the Underlying Security and whether or not directed to do so by the Trustee, accelerate the Secured Advances upon the occurrence of a Secured Loan Event of Default and take all appropriate and timely action to enforce or protect the Underlying Security.

The Loan Administrator will seek and act upon the directions of the Trustee in relation to certain matters including:

(a) declaring whether a Secured Loan Event of Default has occurred;

(b) taking action to enforce the Underlying Security and preserve and protect the subject matter of the Underlying Security from the claims of others;

(c) waiving any Secured Loan Events of Default;

(d) agreeing to any corporate reorganisation of the Borrowers;

(e) agreeing to any change of by-laws of the Borrowers;

(f) agreeing to any inter group transfer of trademarks;

(g) determining whether any request for consent, waiver or extension of time by the Borrowers should be consented to;

(h) terminating the mandate of Auxiga; and

(i) instructing Auxiga to cease substitution under the Pledge Agreement.

The Trustee will provide such directions (i) at its discretion or (ii) following the obtaining of expert advice or (iii) on the directions of the Noteholders pursuant to an Extraordinary Resolution or Written Resolution and provided in any case it is indemnified to its satisfaction.

The Trustee and the Loan Administrator will not be liable for any delay in obtaining expert advice or for any failure of Noteholders to give directions, but in the case of such delay the Lending Bank and the Loan Administrator shall be entitled to act at their discretion.

The Loan Administrator is under no obligation to notify the Trustee, and the Trustee is under no obligation to notify the Noteholders, of the occurrence of any event not notified to it by the Lending Bank.

The Trustee and the Loan Administrator will not be liable for the consequences of directing the Lending Bank or the Loan Administrator on the basis of directions received from Noteholders by means of an Extraordinary Resolution.

The Trustee and the Loan Administrator are under no obligation to undertake any notification process to the Borrowers.

Cash Management

The Cash Manager is obliged to operate and monitor the Issuer Account and the Lending Bank Account in accordance with the terms of the Co-ordination Agreement and in particular to ensure that the Issuer Account is debited only in accordance with the cashflow waterfalls specified in Condition 4(c) (*Pre-Enforcement application of Proceeds*) and 4(d) (*Post-Enforcement Application of Proceeds*).

The Cash Manager is empowered on behalf of the Issuer to invest, after the making of a Default Declaration or the making of a prepayment under the Secured Loan Agreement other than on an Interest Payment Date, amounts from time to time standing to the credit of the Issuer Account in Eligible Investments.

Termination and Resignation of Managers

If a Cash Manager Default Event or a Loan Administrator Default Event (as defined below) occurs, the Issuer may and shall on the direction of the Trustee terminate the appointment of that cash manager or loan administrator, subject to appointing a successor cash manager or successor loan administrator with the Required Rating.

A Cash Manager Default Event and a Loan Administrator Default Event are:

(a) default is made by the relevant cash manager or loan administrator in performance of its obligations and such failure continues unremedied for 15 days after written notice from the Trustee has been given;

(b) the cash manager or loan administrator is wound up;

(c) the cash manager or loan administrator ceases to carry on the whole or a substantial part of its business;

(d) an order is made against the cash manager or loan administrator under applicable insolvency laws; and

(e) the cash manager or loan administrator ceases to have the Required Rating.

"**Required Rating**" means that the long term, unsecured, unsubordinated and non-guaranteed debt of the manager is rated at least A by Standard and Poor's, A2 by Moody's and has a rating acceptable to DCR.

The Liquidity Facility

A Liquidity Facility Agreement (the "**Liquidity Facility Agreement**") will be entered into on 16th March 2000 between the Issuer, the Trustee and the Liquidity Bank under which the Liquidity Bank will provide a commitment for drawings to be made subject to a maximum aggregate principal amount of EUR 60,000,000 (the "**Liquidity Facility**"). The available maximum amount at any time which can be drawn is determined by reference to the amount of the Notes and the A1 Advances which are outstanding at such time or upon occurrence

of a Default Declaration in relation to the Secured Loan Agreement. The Issuer (through the Cash Manager acting on its behalf) will draw down under the Liquidity Facility in circumstances where the Issuer has insufficient funds available on any Business Day (excluding on or prior to the Conversion Date the amount of any principal repayment received) to pay in full any of the items specified in (i) to (viii) of the Pre-enforcement Application of Proceeds. These circumstances are most likely to occur where there has been a shortfall in non-principal amounts received by the Issuer under the Limited Recourse Funding Agreement.

The term of the Liquidity Facility will be 364 days but it is contemplated that the facility will be renewed by the Issuer at the end of each term.

Interest and Repayment

Each advance made under the Liquidity Facility shall bear interest determined by reference to 1 month EURIBOR plus a certain margin. A commitment fee will also be payable by the Issuer on any undrawn portion of the Liquidity Facility.

There will be an automatic drawdown of the entire undrawn portion of the Liquidity Facility upon the occurrence of:

(a) a rating downgrade of the Liquidity Bank which results in the rating of its short term unsecured and unsubordinated obligations being rated less than A-1+ by Standard & Poor's, P-1 by Moody's or such rating not being acceptable to DCR; or

(b) the Liquidity Bank failing to renew the facilities following a request by the Issuer not less than 30 days and not more than 60 days prior to the end of the 364 day term.

The Loan Administrator (on the Issuer's behalf) is responsible pursuant to the terms of the Liquidity Facility Agreement and the Co-ordination Agreement for ensuring that not more than 60 and not less than 30 days prior to the end of the 364 day term of the Liquidity Facility an extension request has been delivered to the Liquidity Bank.

The Loan Administrator is also responsible for making drawdown requests under the Liquidity Facility and for making drawings in the circumstances contemplated by paragraphs (a) and (b) above.

The funds drawn down in these circumstances will be paid into a designated bank account of the Issuer (the "**Liquidity Standby Account**") maintained with an appropriately rated bank. Amounts standing to the credit of such account will be available to the Issuer for drawing in the same circumstances as if it were drawing under the Liquidity Facility Agreement as described above.

The Issuer may repay all or any amount (subject to a minimum repayment of EUR 50,000 at one time) of an advance prior to its repayment date to the extent that it has available funds for that purpose.

The Liquidity Facility Agreement will be governed by English law.

Cap Agreement

An interest rate cap agreement (the "**Cap Agreement**") will be entered into on 16th March 2000 between the Issuer and Deutsche Bank AG London (the "**Hedge Counterparty**") a cap counterparty whose long term unsecured debt obligations are rated at least A by Standard and Poor's, and A2 by Moody's and are acceptable to DCR. The Cap Agreement will be documented on the terms of an ISDA Master Agreement (Multicurrency-Cross Border). Cap premiums will be payable quarterly by the Issuer on each Interest Payment Date with respect to the Class A2 Notes and will be calculated by reference to an initial notional amount of up to EUR 396,000,000.

The Strike Rate for the Cap Agreement will be 6.5 per annum.

Neither party to the Cap Agreement is obliged to gross up payments made under the Cap Agreement. However, a party which receives payments net of any deductions or withholdings for or on account of any tax may, in its discretion, elect to terminate the Cap Agreement.

The Cap Agreement will be governed by English law.

Subscription Commitment Agreements

On or about 16th March 2000, the Issuer will enter into a subscription commitment agreement with a subscriber or several subscription commitment agreements each with a subscriber (each a "**Subscriber**" and, collectively, the "**Subscribers**") pursuant to which each Subscriber shall agree to subscribe, on a several basis, for the Class A1 Notes issued under the Programme on or prior to the date which is 48 months after the Issue Date or, at each Subscriber's option, advance to the Issuer an amount equal to the principal amount of the Class A1 Notes (an "**A1 Advance**") so issued on substantially the same terms and conditions as the Conditions applicable to such Class A1 Notes.

A Subscriber (the "**Existing Subscriber**") shall be entitled to assign or transfer its rights or obligations under the Subscription Agreement to which it is a party.

Subscribers' Commitment Commission

Each Subscriber shall be entitled to receive from the Issuer a commitment commission (the "**Subscriber's Commitment Commission**") calculated on the portion of such Subscriber's commitment under the Subscription Commitment Agreement which remains undrawn multiplied by the Margin (as defined in the Supplemental Offering Circular) over EURIBOR of the Class A1 Notes or A1 Advances as set out in the Supplemental Offering Circular applicable to such Class A1 Notes divided by 2. The Subscriber's Commitment Commission ceases to be payable either (a) on the day that is the earlier of (i) the Business Day that is 48 months after the earlier of the first issue of Class A1 Notes under the Programme or such other date as may be agreed from time to time, in writing, between the Issuer and the Subscriber, (ii) the date upon which the Continuing Conditions Precedent (as described below) are no longer met and (iii) such day if any, on which the Subscriber shall default in the performance of its obligations under the Subscription Commitment Agreement.

Continuing Conditions Precedent

Each utilisation of the Commitment pursuant to a Subscription Commitment Agreement shall be subject to no (a) Secured Loan Event of Default (other than a Secured Loan Event of Default specified in Clause 14.1 (f) to (k) (inclusive) of the Secured Loan Agreement) having occurred and being continuing which has resulted in the Lending Bank making a declaration pursuant to Clause 14.2 of the Secured Loan Agreement and (b) no Note Default Declaration having been made.

Each Subscription Commitment Agreement will be governed by English law.

BOOK ENTRY, DELIVERY AND FORMS OF NOTES

General

Unless otherwise specified in the applicable Supplemental Offering Circular, the Notes shall be represented initially by one or more global note certificates in registered form, without Coupons (each, a "**Global Note Certificate**"), which shall be registered in the name of DTC, as depositary, or a successor or nominee thereof, and which shall be deposited on behalf of the purchasers thereof with a custodian for DTC.

In the United States securities market, the presumption is that settlement of all trades of Notes will occur on the basis of the trade date plus three days ("**T+3**").

The Notes may be issued in the form of one or more Global Note Certificates in an aggregate principal amount equal to the principal amount of the Notes of such Series which shall be exchangeable in the limited circumstances described below for Notes in the form of individual note certificates ("**Individual Note Certificates**").

Global Note Certificates

General

Unless otherwise specified in the applicable Supplemental Offering Circular, Notes of the same Series will be represented, in whole or in part, by either (i) a Restricted Global Note Certificate and an Unrestricted Global Note Certificate that is deposited with on or behalf of DTC and registered in the name of its nominee and deposited with the custodian for DTC, for credit to the respective accounts of beneficial owners of the Notes represented thereby (a "**U.S. Global Note**") or (ii) an International Global Note Certificate. Restricted Global Note Certificates and Unrestricted Global Note Certificates are U.S. Global Notes sold in reliance on specific exemptions from registration under the Securities Act. U.S. Global Notes will be subject to special restrictions and procedures referred to under "U.S. Global Notes" below.

U.S. Global Notes

Notes that are sold in reliance on Rule 144A will be represented by a Restricted Global Note Certificate, unless otherwise specified in the applicable Supplemental Offering Circular. A Restricted Global Note Certificate (and any Notes issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein and in the Paying Agency Agreement and will bear the legend regarding such restrictions described under "**Transfer Restrictions**".

Notes that are sold outside the United States in reliance on Regulation S will be represented by an Unrestricted Global Note Certificate, unless otherwise specified in the applicable Supplemental Offering Circular. On or prior to the 40th day after the later of the commencement of the offering and the date of delivery of the Notes represented by an Unrestricted Global Note Certificate, a beneficial interest therein may be transferred to a person who takes delivery in the form of an interest in a Restricted Global Note Certificate of the same Series, but only upon receipt by the Registrar of a written certification from the transferor (in the form provided in the Paying Agency Agreement) to the effect that such transfer is being made to a person who the transferor reasonably believes is purchasing for its own account or accounts as to which it exercises sole investment discretion and that such person and each such account is a QIB within the meaning of Rule 144A, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

After such 40th day, such certification requirement will no longer apply to any such transfers. Beneficial interests in a Restricted Global Note Certificate may be transferred to a person who takes delivery in the form(s) of an interest in an Unrestricted Global Note Certificate of the same Series, whether before, on or after such 40th day, but only upon receipt by the Registrar of a written certification from the transferor (in the form provided in the Paying Agency Agreement) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144 and that, if such transfer occurs on or prior to such 40th day, the interest transferred will be held immediately thereafter through Euroclear or Clearstream, Luxembourg but cannot be held through DTC; *provided, however, that* these requirements do not apply to Class A1 Notes. Any beneficial interest in a U.S. Global Note of the same Series will, upon transfer, cease to be an interest in the former U.S. Global Note, will become an interest in the latter U.S. Global Note and, accordingly, will thereafter be subject to all transfer

restrictions and other procedures applicable to beneficial interests in the latter U.S. Global Note for as long as it remains such an interest.

Book-Entry System

Upon the issuance of a U.S. Global Note, DTC or its custodian will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such U.S. Global Note to the accounts of persons who have accounts with DTC. Ownership of beneficial interests in a U.S. Global Note will be limited to persons who have accounts with DTC (including Euroclear and Clearstream, Luxembourg), or persons who hold interests through participants. Ownership of beneficial interests in U.S. Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants), which may include Euroclear and Clearstream, Luxembourg, as described below.

So long as DTC, or its nominee, is the registered holder of a U.S. Global Note, DTC or such nominee, as the case may be, will be considered the sole owner and holder of the Notes represented by such U.S. Global Note for all purposes under the Trust Deed, the Paying Agency Agreement and the Notes. Unless DTC notifies the Issuer that it is unwilling or unable to continue as depositary for such Note, or ceases to be a "Clearing Agency" registered under the Exchange Act, (in the case of a Restricted Global Note Certificate), Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention to permanently cease business, or any of the circumstances described in Condition 11 (*Events of Default*) occurs with respect to such Note, owners of beneficial interests in such U.S. Global Note will not be entitled to have any portions of such U.S. Global Note registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive form and will not be considered the owners or holders of such U.S. Global Note (or any Notes represent thereby) under the Trust Deed, the Paying Agency Agreement or the Notes. If any one of the foregoing occurs, the Issuer will (i) issue Restricted Individual Note Certificates in exchange for the relevant Restricted Global Note Certificate and/or (ii) issue an International Global Note Certificate in exchange for the relevant Unrestricted Global Note Certificates. In the case of Restricted Individual Note Certificates issued in exchange for Restricted Global Note Certificates, such Restricted Individual Note Certificates will bear, and be subject to, the legend described under "**Transfer Restrictions**". Except in the limited circumstances described in this paragraph, owners of beneficial interests in a U.S. Global Note will not be entitled to receive physical delivery of Individual Note Certificates. In addition, no beneficial owner of an interest in a U.S. Global Note will be able to transfer that interest except in accordance with DTC's applicable procedures (in addition to those under the Paying Agency Agreement and, if applicable, those of Euroclear and Clearstream, Luxembourg).

Investors may hold their interests in a Unrestricted Global Note Certificate through Euroclear or Clearstream, Luxembourg, if they are participants in such systems, or indirectly through organisations which are participants in such systems. Beginning 40 days after the later of the commencement of the offering and the date of delivery of the Notes represented by such Unrestricted Global Note Certificate (but not earlier, except in the case of Class A1 Notes), investors may also hold such interests through organisations other than Euroclear and Clearstream, Luxembourg that are participants in the DTC system. Euroclear and Clearstream, Luxembourg will hold interests in an Unrestricted Global Note Certificate on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which in turn will hold such interests in customers' securities accounts in the depositaries' names on the books of DTC.

Investors may hold their interests in a Restricted Global Note Certificate directly through DTC, if they are participants in such system, or indirectly through organisations which are participants in such system.

Payments of the principal of and any premium, interest, and other amounts on any U.S. Global Note will be made to DTC or its nominee as the registered owner thereof. Neither the Issuer, the Trustee, the Registrar, the Transfer Agent nor any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a U.S. Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that DTC or its nominee, upon receipt of any payment in respect of a U.S. Global Note held by it or its nominee, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such U.S. Global Note as shown on the records of DTC or its nominee. The Issuer also expects that payments by participants to owners of beneficial interests in a U.S. Global Note held through such participants will be governed by standing instructions and customary

practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

DTC is unable to accept payments denominated in euro in respect of any U.S. Global Note. Accordingly, DTC participants which hold interests in the U.S. Global Note must in accordance with DTC's procedures notify DTC prior to each date on which interest on or principal of the U.S. Global Note is scheduled to be paid (i) that they wish to be paid in euro and (ii) of the relevant bank account details into which such euro payments are to be made. If such instructions are not received, Bankers Trust Company as exchange rate agent will exchange the relevant euro amount into U.S. Dollars in accordance with an exchange rate agency agreement.

Transfers between participants in DTC will be effected in accordance with DTC's procedures and will be settled in same-day funds. The laws of some states of the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in a U.S. Global Note to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a U.S. Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate of such interest. Transfers between participants in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described above, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg participants, on the other hand, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in any U.S. Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream, Luxembourg participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream, Luxembourg.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant purchasing an interest in a U.S. Global Note from a DTC participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, Luxembourg, as the case may be) immediately following the DTC settlement date and such credit of any transactions in interests in a U.S. Global Note settled during such processing day will be reported to the relevant Euroclear or Clearstream, Luxembourg participant on such day. Cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interests in a U.S. Global Note by or through a Euroclear or Clearstream, Luxembourg participant will be received for value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day following settlement in DTC.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of a U.S. Global Note (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account with DTC interests in such U.S. Global Note are credited and only in respect of such portion of the aggregate principal amount of such U.S. Global Note as to which such participant or participants has or have given such direction. However, if there is an Event of Default under a U.S. Global Note, DTC will exchange such U.S. Global Note for legended Notes in definitive form, which it will distribute to its participants.

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for it participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organisations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in the U.S. Global Notes among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer nor the Trustee will have any responsibly for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective participants or indirect participants or their respective obligations under the rules and procedures governing their operations.

International Global Note Certificates

Notes sold outside the United States in reliance on Regulation S, which are not part of a Series which is also offered in the United States, may be represented, in whole or in part, by an international global note certificate (an "**International Global Note Certificate**") that is deposited with or on behalf of the Common Depositary for Euroclear and Clearstream, Luxembourg, or a nominee thereof, outside the United States for credit to the respective accounts of beneficial owners of the Notes represented thereby.

Investors may hold their interests in an International Global Note Certificate through Euroclear or Clearstream, Luxembourg, if they are participants in such systems, or indirectly through organisations that are participants in such systems. Euroclear and Clearstream, Luxembourg will hold interests in an International Global Note Certificate on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries.

So long as the Common Depositary, or its nominee, is the registered holder of an International Global Note Certificate, the Common Depositary or such nominee, as the case may be, will be considered the sole owner and holder of the Notes represented by such International Global Note Certificate for all purposes under the Trust Deed, the Paying Agency Agreement and such Notes. Owners of beneficial interests in an International Global Note Certificate will not be entitled to have any portion of such International Global Note Certificate registered in their names, will not receive or be entitled to receive delivery of Individual Note Certificates in exchange for their interests in an International Global Note Certificate and will not be considered the owners or holders of such International Global Note Certificate (or any Notes represented thereby) under the Trust Deed, the Paying Agency Agreement or the Notes. In addition, no beneficial owner of an interest in an International Global Note Certificate will be able to transfer that interest except in accordance with applicable procedures of Euroclear and Clearstream, Luxembourg (in addition to those under the Paying Agency Agreement referred to herein).

Payments of the principal of and any premium, interest and other amounts on any International Global Note Certificate will be made to the Common Depositary or its nominee as the registered owner thereof. Neither the Issuer, the Trustee, the Registrar, the Transfer Agent nor any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in an International Global Note Certificate or for maintaining, supervising, or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that each of Euroclear and Clearstream, Luxembourg, upon receipt of any such payment in respect of an International Global Note Certificate held by a Common Depositary or its nominee, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such International Global Note Certificate as shown on the records of Euroclear or Clearstream, Luxembourg as the case may be. The Issuer also expects that payments by participants to owners of beneficial interest in an International Global Note Certificate held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Unless Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or any of the circumstances described in Condition 11 (Events of Default) occurs, owners of beneficial interests in such Global Note will not be entitled to receive physical delivery of the Notes in Individual Note form. In the case of Individual Note Certificates issued in exchange for Global Note Certificates, such Individual Note Certificates will bear, and be subject to, the legend described under "**Transfer Restrictions**". Except in the limited circumstances described in this paragraph, owners of beneficial interests in a Global Note will not be entitled to receive physical delivery of Individual Note Certificates.

All Notes represented by an International Global Note Certificate will be offered and sold pursuant to Regulation S. and the restrictions on and procedures for transfer of beneficial interests in such International Global

Note Certificate and any Restricted Global Note Certificate of the same Series will be the procedures applicable to Unrestricted Global Note Certificates and Restricted Global Note Certificates described above under "U.S. Global Notes", with such modifications as may be specified in such Notes and the applicable Supplemental Offering Circular.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Supplemental Offering Circular, will be applicable to each series of Notes.

1. Introduction

(a) Programme:

Marne et Champagne Finance a.r.l. (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €396,000,000 in aggregate principal amount of notes (the "**Notes**").

(b) Trust Deed:

The Notes issued under the Programme are constituted and secured by a trust deed dated 16th March 2000 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and Bankers Trust Company (the "**Trustee**" which expression shall include all persons for the time being acting as the trustee or trustees under the Trust Deed).

(c) Supplemental Offering Circular:

Notes issued under the Programme are issued in series (each a "**Series**"). Class A1 Notes (as defined in Condition 4(a) *(Senior Notes))* will comprise one series issued on or about 20th March 2000 and may comprise further series issued thereafter but no later than the date which is 48 months from such date (subject to any requirements of any stock exchange on which such Notes may be listed). Class A1 Notes *(Senior Notes)* issued under the Programme will mature on 20th March 2007 *(Senior Notes)*. Each Series of Class A2 Notes (as defined in Condition 4(a) *(Senior Notes)* and Mezzanine Notes (as defined in Condition 4(b) *(Mezzanine Notes))* issued under the Programme will mature on 20th March 2007. Each Series will be the subject of a supplemental offering circular (each, a "**Supplemental Offering Circular**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Series of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Supplemental Offering Circular. In the event of any inconsistency between these Conditions and the relevant Supplemental Offering Circular, the relevant Supplemental Offering Circular shall prevail.

(d) Paying Agency Agreement:

The Notes are the subject of a paying agency agreement dated 16th March 2000 (as amended or supplemented from time to time, the "**Paying Agency Agreement**") between the Issuer, the Trustee, Bankers Trust Company as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), Deutsche Bank AG London, as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes) Deutsche Bank Luxembourg S.A., as transfer agent (the "**Transfer Agent**", which expression includes any successor or additional transfer agent appointed from time to time in connection with the Notes) and paying agent (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).

(e) The Notes:

All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Supplemental Offering Circular. Copies of the relevant Supplemental Offering Circular are available for inspection by the holders of the Notes (the "**Noteholders**") during normal business hours at the Specified Office of the Principal Paying Agent and of the Trustee, the initial Specified Offices of each of which are set out below and will be available at the Specified Office of the Paying Agent in Luxembourg.

(f) A1 Advances

Condition 14 *(A1 Advance Option)* governs the manner and extent to which certain of the Conditions will be modified and applied to A1 Advances opted for by Subscribers instead of the subscription of Class A1 Notes pursuant to the terms of a Committed Subscription Agreement including where a Subscriber has no Class A1 Notes in issue but does have A1 Advances outstanding.

(g) Summaries:

Certain provisions of these Conditions are summaries of the Trust Deed and the Paying Agency Agreement and are subject to their detailed provisions. The Noteholders are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement and the other Transaction Documents applicable to them. Copies of the Trust Deed, the Paying Agency Agreement and the other Transaction Documents are available for inspection during normal business hours at the Specified Offices of the Trustee and of each of the Paying Agents, the initial Specified Offices of which are set out below.

2. Interpretation

(a) Definitions:

In these Conditions the following expressions have the following meanings:

"**A1 Advance** means an advance made by a Subscriber to the Issuer under a Subscription Commitment Agreement;

"**Authorised Holdings**" means in respect of (a) an International Global Note Certificate, International Individual Note Certificate, Unrestricted Global Note Certificate or Unrestricted Individual Note Certificate euro 1,000 and (b) in respect of a Restricted Global Note Certificate or Restricted Individual Note Certificate euro 10,000 (all terms used in this definition being defined in the Trust Deed);

"**Auxiga**" means Société Auxiliaire de Garantie;

"**Borrowers**" means, collectively, Marne et Champagne, Besserat de Bellefon and Champagne Lanson Père & Fils and "**Borrower**" means any of them;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and Paris and (in relation to any date for payment or purchase of a euro) a TARGET Settlement Day;

"**Business Day Convention**", in relation to any particular date, which is not a Business Day, means "**Modified Following Business Day Convention**" and means that the relevant date shall be postponed to the first following day that it 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:

"**Calculation Agent**" means the Principal Paying Agent or such other Person specified in the relevant Supplemental Offering Circular as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Supplemental Offering Circular;

"**Cap Agreement**" means the cap agreement dated on or about 16th March 2000 between the Hedge Counterparty and the Issuer;

"**Cash Manager**" means Deutsche Bank AG London, or any successor cash manager rated at least A-1 by Standard & Poor's and P-1 by Moody's and acceptable to DCR or any successor thereto;

"**Class of Notes**" means all Notes expressed to be such in the applicable Supplemental Offering Circular, being Class A1 Notes, Class A2 Notes or Mezzanine Notes and "**Notes of each Class**" shall be construed accordingly;

"**Class A1 Noteholders**" means the holders of the Class A1 Notes;

"**Class A2 Noteholders**" means the holders of the Class A2 Notes;

"**Commitment**" means the commitment of a Subscriber;

"**Conversion Date**" means the earlier to occur of (a) the Business Day falling 48 months after the Issue Date and (b) the date upon which a Default Declaration is made in relation to the Notes or the Lending Bank has declared the Secured Advances to be due and payable following the occurrence of a Secured Loan Event of Default other than as specified in Clause 14.1(f) to (k) inclusive of the Secured Loan Agreement;

"**Co-ordination Agreement**" means the co-ordination agreement dated 16th March 2000 between the Issuer, the Trustee, the Cash Manager, the Loan Administrator, the Liquidity Bank and the Lending Bank;

"**Corporate Administration Agreement**" means the agreement dated 16th March 2000 appointing the Corporate Administrator together with any agreement for the time being in force amending or modifying that agreement;

"**Corporate Administrator**" means SFM Offshore Limited;

"**Costs**" means any amounts, inclusive of VAT (if any), relating to compensation for prepayment, indemnification for gross up or increased costs, commitment and other fees (including legal fees), costs and expenses related to the maintenance of the corporate existence of the Issuer and the maintenance of the listing and rating of the Notes, incurred in relation to each annual update of the Programme or for which the Issuer is otherwise expected to be responsible under the Dealer Agreement and Exceptional Expenses, in each case incurred by the Issuer or for which the Issuer is liable;

"**Day Count Fraction**" means in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), "**ACT/360**" namely, the actual number of days in the Calculation Period divided by 360;

"**DCR**" means Duff & Phelps Credit Rating Co.;

"**Dealer Agreement**" means the dealer agreement dated 16th March 2000 between the Issuer and Nomura International plc and Nomura Securities International, Inc.;

"**Default Declaration**" means (i) a Note Default Declaration; (ii) the Issuer has made a declaration under Clause 17.9 of the Limited Recourse Funding Agreement following the occurrence of a LR Replacement Bank Event; or (iii) the Lending Bank has declared the Secured Advances to be due and payable following the occurrence of a Secured Loan Event of Default.

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Supplemental Offering Circular;

"**Eligible Investments**" means the eligible investments permitted by the Co-ordination Agreement;

"**Encumbrance**" means (i) any security interest or preference, (ii) any set-off arrangement or combination of accounts, (iii) any title transfer, (iv) any retention arrangement and (v) any agreement which would enable a third party to have a preferential claim over the assets of the Issuer;

"**Euro Zone**" means the region comprised of the countries whose lawful currency is the euro;

"**Exceptional Expenses**" means any costs, fees, commissions, indemnity payment obligations and other expenses incurred by, payable by or for which the Issuer is otherwise liable and arising under, in respect of or as a result of entering into, performing its obligations under, continuing to be a party to or enforcing its rights under the Transaction Documents or any of them including without limitation the costs, fees and other expenses (including without limitation enforcement costs) and entitlement to receive payments by way of indemnity of the Liquidity Banks, the Dealer, the Subscribers, the Hedge Counterparty and the Operating Creditors which in each case the Issuer is obliged to pay, discharge or make indemnity for;

"**Exchange Rate Agent**" means Bankers Trust Company as exchange rate agent under an exchange rate agency agreement to be entered into with the Issuer on or prior to the first Interest Payment Date in relation to the Class A2 Notes;

"**Extraordinary Resolution**" has the meaning given in Schedule 3 of the Trust Deed;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount;

"**Global Borrowing Base**" means the sum at any time of the Individual Borrowing Bases of the Borrowers;

"**Hedge Counterparty**" means Deutsche Bank AG London, or any successor thereto rated at least A by Standard & Poor's and A2 by Moody's and acceptable to DCR which provides caps and other interest rate hedges in the ordinary course of its business;

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(i) amounts raised by acceptance under any acceptance credit facility;

(ii) amounts raised under any note purchase facility;

(iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

(iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and

(v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"**Indemnity Claims**" means any amount, inclusive of VAT (if any), which the Issuer is liable to pay by way of indemnity for breach of a representation made by the Issuer or of any obligation of the Issuer in any Transaction Document or as a consequence of the occurrence of a Note Event of Default, an event of default under the Liquidity Facility Agreement, or a termination event or event of default under the Cap Agreement where such breach or occurrence arises as a result of a breach by the Borrowers or any of them of any representation made by them or obligation assumed by them in any Transaction Document, the Offering Circular or the Marketing Presentation, Provided that in the case of an Indemnity Claim in respect of a breach of representation by the Issuer under the Dealer Agreement or in relation to the Offering (including any update thereto) such Indemnity Claim shall be limited to a breach of representation in respect of the Marne et Champagne Information.

"**Individual Borrowing Base**" means, in relation to each Borrower, the sum at any time of the following:

(i) the number of bottles corresponding to wine/grape juice stored in vats multiplied by the En Cercle Value;

(ii) the number of bottles *sur lattes* multiplied by the Sur Lattes Value;

(iii) the number of bottles stored in a tilted position (*sur pointes*) multiplied by the Sur Pointes Value;

(iv) the number of bottles *dégorgé* but unlabelled multiplied by the Dosés Value; and

(e) the number of bottles labelled and ready for delivery multiplied by the Habillées Value.

The value multipliers are summarised in the following table:

Value	**Vins Marque (FFr per bottle equivalent)**	**Vins Contre-Marques (FFr per bottle equivalent**
En Cercle Value	43.5	28.5
Sur Lattes Value	51.5	34.5
Sur Pointes Value	57.5	37.5
Dosés Value	60.5	40.5
Habillées Value	66.0	45.5

If (on a rolling two-quarter basis) the weighted average price of finished bottles of Champagne sold by the Borrowers falls below FRF 59 a bottle then each item in the above borrowing base matrices will be reduced by the difference between the average market price and FRF 59.

If following a reduction, (on a rolling four-quarter basis) the weighted average price of finished bottles of Champagne increases then each item in the borrowing base matrices will be increased but will not be higher than the figures mentioned above;

"**Insurance Delegation Agreement**" means the insurance delegation agreement between the Lending Bank and Marne et Champagne dated 16th March 2000;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Supplemental Offering Circular;

"**Interest Determination Date**" has the meaning given to it in the definition of Relevant Screen Page;

"**Interest Payment Date**" means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Supplemental Offering Circular and in accordance with the Business Day Convention.

"**Interest Period**" means in respect of each Class of Notes each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the date falling, in the case of the Class A2 Notes and the Mezzanine Notes, three months thereafter and, in the case of the Class A1 Notes (but only until their conversion pursuant to Condition 5(b)), *(Post Conversion Terms)*), one month thereafter *provided that* the first Interest Period in respect of each class of Notes will begin on (and include) the Interest Commencement Date and the final Interest Period in respect of each Class of Notes will end on (but exclude) the Maturity Date;

"**ISDA Definitions**" means the 1991 ISDA Definitions (as supplemented by the 1998 Supplement and the 1998 ISDA Euro Definitions and as further amended and updated as at the date of issue of the relevant Series (as specified in the relevant Supplemental Offering Circular) as published by the International Swaps and Derivatives Association, Inc. (formerly the International Swap Dealers Association, Inc.));

"**Issue Date**" means 20th March 2000 or such other date applicable to Class A1 Notes as is specified in the relevant Supplemental Offering Circular;

"**Issuer**" means Marne et Champagne Finance a.r.l.;

"**Issuer Account**" means an account in the name of the Issuer designated as such (or any other account substituted for such account) with the Cash Manager or any successor cash manager pursuant to the provisions of the Co-ordination Agreement;

"**Issuer Certificate**" means a certificate of the Issuer certifying the identity of Subscriber in the Subscriber list from time to time;

"**Lending Bank**" means Lloyds TSB Bank plc, acting through its Brussels branch;

"**Lending Bank Account**" means an account in the name of the Lending Bank designated as such (or any other account substituted for such account) with the Cash Manager or any successor cash manager pursuant to the provisions of this Agreement;

"**Limited Recourse Funding Agreement**" means the limited recourse funding Agreement dated 16th March 2000 between the Issuer and the Lending Bank;

"**Liquidity Bank**" means Lloyds TSB Bank plc, acting through its Bristol branch, or any successor thereto, being a bank with a short term rating of at least A-1+ by Standard & Poor's and P-1 by Moody's and acceptable to DCR which provides liquidity facilities in the ordinary course of its business;

"**Liquidity Facility Agreement**" means the liquidity facility agreement between the Liquidity Bank, the Trustee and the Issuer dated 16th March 2000 and any replacement thereof pursuant to its terms;

"**Loan Administrator**" means Deutsche Bank AG London;

"**LR Advance**" means any advance made by the Issuer pursuant to the Limited Recourse Funding Agreement;

"**LR Replacement Bank Event**" means an event which requires a replacement bank to be sought for the Lending Bank, pursuant to the Limited Recourse Funding Agreement;

"**Luxembourg Listing Agent**" means Kredietbank S.A. Luxembourgeoise;

"**Mandatory Costs**" means the mandatory costs of the Liquidity Bank as determined in accordance with the Mandatory Costs Rate;

"**Mandatory Costs Rate**" means the mandatory costs rate calculated pursuant to the Liquidity Facility Agreement;

"**Margin**" has the meaning given in the relevant Supplemental Offering Circular;

"**Marketing Presentation**" means the French language version of the marketing presentation dated January 2000 prepared by Nomura International plc and reviewed by the Borrowers, including all financial figures and forecasts contained therein.

"**Maturity Date**" has the meaning given in the relevant Supplemental Offering Circular;

"**Maximum Redemption Amount**" has the meaning given in the relevant Supplemental Offering Circular;

"**Mezzanine Deferral Condition**" exists at any time when the Lending Bank has notified the Issuer and Trustee that (i) a Secured Loan Event of Default has occurred and (ii) the Notes Borrowing Base Ratio is greater than 1.15 and shall cease to exist irrespective of whether such Secured Loan Event of Default is continuing on the date on which the Lending Bank has informed the Issuer and the Trustee that the Notes Borrowing Base Ratio has become less than or equal to 1.15.

"**Mezzanine Noteholders**" means the holders of Mezzanine Notes;

"**Minimum Redemption Amount**" has the meaning given in the relevant Supplemental Offering Circular;

"**Moody's**" means Moody's Investors Service Limited;

"**Note**" means any notes issued by the Issuer under the Programme;

"**Note Collateral**" means the property, assets and rights from time to time expressed to be pledged, assigned, charged or otherwise encumbered in favour of the Trustee pursuant to the Trust Deed and does not include the Underlying Collateral;

"**Note Default Declaration**" means a declaration by the Trustee that the Notes have become immediately due and payable following the occurrence of a Note Event of Default;

"**Note Event of Default**" means an event as described in Condition 11 *(Events of Default)*;

"**Notes Borrowing Base Ratio**" means at any time, the following ratio:

$$\frac{\text{Total amount of all Secured Advances plus the sum of accrued interest due and payable in respect of each Secured Advance, together with all due and payable costs and expenses relevant to such Secured Advances less the value of cash and Eligible Investments held by the Issuer.}}{\text{The Global Borrowing Base}}$$

"**Operating Creditors**" means each of the Trustee, the Lending Bank, the Cash Manager, the Loan Administrator, the Principal Paying Agent, the Paying Agents, the Share Trustee, the Registrar, the Transfer Agent, the Calculation Agent, the Exchange Rate Agent, the Corporate Administrator, and the directors of the Issuer;

"**Permitted Encumbrances**" means the security granted in favour of the Lending Bank pursuant to the Secured Loan Agreement;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Pledge Agreement**" means the pledge agreement (*Gage*) between the Lending Bank the Borrowers and Auxiga dated 16th March 2000;

"**Principal Financial Centre**" means, in relation to euro, the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"**Principal Outstanding Amount**" means the principal amount outstanding of the Notes and A1 Advances at the relevant time;

"**Rate of Interest**" means the Reference Rate or Reference Rates plus the Margin;

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Optional Redemption Amount (Call), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Supplemental Offering Circular;

"**Reference Banks**" has the meaning given in the relevant Supplemental Offering Circular or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"**Reference Rate**" has the meaning given in the relevant Supplemental Offering Circular;

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"**Relevant Financial Centre**" has the meaning given in the relevant Supplemental Offering Circular;

"**Relevant Interbank Market**" means in relation to euro, the Euro Zone interbank market;

"**Relevant Screen Page**" means the rate for deposits in euro for a period equal to the relevant Interest Period which appears on the display page designated 248 on the Dow Jones Telerate Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as of 11.00 am (Brussels Time) on the second TARGET Settlement Day before the first day of the relevant Interest Period (the "**Interest Determination Date**").

"**Relevant Time**" has the meaning given in the relevant Supplemental Offering Circular;

"**Replacement Agent**" means the Principal Paying Agent, the Registrar or, in respect of any Series of Notes the Paying Agent named as such in the relevant Supplemental Offering Circular;

"**Secured Advances**" means the advances made pursuant to the Secured Loan Agreement;

"**Secured Loan Agreement**" means the Secured Loan Agreement (*Convention de crédit*) dated 16th March 2000 between the Lending Bank and the Borrowers;

"**Secured Loan Event of Default**" means an event of default under the Secured Loan Agreement;

"**Secured Obligations**" means the obligations of the Issuer to those persons referred to in Condition 4(d) (*Post-Enforcement Application of Proceeds*);

"**Secured Parties**" means those persons other than the Issuer referred to in Condition 4(d) (*Post-Enforcement Application of Proceeds*);

"**Security**" means the security constituted under the Trust Deed;

"**Senior Notes**" means the Class A1 Notes and the Class A2 Notes or any of them;

"**Senior Noteholders**" means the holders of Senior Notes;

"**Share Trust Instrument**" means the document constituting a trust over the shares in the Issuer dated 9th February 2000;

"**Specified Currency**" has the meaning given in the relevant Supplemental Offering Circular;

"**Specified Denomination(s)**" has the meaning given in the relevant Supplemental Offering Circular;

"**Specified Office**", in relation to the Registrar and Agents, has the meaning given in the Paying Agency Agreement and, in relation to the Trustee, has the meaning given in the Trust Deed;

"**Specified Period**" has the meaning given in the relevant Supplemental Offering Circular;

"**Standard & Poor's**" means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc;

"**Subscription Commitment Agreement**" means each Subscription Commitment Agreement entered into by the Issuer with a Subscriber with respect to the Class A1 Notes and A1 Advances;

"**Subscriber List**" has the meaning specified in Condition 14(b);

"**Subscribers**" means, collectively the subscribers who are party to the Subscription Commitment Agreements;

"**Strike Rate**" means 6.5 per cent.;

"**TARGET Settlement Day**" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Trademark Licence Agreements**" means the trademark licence agreements dated 16th March 2000, between the Lending Bank and each of Borrower;

"**Transaction Documents**" means the Trust Deed, the Dealer Agreement, each Subscription Commitment Agreement, the Notes, the Paying Agency Agreement, the Underlying Security Documents, the Limited Recourse Funding Agreement, the Secured Loan Agreement, the Cap Agreement, the Corporate Administration Agreement, the Share Trust Instrument, the Liquidity Facility Agreement and the Co-ordination Agreement or any of them as the context may require, including all notices and acknowledgements and the like required thereunder or in relation thereto;

"**Underlying Collateral**" means the property, assets and rights from time to time expressed to be pledged, assigned, charged or otherwise encumbered in favour of the Lending Bank pursuant to the Underlying Security Documents;

"**Underlying Security**" means the security created over the Underlying Collateral pursuant to the Underlying Security Documents;

"**Underlying Security Documents**" means the Pledge Agreement, the Trademark Licence Agreements and the Insurance Delegation Agreement; and

"**Vins Contre-Marques**" means the wines sold under trademarks other than those under which are sold Vins Marques;

"**Vins Marques**" means the wines sold under the trademarks listed in Schedule 5 of the Secured Loan Agreement, the trademark Alfred Rothschild & Cie and any existing or future trademark which shall be notified by Marne et Champagne to the Lending Bank under which shall be sold a wine product of a quality at least equivalent to that of the Vins Marques and of which the anticipated invoice price per bottle (excluding taxes) shall not be lower than 110 per cent. of the Habillées Value for Vins Marques; and

"**Written Resolution**" has the meaning given to it in the Trust Deed.

(b) *Interpretation:* In these Conditions:

(i) any reference to principal shall be deemed to include the Redemption Amount, any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(ii) any reference to interest shall be deemed to include any other amount in the nature of interest payable pursuant to these Conditions;

(iii) references to Notes being "outstanding" shall be construed in accordance with the Trust Deed; and

(iv) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Supplemental Offering Circular, but the relevant Supplemental Offering Circular gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes.

3. Form, Denomination and Title

(a) Register:

The Registrar will maintain a register (the "**Register**") (which shall be maintained outside the United Kingdom) in respect of the Notes in accordance with the provisions of the Paying Agency Agreement. In these Conditions, the "**Holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. A certificate (each a "**Note Certificate**") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) Title to Notes:

The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate (and no person shall be liable for so treating such Holder).

(c) Transfers of Notes:

Subject to Conditions 3(a) (Register) and 3(b) (Title to Notes) and Condition 3(h) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent (including the Transfer Agent located in Luxembourg), together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Note (other than a Class A1 Note) may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred is Authorised Holdings or a multiple thereof. A transfer agent with a specified office in Luxembourg shall be maintained by the Issuer so long as the Notes are listed on the Luxembourg Stock Exchange.

(d) New Certificate:

A Certificate representing each new Note or Notes to be issued upon the transfer of a Note will, within three Relevant Banking Days (as defined below) of the transfer date be available for collection by each relevant Holder at the Specified Office of the Registrar or the Transfer Agent (including the Transfer Agent located in Luxembourg) (as the case may be) or, at the option of the Holder requesting such transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar, the Principal Paying Agent or the Transfer Agent (as the case may be) after the Payment Record Date (as defined below) in respect of any payment due in respect of Notes shall be deemed not to be effectively received by the Registrar, the Principal Paying Agent or the Transfer Agent (as the case may be) until the day following the due date for such payment. For the purposes of these Conditions,

(i) "**Relevant Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar or the Transfer Agent is located; and

(ii) the "**transfer date**" shall be the Relevant Banking Day following the day on which the relevant Note shall have been surrendered for transfer in accordance with Condition 3(h) (*Transfers of Notes*).

(e) No charge for exchange or transfer:

The issue of new Notes on transfer will be effected without charge by or on behalf of the Issuer, the Principal Paying Agent, the Registrar or the Transfer Agent, but upon payment by the applicant of (or the giving by the applicant of) such indemnity as the Issuer, the Principal Paying Agent, the Registrar or the Transfer Agent may require in respect of any tax, duty or other governmental charges which may be imposed in relation thereto.

(f) Rule 144A Legends:

Upon the transfer or replacement of Notes represented by a Note Certificate and bearing the Rule 144A legend (the "**Rule 144A Legend**") set forth in the form of the Note Certificate scheduled to the Trust Deed, the Registrar or any Transfer Agent shall deliver only Registered Notes represented by Note Certificates that also bear such legend unless either (i) such transfer, exchange or replacement occurs two or more years after the later of (1) the original issue date of such Notes or (2) the last date on which the Issuer as notified to the Registrar or such Transfer Agent by the Issuer as provided in the following sentence, was the beneficial owner of such Notes (or any predecessor of such Notes) or (ii) there is delivered to the Registrar of such Transfer Agent an opinion reasonably satisfactory to the Issuer of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States to the effect that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws. The Issuer has covenanted in the Trust Deed that it will not acquire any beneficial interest, and will cause its "affiliates" (as defined in paragraph (a)(1) of Rule 144 under the Securities Act of 1933, as amended (the "Securities Act")) not to acquire any beneficial interest, in any Note represented by a Certificate bearing the Rule 144A Legend unless it notifies the Registrar and the Transfer Agents of such acquisition. The Registrar, the Transfer Agents and all Holders shall be entitled to rely without further investigation on any such notification (or lack thereof). For so long as any of the Notes represented by Certificates bearing the Rule 144A Legend remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer has covenanted and agreed in the Trust Deed that it shall, during any period in which it is not subject to Section 13 or 15(d) under the United States Securities Exchange Act of 1934 nor exempt from reporting pursuant to Rule 12g3-2(b) under such Act, make available to any Holder in connection with any sale thereof and any prospective purchaser of such Notes from such Holder, in each case upon request, the information specified in Rule 144(d)(4) under the Securities Act.

(g) No transfer.

No Holder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for the payment of any principal or interest in respect of such Note.

(h) Regulations concerning transfers and registration:

All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Paying Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations. A copy of such regulations are available (free of charge) from the principal office in Luxembourg of the Luxembourg Listing Agent.

4. Status of the Notes, Security and directions by the Trustee Regarding Enforcement of the Underlying Security

(a) Senior Notes:

This Condition 4(a) (Senior Notes) is applicable only in relation to Notes which are specified as being Senior Notes ("**Senior Notes**") in the relevant Supplemental Offering Circular. The Senior Notes may be issued in Series as Class A1 Notes ("**Class A1 Notes**") or as Class A2 Notes ("**Class A2 Notes**").

The Senior Notes are senior, secured, limited recourse obligations of the Issuer. The Mezzanine Notes are subordinated in point of payment to (among other secured indebtedness) the Senior Notes as further described in Condition 4(b) (*Mezzanine Notes*). The Senior Notes will rank *pari passu* without any preference among themselves.

(b) Mezzanine Notes:

This Condition 4(b) (*Mezzanine Notes*) is applicable only in relation to Notes which are specified as being Mezzanine Notes ("**Mezzanine Notes**") in the relevant Supplemental Offering Circular.

The Mezzanine Notes are subordinated, secured, limited recourse obligations of the Issuer. The Mezzanine Notes are subordinated in point of payment to (among other secured indebtedness) the Senior Notes as

further described in Condition 4(c) (*Pre-Enforcement Application of Proceeds*) and 4(d) (*Post-Enforcement Application of Proceeds*). The Mezzanine Notes will rank *pari passu* without any preference among themselves.

(c) *Pre-Enforcement Application of Proceeds:*

Priority before Note Default Declaration: All monies received by or on behalf of the Issuer or the Trustee prior to enforcement by the Trustee of the Security constituted by the Trust Deed and either prior to or (where the Security constituted by the Trust Deed is not concomitantly enforced) following enforcement by the Lending Bank of the Underlying Security constituted by the Underlying Security Documents shall be applied in the following order of priority on the relevant day (including an Interest Payment Date):

(i) first, to pay or provide for the payment to the Trustee of all costs, charges, expenses and other liabilities due and payable to it under the Transaction Documents and incurred by it in relation to enforcement of the Underlying Security;

(ii) second, to pay to the Lending Bank all costs, charges, expenses, indemnity payments and other liabilities due and payable to it under the Transaction Documents;

(iii) third, to pay to the Loan Administrator all costs, charges, expenses, indemnity payments and other liabilities due and payable to it under the Co-ordination Agreement;

(iv) fourth, to pay or to provide for the payment on a *pari passu* basis (a) to the Operating Creditors (other than the Trustee the Lending Bank or the Loan Administrator), all Costs due to such Operating Creditors and (b) and the other Costs of the Issuer;

(v) fifth, to pay to the Liquidity Bank any amounts due and payable under the Liquidity Facility Agreement, other than those amounts referred to in eleventh below;

(vi) sixth, to pay to the Hedge Counterparty any sum falling due and payable to such Hedge Counterparty under the Cap Agreement;

(vii) seventh, to pay to the Principal Paying Agent and to each Subscriber *pari passu* the amount of interest which will become due and payable on the Senior Notes and on each A1 Advance on that date to be allocated to the Senior Noteholders and to each Subscriber which has made an A1 Advance which is then outstanding on a *pari passu* basis;

(viii) eighth, provided the Mezzanine Deferral Condition does not exist, to pay to the Principal Paying Agent the amount of interest which will become due and payable on the Mezzanine Notes on that date to be allocated to the Mezzanine Noteholders on a *pari passu* basis;

(ix) ninth, to pay to the Principal Paying Agent and to each Subscriber *pari passu* the amount of principal which will become due and payable in accordance with Condition 6 on the Senior Notes and on each A1 Advance on that date to be allocated to the Senior Noteholders and to each Subscriber which has made an A1 Advance which is then outstanding on a *pari passu* basis;

(x) tenth, to pay to the Principal Paying Agent the amount of principal which will become due and payable on the Mezzanine Notes on that date to be allocated to the Mezzanine Noteholders on a *pari passu* basis;

(xi) eleventh, to pay to the Liquidity Bank any amounts due in respect of gross-up for withholding taxation, increased costs or currency indemnities or Mandatory Costs under the Liquidity Facility Agreement;

(xii) twelfth, to pay to each Hedge Counterparty on a *pari passu* basis any amounts due in respect of, increased costs or currency indemnities under the Cap Agreement;

(xiii) thirteenth, to pay any dividends due and payable by the Issuer; and

(xiv) fourteenth, provided that the Conversion Date has not occurred or no Secured Loan Event of Default under the Secured Loan Agreement has occurred, to pay the balance, if any to the Lending Bank for account of the Borrowers and otherwise to pay the balance to the Issuer.

(d) Post-Enforcement Application of Proceeds:

Priority after Note Default Declaration: All moneys received by or on behalf of the Trustee after a Note Default Declaration and the enforcement of the Security constituted by the Trust Deed and after enforcement by the Lending Bank of the Underlying security constituted by the Underlying Security Documents provided, however, that the Security has concomitantly become enforceable, shall be applied by or on behalf of the Trustee in or towards payment in the following order of priority:

(i) first, in payment or satisfaction of the costs, charges, expenses and other Liabilities (as defined in the Trust Deed) incurred by the Trustee for its own account in its capacity as Trustee in performing its duties and exercising its powers and discretions under the Trust Deed and any other relevant Transaction Document and enforcing the Security created by this Trust Deed and acting in relation to the enforcement of the Underlying Security and including the remuneration of and other expenses incurred by the Trustee or any receiver appointed by the Trustee;

(ii) second, to pay to the Lending Bank all costs, charges, expenses, indemnity payments and other liabilities due to it under the Transaction Documents;

(iii) third, to pay to the Loan Administrator all costs, charges, expenses, indemnity payments and other liabilities due and payable to it under the Co-ordination Agreement;

(iv) fourth, in meeting the claims (if any) of the Paying Agents for reimbursement of any amounts paid to any party, to the extent that such sums have not been repaid to the Paying Agents ;

(v) fifth, to pay or provide for the payment on a *pari passu* basis (a) to the Operating Creditors on a *pari passu* basis, of Costs due to such Operating Creditors (other than the Trustee, the Lending Bank or the Loan Administrator) and (b) the other Costs of the Issuer;

(vi) sixth, in payment of any amounts due to the Liquidity Bank;

(vii) seventh, in payment of any amounts due to the Hedge Counterparty;

(viii) eighth, in or towards payment *pari passu* and rateably of all interest due and unpaid in respect of the Senior Notes and the A1 Advances,

(ix) ninth, in or towards payment *pari passu* and rateably of all principal moneys due and unpaid in respect of the Senior Notes and the A1 Advances and any other amounts due in respect of the Senior Notes and the A1 Advances;

(x) tenth, in or towards payment *pari passu* of all interest due and unpaid in respect of the Mezzanine Notes;

(xi) eleventh, in or towards payment pari passu and rateably of all principal moneys due and unpaid and any other amounts due in respect of the Mezzanine Notes; and

(xii) twelfth, the balance (if any) in payment to the Issuer;

and without prejudice to the provisions of this Clause 4(d) (*Post Enforcement Application of Proceeds*), or the corresponding provisions of the Trust Deed, if the Trustee holds any moneys which represent principal or interest in respect of Notes which have become void under these Conditions, the Trustee shall hold such moneys on the above trusts.

(e) Security:

The obligations of the Issuer to the Noteholders and other Secured Parties are secured by the Trust Deed pursuant to which the Issuer, with full title guarantee and as continuing security for the Secured Obligations, has created and agreed to create in favour of the Trustee as trustee for the Secured Parties the following security interests:

(i) a first fixed charge over all the Issuer's rights, title and interest in and to all moneys from time to time standing to the credit of the Issuer Account and the Liquidity Standby Account and its account at each Paying Agent, including any interest accrued or accruing thereon, in respect of the Notes, and the debts represented thereby; and

(ii) an assignment by way of security of all the Issuer's rights, title and interest in and to the Paying Agency Agreement, the Co-ordination Agreement, the Liquidity Facility Agreement, each Subscription Commitment Agreement and the Limited Recourse Funding Agreement; and

(iii) an assignment by way of security of all the Issuer's rights, title and interest under the Cap Agreement and the Issuer's rights to receive all sums derived therefrom; and

(iv) a floating charge over the whole of its undertakings and assets to the extent that such undertakings and assets are not effectively encumbered by the charge and assignment provided in paragraphs (i), (ii) and (iii).

(f) Agreement of the Lending Bank:

The Lending Bank has agreed in the Co-ordination Agreement that it will act upon the directions of the Loan Administrator. The Loan Administrator and the Lending Bank have agreed that they will not enforce the Underlying Security constituted by the Underlying Security Documents and the Issuer has agreed in the Co-ordination Agreement that it will not enforce the Limited Recourse Funding Agreement other than (except in certain limited circumstances related to the Underlying Security being in jeopardy when the Loan Administrator may act without direction) upon the directions of the Trustee which will itself act on its discretion or having received expert advice or following a direction to do so from the Noteholders by means of an Extraordinary Resolution or a Written Resolution provided that in any case it will not take any action unless indemnified and/or secured to its satisfaction.

5. Interest

(a) Accrual of interest:

Subject to Condition 5(b) *(Post-Conversion Terms)* in relation the Class A1 Notes the Notes bear interest on their nominal amount from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 7 *(Payments)* and Condition 8(a) *(Subordination)*. Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 *(Interest)* (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or (as the case may be) the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(b) Post-Conversion Terms:

Any Interest Period in relation to the Class A1 Notes which would otherwise extend beyond the date falling 48 months after the Issue Date shall end on such date falling 48 months after the Issue Date (unless the Conversion Date has occurred prior to such date) and Interest Periods applicable to the Class A1 Notes shall thereafter be the same as Interest Periods applicable to the Class A2 Notes.

If the Conversion Date occurs as a consequence of a Default Declaration, which is not a Note Default Declaration, prior to the date falling 48 months after the Issue Date, any interest period applicable to the Class A1 Notes which would otherwise extend beyond the next falling Interest Payment Date in relation to the Class A2 Notes shall end on such date and the Issuer shall not be obliged to pay interest in relation to the Class A1 Notes accruing in relation to the period commencing on the Interest Payment Date for Class A1 Notes falling immediately prior to the Conversion Date and ending on such Interest Payment Date in relation to the Class A2 Notes, until such Interest Payment Date in relation to the Class A2 Notes.

Thereafter Interest Periods, Rates of Interest and Interest Payment Dates in relation to the Class A1 Notes shall be the same as those applicable to the Class A2 Notes and shall be notified to the Holders and the Luxembourg Stock Exchange. The Margin applicable to the Class A1 Notes shall not be affected by the Conversion Date.

(c) Screen Rate Determination:

The Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Interbank Market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Relevant Interbank Market, selected by the Calculation Agent, at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in euro to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) Calculation of Interest Amount:

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the principal amount of such Note during such Interest Period and multiplying the product by the relevant Day Count Fraction.

(e) Calculation of other amounts:

The Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Supplemental Offering Circular.

(f) Publication:

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each stock exchange (if any) on which the Notes are then listed as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

(g) Notifications, etc:

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 (*Interest*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Paying Agents and the Noteholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

6. Redemption and Purchase

(a) Scheduled redemption:

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 7 (*Payments*).

(b) Mandatory Redemption:

The Issuer shall upon not less than four Business Days' prior notice redeem the Notes of any Class (in whole or in part and if in part, *pro rata* all Notes of such Class outstanding upon such redemption) on any Interest Payment Date in an amount equal to the corresponding principal repayment amount received by the Issuer under the Limited Recourse Funding Agreement, together with all accrued but unpaid interest thereon, up to and including such relevant Interest Payment Date.

(c) Redemption at Option of Issuer:

Subject to Condition 6(e)(*Purchase*) and except where Condition 6(b) (*Mandatory Redemption*) applies, the Issuer may, if the Trustee is satisfied that the Issuer has sufficient funds to make such redemption, redeem the Notes of any Class (in whole or in part and, if in part, *pro rata* all Notes of such Class outstanding upon such redemption) on any Interest Payment Date at the Optional Redemption Amount together with all accrued but unpaid interest thereon, up to and including such relevant Interest Payment Date.

(i) in the case of Class A1 Notes, upon no less than four Business Days' prior notice; and

(ii) in the case of Class A2 Notes and Mezzanine Notes upon no less than 30 days' and no more than 60 days' prior notice.

Such notices shall be given in accordance with Condition 18 (*Notices*).

(d) Priority of Redemption:

The Issuer shall not be entitled to redeem any Class A2 Notes pursuant to Condition 6(b) (*Redemption at Option of Issuer*) so long as any Class A1 Notes and A1 Advances remain outstanding or the Conversion Date has not occurred. The Issuer shall not be entitled to redeem any Mezzanine Notes pursuant to Condition 6(b) (*Redemption at Option of Issuer*) so long as any Class A2 Notes remain outstanding

(e) Purchase:

The Issuer may at any time purchase the Notes in the open market or otherwise and at any price.

(f) Cancellation:

All Notes redeemed or purchased by the Issuer shall be cancelled and may not be reissued or resold.

7. Payments

(a) Payment of Redemption Amount on Mezzanine Notes and Class A2 Notes:

This Condition 7(a) (*Payment of Redemption Amount on Notes*: Payment of the Redemption Amount (together with accrued interest) due in respect of Notes will be made against presentation and, save in the case of partial payment of the Redemption Amount, surrender of the relevant Certificate at the specified

office of the Registrar or any Paying Agent. If the due date for payment of the Redemption Amount of any Note is not a Business Day, then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, and from that next day and thereafter will be entitled to received payment by cheque on any Business Day, and will be entitled to payment by transfer to a designated account on any day which is a Business Day, and will be entitled to a payment by transfer to a designated account on any day which is a Business Day and a day on which commercial banks and foreign exchange markets settle payment euro and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 5(a) (*Accrual of Interest*).

(b) Payment of amounts other than Redemption Amount:

Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Notes will be paid to the Holder thereof (or, in the case of joint Holders the first-named) as appearing in the Register as at opening of business (local time in the place of the specified office of the Registrar) on the fifteenth Business Day before the due date for such payment (the "**Payment Record Date**").

(c) Currency of payments:

Notwithstanding the provisions of Condition 7(e)(ii) (Method of Payments), payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Notes will be made in euro by cheque and posted to the address (as recorded in the Register) of the Holder thereof (or, in the case of joint Holders, the first-named) on the relevant Business Day not later than the relevant due date for payment unless prior to the relevant Payment Record Date the Holder thereof (or, in the case of joint Holders, the first-named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account denominated in euro on the relevant due date for payment by transfer to such account. In the case of payment by transfer to an account, if the due date for any such payment is not a Business Day, then the Holder thereof will not be entitled to payment thereof until the first day thereafter which is a Business Day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5(a) *(Accrual of Interest)*.

(d) Method of Payment:

Payment of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in euro (A) by cheque or (B) at the option of the payee, by transfer to an account denominated in euro. Payments will, without prejudice to the provisions of Condition 9 (*Taxation*), be subject in all cases to any applicable fiscal or other laws and regulations. The Noteholder shall surrender the Note Certificate to the Paying Agent in case of a payment of principal.

(e) Principal Residual Amount:

If after the enforcement and realisation of the Note Collateral the aggregate funds available to the Issuer for application in or towards the payment of principal which is, subject to this Condition 7 (*Payments*), due on the Senior Notes and on the Mezzanine Notes (as the case may be) on such date (such aggregate available funds being referred to in this Condition 7 (*Payments*) as the "**Principal Residual Amount**") are insufficient to pay in full the Principal Outstanding Amount (as defined in Condition 2 (*Interpretation*)), there shall (subject to the other provisions hereof and in particular Condition 4 (*Status of the Notes, Security and Directions by the Trustee regarding enforcement of the Underlying Security*)) be paid on each Note in each Class an equal *pro rata* share of the Principal Residual Amount by reference to the Principal Outstanding Amount of all the Notes of that Class then outstanding.

(f) Limited Recourse:

In the event that the Security in respect of the Notes is enforced and the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority to, or *pari passu* with and realisation of all of the Note Collateral, the Notes of any Class under the Trust Deed, to pay in full all principal and interest and other amounts whatsoever due in respect of the Notes of such Class, the Noteholders of such Class shall have no further claim against the Issuer in respect of any such unpaid amounts.

8. Subordination

(a) General:

In the event that the aggregate funds, if any, available to the Issuer on any Interest Payment Date for application in accordance with the provisions hereof and in particular Condition 4 (*Status of the Notes, Security and directions by the Trustee regarding enforcement in relation to the Underlying Security*) in or towards the payment of interest which is due on the Senior Notes and/or the Mezzanine Notes on such Interest Payment Date are not sufficient to satisfy in full the aggregate amount of interest which is, but for this Condition 8 (*Subordination*), otherwise due on the Senior Notes or Mezzanine Notes (as the case may be) on that Interest Payment Date then, notwithstanding any other provision of these Conditions, there shall (subject to the priority (as the case may be) of payments set out in Condition 4 (*Status of the Notes, Security and directions by the Trustee regarding enforcement in relation to the Underlying Security*)) be payable on that Interest Payment Date, by way of interest on each Senior Note and thereafter each Mezzanine Note, a *pro rata* proportion of such aggregate funds calculated by reference to the ratio borne by the then Principal Outstanding Amount of such Senior Note or Mezzanine Note, (as the case may be) to the then aggregate Principal Amount Outstanding Amount of all Senior Notes or Mezzanine Notes (as the case may be).

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid on the Notes of the relevant Class on any Interest Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Notes of such Class on that date pursuant to Condition 4 (*Status of the Notes, Security and directions by the Trustee regarding enforcement in relation to the Underlying Security*). Such shortfall shall (in the case of the Mezzanine Notes) not be treated as due on that date for the purposes of Condition 11 (*Events of Default*) and (in the case of each Class of Notes) shall accrue interest at the Rate of Interest applicable to the relevant Class for the Interest Period then ending. If, after the realisation of the Security represented by the Note Collateral, there remains such a provision for shortfall, such amount will no longer be payable to the Noteholders of such Class and the Noteholders of such Class will have no claim against the Issuer for such amount.

(b) Mezzanine Deferral Condition:

Upon the occurrence of a Mezzanine Deferral Condition and for so long as such event is continuing, no interest will be paid on the Mezzanine Notes and the entitlement of the Mezzanine Noteholders to such interest will be deferred. Any such deferred interest will itself bear interest, during each Interest Period which it remains outstanding at its Rate of Interest applicable to the Mezzanine Notes for such Interest Period and will only be payable upon the relevant Mezzanine Deferral Condition ceasing to exist and in accordance with the provisions of these Conditions and otherwise as described herein Notice of the occurrence of a Mezzanine Deferral Condition shall be made in accordance with Condition 18 (*Notices*) promptly after such occurrence.

9. Taxation

(a) Withholding Taxes:

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by Jersey or the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event the Issuer or the relevant Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer, any Paying Agent nor the Registrar is required to make any additional payments to Noteholders for any deductions made for tax.

(b) Taxing jurisdiction:

If the Issuer becomes subject at any time to any taxing jurisdiction other than Jersey or the United Kingdom, references in these Conditions to Jersey shall be construed as references to Jersey or the United Kingdom and/or such other jurisdiction.

10. Negative Covenants of the Issuer

The Issuer, in the Trust Deed, will covenant with the Trustee that, so long as any of the Notes are outstanding, it will not, save to the extent permitted therein or with the prior written consent of the Trustee:

(i) engage in any business (other than issuing the Notes, entering into transactions, activities or agreements arising from or relating to the Notes or the Transaction Documents, performing its obligations and exercising its rights thereunder and any other reasonably incidental activities);

(ii) have any employees or premises;

(iii) pay any dividends or make any distribution in respect of its share capital, issue any additional shares or incur or permit to subsist any indebtedness for borrowed money whatsoever;

(iv) sell or otherwise dispose of all or any part of the Note Collateral or any interest therein or agree or purport to do so;

(v) create or permit to exist upon or affect all or any part of the Note Collateral any Encumbrance whatsoever other than as contemplated by the Trust Deed;

(vi) consolidate or merge with any other person or convey or transfer its property or assets substantially in their entirety to any person;

(vii) permit any Transaction Document to be amended, terminated, postponed or discharged or agree to any such amendment, or permit any person whose obligations form part of the Note Collateral to be released from such obligations in each case without the prior written consent of the Trustee;

(viii) have any subsidiaries.

(ix) have as its director any person who (A) is a director, officer, shareholder or employee of any of the Borrowers or any of their associated or affiliated companies, (B) has any contractual relationship with any of the Borrowers or (C) is a member of any pension, benefit or other super-annuation scheme of any of the Borrowers.

11. Events of Default

(a) Enforcement: If any of the following events occurs (each a "**Note Event of Default**"*):*

(i) Non-payment:

The Issuer fails to pay any amount of principal or interest in respect of the Notes (of any Class outstanding) or A1 Advance within 10 days of the due date for payment thereof; or

(ii) Breach of other obligations:

The Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes (of any Class outstanding) or the Trust Deed and such default (A) is, in the opinion of the Trustee, incapable of remedy or (B) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 30 days (or such longer period as the Trustee in its sole discretion may permit) after written notice thereof, addressed to the Issuer by the Trustee requiring the same to be remedied; or

(iii) Insolvency etc:

(A) the Issuer becomes insolvent or is unable to pay its debts as they fall due, (B) an administrator or liquidator of the Issuer or the whole or any part of the undertaking, assets and revenues of the Issuer is appointed (or application for any such appointment is made), (C) the Issuer takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness the Issuer ceases or threatens to cease to carry on all or (in the opinion of the Trustee) any substantial part of its business; or

(iv) Winding up etc:

An order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer; or

(v) Analogous event:

Any event occurs which under the laws of Jersey has an analogous effect to any of the events referred to in paragraphs (i) and (iv) above,

then the Trustee (A) may at its discretion or, (B) shall if so required in writing by holders of at least one fifth in principal amount of all Series of Senior Notes then outstanding (so long as any of the Senior Notes remain outstanding) and thereafter all Series of the Mezzanine Notes then outstanding, or if so directed in an Extraordinary Resolution or Written Resolution of the holders of such Series, provided in any case that it has been indemnified or secured to its satisfaction, by written notice to the Issuer declare all the Notes of each Series of Notes then outstanding to be immediately due and payable and the Security in relation thereto to be enforceable, whereupon the Notes shall become immediately due and payable at their principal amount outstanding together with accrued interest without further action or formality and the Security constituted under the Trust Deed shall immediately become enforceable. Notice of any such declaration shall promptly be given by the Issuer to the other Secured Parties.

(b) Only Trustee may enforce:

Only the Trustee may pursue the remedies available under the Trust Deed and these Conditions to enforce the rights of the Noteholders in relation to the Notes. No Noteholder or other Secured Party is entitled to proceed directly against the Issuer or any assets of the Issuer unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed or these Conditions, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. However, the Trustee shall not be bound to take any action to enforce the Security or pursue the remedies available under the Trust Deed or these Conditions or otherwise take any action unless it is indemnified and/or secured to its satisfaction and has been directed to do so in the manner set out in Condition 11 (a) (Enforcement) and the Trust Deed.

(c) No further action:

After realisation of the Security and distribution of the proceeds thereof in accordance with the Trust Deed and these Conditions, neither the Trustee nor any Noteholder or other Secured Party may take any further steps against the Issuer, or any of its assets to recover any sums due but unpaid in respect of the Notes or otherwise and all claims and all rights to claim against the Issuer in respect of each such unpaid sums shall be extinguished.

(d) No insolvency proceedings:

No Noteholder or any other Secured Party nor the Trustee on their behalf, may institute against, or join any person in instituting against the Issuer any bankruptcy, winding-up, re-organisation, arrangement, insolvency or liquidation proceeding (except for the appointment of a receiver and manager pursuant to the terms of the Trust Deed) or other proceeding under any similar law nor shall any of them have any claim in respect of any such sums over or in respect of any assets of the Issuer which form part of the Security.

(e) Shortfall in proceeds:

The proceeds of enforcement of the Security may be insufficient to pay any or all amounts due to the Noteholders and the other Secured Parties, in which event claims in respect of all such unpaid amounts shall be extinguished.

12. Prescription

Claims for principal shall become void unless the relevant Certificates are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Certificates are presented for payment within five years of the appropriate Relevant Date.

13. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of a Replacement Agent, subject to all applicable laws and as required by the rules of the Luxembourg Stock Exchange, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14. A1 Advance Option

(a) A1 Advances:

Pursuant to the terms of a Subscription Commitment Agreement, each Subscriber may from time to time exercise an option to make A1 Advances rather than purchase Class A1 Notes. Each A1 Advance made under a Subscription Commitment Agreement shall be subject to and secured by the Trust Deed. The provisions of this Condition 14 (*A1 Advance Option*) provide for the application and modification of the Conditions to the A1 Advances.

(b) Subscriber List:

The Issuer will maintain a list (the "**Subscriber List**") in respect of each Subscription Commitment Agreement. For the purposes of these Conditions the "holder" of a Note and "Noteholder" shall, if a Subscriber has exercised the option described in Condition 14(a) (*A1 Advances*) and made an A1 Advance in lieu of subscribing for a Class A1 Note, be construed as referring to such Subscriber and Noteholder.

(c) Transfer:

Pursuant to the terms of a Subscription Commitment Agreement, a Subscriber may not assign or transfer any A1 Advance made by it unless the Subscriber transfers its subscription commitment in respect of such A1 Advance under the Subscription Commitment Agreement to which the Subscriber is party.

(d) Priority of A1 Advances:

The A1 Advances are senior, secured, limited recourse obligations of the Issuer. A1 Advances will rank *pari passu* with the Senior Notes without any preference amongst themselves. The Secured Parties for the purposes of Condition 4(e) (*Security*) shall include each Subscriber which has made an A1 Advance.

(e) Interest on A1 Advances:

Each A1 Advance shall accrue and bear interest in accordance with Condition 5 (*Interest*) as if, for that purpose, it were a Class A1 Note and the Calculation Agent will calculate the Interest Amount payable in respect of such A1 Advance as if it were a Class A1 Note with a principal amount of the amount of such A1 Advance in accordance with Condition 5(d) (*Calculation of Interest Amount*) but so that the Interest Basis shall be EURIBOR plus 1.00 per cent., Specified Interest Payment Dates will be the 20th day of each month (subject to Condition 5(b)), the Business Day Convention shall be that applicable to Class A2 Notes, Reference Rate shall be EURIBOR one month (subject to Condition 5(b)) and Relevant Screen Page, Interest Determination Date, Relevant Time, Relevant Interbank Market and Relevant Financial Centre shall be that applicable to Class A2 Notes and shall provide notice thereof to the Issuer and the Cash Manager and the provisions of Condition 5(g) (*Notifications, etc.*) shall be applicable to each Subscriber which has made such A1 Advance.

(f) Repayment:

The provisions of Condition 6 (*Redemption and Purchase*) shall apply to each A1 Advance as if it were a Class A1 Note but so that references to "redemption" and "redeem" shall be construed as references to "repayment" and "repay".

(g) Payments:

Payment of amounts (whether principal, interest or otherwise) due in respect of A1 Advances will be made in euro by cheque or by transfer to the account specified by the relevant Holder. If the due date for payment

of the redemption amount of any A1 Advance is not a Business Day, then the holder of such A1 Advance will not be entitled to payment until the next Business Day, and the provisions of Condition 7(a) (*Payment of Redemption Amount on Notes*) shall otherwise apply.

(h) Principal Residual Amount and Subordination:

The provisions of Condition 7(e) (*Principal Residual Amount*) and Condition 7(f) (*Limited Recourse*) shall be construed as if references to the Senior Notes and the Class A1 Notes include references to each A1 Advance then outstanding.

(i) Taxation of A1 Advances:

The provisions of Condition 9 (*Taxation*) shall apply to each A1 Advance as if it were a Note for such purpose.

(j) Consents and Events of Default:

The provisions of Condition 10 (*Negative Covenants of the Issuer*) and Condition 11 (*Events of Default*) shall be applicable to each A1 Advance and each Subscriber which has made an A1 Advance will have the same rights it would have had if it had subscribed for a Class A1 Note, Provided that the final paragraph of Condition 11 shall be construed such that a written direction of a Subscriber of Senior Notes shall, if at such time any Subscriber has no Class A1 Notes in issue, mean a written direction of such Subscriber.

(k) Meetings of Noteholders:

If, at any time any Subscriber has no Class A1 Notes in issue but has instead A1 Advances outstanding, the provision of Condition 17 (*Meetings of Noteholders*) shall be construed as if that Subscriber had Class A1 Notes outstanding in an amount equal to the principal amount of A1 Advances then outstanding. If any Subscriber has some Class A1 Notes and some A1 Advances outstanding, the provisions of Condition 17(a) shall apply.

15. Trustee and Agents

(a) Agents:

In acting under the Paying Agency Agreement and in connection with the Notes, the Paying Agents, the Registrar, the Transfer Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Paying Agents, Registrar, Transfer Agent and their respective initial Specified Offices are listed below. The initial Calculation Agent is specified in the relevant Supplemental Offering Circular. The Issuer reserves the right at any time to vary or terminate, subject to the prior written approval of the Trustee, the appointment of any Paying Agent, Registrar or Transfer Agent and to appoint a successor thereto or Calculation Agent and additional or successor paying agents; *provided, however,* that:

(i) the Issuer shall at all times maintain a Principal Paying Agent;

(ii) the Issuer shall at all times maintain a Registrar;

(iii) the Issuer shall at all times maintain a Transfer Agent;

(iv) the Issuer shall at all times maintain a Paying Agent in the City of Luxembourg;

(v) there shall at no time be a Paying Agent in Jersey;

(vi) the Issuer shall at all times maintain a Calculation Agent;

(vii) if and for so long as the Notes are listed on any stock exchange which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent or Transfer Agent (as the case may be) having its Specified Office in the place required by such stock exchange (and if the Notes are listed on the Luxembourg Stock Exchange, the Issuer shall maintain a Paying Agent and a Transfer Agent having their Specified Office in Luxembourg); and

(viii) the Paying Agents, Transfer Agents and the Calculation Agent reserve the right (with the prior written approval of the Trustee) at any time to change their respective Specified Office in the same city.

Notice of any change in any of the Paying Agents, Registrar and Transfer Agent or in their Specified Offices may be made with the consent of the Trustee and shall promptly be given to the Noteholders and the Trustee.

(b) Trustee:

(i) In connection with the exercise of its powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution as aforesaid) the Trustee shall not have regard to the consequences of such exercise for any individual Noteholder resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

(ii) The Trust Deed contains provisions allowing the Trustee to have regard to the interests of the holders of the Senior Notes (which includes the Subscribers of A1 Advances) for so long as there are Senior Notes or A1 Advances outstanding and thereafter to the interests of the Mezzanine Notes. It will have no responsibility to the other Secured Parties other than to ensure that they receive payment in accordance with the application of monies provisions set out in Condition 4(d) (*Status of the Notes, Security and directions by the Trustee regarding enforcement in relation to the Underlying Security*).

16. Indemnification of the Trustee

(a) Trustee's indemnity:

The Trust Deed contains provisions for indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any actions (including declaring the Notes due and payable pursuant to these Conditions and the taking of proceedings to enforce repayment or directing the Issuer to make a Default Declaration in relation to the Limited Recourse Funding Agreement or directing the Lending Bank (via the Loan Administrator) to make a Default Declaration in relation to the Secured Loan Agreement) unless indemnified to its satisfaction and to be paid its costs and expenses in priority to the claims of the Noteholders and the other Secured Parties. The Trustee or any of its affiliates is entitled to enter into business transactions with the Issuer, any issuer or guarantor of (or other obligor in respect of) any of the securities or other assets, rights and/or benefits comprising the Note Collateral or the Noteholders or any of their respective subsidiaries or associated companies without accounting to the Noteholders for any profit resulting therefrom.

(b) Exclusion of liability of Trustee in relation to the Note Collateral:

The Trustee shall not be responsible for, nor shall it have any liability with respect to any loss, diminution in value or theft of all or any part of the Note Collateral, from any obligation to insure all or any part of the Note Collateral (including, in either such case, any documents evidencing, constituting or representing the same or transferring any rights, benefits and/or obligations thereunder) or to procure the same to be insured or monitoring the adequacy of any insurance arrangements.

(c) Exclusion of liability of Trustee in relation to Underlying Collateral and to Note Collateral:

The Trustee or any of its affiliates is entitled to enter into business transactions with the Issuer, any issuer or guarantor of (or other obligors in respect of) any of the securities or other assets, rights and/or benefits comprising the Underlying Collateral without accounting to the Noteholders for any profit resulting therefrom. Subject as further provided in the Trust Deed, the Trustee will not be liable for any failure to make the usual or any investigations which might be made by a security holder in relation to the Note Collateral or the Underlying Collateral (or any of the assets comprised therein or represented thereby otherwise) and shall not be bound to enquire into or be liable for defect or failure in the right or title of the Issuer to the Note Collateral or the Underlying Collateral (or any of the assets comprised therein or represented thereby or otherwise) whether such defect or failure was known to the Trustee or might have been discovered upon examination or enquiry or whether capable of remedy or not; nor will it have any

liability for the enforceability of the Security or the Underlying Collateral whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting the Security or the Underlying Security.

17. Meetings of Noteholders; Modification and Waiver

(a) Meetings of Noteholders:

The Trust Deed contains provisions allowing the Noteholders to resolve by Written Resolution or Extraordinary Resolution at a Noteholder meeting matters relating to the Notes, including the modification of any provision of the Trust Deed and these Conditions. The Noteholders may be called upon to resolve by Written Resolution or Extraordinary Resolution at a Noteholder meeting by the Trustee or the Issuer, or by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes of the relevant Class.

Each Subscriber, the name of whom is entered in the Subscriber List pursuant to each Subscription Commitment Agreement, shall have the right to vote as a Class A1 Noteholder to the extent that it is such a Noteholder and in respect of A1 Advances made by it. Each Class A1 Noteholder irrevocably delegates to the Subscribers all such voting rights and references to voting, requests or directions in these Conditions shall be construed accordingly. In considering the votes of Class A1 Noteholders the Trustee shall only have regard to the votes of Subscribers (acting on behalf of the Class A1 Noteholders) and shall in that regard only consider the votes of Subscribers by reference to their respective commitments under each Subscription Commitment Agreement and so that for such purpose all of the Subscribers so registered shall be considered to represent 100 per cent. of the Class A1 Noteholders and each Subscriber shall be considered to represent that percentage of the Class A1 Noteholders which its Commitment bears to the aggregate Commitments of all of the Class A1 Noteholders at that time. In considering the votes of a Subscriber who has made an A1 Advance, the Trustee shall have regard to the votes of such subscriber by reference to its outstanding A1 Advances.

The quorum at any meeting convened to vote at a meeting on an Extraordinary Resolution will be two or more Persons holding or representing one more than half or, in the case of a resolution to consider a Reserved Matter, not less than three quarters of the aggregate principal amount of the outstanding Notes (which, in the case of Class A1 Notes, can include A1 Advances), at any adjourned meeting, two or more Persons being or representing Noteholders (or in the case of a meeting of Class A1 Noteholders or where there are A1 Advances outstanding but no Class A1 Notes outstanding, Subscribers) or in the case of a resolution to consider a Reserved Matter, one quarter of the Notes held or represented (which, in the case of Class A1 Notes, can include A1 Advances) whatever the principal amount.

No Written Resolution or Extraordinary Resolution passed by the Mezzanine Noteholders shall be effective unless it is sanctioned by a Written Resolution or an Extraordinary Resolution of the Senior Noteholders (which, in the case of a Subscriber for an A1 Advance which include such a Subscriber) (to the extent that the Senior Notes (which, in the case of Class A1 Notes, can include A1 Advances) are then outstanding) and no Written Resolution or Extraordinary Resolution passed by the Class A2 Noteholders shall be effective unless sanctioned by a Written Resolution or Extraordinary Resolution of the Class A1 Noteholders (to the extent that any Class A1 Notes are then outstanding (which, in the case of Class A1 Notes, can include A1 Advances)). Any Written Resolution or Extraordinary Resolution duly passed as aforesaid shall be binding on the Trustee and on all the Noteholders and all other Secured Parties.

(b) Modification and waiver:

The Trustee may agree, without the consent of the Noteholders or any other Secured Party to (i) any modification of any provision of these Conditions the Trust Deed or the other Transaction Documents to which it is a party or over which it has Security which is of a formal, minor or technical nature or is made to correct a manifest error and (ii) any other modification (except as mentioned in the Trust Deed) and any waiver or authorisation of any breach or proposed breach, of any provision of these Conditions, the Trust Deed or the other Transaction Documents to which it is a party or over which it has Security which is in the opinion of the Trustee not materially prejudicial to the interests of the Senior Noteholders for so long as any Senior Notes are outstanding and thereafter the Mezzanine Noteholders. In addition, the parties to the Paying Agency Agreement may agree to modify any provision thereof, save that the Trustee shall only agree to any such modification if, in the opinion of the Trustee, such modification is not materially

prejudicial to the interests of the Senior Noteholders for so long as any Senior Notes are outstanding and thereafter the Mezzanine Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and all other Secured Parties. Any other modification or waiver of these Conditions, the Trust Deed or any other Transaction Document to which it is a party or over which it has Security shall require the consent of the Noteholders.

18. Notices

Notices to Holders will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the Register) at their respective addresses as recorded in the Register, (and with a copy to the Trustee) and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day. For so long as the Notes are listed on the Luxembourg Stock Exchange, any notices to Holders must also be published in a newspaper of general circulation in Luxembourg (which is expected to be the *Luxembourg Wort*) and, in addition to the foregoing, will be deemed validly given only after the date of such publication.

19. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Supplemental Offering Circular), all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.).

20. Governing Law and Jurisdiction

(a) Governing law:

The Notes are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction:

The Issuer has, in the Trust Deed, agreed that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes (respectively, "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

(c) Appropriate forum:

The Issuer has, in the Trust Deed, irrevocably waived any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

(d) Process agent:

The Issuer has, in the Trust Deed, agreed that the process by which any Proceedings in England are begun may be served on it by being delivered to Clifford Chance Secretaries Limited at 200 Aldersgate Street, London EC1A 4JJ or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such Person is not or ceases to be effectively appointed to accept service of process on the Issuer's behalf, the Issuer shall appoint a further Person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Trustee shall be entitled to appoint such a Person. Nothing in this paragraph shall affect the right of the Trustee to serve process in any other manner permitted by law.

(e) Non-exclusivity:

The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the Trustee to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

DESCRIPTION OF THE ISSUER

General

The Issuer was incorporated on 10th February 2000 as a public company of unlimited duration and with limited liability under the Companies (Jersey) Law 1991 as amended. Its registration number is 76263

The registered office and principal place of business of the Issuer is 47 Esplanade, St. Helier, Jersey, Channel Islands JE1 OBD at which the Issuer's register of members is kept.

The Issuer was incorporated, among other things, to facilitate the raising of finance for the Borrowers.

The Issuer is wholly owned by Dominion Corporate Trustees Limited (acting solely in its capacity as trustee of The Marne Charitable Trust), a trust company incorporated in Jersey and having its registered office at 47 Esplanade, St. Helier, Jersey, Channel Islands JE1 OBD. The Issuer has no subsidiaries.

Directors and Secretary

The Directors of the Issuer are:

Name	Occupation
Michael George Best	Director of SFM Offshore Limited and Dominion Corporate Services Limited
Graham Edward Journeaux	Director of SFM Offshore Limited and Dominion Corporate Services Limited

The Directors of the Issuer have their business address at 47 Esplanade, St. Helier, Jersey, Channel Islands JE1 OBD.

The Secretary of the Issuer is SFM Offshore Limited whose registered office is at 47 Esplanade, St. Helier, Jersey, Channel Islands JE1 OBD.

Corporate Administrator of the Issuer

The Corporate Administrator of the Issuer is SFM Offshore Limited a company incorporated under the Companies (Jersey) Law 1991, as amended, and having its registered office at 47 Esplanade, St. Helier, Jersey, Channel Islands JE1 OBD (the "**Corporate Administrator**") which has been appointed pursuant to a Corporate Administration Agreement dated 16th March 2000.

Principal Bankers

The principal bankers of the Issuer are Deutsche Bank AG London.

Share Capital

The authorised share capital of the Issuer consists of £10,000 divided into ten thousand ordinary shares of £1 par value each, of which £2 has been issued and paid up as at the date of this Offering Circular.

Capitalisation and Indebtedness

The unaudited capitalisation of the Issuer as at the date of this Offering Circular, unadjusted for the Notes to be issued under this Programme is as follows:

Share Capital	As at 16th March 2000
Total Share Capital	£2
Loan Capital	nil

There are no other outstanding loans or subscriptions, allotments or options in respect of the Issuer.

There has been no material adverse change in the financial position of the Issuer since its date of incorporation.

There is no goodwill in the balance sheet of the Issuer, nor will any goodwill need to be written off upon the issue of the Notes.

Financial Year

The financial year of the Issuer runs from 1st January to 31st December. The first financial statements of the Issuer will be published for the 31st December 2000. There has been no material change in the activities of the Issuer since its incorporation.

The Issuer has appointed KPMG as its auditors.

Business of the Issuer

The Issuer has no business operations of its own.

Principal Subsidiaries of the Issuer

The Issuer has no subsidiaries.

DESCRIPTION OF THE LENDING BANK

Lloyds TSB Bank plc ("**LTSB**"), acting through its Brussels, Belgium branch located at 2 Avenue de Tervuren, B-1040 Brussels, Belgium, will act as the Lending Bank. LTSB is a public limited liability company duly organised under the laws of England and Wales, is a wholly owned banking subsidiary of Lloyds TSB Group plc (the "**LTSB Group**"), and is regulated by the Personal Investment Authority and IMRO. LTSB carries short-term credit ratings of A-1+/P-1 and long-term credit ratings of AA/Aaa from Standard & Poor's and Moody's respectively.

LTSB Group is a leading UK-based financial services group, whose subsidiaries and associated companies provide a comprehensive range of banking and financial services in the UK and overseas. LTSB was formed from the merger of Lloyds Bank Plc and TSB Group Plc in 1999. These two banking groups had themselves grown through a series of mergers involving banks whose origins in some cases dated back to the eighteenth century.

At December 31st 1998, LTSB Group employed over 76,000 people, had total group assets of £176 billion and a market capitalisation of £42.4 billion.

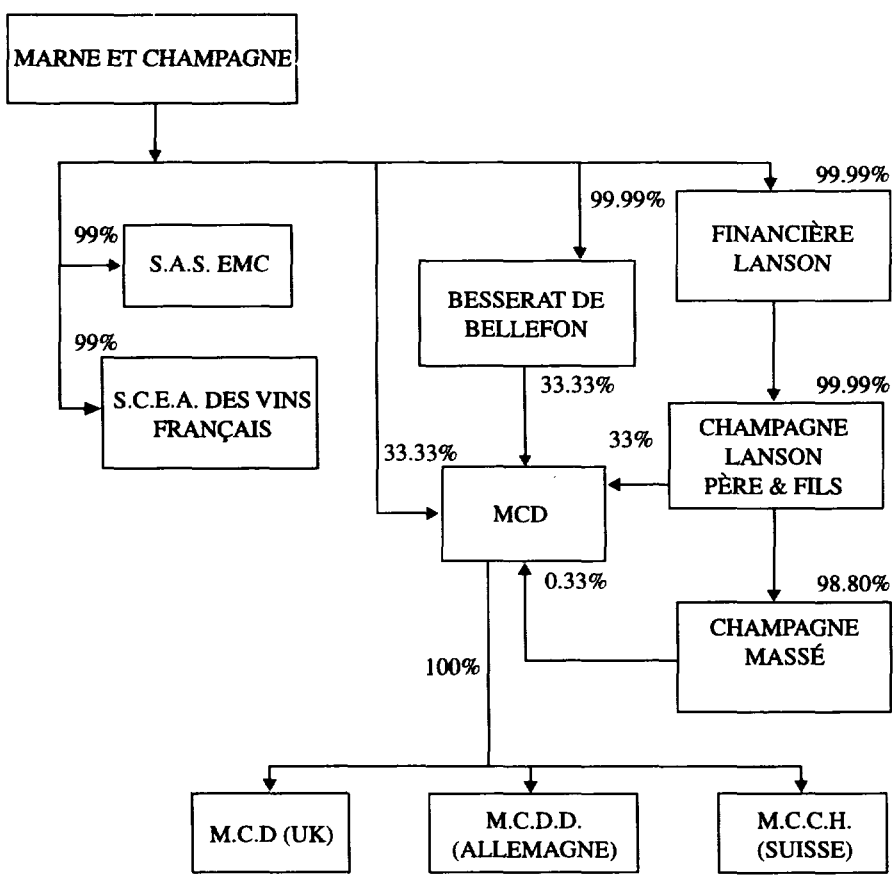
DESCRIPTION OF THE GROUP

Overview

Marne et Champagne and its subsidiaries (as described in the organisation chart below excluding S.C.E.A. des Vins Français) (the "**Group**") are the second largest producers of champagne in the world and Marne et Champagne S.A. ranks first in terms of sales of champagne in France. The Group had consolidated sales of approximately FRF 1.554 billion in 1998 and FRF1.33 billion in 1997 and the Group reported consolidated net income of FRF 96.1 million in 1998 and FRF10.4 million in 1997, excluding M.C.D. (UK), M.C.D.D. (Allemagne) and M.C.C.H. (Suisse).

The Borrowers' products are sold in over 80 countries, with the Borrowers holding a 7.1 per cent. share of the overall world market, an 8 per cent. share of the European champagne market, and a 10 per cent. share of the Asian market in 1998. Its champagne labels include *Lanson* and *Besserat de Bellefon*. The Group also distributes wines of Cie Vinicole des Barons Edmond et Benjamin de Rothschild, as well as whisky, port, cognac, vodka, liqueurs and gin.

The chart below sets forth the current corporate structure of the Group:



Background

In the early 1930's, the founder of Marne et Champagne, Mr Gaston Burtin, became a champagne merchant (*négociant*). In 1956, he acquired the Maison Gauthier, founded in 1858, which would become Marne et Champagne, a champagne house with extensive facilities in Epernay and a product line which included the labels *Gauthier, Giesler and Geismann.*

In 1990, Mr Burtin entrusted the management of Marne et Champagne to his grandniece Mrs. Marie-Laurence Mora and her husband, who continue to manage the Group to this day.

In February 1991, the Group's parent acquired *Besserat de Bellefon* which became a label of Marne et Champagne through a corporate reorganisation in 1996.

In the same year, Marne et Champagne acquired Lanson with Allied Domecq. Allied Domecq became responsible for the distribution of Lanson champagne outside of France and Switzerland. The distribution arrangement with Allied Domecq was terminated in 1996 and the Group resumed distribution of the *Lanson* products. Allied Domecq's interest in Lanson was purchased by the Group in 1999.

The Group has entered into agreements commencing in 1991 with certain members of the Rothschild family for the limited use of the *Alfred Rothschild et. Cie* trademark. In 1995, the Borrowers established S.N.C. MCD to centralise distribution of the Borrowers' products.

Production

Supply

For the most part, the Borrowers' products are made directly from grapes of the Pinot Noir, Pinot Meunier and Chardonnay grape varieties. The Borrowers purchase their grapes from grapegrowers harvesting 2,125 hectares of vineyards covering 120 villages, representing approximately 12 per cent. of all grapes sold to champagne merchants. The Borrowers believe that their supply from such a variety of sources allows them to produce a wide range of cuvées with different qualities and aromas.

Facilities

The Borrowers' highly-automated facilities have the capacity to stock up to 285,000 hectolitres of wine in vats and to produce up to 24 million bottles including 2 million bottles of the same cuvée per year. The Borrowers do not use the malolactic fermentation, which is believed to impede freshness and good ageing (see "The Champagne Industry – How Champagne is Made"). Seven production lines and 14 dispatching platforms allow the handling of up to 160,000 bottles per day. Up to 70 million bottles may at any time be ageing in the Borrowers' cellars.

Products

All of the Group's principal products are produced by the Borrowers. The Borrowers' products are described below.

Champagne Lanson Père & Fils

The Lanson champagne house had sales of approximately FRF 545,000,000 in 1998. The house was founded in 1760 and is one of the oldest champagne houses. The principal products of the Lanson line are *Lanson Noble Cuvée, Lanson Gold Label, Lanson Black Label* and *Lanson Ivory Label.*

Marne et Champagne

The Marne et Champagne house had sales of approximately FRF 972,000,000 in 1998. *Marne et Champagne* distributes the *Alfred Rothschild et Cie, Gauthier, Pol Gessner, Geismann* and *Giesler* labels. The house also produces champagne under private label for distributors.

Besserat de Bellefon

The Besserat de Bellefon champagne house had sales of approximately FRF 90,000,000 in 1998. Established in 1843, its distribution is limited to certain specialised channels such as fine restaurants, luxury food

stores and private customers. The house is known for its Cuvée des Moines, a champagne with finer bubbles produced by few champagne houses. The house also produces under the *Grande Tradition and Grande Cuvée B de B labels*, as well as white and rosé vintages.

Other Products

The Group also distributes wines of Cie Vinicole des Barons Edmond et Benjamin de Rothschild, as well as whisky, port, cognac, vodka, liqueurs and gin. These activities generated sales of approximately FRF 23,000,000 in 1998.

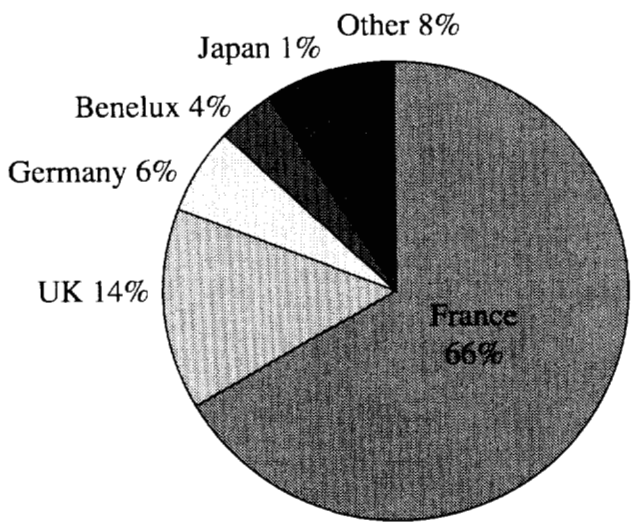
Customers

The Group distributes the Borrowers' products through various available channels, including hotels, restaurants, bars, duty free outlets and airlines in over 80 countries. The total world market for champagne and the distribution of the Group's champagne sales across its principal markets for the year 1998 are set forth below.

Country	World Volume (million bottles per country)	Volume per country as percentage of world volume (%)	M&C Market Share by country (%)
France	179	61%	8%
United Kingdom	24	8%	12%
Germany	19	7%	6%
Belgium	10	3%	9%
Japan	3	1%	10%
Other	56	20%	3%

Source: Marne et Champagne

Marne et Champagne Sales in 1998 by Country



Source: Marne et Champagne

Competition

The Group sold 7.1 per cent. of world sales of champagne in 1998. Its principal competitors were LVMH with 19.9 per cent. of world champagne sales, Rémy-Cointreau, with 4.1 per cent. of world champagne sales, Hicks Muse, with 3.8 per cent. of world champagne sales and Laurent Perrier with 3.6 per cent. of world champagne sales in 1998.

The Borrowers

Marne et Champagne – General

Marne et Champagne is a company incorporated under the laws of France on 20th November 1958. The duration of the corporate life of Marne et Champagne, originally fixed at 50 years from 20th November 1958, has been prorogated to 31st December 2050. The issued share capital of Marne et Champagne is EUR16,945,740. The registered office of Marne et Champagne is located at 22, rue Maurice Cerveaux, 51200, Épernay, France.

Principal Shareholders

The table below sets forth the name and shareholdings of the principal shareholders of Marne et Champagne as at the date of this Offering Circular.

Name	% of Shares	% of Voting Rights
Champagnes Giesler	69.94	69.94
Société Mobilière de Gestion	29.78	29.78
Others	0.28	0.28
Total	100	100

Through her direct or indirect shareholdings, Marie-Laurence Mora controls the Group.

Directors

The name and position of the members of the Board of Directors of Marne et Champagne are set forth below.

Name	Position within Marne et Champagne
Marie-Laurence Mora	President
Francois-Xavier Mora	Directeur General
S.A. Société des Champagnes Giesler represented by Georges Alnot	N/A

Lanson – General

Lanson is a company incorporated under the laws of France on 25th April 1991. The duration of the corporate life of Lanson, is prorogated to 27th June 2087. The issued share capital of Lanson is 668,250,000 French Francs. The registered office of Lanson is 12 Boulevard Lundy, 51100, Reims, France.

Principal Shareholders

The table below sets forth the name and shareholdings of the principal shareholders of Lanson as at the date of this Offering Circular.

Name	% of Shares	% of Voting Rights
Financière Lanson	99.99	99.99

Directors

The name, position and principal occupation of the members of the Board of Directors of Lanson are set forth below

Name	Position within Lanson
Francois-Xavier Mora	President
Marie-Laurence Mora	Directeur General
Marne et Champagne represented by Jacques Braut	N/A
Eric Raymond Thomas	N/A
Jean D'Harcourt	N/A

B de B – General

B de B is a company incorporated under the laws of France on 1st July 1991. The duration of the corporate life of B de B has been prorogated to 28th November 2089. The issued share capital of B de B of 116,000,000 French Francs. The registered office of B de B is 19, Avenue de Champagne, 51200, Epernay, France.

Principal Shareholders

The table below sets forth the name and shareholdings of the principal shareholders of B de B as at the date of the Offering Circular.

Name	% of Shares	% of Voting Rights
Marne et Champagne	99.99	99.99

Directors

The name, position and principal occupation of the members of the Board of Directors of B de B are set forth below

Name	Position within Lanson
Marie-Laurence Mora	President
Francois-Xavier Mora	Directeur General
Vincent Malherbe	N/A
Alain Marret	N/A

Employees

The Group has approximately 400 employees.

THE CHAMPAGNE INDUSTRY

Champagne is a sparkling white wine from the Champagne region in France. Champagne is a unique product by virtue of the limited region it comes from and the way the market participants are organised. These and other characteristics of the champagne industry are described below.

Producers

The Champagne industry is principally divided amongst houses, growers and cooperatives.

Champagne Houses

The champagne houses act as merchants (*négociants*) and account for approximately 70 per cent. of all champagne sales. They are involved in the production, distribution and marketing of champagne. While they might own vineyards of their own, they are not generally self-sufficient in grapes and rely on grape growers for grapes and grape juice.

Growers

The grape growers (*récoltants*) grow, harvest and sell the grapes and grape juice. While a number of growers make and bottle their own champagne in small quantities, accounting for approximately 20 per cent. of all champagne sales, they generally sell their grapes to houses or cooperatives.

Cooperatives

The cooperatives generally focus on the pressing, wine making and the storage of stocks. Several cooperatives produce "own label" and less expensive champagnes. Cooperatives account for approximately 10 per cent. of champagne sales.

Champagne production has seen a certain amount of consolidation in recent years, with the advent of large champagne groups owning one or more houses. Major participants in the world champagne market (ranked in terms of 1998 sales) are set out below.

Groups	Brands	1998 Sales (millions of bottles)
LVMH	Moet & Chandon, Mercier, Ruinart, Krug, Veuve Cliquot Ponsardin, Canard-Duchene, Pommery	58.1
Marne et Champagne	Lanson, Besserat de Bellefon, Gauthier, Massé	20.7
Remy Cointreau	P&C Heidseck, Bonnet père et fils	12.0
Hicks Muse	Mumm, Perrier Jouet	11.0
Laurent Perrier	Laurent Perrier, de Castellane, Joseph Perrier	10.4
Vranken	Demoiselle, Vranken, Charles Lafitte, Heidsieck Monopole	10.1
C.V.C.	Nicolas Feuillate	8.4
G.H. Martel	Martel	7.5
Duval-Leroy	Duval-Leroy	6.5
Boizel-Chanoine	Boizel, Chanoine, Philipponnat, Abel-Lepitre, Bonnet, De Venoge	5.7
Taittinger	Taittinger, Irroy, Saint-Evremont	4.9
Martin	Martin, Delbeck, Bricourt	4.0
Alain Thiénot	Alain Thiénot, Marie-Stuart, Joseph Perrier	3.7
Roederer	Louis- Roederer, Théophile-Roederer, Deutz	3.7
Alliance Champagne	Jacquard	3.0
Frey	Germain, Binet	2.2

Source: J.P. Morgan

How Champagne is Made

Area

Champagne wine is made from grapes grown within a specific geographical area located 150 km north east of Paris. The area covers approximately 34,000 hectares, of which over 31,000 hectares are planted with vines. It comprises 250 villages or growths (*crus*), each characterised by specific properties. No champagne may be produced beyond these boundaries.

Harvesting and Pressing

Only the Pinot Noir, Pinot Meunier and Chardonnay grape varieties can be used in the production of champagne. Both the Pinot Noir and Pinot Meunier varieties are black grapes. The amount of juice that may be obtained from a certain quantity of grapes is regulated.

The grapes are harvested approximately 100 days after flowering, usually during the second half of September. The grapes are picked by hand and must be carefully handled so as to limit the tainting of the juice by the skin of the black grapes. For the same reason, press-houses will generally be located near the vineyards so that the grapes are not damaged in transit.

Grapes from particular vineyards are pressed and the juice is stored separately. Grapes receive two pressings, with the juice from the first pressing (the *cuvée*) being of finer quality (and demanding higher prices) than that from the second pressing (the *taille*).

After filtration, the juice is stored for a few weeks in vats for the first natural "alcoholic" fermentation to produce still wine. The Borrowers do not conduct malolactic fermentation, which is believed to affect ageing potential and flavour.

Blending and Ageing

After the first fermentation process, different wines are blended together by tasters to create the house styles and quality level, a process called *assemblage*. The fundamental character of the wine is determined during this process, although the sweetness is determined at a later stage.

The wine is then bottled with a mixture of sugar, reserve wines and yeast (*liqueur de tirage*). The bottles are stored in cellars (during that time, the product is known as *sur lattes*) for an average period of 18-24 months, the legal minimum being 15 months for non-vintages and 36 months for vintage champagne. It is during this second fermentation period (*prise de mousse*) that the wine acquires its sparkle, as the carbon dioxide released by the conversion of the sugar into alcohol dissolves in the wine.

At the end of the ageing period, the spent yeast from the second fermentation is collected at the neck of the bottle by gently turning the bottle, a process called *remuage*. At the Borrowers' premises, this process is fully automated, with gyropallets that gradually move bottles from resting on their sides to pointing vertically down. Stock in this state is known as *sur pointes*.

The spent yeast or sediment is then expelled from the bottle, a process called *dégorgement*, by freezing a plug of wine in the neck of the bottle. A mixture of reserve wine and sugar (*liqueur d'expédiation* or dosage) is then added to the wine and the amount of sugar determines the sweetness of the champagne, ranging from *brut*, *sec*, *demi sec* to *doux*.

The bottles are then put to rest for at least three months before the bottles are labelled and sold. Labelled stock awaiting shipment is known as *habillés*.

Varieties

Champagne is produced in several styles, each having its own characteristics. These are described below.

Non-vintage:

Non-vintage champagne is the basic blend. Non-vintage champagnes may be made from wines from several different years, each one having been aged in the bottle for at least 15 months.

Vintage:

Vintage champagne is made using wine of a single, good quality year.

Cuvée de Prestige/de Luxe :

Prestige or de luxe cuvees are blends of a number of vintage champagnes.

Coteaux Champenois:

Coteaux champenois are still wines from the Champagne region, and may be either red or white.

Rosé:

Rosé champagne can be made by the careful and short maceration of the skin of black grapes with the juice or by adding red wine (from Champagne) to the champagne just before bottling.

Blanc de Noirs:

The Blanc de Noirs is a less-common champagne made from black grapes only.

Blanc de Blancs:

The Blanc de Blancs is made from white Chardonnay grapes only.

Capacity and Production

The champagne appellation is unlikely to be extended from its current boundaries to new areas, and thus champagne production would appear to be limited to what the current area can produce. Approximately 31,000 hectares of vines are planted and it is believed that this is close to the maximum possible area that can be put under vine. While champagne production saw an underlying growth trend of around 5 per cent. per year over the last thirty years, future growth in production is expected to be limited by the capacity of the champagne growing area. Estimates are that production levels are close to a maximum of around 320 million bottles a year. It is believed that as a consequence, prices are likely to be supported by supply restrictions.

Sales and Pricing

Several factors influence sales and pricing, including seasonality, cyclicality, CIVC controls and the reserve system.

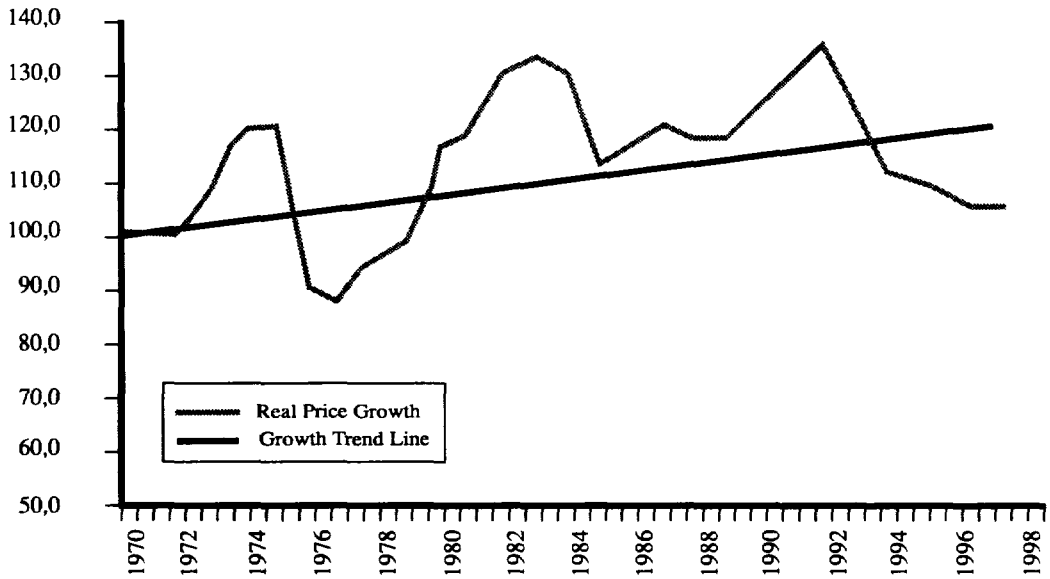
Seasonality

The champagne market is seasonal with 45 per cent. of champagne sales on average occurring in the period from September to December.

Cyclicality

Champagne sales are dependent on the overall strength of the economy as well as the interaction between the price of the raw materials (i.e. grapes) and the price of finished bottles (see the "Champagne Sales Price Index Growth over Inflation" and "Industry Sales Prices and Volumes, Grape Prices & Euro GDP" graphs set out below). Since the 1970's champagne sales have undergone two major economic cycles lasting approximately nine years each. The first cycle lasted from 1974 to 1982 and the second cycle from 1982 until roughly 1990. In 1974, 105 million bottles were produced and by 1978 production grew to over 186 million champagne bottles; however, by 1982 production had fallen to only 146 million bottles. The end of the first cycle coincided with the rise in oil prices in 1979. The end of the second cycle was also largely interlinked with the fluctuations in retail prices and the price of the raw materials.

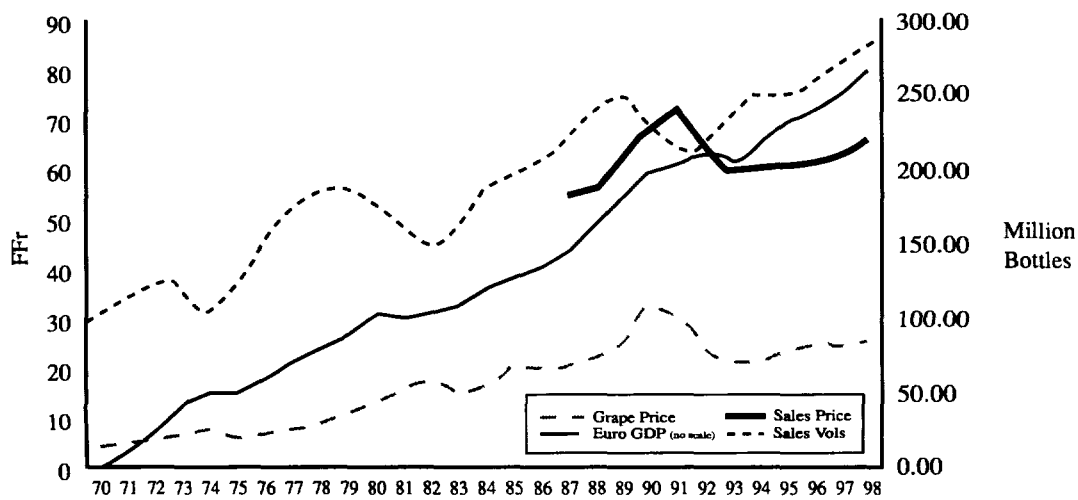
Champagne Sales Price Index (1970 = 100) Growth Over Inflation



Source: Marne et Champagne

The information set out above exhibits the fact that sales prices have shown a long term growth trend of 0.8 per cent. per annum between 1970 and 1997.

Industry Sales Prices and Volumes, Grape Prices and Euro GDP



Source: Marne et Champagne

CIVC Controls

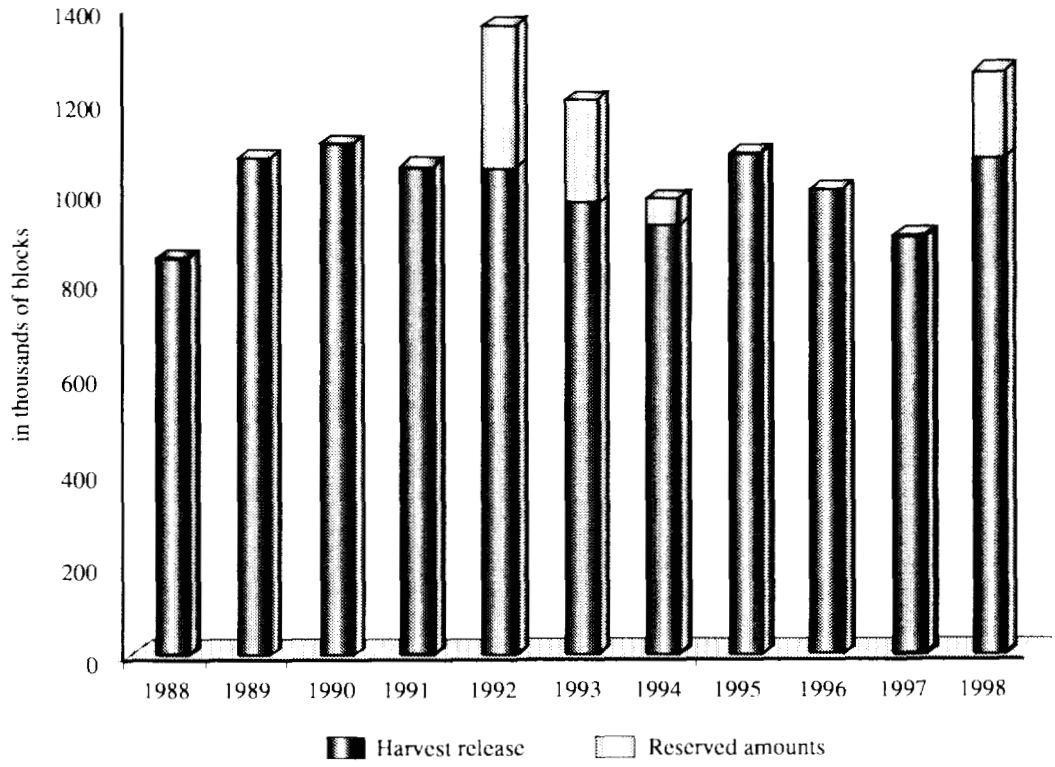
Grape prices were particularly volatile from 1989 through the early 1990's. This volatility was due to the deregulation of grape prices by the CIVC after a 50 year period of control. In the early 1990's it was agreed that prices would be fixed by negotiation between growers and champagne houses with the CIVC issuing annual price guidelines to act as the basis for negotiation. In 1996, the industry agreed to set a grape price every 48 months that could only be altered within a narrow band. This arrangement has reduced the volatility of grape prices.

Reserve System

In order to ensure future market stability, champagne producers have established the reserve system, which minimises the impact on price of overly abundant harvests, on one hand, and overly low harvests or very high demand levels, on the other. The reserved quantities remain the property of the grape growers. The reserves can only be sold with the authority of the CIVC.

The historical details of sizes of champagne wine harvests and reserves are set out in the graph below.

Champagne wine harvests in blocks of 205 litres



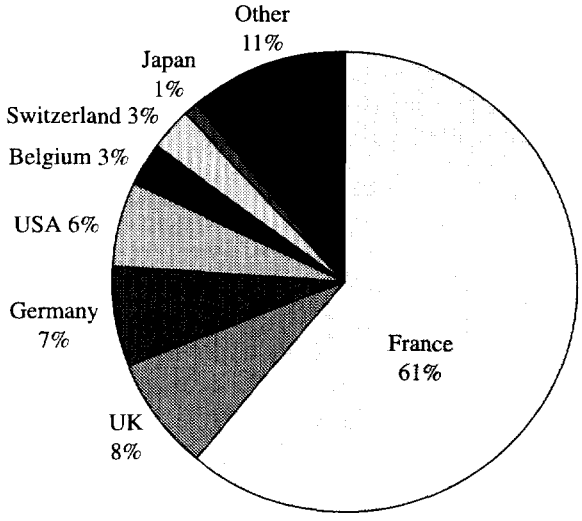
Source: Marne et Champagne

Principal Markets

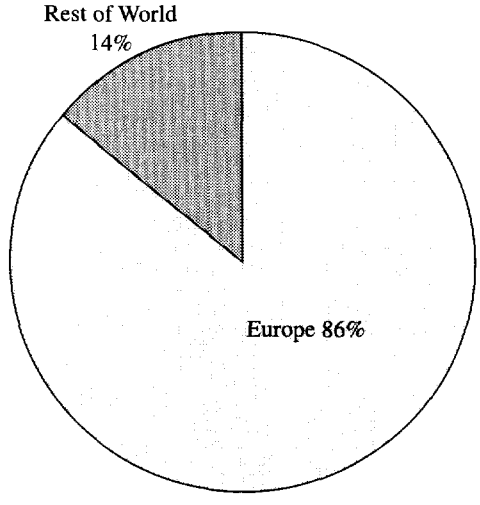
The principal champagne markets and the sales they represented for the year 1998 are set forth below.

Country	Sales (in million of bottles)
France	179
Great Britain	24
Germany	19
United States	17
Belgium	10
Switzerland	8
Italy	8
Japan	3
The Netherlands	2
Spain	1
Australia	1
Others	20
Total	292

Source: Marne et Champagne



Source: Marne et Champagne



Source: Marne et Champagne

Outlook

Millennium Celebrations

Sales of champagne in 1999 grew by approximately 10 per cent., with sales of approximately 320 million bottles.

After the Millennium

It is possible that there may be a diminution in champagne consumption following the millennium. However, this analysis does not take into account other important factors, such as the retail price of champagne and the strength of the European economy. It is also probable that increased consumption in the years 1999 and 2000 may recruit new consumers, particularly within the international market.

Channels of Distribution

In the last 10 years there has been an increase in mass distribution of champagne through supermarkets and other retailers.

Regulatory and Intellectual Property

Champagne is perceived as a prestigious wine and has become a world renowned label. In France and certain other countries, it enjoys a certain amount of legal protection. In France, for instance, no other wine or beverage can be labelled "champagne". Since 1976 the CIVC has successfully enforced the prohibition on the use of the term "champagne" to describe other products including cigarettes, fragrances, clothes, shoes and chocolates. In addition, since 1992 the CIVC has sought to prevent the French Institut National de la Propriété Intellectuelle (INPI) from registering brands containing the name "champagne".

FORM OF SUPPLEMENTAL OFFERING CIRCULAR

The Supplemental Offering Circular in respect of each Series of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Supplemental Offering Circular but denotes directions for completing the Supplemental Offering Circular.

Supplemental Offering Circular dated ●

MARNE ET CHAMPAGNE FINANCE A.R.L.

Issue of Aggregate Nominal Amount of Series [Class A1 Senior/Class A2 Senior/Subordinated Mezzanine] Notes due ●

under the €396,000,000

Secured Euro Medium Term Note Programme

This document constitutes the Supplemental Offering Circular relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated [ ] 2000. This Supplemental Offering Circular must be read in conjunction with such Offering Circular.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote Directions for completing the Supplemental Offering Circular.]

1.	Issuer:	Marne et Champagne Finance a.r.l.
2.	Class:	[Class A1 Senior/Class A2 Senior/Subordinated Mezzanine]
3.	Series Number:	[●]
4.	Specified Currency:	Euro ("EUR")
5.	Specified Denomination(s):	EUR [●]
6.	Aggregate Nominal Amount:	EUR [●]
	Series:	[●]
7.	Issue Price:	[●] per cent. of the Aggregate Nominal Amount
8.	Issue Date:	[●]
9.	Maturity Date:	[●]
10.	Interest Basis:	EURIBOR + ● per cent.
11.	Redemption:	Redemption at par
12.	Status of the Notes:	[Class A1 Senior/Class A2 Senior/Subordinated Mezzanine]
13.	Listing:	Luxembourg
14.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Floating Rate Note Provisions:	Applicable
	(i) Specified Interest Payment Dates:	[In the case of Class A1 Senior Notes, the ● of each calendar month/In the case of Class A2 Senior Notes, the ● of each June, September, December and March/In the case of subordinated Mezzanine Notes, the ● of each of June, September, December and March]
	(ii) Business Day Convention:	Modified Following Business Day Convention
	(iii) Additional Business Centre(s):	Not Applicable
	(iv) Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination
	(v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Principal Paying Agent]):	Deutsche Bank AG London, shall be the Calculation Agent
	(vi) Screen Rate Determination:	
	- Reference Rate:	*EURIBOR* [●] month
	- Relevant Screen Page:	*Telerate page* 248
	- Interest Determination Date(s):	[●]
	- Relevant Time:	*11.00 a.m. Brussels time*
	- Relevant InterBank Market:	*Euro zone (where euro zone means the region comprised of the countries whose lawful currency is the euro)*
	- Relevant Financial Centre:	[●]
	(vii) Margin:	[+ ●] per cent. per annum
	(viii) Day Count Fraction:	ACT/360
	(ix) Condition 5(b) (*Post-Conversion Terms*) applicable	[Yes/No]

PROVISIONS RELATING TO REDEMPTION

16.	Final Redemption Amount:	Par
17.	Put/Call Provisions:	Not applicable
18.	Optional Redemption Amount:	100 per cent. of the Aggregate Nominal Amount
19.	Early Redemption Amount:	Not applicable
	Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	

GENERAL PROVISIONS APPLICABLE TO THE NOTES

20.	Form of Notes:	[Restricted Global Note/ Unrestricted Global Note/ International Global Note]

21.	Mezzanine Deferral Condition as described in: Condition 8(b) (*Mezzanine Deferral Condition*)	*[Applicable/NotApplicable]*
22.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	*[Not Applicable/give details. Note that this item relates to the place of payment, and not interest period end dates, to which item 15(iii) relates]*
23.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	Not Applicable
24.	Consolidation provisions:	Applicable
25.	Other terms or special conditions:	[Not Applicable]
26.	"Post-conversion terms" as described in Condition 5(b) *(Post-Conversion Terms)*	Not Applicable [Not Applicable/terms applicable to the Class A1 Notes following a Default Declaration/The D Rules are applicable]

DISTRIBUTION

27.	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Stabilising Manager (if any):	[Not Applicable/*give name*]
28.	If non-syndicated, name of Dealer:	[Not Applicable/*give name*]
29.	Additional selling restrictions:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

30.	ISIN Code:	[●]
31.	Common Code:	[●]
32.	(a) CUSIP number (Reg. S. Notes):	[●]
	(b) CUSIP number (144A Notes):	[●]
33.	Any clearing system(s) other than DTC, Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not *Applicable/give name(s) and number(s)*]
34.	Delivery:	Delivery against payment
35.	Additional Paying Agent(s) (if any):	[●]
36.	Replacement Agent:	Not Applicable
37.	Rule 144A:	[Applicable/Not Applicable]

LISTING APPLICATION

This Supplemental Offering Circular comprises the details required to list the issue of Notes described herein pursuant to the listing of the €396,000,000 Euro Medium Term Note Programme of Marne et Champagne Finance a.r.l.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Supplemental Offering Circular.

Signed on behalf of the Issuer:

By:.....
Duly authorised

TAXATION

The following is a general description of certain United Kingdom and Jersey tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.

United Kingdom

A. UK Withholding Tax on UK Paying Agents

Where any interest on Notes issued by the Issuer ("**non-UK-Notes**") is payable to any person in the United Kingdom and is entrusted to any person in the United Kingdom ("**the paying agent**") for payment or distribution, the paying agent will be obliged to withhold United Kingdom income tax at the lower rate, (currently 20 per cent.), subject to certain exceptions, including the following:

(i) the relevant Notes are held in a recognised clearing system and either:

  (i) payment is made direct to the recognised clearing system; or

  (ii) payment is made to, or at the direction of, a depositary for the recognised clearing system and the paying agent has obtained a valid declaration PA3 from a depositary for the recognised clearing system; or

  (iii) the paying agent has obtained a notice from the Inland Revenue instructing the paying agent to pay the interest with no tax deduction;

(ii) the person who is beneficially entitled to the interest and is the beneficial owner of the Notes is not resident in the United Kingdom and either:

  (i) the paying agent obtains a valid declaration PA1 from the said person on the occasion of each payment; or

  (ii) the paying agent obtains on the occasion of each a valid declaration PA2 from another person who holds the Notes for the non-resident person and who is entitled to arrange for the interest to be paid with no United Kingdom tax deducted; or

(iii) interest arises to trustees of certain trusts (called "qualifying discretionary and accumulation trusts"), where essentially neither the trustees nor the beneficiaries are resident in the United Kingdom and the paying agent obtains a valid declaration PA1 from the trustee (which must be obtained on the occasion of each payment where the Notes are in bearer form); or

(iv) the person entitled to the interest is eligible for certain reliefs, for example a United Kingdom bank, charity or approved pension scheme and the paying agent obtains a valid declaration PA1 or PA2 from the appropriate person (which must be obtained on the occasion of each payment if the Notes are in bearer form); or

(v) the interest falls to be treated as income of, or of the government of, a sovereign power or of an international organisation and the paying agent obtains a valid declaration PA1 or PA2 from the appropriate person (which must be obtained on the occasion of each payment if the Notes are in bearer form).

(vi) the paying agent has obtained a notice from the Inland Revenue instructing the paying agent to pay the interest with no tax deduction;

B. UK Withholding Tax on UK Collecting Agents

A person in the United Kingdom who in the course of a trade or profession:

(i) by means of coupons, warrants or bills of exchange, collects or secures payment of or receives interest on non-UK-Notes for a Noteholder; or

(ii) arranges to collect or secure payment of interest on non-UK-Notes for a Noteholder; or

(iii) acts as a custodian of such Notes and receives interest on Notes or directs that interest on such Notes be paid to another person or consents to such payment

(except, in any such case, solely by means of clearing a cheque or arranging for the clearing of a cheque) may be required to withhold United Kingdom income tax at the lower rate, currently 20 per cent, subject to certain exceptions, including the following:

(a) the Notes are held in a recognised clearing system and either:-

(i) the collecting agent pays or accounts for the interest directly or indirectly to the recognised clearing system and where such payment or account is made to, or at the direction of, a depositary for the recognised clearing system, the collecting agent holds a valid declaration CA3 from the depositary; or

(ii) the collecting agent is acting as depositary for the recognised clearing system in respect of the Notes;

(iii) the person beneficially entitled to the interest owns the Notes and is not resident in the United Kingdom or is a United Kingdom bank and the collecting agent either

(iv) holds a valid declaration CA1 from the said person; or

(v) holds a valid declaration CA2 from a person (other than the beneficial owner of the Notes) to whom the interest is payable or who is entitled to arrange for the interest to be collected without deduction of United Kingdom tax and who is not a collecting agent in the United Kingdom; or

(vi) the interest is payable to trustees of certain trusts, (called "qualifying discretionary and accumulation trusts") where essentially neither the trustees nor the beneficiaries are resident in the United Kingdom and the collecting agent has obtained a valid declaration CA1 from the trustee;

(vii) the person beneficially entitled to the interest is eligible for certain reliefs, for example a United Kingdom charity, approved United Kingdom pension fund or foreign diplomat, foreign consular employee or member of foreign armed forces and the collecting agent has obtained a valid declaration CA1 or CA2 from the appropriate person;

(viii) the interest is payable by the collecting agent to another UK collecting agent who has agreed with the first-mentioned collecting agent to take over responsibility for operating these provisions and has given a notice in the prescribed form to the first-mentioned collecting agent;

(ix) the interest falls to be treated as income of, or of the government of, a sovereign power or of an international organisation and the collecting agent has obtained a valid declaration CA1 or CA2 from the appropriate person;

(x) the person beneficially entitled to the interest and the relevant Notes is a company within the same 51 per cent. group as the collecting agent; or

(xi) the collecting agent has obtained a notice from the Inland Revenue directing the collecting agent to pay the interest with no tax deducted.

In certain circumstances, a bank in the United Kingdom which sells coupons or a dealer in coupons in the United Kingdom may also be subject to the collecting agency rules described above.

C. Effectiveness of Declarations, Returns

The following rules apply to declarations made as referred to in A and B above: Subject to (a) to (c) below, declarations made on or before the 14th day of a month will be effective from the first day of the previous month and declarations received after the 14th day of a month are effective from the first day of the month in which they

are received. However, a declaration will not have effect in relation to any given interest payments or receipts where:

(a) the person who made the declaration has notified the paying agent or collecting agent that the declaration does not apply, or has ceased to apply to the payments or receipts in question; or

(b) the paying agent or collecting agent has reason to believe that the declaration is or has become incorrect as respects the relevant payments or receipts; or

(c) the paying agent or collecting agent has received notice from the Inland Revenue directing that relevant payments or receipts arising after a specified date are chargeable payments or receipts (as the case may be).

Withholding tax to be accounted for under the rules set out in A et B above must be paid by the 14th day following the month in which the interest is paid.

Returns must be made quarterly of:

(i) the interest in respect of which paying or collecting agents are liable to account for United Kingdom tax;

(ii) the amount of any tax they have accounted for or are liable to account for; and

(iii) the interest they have paid/collected with no tax deducted by virtue of the specific exemptions referred to above;

within 1 month of the end of the quarter.

D. Other Rules relating to United Kingdom Withholding Tax

1. Notes may be issued at an issue price of less than 100 per cent of their principal amount. Any discount element on any such Notes will not be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in A and B above.

2. Where interest has been paid under deduction of United Kingdom income tax, Holders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

3. The references to "Interest" in A to D above mean "interest" as understood in United Kingdom tax law. The statements in A to D above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation (e.g. see Conditions 2 (*Interpretation*) and 5 (*Interest*) of the Notes).

E. EU Withholding Tax

In May 1998, the European Commission presented to the Council of Ministers of the European Union a proposal to oblige Member States to adopt either a "withholding tax system" or an "information reporting system" in relation to interest, discounts and premiums. It is unclear whether this proposal will be adopted, and if it is adopted, whether it will be adopted in its current form.

The "withholding tax system" would require a paying agent established in a Member State to withhold tax at a minimum rate of 20 per cent. from any interest, discount or premium paid to an individual resident in another Member State unless such an individual presents a certificate obtained from the tax authorities of the Member State in which he is resident confirming that those authorities are aware of the payment due to that individual.

The "information reporting system" would require a Member State to supply, to other Member States, details of any payment of interest, discount or premium made by paying agents within its jurisdiction to an individual resident in another Member State. For these purposes, the term "paying agent" is widely defined and includes an agent who collects interest, discounts or premiums on behalf of an individual beneficially entitled thereto. If this proposal is adopted, it will not apply to payments of interest, discounts and premiums made before 1st January 2001.

Jersey

The Issuer has been granted exempt company status within the meaning of Article 123A of the Income Tax (Jersey) Law, 1961, as amended, for the calendar year ending 31st December 2000 and as such is treated as not resident in Jersey for Jersey tax purposes even though it is managed and controlled in Jersey. As an exempt company, the Issuer is exempt from Jersey income tax on income arising outside of Jersey and, by concession, bank interest arising in Jersey, but is otherwise liable to Jersey income tax on income arising in Jersey and is liable to Jersey income tax on the profits of any trade carried on through an established place of business in Jersey. The retention of exempt company status is conditional on the Comptroller of Income Tax in Jersey being satisfied that no Jersey resident has a beneficial interest in the Issuer and on the payment of an annual fee, currently £600. It is the Issuer's intention to maintain such status.

For so long as the Issuer is treated as not resident in Jersey, payments in respect of the Notes to persons other than Jersey residents will not be subject to taxation in Jersey and no withholding or deduction for or on account of Jersey taxation will be required on any such payment made to a holder of the Notes.

No stamp duties are payable in Jersey on the acquisition, ownership, redemption, sale or other disposal of Notes. Probate or Letters of Administration normally will be required to be obtained in Jersey on the death of an individual holder of Notes. Stamp duty is payable in Jersey on the registration of such Probate or Letters of Administration on the value of the holder's estate in Jersey.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to Nomura International plc (the "**Dealer**") and Nomura Securities International, Inc. (the "**US Dealer**" and together with the Dealer, the "**Dealers**") or the Subscribers. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, the Dealers are set out in a Dealer Agreement dated 16th March 2000 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. The arrangement under which Class A1 Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, the Subscribers are set out in each Subscription Commitment Agreement. Any such agreements will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers or Subscribers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of the Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Series of Notes. The Subscription Commitment Agreement makes provision for the transfer of some or all of a subscriber's commitment to purchase Class A1 Notes (or A1 Advances) to a new subscriber.

On or about the Closing Date, the Issuer shall enter into a subscription commitment agreement (each a "**Subscription Commitment Agreement**") with each of the Subscribers pursuant to which the Subscribers shall agree to subscribe, on a several basis, for the Class A1 Notes issued under the Programme on or prior to the date which is 48 months after the Closing Date or, at each Subscriber's option, an A1 Advance to the Issuer an amount equal to the principal amount of the Class A1 Notes so issued on the same terms and conditions as the Conditions applicable to such Class A1 Notes.

Each Subscriber represents and agrees that it has not offered and sold Class A1 Notes and will not offer and sell Class A1 Notes as part of its distribution at any time. Accordingly, none of the Subscribers, its or their affiliates (if any) nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to Class A1 Notes, and each Subscriber, its affiliates (if any) and any person acting on its or their behalf have complied and will comply with the offering restrictions requirements of Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act.

(a) The US Dealer will represent and agree that it has not offered or sold Notes and will not offer and sell Notes (i) as part of its distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of the Series of which such Notes are a part, as determined and certified to the Paying Agent or the Issuer by the US Dealer, except in accordance with Rule 903 of Regulation S under the Securities Act or in the case of offers and sales by the Dealer (through one or more of its affiliates), except as provided in paragraph (b) below. Accordingly, the US Dealer will represent and agree that neither it, its affiliates (if any) nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to Notes, and it and they have complied and will comply with the offering restrictions requirements of Regulation S. The US Dealer will agree that, at or prior to confirmation of sale of Notes (other than sale of Notes in registered form pursuant to paragraph (b) below), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the restricted period a confirmation or notice to substantially the following effect:

"The Notes covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Series of Notes of which such Notes are a part, as determined and certified by Nomura International plc and Nomura Securities International, Inc., except in either case in accordance with Regulation S under, or pursuant to an available exemption from the registration requirements of, the Securities Act. Terms used above have the meaning given to them by Regulation S."

Terms used in this paragraph (a) have the meanings given to them by Regulation S.

(b) The US Dealer will represent and agree that it will not, acting either as principal or agent, offer or sell any Notes in the United States other than Notes in registered form bearing a restrictive legend thereon, and it

will not, acting either as principal or agent, offer, sell, reoffer or resell any of such Notes (or approve the resale of any of such Notes):

(i) except (A) inside the United States through a U.S. broker dealer that is registered under the United States Securities Exchange Act of 1934 (the "**Exchange Act**") to institutional investors, each of which such US Dealer reasonably believes (i) is a "qualified institutional buyer" (as defined in Rule 144A thereunder), or a fiduciary or agent purchasing Notes for the account of one or more institutional accredited investors or qualified institutional buyers, and (ii) has such knowledge and experience in financial and business matters that it is capable of evaluating and bearing the risks of investing in the Notes or is represented by a fiduciary or agent with sole investment discretion having such knowledge and experience or (B) otherwise in accordance with the restrictions on transfer set forth in such Notes, the Dealer Agreement, the Offering Circular and the relevant Supplemental Offering Circular; or

(ii) by means of any form of general solicitation or general advertisement, including but not limited to (A) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio and (B) any seminar or meeting whose attendees have been advised by any general solicitation or general advertising.

Prior to the sale of any Notes in registered form bearing a restrictive legend thereon, the US Dealer shall have provided each offeree that is a U.S. person (as defined in Regulation S) with a copy of the Offering Circular in the form the Issuer and the Dealers shall have agreed most recently shall be used for offers and sales in the United States.

(c) The US Dealer will represent and agree that in connection with each sale to a qualified institutional buyer it has taken or will take reasonable steps to ensure that the purchaser is aware that the notes have not been and will not be registered under the Securities Act and that transfers of Notes are restricted as set forth herein and, in the case of sales in reliance upon Rule 144A, that the US Dealer may rely upon the exemption provided by Rule 144A under the Securities Act.

Each of the Dealers who has purchased Notes of any Series in accordance with the Dealer Agreement will agree to determine and certify to the Paying Agent or the Issuer the completion of the distribution of such Series of Notes as aforesaid. In order to facilitate compliance by the Dealers with the foregoing, the Issuer will agree that, prior to such certification with respect to such Series, it will notify the Dealers in writing of each acceptance by the Issuer of an offer to purchase and of any issue of Notes or other debt obligations of the Issuer which are denominated in euro and which have substantially the same terms and maturity date as the Notes of such Series.

In addition, until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of Notes within the United States by any dealer that is not participating in the offering of such Series of Notes may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

United Kingdom:

Each Dealer and each Subscriber has represented and agreed that:

(a) ***No offer to public:*** with respect to Notes which have a maturity of one year or more, it has not offered or sold and will not offer or sell any such Notes to persons in the United Kingdom prior to the expiry of the period of six months from the issue date of such Notes except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

(b) ***General compliance:*** it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom; and

(c) ***Investment advertisements:*** it has only issued or passed on and will only issue or pass on, in the United Kingdom, any document received by it in connection with the issue of such Notes to a person who is of a kind described in article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

France

Each Dealer has represented and agreed and each further dealer under the Programme and each Subscriber will be requested to represent and agree, that it has not, during their initial distribution (a) offered and will not offer, directly or indirectly, any Notes to the public in France or (b) distributed or caused to be distributed and will not distribute or cause to be distributed in France this Offering Circular or any other offering material relating to the Notes. Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (*investisseurs qualifiés*) and/or (ii) a restricted Borrowers of investors (*cercle restreint d'investisseurs*), all as defined in and in accordance with Article 6-(ii) of *Ordonnance* no. 67-833 dated 28th September 1967 (as amended) and *décret* no. 98-880 dated 1st October 1998.

Investors in France may only participate in the issue of the Notes for their own account in accordance with the conditions set out in *décret no.* 98-880 dated 1st October 1998. Notes may only be issued, directly or indirectly, to the public in France in accordance with articles 6 and 7 of *Ordonnance* no.67-833 dated 28th September 1967 (as amended). Where an issue of Notes is affected as an exception to the rules relating to an *appel public à l'épargne* in France (public offer rules) by way of an offer to a restricted circle of investors, such investors must provide certification as to their personal, professional or family relationship with a member of the management of the Issuer. Persons into whose possession offering material comes must inform themselves about and observe any such restrictions.

Jersey

The Notes may not be offered to, sold to or purchased or held by, or for the account of, persons (other than financial institutions in the normal course of business) resident for income tax purposes in the Island of Jersey.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan and, accordingly, each of the Dealers and Subscribers has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

The Republic of Italy

No action has been or will be taken which will allow an offering of the Notes to the public in Italy. Accordingly, the Notes may not be offered, sold or delivered, and neither this Offering Circular nor any other offering material relating to the Notes are listed on Borsa Italiana;

Any sales of Notes to any entity in Italy must only be made in accordance with Italian securities, tax and other applicable laws and regulations. Under current Italian law, any offer or sale of the Notes to any entity in Italy must be made either by or through one of the following authorised intermediaries: (i) investment companies and banks authorised to place and distribute securities in Italy pursuant to Article 18 of Legislative Decree no.58 of 24th February 1998 ("**Legislative Decree No.58**"); or (ii) foreign banks or financial institutions (the controlling shareholder of which is owned by one or more banks located in the same EU member state) authorised to replace and distribute securities in Italy pursuant to, respectively, Articles 16 and 18 of Legislative Decree No.385 of 1st September 1993 (the "**Consolidated Banking act**"), in each case acting in compliane with the relevant provisions of Legislative Decree No.58 and related regulations and any other applicable laws and regulations; and

Any offering of the Notes in the territory of Italy; (i) must be made only to institutional investors as defined under Article 31, comme 2, of the CONSOB Regulation No.11522 dated 1st July 1998 with the exception of *società di gestione del risparmio* (management companies), *società di investimento a capitale variable* investment companies (open-ended), pension funds, insurance companies, foreign entities which carry out the above activities in Italy on the basis of rules of their country of origin, issuers of securities traded in the Italian stock markets, finance companies registered pursuant to Articles 106, 107 and 113 of the Legislative Decree No.385 dated 1st September 1993, and bank foundations; (ii) will be subject to notification to the Bank of Italy; and (iii) will be conducted in accordance with any relevant limitations the Bank of Italy or CONSOB may impose upon the offer or sale of the Notes and/or Coupons; unless otherwise permitted by Italian law.

General

Other than with respect to the listing of the Notes on such stock exchange as may be specified in the Supplemental Offering Circular, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands the Offering Circular or any Supplemental Offering Circular comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Supplemental Offering Circular (in the case of a supplement or modification relevant only to a particular Series of Notes) or (in any other case) in a supplement to this document.

TRANSFER RESTRICTIONS

The Notes have not been and will not be registered under the Securities Act or any other state securities laws. The Notes may not be offered, sold or delivered directly or indirectly within the United States or to, or for the account of US persons (as defined in Regulation S) except an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Notes are being offered and sold (a) in the case of the Class A2 Notes and the Mezzanine Notes in the United States only to QIBs in reliance on Rule 144A and (b) in the case of the Class A1 Notes, the Class A2 Notes and the Mezzanine Notes, outside of the United States to non-US persons in compliance with Regulation S.

Each prospective purchaser of Notes offered in reliance on Rule 144A by accepting delivery of this Offering Circular will be deemed to have represented and agreed that such offeree acknowledges that this Offering Circular is personal to such offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Offering Circular, or disclosure of any of its contents to any person other than such offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

Each purchaser of Notes offered or sold in reliance on Regulation S will be deemed to have represented and agreed that it is not a US person (as defined in Regulation S) and it is acquiring such Notes for its own account or as fiduciary or agent for other non-US persons in an offshore transaction pursuant to an exemption from registration provided by Regulation S.

Each purchaser of Notes offered and sold in reliance on Rule 144A will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(i) The purchaser (A) is a qualified institutional buyer, (B) is aware that the sale to it is being made in reliance on Rule 144A and (C) is acquiring such Notes for its own account or for the account of a qualified institutional buyer.

(ii) The Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, the Notes have not been and will not be registered under the Securities Act, and, if in the future the purchaser decides to offer, resell, pledge or otherwise transfer such Notes, such Notes may be offered, sold pledged, or otherwise transferred only (A) to a person who the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (B) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (C) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws or any state of the United States or any other jurisdiction.

(iii) The purchaser understands that Notes of a Series offered in reliance on Rule 144A will be represented by a Restricted Global Note Certificate. Before any interest in such Restricted Global Note Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note Certificate, the seller will be required to provide the Trustee and the Registrar with a written certification (in the form provided in the Paying Agency Agreement) as to compliance with the transfer restrictions referred to in clause (2)(B) or (2)(C) above.

(iv) (a) no part of the assets used to purchase the Notes constitutes assets of any employee benefit plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") of Section 4975 of the United States Internal Revenue Code of 1986, as amended, (the "**Code**"); or

(b) part of all of the assets used to purchase this Note constitute assets of an employee benefit plan subject to Title I of ERISA or Section 4975 of the Code, if any, only if the use of such assets will not constitute or cause or result in the occurrence of an non-exempt prohibited transaction under ERISA or the code, by reason of the application of a statutory or administrative exemption.

In order to effectuate the foregoing restrictions on resales and other transfers of the Individual Note Certificates sold, or issued in exchange for a Note sold pursuant to Rule 144A, if any resale or transfer of a Note is proposed to be made (otherwise than to or through a Dealer or in reliance on Rule 144A or Regulation S), (i) directly by the

holder of a Note, or (ii) through the services of a dealer other than a Dealer, the prospective purchaser of the Note, in the case of a resale or transfer of a Note to be made directly by the holder of such note, or such dealer, in the case of a resale or transfer of such Note to be made through such dealer, shall deliver a letter to the Issuer substantially in the form provided in the Paying Agency Agreement, appropriately completed. If any resale or transfer of a Note is proposed to be made to a Dealer or in reliance on Rule 144A or Regulation S, either (i) the holder of such Note shall have made the appropriate notation on the transfer notice set forth on such Note or otherwise advised the Principal Paying Agent in writing that it is relying on Rule 144A or Regulation S in connection with such transfer or is transferring such Note to a Dealer or (ii) the prospective purchaser, its agent or a dealer shall deliver a letter to the Principal Paying Agent substantially in the form prescribed in the Paying Agency Agreement, appropriately completed along with the Note presented for transfer. Inquiries concerning transfers of Notes should be made to any Dealer.

The Restricted Global Note Certificates will bear a legend to the following effect unless the Issuer determines otherwise in compliance with applicable law:

> "The Notes represented hereby have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**") or any securities law of any State of the United States. The holder hereof, by purchasing the Notes represented hereby, agrees for the benefit of the Issuer that the Notes represented hereby may be reoffered, resold, pledged or otherwise transferred only in compliance with the Securities Act and other applicable laws and only (1) pursuant to Rule 144A under the Securities Act to a person that the holder reasonably believes is a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or a person purchasing for the account of a qualified institutional buyer whom the holder has informed, in each case, that the reoffer, resale, pledge or other transfer is being made in reliance on Rule 144A, (2) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act, (3) pursuant to an exemption from registration provided by Rule 144 under the Securities Act (if available) or (4) to the issuer or its affiliates.
>
> If this Note Certificate is registered in the name of Cede & Co. (or such other person as may be nominated by the Depository Trust Company ("**DTC**") for the purpose) (collectively, "**Cede & Co.**") As nominee for DTC, then, unless this Note Certificate is presented by an authorised representative of DTC to the Issuer or its agent for registration or transfer, exchange or payment and any Note Certificate issued upon registration of transfer or exchange of this Note Certificate is registered in the name of Cede & Co. (or such other name as may be requested by an authorised representative of DTC) and any payment hereunder is made to Cede & Co. (or, as the case may be, such other person), any transfer, pledge or other use hereof for value or otherwise by or to any person is wrongful, since the registered owner hereof, Cede & Co. (or, as the case may be, such other person), has an interest herein."

The Restricted Individual Note Certificates issued in exchange for an interest in a Restricted Global Note Certificate will bear the following legend and be subject to the transfer restrictions set forth therein:

> "The Notes represented hereby have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**") or any securities law of any State of the United States. The holder hereof, by purchasing the notes represented hereby, agrees for the benefit of the issuer that the Notes represented hereby may be reoffered, resold, pledged or otherwise transferred only in compliance with the Securities Act and other applicable laws and only (1) pursuant to Rule 144A under the Securities Act ot a person that the holder reasonably believes is a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or a person purchasing for the account of a qualified institutional buyer whom the holder has informed, in each case, that the reoffer, resale, pledge or other transfer is being made in reliance on Rule 144A, (2) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act, (3) pursuant to an exemption from registration provided by Rule 144 under the Securities Act (if available) or (4) to the Issuer or its affiliates."

The Paying Agency Agreement provides that such legends will not be removed unless the Registrar is advised that the relevant Note is being transferred pursuant to Regulation S or unless there is delivered to the Issuer and the Registrar satisfactory evidence, which may include an opinion of U.S. counsel, to the effect that either such legends nor the restrictions on transfer set forth therein are required to ensure that transfers of such Note comply with the provisions of Rule 144A, Rule 144 or Regulation S under the Securities Act or that such Note is not a "restricted security" within the meaning of Rule 144 under the Securities Act. As a general matter, the legends may be removed from any Note two years after the original issue or date thereof, *provided, however,* that during each two-year period such Note has not been acquired by the Issuer or any affiliate thereof.

GENERAL INFORMATION

Listing

Application has been made to list the Programme on the Luxembourg Stock Exchange and, in connection therewith, the Luxembourg Stock Exchange has assigned registration number 12315 to the Programme. Prior to the listing of any Notes, the constitutional documents of the Issuer and the legal notice relating to the issue will be registered with the Registrar of the District Court in Luxembourg (*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*), where copies of these documents may be obtained upon request.

Authorisations

The establishment of the Programme was authorised by a board resolution of the Issuer passed on 14th March 2000. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the guarantee relating to them.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the Supplemental Offering Circular relating thereto. In addition, the Issuer will make an application with respect to each Series of Notes sold pursuant to Rule 144A for such Notes to be accepted for trading in book-entry form by DTC. All payments of principal and interest with respect to Notes and registered in the name of the nominee for DTC will be converted to U.S. Dollars unless the relevant participants in DTC elect to receive such payment of principal or interest in that other currency. Acceptance of each Series of Notes for trading through DTC will be confirmed in the Supplemental Offering Circular relating thereto. The relevant Supplemental Offering Circular shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Use of proceeds

The proceeds of the issue of each Series of Notes will be applied by the Issuer to provide the Limited Recourse Funding.

Litigation

Save as disclosed in this Offering Circular, there are no litigation or arbitration proceedings against or affecting the Issuer or any Borrower or any of its assets or revenues, nor is the Issuer aware of any pending or threatened proceedings of such kind, which are or might be material in the context of the Programme or the issue of the Notes thereunder.

No significant change

Save as disclosed in this Offering Circular and since 10th February 2000, there has been no material adverse change, or any development reasonably likely to involve any material adverse change, in the condition (financial or otherwise) or general affairs of the Issuer that is material in the context of the Programme or the issue of the Notes thereunder.

Documents available for inspection

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Principal Paying Agent, namely:

(a) the Trust Deed;

(b) the Paying Agency Agreement;

(c) the Dealer Agreement;

(d) the Subscription Commitment Agreements;

(e) the Programme Manual;

(f) the Co-ordination Agreement;

(g) the Limited Recourse Funding Agreement;

(h) the Secured Loan Agreement;

(i) the Liquidity Facility Agreement;

(j) the Pledge Agreement;

(k) the Trademark Licence Agreements;

(l) the Insurance Delegation Agreement;

(m) the Cap Agreement; and

(n) any Supplemental Offering Circular relating to Notes.

In addition, any Supplemental Offering Circular relating to the Notes will be available at the specified office of the Paying Agent in Luxembourg.

Financial statements available

For so long as the Programme remains in effect or any Notes shall be outstanding, copies (in French) of the following documents may be obtained during normal business hours at the specified office of the Principal Paying Agent and will be available at the specified office of the Paying Agent in Luxembourg, namely:

(a) the most recent and future publicly available audited financial statements of the Issuer when made available;

(b) the most recent and future publicly available consolidated audited financial statements of each of Marne et Champagne, Lanson, B de B and the Group beginning with such financial statements for the year ended 31st December 1998; and

(c) the most recent and future publicly available unaudited financial statements of each of the Borrowers beginning with such financial statements for the 6 months ended 30th June 1999.

The Issuer only prepares annual audited financial statements and does not prepare interim financial statements (whether audited or unaudited).

DEFINITIONS

REGISTERED OFFICE OF THE ISSUER

Marne et Champagne Finance a.r.l.
47 Esplanade
St Helier
Jersey JE1 OBD

ARRANGER AND DEALER

Nomura International plc
Nomura House
1 St. Martin's-le-Grand
London EC1A 4NP

TRUSTEE

Bankers Trust Company
Four Albany Street
New York
New York 10006
USA

PRINCIPAL PAYING AGENT

Deutsche Bank AG London
Winchester House
1 Great Winchester Street
London EC2N 2DB

REGISTRAR

Bankers Trust Company
Four Albany Street
New York
New York 10006
USA

PAYING AND TRANSFER AGENT

Deutsche Bank Luxembourg S.A.
2, boulevard Konrad Adenauer
L-1115 Luxembourg

LEGAL ADVISERS

To the Arranger as
Legal Structuring Advisors

Clifford Chance SELAFA
112, Avenue Kléber
75116 Paris

To the Issuer
as to Jersey law:

Olsen Backhurst Dorey
47 Esplanade
St.Helier
Jersey JE1 0BD

To the Borrowers
as to French law
English and US law:

Freshfields
69, boulevard Haussmann
75008 Paris

To the Arranger, the Dealers and the Trustee
as to English law and US law:

Clifford Chance Limited Liability Partnership
200 Aldersgate Street
London EC1A 4JJ

To the Arranger, the Dealers and the Trustee
as to French law:

Clifford Chance SELAFA
112, Avenue Kléber
75116 Paris

AUDITORS TO THE ISSUER

KPMG
45 The Esplanade
St. Helier, Jersey
JE4 8WQ

LISTING AGENT

Kredietbank S.A. Luxembourgeoise
43, Boulevard Royal
L-2955 Luxembourg