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DISCLAIMER

Attached please find an electronic copy of the offering circular dated May 25, 2018, (the "**Circular**") relating to the offering (the "**Offering**") by Atlas Capital UK 2018 PLC (the "**Issuer**") of certain notes (the "**Series 2018 Notes**"). Capitalised terms used but not otherwise defined in this disclaimer will have the respective meanings set out in the Circular.

This Circular comprises the listing particulars for the purposes of listing the Series 2018 Notes on Euronext Dublin ("**Listing Particulars**"). Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the approval of this document as Listing Particulars. Application has been made to Euronext Dublin for the Series 2018 Notes to be admitted to the Official List and trading on the Global Exchange Market which is the exchange regulated market of Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EU.

The Circular shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2018 Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

In order to be eligible to view this email and/or access the Circular or make an investment decision with respect to the Series 2018 Notes described therein, you must be a Qualified Investor under the Risk Transformation Regulations 2017. In addition, you must also be (i) a Qualified Institutional Buyer that, with respect to U.S. Persons, is also a Qualified Purchaser and (ii) a resident of, and purchasing in, and will hold the Series 2018 Notes in, a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction (and meet the other requirements set forth under "*Notice to Investors*" in the Circular).

Distribution of this electronic transmission of the Circular to any person other than (a) the person receiving this electronic transmission from the Initial Purchaser on behalf of the Issuer and (b) any person retained to advise the person receiving this electronic transmission with respect to the Offering contemplated by the Circular (each, an "**Authorised Recipient**") is unauthorised. Any photocopying, disclosure, or alteration of the contents of the Circular, and any forwarding of a copy of the Circular or any portion thereof by electronic mail or any other means to any person other than an Authorised Recipient, except as expressly authorised herein, is prohibited. By accepting delivery of the Circular, each recipient hereof agrees to the foregoing.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, EACH RECIPIENT (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF SUCH RECIPIENT) MAY DISCLOSE TO ANY AND ALL OTHER PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF THE OFFERING AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE RECIPIENT RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. HOWEVER, ANY SUCH INFORMATION RELATING TO THE TAX TREATMENT OR TAX STRUCTURE IS REQUIRED TO BE KEPT CONFIDENTIAL TO THE EXTENT REASONABLY NECESSARY TO COMPLY WITH APPLICABLE SECURITIES LAWS. FOR PURPOSES OF THIS PARAGRAPH, THE TERMS "TAX TREATMENT" AND "TAX STRUCTURE" HAVE THE MEANING GIVEN TO SUCH TERMS UNDER U.S. TREASURY REGULATION SECTION 1.6011-4(c).

CONFIDENTIAL

CIRCULAR

Atlas Capital UK 2018 PLC

USD300,000,000 Series 2018 ISPV 1 Principal At-Risk Variable Notes due June 7, 2022

Atlas Capital UK 2018 PLC (the "**Issuer**"), an insurance special purpose vehicle incorporated under the Companies Act 2006 with company number 11340349 and LEI number 2138004C15XIARPKJZ24 with its registered office at 35 Great St. Helen's, London, EC3A 6AP. The Issuer is licensed as a transformer vehicle under the laws of England and Wales and is offering USD300,000,000 Series 2018 ISPV 1 Principal At-Risk Variable Notes due June 7, 2022 (the "**Series 2018 Notes**"). The Series 2018 Notes will be exposed to Named Storm Events, Earthquake Events and Europe Windstorm Events. If one or more Named Storm Events, Earthquake Events or Europe Windstorm Events on an annual aggregate basis during the Risk Period result in an Issuer Payment under the Reinsurance Agreement, all or a portion of the Outstanding Principal Amount and interest accrued thereon payable to the holders of the Series 2018 Notes (each, a "**Holder**" or "**Noteholder**") may be reduced.

Investing in the Series 2018 Notes is speculative and involves a high degree of risk. See "Risk Factors" beginning on page 60 of this Circular for a discussion of certain factors to be considered in connection with an investment in the Series 2018 Notes.

The Series 2018 Notes are with limited recourse to certain assets of the Issuer and without recourse to the Ceding Insurer and its affiliates.

THE SERIES 2018 NOTES ARE BEING OFFERED ONLY TO QUALIFIED INVESTORS AS DEFINED IN REGULATION 10 OF THE RISK TRANSFORMATION REGULATION 2017 ("QUALIFIED INVESTORS"). THE ISSUER MAY REFUSE TO REGISTER A PERSON WHO IS NOT A QUALIFIED INVESTOR AS A HOLDER OF SECURITIES ISSUED BY IT.

THE SERIES 2018 NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE OR FOREIGN SECURITIES LAWS, AND THE ISSUER IS NOT AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE SERIES 2018 NOTES ARE BEING OFFERED AND SOLD IN BOOK-ENTRY FORM ONLY TO INVESTORS WHO (I) ARE "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN RULE 144A ("RULE 144A") UNDER THE SECURITIES ACT ("QUALIFIED INSTITUTIONAL BUYERS"), THAT, WITH RESPECT TO "U.S. PERSONS" AS DEFINED IN RULE 902(k) UNDER THE SECURITIES ACT ("U.S. PERSONS"), ARE ALSO "QUALIFIED PURCHASERS" AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT ("QUALIFIED PURCHASERS"); AND (II) ARE RESIDENTS OF, AND PURCHASING IN, AND WILL HOLD THE SERIES 2018 NOTES IN, A PERMITTED U.S. JURISDICTION OR A PERMITTED NON-U.S. JURISDICTION. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE SERIES 2018 NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. THE SERIES 2018 NOTES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER "*NOTICE TO INVESTORS*" IN THIS CIRCULAR. EACH PURCHASER OF THE SERIES 2018 NOTES IN MAKING ITS PURCHASE WILL BE DEEMED TO HAVE MADE CERTAIN ACKNOWLEDGMENTS, REPRESENTATIONS AND AGREEMENTS AS SET OUT UNDER "*NOTICE TO INVESTORS—REPRESENTATIONS OF PURCHASER*."

The Series 2018 Notes will be offered by GC Securities, a division of MMC Securities LLC, (the "**Initial Purchaser**"), as specified herein, subject to receipt and acceptance by the Initial Purchaser and subject to the Initial Purchaser's right to reject any order in whole or in part. The Initial Purchaser expect to deliver the Series 2018 Notes in book-entry form through the facilities of the Depository Trust Company (the "**DTC**") against payment therefor in immediately available funds on or about the Issuance Date.

Sole Structuring Agent and Sole Bookrunner

GC Securities

Circular dated May 25, 2018

(Cover page continued)

On the Redemption Date, Holders of the Series 2018 Notes will receive, to the extent of available funds therefor, 100% of the Outstanding Principal Amount of the Series 2018 Notes determined as of the Redemption Date (but not to exceed the liquidation proceeds of the Permitted Investments), plus the Early Redemption Payment or the Optional Redemption Payment if due and payable on the Series 2018 Notes.

On the Issuance Date, all of the proceeds paid to the Issuer from the sale of the Series 2018 Notes will be deposited into the Collateral Account and will be invested in Permitted Investments, as further described herein. Such proceeds will be available to collateralise and fund the obligations of the Issuer to the Ceding Insurer under the Reinsurance Agreement and, only after the fulfillment of such obligations and the termination of such Reinsurance Agreement in accordance with its terms, to make payments under the Trust Deed in respect of the Outstanding Principal Amount of the Series 2018 Notes.

Notwithstanding anything in this Circular to the contrary, for each Accrual Period from and including the Issuance Date to, but excluding, the Redemption Date, interest on the Series 2018 Notes will be calculated by the Calculation Agent as the sum of:

- (i) the Permitted Investment Yield relating to such Accrual Period; *plus*
- (ii) the following amount (the sum of (a), (b), (c), (d) and (e)):
 - (a) for all calendar days during such Accrual Period that occur during the period from and including the Issuance Date to, but excluding the first day of the First Loss Period: interest accrued at the Non-Risk Period Interest Spread calculated on the Original Principal Amount;
 - (b) for all calendar days during such Accrual Period that occur during the period from and including the first day of the Risk Period to and including the last day of the First Loss Period: interest accrued at the Initial Interest Spread calculated on the Original Principal Amount; provided, that if the Outstanding Principal Amount is reduced to zero as a result of one or more Loss Payment Amounts on any of the Payment Dates prior to the end of the First Loss Period, the Residual Interest Amount will be paid on such Payment Date, in addition to the accrued interest for the prior Accrual Period, on such Payment Date and no further interest will be paid;
 - (c) for all calendar days during such Accrual Period that occur from and including the first day of the Second Loss Period to and including the last day of the Risk Period: the sum of interest accrued at the applicable Interest Spread calculated on the Outstanding Principal Amount as of the first day of the applicable Accrual Period;
 - (d) for all calendar days during such Accrual Period that occur from but excluding the last day of the Risk Period to but excluding such Early Redemption Date, the Optional Redemption Date or the Scheduled Redemption Date, as applicable, interest accrued at the Non-Risk Period Interest Spread calculated on the Outstanding Principal Amount as of the first day of the applicable Accrual Period; and
 - (e) for all calendar days during such Accrual Period that occur during the period from and including the Early Redemption Date, the Optional Redemption Date, or the Scheduled Redemption Date to but excluding the earlier of the last Extended Redemption Date and the Final Extended Redemption Date; interest accrued at the applicable Extension Spread calculated on the Outstanding Principal Amount,

in each case, calculated in accordance with the Interest Calculation Convention.

Interest on the Series 2018 Notes will be payable quarterly in arrears on the following dates (or if any such day is not a Business Day, the next succeeding Business Day) (i) each March 1, June 1, September 1 and December 1, commencing on the First Payment Date and continuing to, but excluding, the earliest of the Early Redemption Date, the Optional Redemption Date and the Scheduled Redemption Date, as applicable, provided that there will be no Payment Date on June 1, 2022; (ii) the earliest of the Early Redemption Date, the Optional Redemption Date and the Scheduled Redemption Date, as applicable; and (iii) if one or more Extension Events have occurred and are continuing under the Reinsurance Agreement, each Extended Redemption Date (which will be the 7th day of each month), *provided that*, in each case, if any of the forgoing days is not a Business Day, the relevant Payment Date will be next succeeding Business Day; and *provided further that* if an Early Redemption Event or an Optional Redemption Event occurs, the final Payment Date will be on the applicable Early Redemption Date or the Optional Redemption Date, as the case may be, unless the Ceding Insurer elects an Extension with respect thereto. See "*Risk Factors—Limited Sources of Funds for Payment of Interest.*"

The Issuer's sole source of funds for repayment of the Outstanding Principal Amount will be the liquidation proceeds of the Permitted Investments and any Negative Loss Payments, subject to the prior rights of the Ceding Insurer therein. In addition, the Issuer's sole sources of funds for payments of interest on the Series 2018 Notes will be (i) the Periodic Payments received from the Ceding Insurer under the Reinsurance Agreement and (ii) the Permitted Investment Yield.

The Initial Purchaser expects to deliver the Series 2018 Notes offered by this Circular through the facilities of DTC against payment therefor in New York, New York on or about Issuance Date, which will be the third business day following the date of pricing of the Series 2018 Notes (such settlement schedule being herein referred to as "T+3"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Because the Series 2018 Notes will not be delivered before the Issuance Date, purchasers trading the Series 2018 Notes before the closing will be required to specify a longer settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Series 2018 Notes who wish to trade the Series 2018 Notes prior to the Issuance Date should consult their own advisor.

The language of this Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

As at the date of this Circular, the Issuer has not conducted any business and its business in future will be limited to the entry into a reinsurance agreement (the "**Reinsurance Agreement**") with the Ceding Insurer in respect of risks identified in this Circular. The Issuer will fund its obligations under the Reinsurance Agreement from the proceeds of the issuance of the Series 2018 Notes. Since the date of the incorporation of the Issuer, the Issuer has not commenced operations and as of the date of this Listing Particulars, no financial statements of the Issuer have been prepared. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had since the date of its incorporation, a significant effect on the financial position or profitability of the Issuer. The issue of the Series 2018 Notes was authorised by resolutions of the Board of Directors of the Issuer passed at a meeting held on May 25, 2018.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Series 2018 Notes and is not itself seeking admission of the Series 2018 Notes to the Official List of Euronext Dublin or to trading on the Global Exchange Market of Euronext Dublin.

CERTAIN PERSONS PARTICIPATING IN THE OFFERINGS MAY ENGAGE IN TRANSACTIONS THAT STABILISE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE SERIES 2018 NOTES, INCLUDING OVER-ALLOTMENT, STABILIZING AND SHORT COVERING TRANSACTIONS IN THE SERIES 2018 NOTES, AND THE IMPOSITION OF A PENALTY BID, IN CONNECTION WITH THE OFFERING. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "*PLAN OF DISTRIBUTION.*" ANY STABILISATION ACTION OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

THERE IS NO MARKET FOR THE SERIES 2018 NOTES AND THERE IS NO ASSURANCE THAT A MARKET WILL DEVELOP. THE INITIAL PURCHASER IS NOT UNDER ANY OBLIGATION TO MAKE A MARKET IN THE SERIES 2018 NOTES AND, TO THE EXTENT THAT SUCH MARKET MAKING IS COMMENCED BY THE INITIAL PURCHASER, IT MAY BE DISCONTINUED AT ANY TIME. GIVEN THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE SERIES 2018 NOTES, THE HIGH MINIMUM DENOMINATIONS AND THE RESTRICTIONS ON TRANSFER, THERE IS NO ASSURANCE THAT A SECONDARY TRADING MARKET FOR THE SERIES 2018 NOTES WILL DEVELOP. INVESTORS MUST BE ABLE TO BEAR THE RISKS OF HOLDING THE SERIES 2018 NOTES UNTIL THEIR REDEMPTION DATE.

THE SERIES 2018 NOTES HAVE NOT BEEN RECOMMENDED BY ANY U.S. FEDERAL OR STATE SECURITIES COMMISSION OR ANY INSURANCE OR OTHER REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS CIRCULAR (AS THE SAME MAY BE AMENDED OR SUPPLEMENTED, INCLUDING BY ANY CIRCULAR SUPPLEMENT) DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITY OTHER THAN THE SERIES 2018 NOTES TO WHICH SUCH DOCUMENTS RELATE, NOR DOES IT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SERIES 2018 NOTES, TO ANY PERSON IN ANY JURISDICTION WHERE SUCH OFFER OR SALE IS NOT PERMITTED OR WOULD REQUIRE REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF SUCH JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION TO SUCH PERSON.

THE SERIES 2018 NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR ANY U.S. STATE OR FOREIGN SECURITIES LAWS, AND ARE SUBJECT TO SUBSTANTIAL RESTRICTIONS ON TRANSFER AS SET OUT UNDER "*NOTICE TO INVESTORS*".

THE SERIES 2018 NOTES OFFERED HEREBY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO ANY PERSON (I) IN ANY STATE OR OTHER JURISDICTION IN THE UNITED STATES OTHER THAN THE PERMITTED U.S. JURISDICTIONS OR (II) IN ANY JURISDICTION OUTSIDE OF THE UNITED STATES OTHER THAN THE PERMITTED NON-U.S. JURISDICTIONS. FURTHERMORE, ANY SERIES 2018 NOTES OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO A PERSON IN A PERMITTED U.S. JURISDICTION OR PERMITTED NON-U.S. JURISDICTION MAY ONLY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO INVESTORS THAT (I) ARE "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT, WITH RESPECT TO U.S. PERSONS, ARE ALSO "QUALIFIED PURCHASERS" FOR PURPOSES OF SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT, (AND MEET THE OTHER REQUIREMENTS SET FORTH UNDER THE "*NOTICE TO INVESTORS*" HEREIN) AND (II) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE PERMITTED U.S. JURISDICTIONS AND ALL APPLICABLE SECURITIES LAWS OF THE PERMITTED NON-U.S. JURISDICTIONS.

IF ANY PERSON ACQUIRING A BENEFICIAL INTEREST IN THE SERIES 2018 NOTES IS NOT, AT THE TIME OF ACQUIRING SUCH INTEREST, (I) A QUALIFIED INVESTOR, (II) A QUALIFIED INSTITUTIONAL BUYER AND (III) IN THE CASE OF A U.S. PERSON, ALSO A QUALIFIED PURCHASER THE ISSUER MAY REGARD THE ACQUISITION BY SUCH PERSON AS NULL AND VOID AND OF NO EFFECT. ANY PERSON WHO HOLDS ANY BENEFICIAL INTEREST IN THE SERIES 2018 NOTES WHO DOES NOT RESIDE AND

HOLD SUCH INTEREST IN A PERMITTED U.S. JURISDICTION OR A PERMITTED NON-U.S. JURISDICTION, OR WAS NOT, AT THE TIME OF ACQUIRING SUCH INTEREST IN THE SERIES 2018 NOTES, (I) A QUALIFIED INVESTOR, (II) A QUALIFIED INSTITUTIONAL BUYER AND (III) IN THE CASE OF A U.S. PERSON, ALSO A QUALIFIED PURCHASER MAY BE FORCED TO TRANSFER SUCH INTEREST TO A PERSON WHO MEETS THE REQUIREMENTS SET FORTH IN "NOTICE TO INVESTORS" IN ACCORDANCE WITH THE PROCEDURES DESCRIBED UNDER "DESCRIPTION OF THE SERIES 2018 NOTES—NON-PERMITTED NOTEHOLDER." NONE OF THE ISSUER, THE CEDING INSURER, THE INITIAL PURCHASER OR ANY OF THEIR RESPECTIVE AFFILIATES MAKES ANY REPRESENTATION THAT THE OFFER, SALE, PLEDGE OR TRANSFER OF THE SERIES 2018 NOTES IS PERMITTED UNDER THE SECURITIES LAW OF ANY PERMITTED U.S. JURISDICTION OR ANY PERMITTED NON-U.S. JURISDICTION.

THE SERIES 2018 NOTES ARE NOT OBLIGATIONS OF, AND ARE NOT GUARANTEED BY, THE CEDING INSURER OR ANY OF ITS AFFILIATES AND ARE WITHOUT RECOURSE TO THEM. FOR THE SERIES 2018 NOTES, THE OUTSTANDING PRINCIPAL AMOUNT AND INTEREST RELATING THERETO (INCLUDING ANY EARLY REDEMPTION PAYMENT, OPTIONAL REDEMPTION PAYMENT AND RESIDUAL INTEREST AMOUNT, IF APPLICABLE) ARE PAYABLE SOLELY BY THE ISSUER. THE SERIES 2018 NOTES ARE WITH LIMITED RECOURSE TO CERTAIN ASSETS OF THE ISSUER.

NONE OF THE ISSUER, THE CEDING INSURER, THE INITIAL PURCHASER OR ANY OF THEIR RESPECTIVE AFFILIATES, NOR ANY OF THEIR RESPECTIVE REPRESENTATIVES OR AGENTS, MAKES ANY REPRESENTATION TO ANY INVESTOR IN THE SERIES 2018 NOTES REGARDING THE LEGALITY OF AN INVESTMENT UNDER APPROPRIATE LEGAL INVESTMENT OR SIMILAR LAWS. INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS CIRCULAR AS INVESTMENT, TAX, ACCOUNTING OR LEGAL ADVICE. THIS CIRCULAR, AS WELL AS THE NATURE OF AN INVESTMENT IN THE SERIES 2018 NOTES, SHOULD BE REVIEWED BY EACH INVESTOR AND ITS INVESTMENT, TAX OR OTHER ADVISORS, AND ITS ACCOUNTANTS AND LEGAL COUNSEL. INVESTORS SHOULD SATISFY THEMSELVES THAT AN INVESTMENT IN THE SERIES 2018 NOTES IS NOT IN VIOLATION OF THE LAWS OF ANY JURISDICTION RELEVANT TO THEM, INCLUDING APPLICABLE INSURANCE LAWS.

NOTICE TO RESIDENTS OF AUSTRALIA

THIS CONFIDENTIAL CIRCULAR IS NOT A "PROSPECTUS", "PRODUCT DISCLOSURE STATEMENT" OR ANY OTHER FORM OF DISCLOSURE DOCUMENT FOR THE PURPOSES OF CHAPTERS 6D OR 7 OF THE AUSTRALIAN CORPORATIONS ACT 2001 (CTH) (THE "CORPORATIONS ACT") AND IS NOT REQUIRED TO BE LODGED WITH THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION UNDER THE CORPORATIONS ACT. THE OFFER FOR THE ISSUE, ANY INVITATION TO APPLY FOR THE ISSUE AND ANY OFFER FOR SALE OF, AND ANY INVITATION FOR OFFERS TO PURCHASE, THE SERIES 2018 NOTES TO A PERSON UNDER THIS CONFIDENTIAL CIRCULAR:

- (I) WILL BE FOR A MINIMUM AMOUNT PAYABLE (AFTER DISREGARDING ANY AMOUNT LENT BY THE PERSON OFFERING THE SERIES 2018 NOTES (AS DETERMINED UNDER SECTION 700(3) OF THE CORPORATIONS ACT) OR ANY OF THEIR ASSOCIATES (AS DETERMINED UNDER SECTIONS 10 TO 17 OF THE CORPORATIONS ACT)) ON ACCEPTANCE OF THE OFFER**

OR APPLICATION (AS THE CASE MAY BE) WHICH IS AT LEAST AUD500,000 (CALCULATED IN ACCORDANCE WITH BOTH SECTION 708(9) OF THE CORPORATIONS ACT AND REGULATION 7.1.18 OF THE AUSTRALIAN CORPORATIONS REGULATIONS 2001 (CTH)); OR

- (II) DOES NOT OTHERWISE REQUIRE DISCLOSURE TO INVESTORS UNDER CHAPTERS 6D OR 7 OF THE CORPORATIONS ACT (AS THE CASE MAY BE) AND IS NOT MADE TO A PERSON WHO IS A RETAIL CLIENT (AS DEFINED IN SECTION 761G OF THE CORPORATIONS ACT).**

A PERSON MAY NOT (DIRECTLY OR INDIRECTLY) OFFER FOR ISSUE OR SALE, OR MAKE ANY INVITATION TO APPLY FOR THE ISSUE OR TO PURCHASE, THE SERIES 2018 NOTES NOR DISTRIBUTE THIS CONFIDENTIAL CIRCULAR EXCEPT IF THE OFFER OR INVITATION:

- (I) DOES NOT NEED DISCLOSURE TO INVESTORS UNDER CHAPTERS 6D OR 7 OF THE CORPORATIONS ACT (AS THE CASE MAY BE);**
- (II) IS NOT MADE TO A RETAIL CLIENT (AS DEFINED IN SECTION 761G OF THE CORPORATIONS ACT); AND**
- (III) COMPLIES WITH ANY OTHER APPLICABLE LAWS IN ALL JURISDICTIONS IN WHICH THE OFFER OR INVITATION IS MADE.**

MMC SECURITIES LLC DOES NOT HOLD AN AUSTRALIAN FINANCIAL SERVICES LICENSE ("AFSL") AND IS EXEMPT FROM THE REQUIREMENT TO HOLD AN AFSL UNDER THE CORPORATIONS ACT IN RESPECT OF THE FINANCIAL SERVICES IT PROVIDES IN THIS JURISDICTION. MMC SECURITIES LLC IS REGULATED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER UNITED STATES FEDERAL SECURITIES LAWS, WHICH DIFFER FROM AUSTRALIAN LAWS.

NOTICE TO RESIDENTS OF AUSTRIA

THIS CONFIDENTIAL CIRCULAR DOES NOT CONSTITUTE AN OFFERING PROSPECTUS PURSUANT TO EITHER THE AUSTRIAN CAPITAL MARKET ACT (KAPITALMARKTGESETZ) OR THE AUSTRIAN STOCK EXCHANGE ACT (BOERSENGESETZ). FURTHERMORE, THIS CONFIDENTIAL CIRCULAR HAS NOT BEEN AUDITED BY A QUALIFIED BANK OR A CERTIFIED PUBLIC ACCOUNTANT. THE FORM AND CONTENT OF THIS CONFIDENTIAL CIRCULAR DO NOT COMPLY WITH THE AUSTRIAN LAW FOR PUBLIC OFFERING OF SERIES 2018 NOTES IN FOREIGN FUNDS. THUS, THIS CONFIDENTIAL CIRCULAR IS NEITHER INTENDED TO SERVE AS A MEANS OF OFFERING SECURITIES TO THE PUBLIC NOR DOES IT CONSTITUTE AN OFFER OF SUCH SERIES 2018 NOTES TO THE PUBLIC. THE SERIES 2018 NOTES ARE OFFERED OR SOLD ON A PRIVATE PLACEMENT BASIS. THIS CONFIDENTIAL CIRCULAR HAS BEEN PRODUCED

FOR THE SOLE PURPOSE OF PROVIDING INFORMATION ABOUT CERTAIN SECURITIES TO A LIMITED NUMBER OF QUALIFIED INVESTORS IN AUSTRIA.

NOTICE TO RESIDENTS OF BARBADOS

THE SERIES 2018 NOTES SHALL NOT BE OFFERED OR SOLD INTO BARBADOS EXCEPT IN CIRCUMSTANCES THAT DO NOT CONSTITUTE AN OFFER TO THE PUBLIC. THIS CONFIDENTIAL CIRCULAR IS MADE AVAILABLE ON THE CONDITION THAT IT IS FOR THE USE ONLY BY THE RECIPIENT AND MAY NOT BE PASSED ONTO ANY OTHER PERSON OR BE REPRODUCED IN ANY PART. THE FINANCIAL SERVICES COMMISSION (OF BARBADOS) HAS NOT IN ANY WAY EVALUATED THE MERITS OF THE SERIES 2018 NOTES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

THIS CONFIDENTIAL CIRCULAR IS ISSUED IN CONNECTION WITH THE DISTRIBUTION BY THE ISSUER OF THE SERIES 2018 NOTES (I) TO PERSONS IN BARBADOS WHO ARE EITHER EXEMPT FROM CURRENCY CONTROLS IN RESPECT OF THE PURCHASE, ACQUISITION AND OWNERSHIP OF THE SERIES 2018 NOTES, OR HAVE OBTAINED THE NECESSARY PERMISSION UNDER THE EXCHANGE CONTROL ACT OF BARBADOS, AND (II) TO FEWER THAN FIFTY (50) PERSONS IN THE AGGREGATE EACH OF WHOM IS A "SOPHISTICATED PURCHASER" WITHIN THE MEANING OF SECTION 61(1) OF THE BARBADOS SECURITIES ACT (BARBADOS EXEMPT PURCHASERS).

AS SUCH THE DISTRIBUTION OF THE SERIES 2018 NOTES IN BARBADOS IS EXEMPT FROM THE PROSPECTUS REQUIREMENTS OF THE BARBADOS SECURITIES ACT, BUT IS SUBJECT TO ANY CONDITIONS PRESCRIBED BY THE FINANCIAL SERVICES COMMISSION (OF BARBADOS). THE ISSUER IS REQUIRED TO GIVE WRITTEN NOTIFICATION OF THE DISTRIBUTION OF THE SERIES 2018 NOTES TO THE FINANCIAL SERVICES COMMISSION (OF BARBADOS) IN ACCORDANCE WITH THE REQUIREMENTS OF SECTION 69(2)(A) OF THE BARBADOS SECURITIES ACT. THE ISSUER MAY SEEK WRITTEN CONFIRMATION OF THE EXEMPTION FROM THE FINANCIAL SERVICES COMMISSION (OF BARBADOS).

BY PURCHASING THE SERIES 2018 NOTES IN BARBADOS, A PURCHASER WILL BE REPRESENTING TO THE ISSUER THAT:

- (I) THE PURCHASER IS A SOPHISTICATED PURCHASER WITHIN THE MEANING OF SECTION 61(1) OF THE BARBADOS SECURITIES ACT;**
- (II) THE PURCHASER IS EXEMPT FROM CURRENCY CONTROLS IN RESPECT OF THE PURCHASE, ACQUISITION AND OWNERSHIP OF THE SERIES 2018 NOTES, OR HAS OBTAINED THE NECESSARY PERMISSION UNDER THE EXCHANGE CONTROL ACT OF BARBADOS, AND THAT EVIDENCE OF SUCH EXEMPTION SHALL BE FORWARDED TO THE ISSUER;**

(III) THE PURCHASER IS ABLE TO EVALUATE THE SERIES 2018 NOTES AS AN INVESTMENT ON THE BASIS OF THE INFORMATION PROVIDED IN THIS CONFIDENTIAL CIRCULAR, BY VIRTUE OF HIS NET WORTH AND ADVICE INDEPENDENTLY AVAILABLE TO HIM FROM AN INVESTMENT ADVISOR; AND

(IV) THE PURCHASER HAS REVIEWED THE FOREGOING PARAGRAPH.

THIS CONFIDENTIAL CIRCULAR IS NOT ISSUED IN CONNECTION WITH ANY INVITATION TO THE PUBLIC TO SUBSCRIBE FOR ANY DEBENTURES OR AS PART OF ANY DISTRIBUTION OF DEBENTURES TO THE PUBLIC OR OFFER OF DEBENTURES TO THE PUBLIC. AS A CONSEQUENCE, THE SALE AND DISTRIBUTION OF THE SERIES 2018 NOTES IS EXEMPTED FROM HAVING TO COMPLY WITH THE PROSPECTUS REQUIREMENTS OF THE BARBADOS COMPANIES ACT, AND THERE IS NO REQUIREMENT FOR THE REGISTRATION OF THE ISSUER OR THE SERIES 2018 NOTES IN ACCORDANCE WITH THE BARBADOS SECURITIES ACT.

NOTICE TO RESIDENTS OF BELGIUM

THE OFFERING OF THE SERIES 2018 NOTES HAS NOT BEEN AND WILL NOT BE NOTIFIED TO THE BELGIAN FINANCIAL SERVICES AND MARKETS AUTHORITY (AUTORITEIT VOOR FINANCIËLE DIENSTEN EN MARKTEN/AUTORITE DES SERVICES ET MARCHES FINANCIERS) NOR HAS THIS CONFIDENTIAL CIRCULAR BEEN, NOR WILL IT BE, APPROVED BY THE BELGIAN FINANCIAL SERVICES AND MARKETS AUTHORITY. THE SERIES 2018 NOTES MAY NOT BE DISTRIBUTED IN BELGIUM BY WAY OF AN OFFER OF THE SERIES 2018 NOTES TO THE PUBLIC, AS DEFINED IN ARTICLE 3, §1 OF THE ACT OF JUNE 16, 2006 RELATING TO PUBLIC OFFERS OF INVESTMENT INSTRUMENTS, AS AMENDED OR REPLACED FROM TIME TO TIME, SAVE IN THOSE CIRCUMSTANCES (COMMONLY CALLED "PRIVATE PLACEMENT") SET OUT IN ARTICLE 3 §2 OF THE ACT OF JUNE 16, 2006 RELATING TO PUBLIC OFFERS OF INVESTMENT INSTRUMENTS, AS AMENDED OR REPLACED FROM TIME TO TIME. THIS CONFIDENTIAL CIRCULAR MAY BE DISTRIBUTED IN BELGIUM ONLY TO SUCH INVESTORS FOR THEIR PERSONAL USE AND EXCLUSIVELY FOR THE PURPOSES OF THIS OFFERING OF THE SERIES 2018 NOTES. ACCORDINGLY, THIS CONFIDENTIAL CIRCULAR MAY NOT BE USED FOR ANY OTHER PURPOSE NOR PASSED ON TO ANY OTHER INVESTOR IN BELGIUM. THE INITIAL PURCHASER REPRESENTS AND AGREES THAT IT WILL NOT:

(I) OFFER FOR SALE OR MARKET THE SERIES 2018 NOTES IN BELGIUM OTHERWISE THAN IN CONFORMITY WITH THE ACT OF JUNE 16, 2006 RELATING TO PUBLIC OFFERS OF INVESTMENT INSTRUMENTS, AS AMENDED OR REPLACED FROM TIME TO TIME; OR

- (II) OFFER FOR SALE, SELL OR MARKET THE SERIES 2018 NOTES TO ANY PERSON QUALIFYING AS A CONSUMER WITHIN THE MEANING OF ARTICLE 1.3 OF THE LAW OF APRIL 6, 2010, ON TRADE PRACTICES AND CONSUMER PROTECTION, AS MODIFIED, OTHERWISE THAN IN CONFORMITY WITH SUCH LAW AND ITS IMPLEMENTING REGULATIONS.

NOTICE TO RESIDENTS OF BERMUDA

TO THE EXTENT THAT ANY SERIES 2018 NOTES ARE OFFERED OR SOLD IN OR FROM BERMUDA, SUCH OFFER OR SALE MAY ONLY BE MADE IN ACCORDANCE WITH THE INVESTMENT BUSINESS ACT 2003, AS AMENDED, OF BERMUDA, WHICH REGULATES THE SALE OF SECURITIES IN BERMUDA. ADDITIONALLY, NON-BERMUDIAN PERSONS (INCLUDING COMPANIES) MAY NOT CARRY ON OR ENGAGE IN ANY TRADE OR BUSINESS IN BERMUDA UNLESS SUCH PERSONS ARE PERMITTED TO DO SO UNDER APPLICABLE BERMUDA LEGISLATION.

NOTICE TO RESIDENTS OF THE BRITISH VIRGIN ISLANDS

THE SERIES 2018 NOTES MAY NOT BE OFFERED IN THE BRITISH VIRGIN ISLANDS ("BVI") UNLESS THE ISSUER, THE INITIAL PURCHASER OR ANY OTHER PERSON ACTING ON THEIR BEHALF IS LICENSED TO CARRY ON BUSINESS IN THE BVI. NONE OF THE ISSUER, THE INITIAL PURCHASER OR ANY OTHER PERSON ACTING ON THEIR BEHALF IS CURRENTLY LICENSED TO CARRY ON BUSINESS IN THE BVI. THE SERIES 2018 NOTES MAY BE OFFERED TO BVI BUSINESS COMPANIES (FROM OUTSIDE THE BRITISH VIRGIN ISLANDS) WITHOUT RESTRICTIONS. A BVI BUSINESS COMPANY IS A COMPANY FORMED UNDER OR OTHERWISE GOVERNED BY THE BVI BUSINESS COMPANIES ACT 2004 (AS AMENDED).

THIS CONFIDENTIAL CIRCULAR HAS NOT BEEN REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF THE BVI AND WILL NOT BE SO REGISTERED UPON PART II OF SIBA COMING INTO FORCE. NO REGISTERED PROSPECTUS HAS BEEN OR WILL BE PREPARED IN RESPECT OF THE SERIES 2018 NOTES FOR THE PURPOSES OF SIBA.

NOTICE TO RESIDENTS OF CANADA

THE SERIES 2018 NOTES MAY BE SOLD ONLY BY PERSONS PERMITTED TO SELL SUCH NOTES AND ONLY TO PURCHASERS PURCHASING, OR DEEMED TO BE PURCHASING, AS PRINCIPAL THAT ARE ACCREDITED INVESTORS, AS DEFINED IN NATIONAL INSTRUMENT 45-106 PROSPECTUS EXEMPTIONS OR SUBSECTION

73.3(1) OF THE SECURITIES ACT (ONTARIO), AND ARE PERMITTED CLIENTS, AS DEFINED IN NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS. ANY RESALE OF THE SERIES 2018 NOTES MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS.

THIS CONFIDENTIAL CIRCULAR (INCLUDING ANY AMENDMENT THERETO) IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING OF THE SERIES 2018 NOTES DESCRIBED IN THIS CONFIDENTIAL CIRCULAR (INCLUDING ANY AMENDMENT THERETO) IN CANADA. NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS REVIEWED OR IN ANY WAY PASSED UPON THIS DOCUMENT OR THE MERITS OF THE SERIES 2018 NOTES DESCRIBED IN THIS CONFIDENTIAL CIRCULAR (INCLUDING ANY AMENDMENT THERETO), AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENSE.

SECURITIES LEGISLATION IN CERTAIN PROVINCES OR TERRITORIES OF CANADA MAY PROVIDE A PURCHASER WITH REMEDIES FOR RESCISSION OR DAMAGES IF THIS CONFIDENTIAL CIRCULAR (INCLUDING ANY AMENDMENT THERETO) CONTAINS A MISREPRESENTATION, PROVIDED THAT THE REMEDIES FOR RESCISSION OR DAMAGES ARE EXERCISED BY THE PURCHASER WITHIN THE TIME LIMIT PRESCRIBED BY THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY. THE PURCHASER SHOULD REFER TO ANY APPLICABLE PROVISIONS OF THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY FOR PARTICULARS OF THESE RIGHTS OR CONSULT WITH A LEGAL ADVISOR.

PURSUANT TO SECTION 3A.3 (OR, IN THE CASE OF SECURITIES ISSUED OR GUARANTEED BY THE GOVERNMENT OF A NON-CANADIAN JURISDICTION, SECTION 3A.4) OF NATIONAL INSTRUMENT 33-105 UNDERWRITING CONFLICTS (NI 33-105), THE INITIAL PURCHASER IS NOT REQUIRED TO COMPLY WITH THE DISCLOSURE REQUIREMENTS OF NI 33-105 REGARDING UNDERWRITER CONFLICTS OF INTEREST IN CONNECTION WITH THIS OFFERING.

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

UNLESS THE SERIES 2018 NOTES ARE LISTED ON THE CAYMAN ISLANDS STOCK EXCHANGE, NO INVITATION, WHETHER DIRECTLY OR INDIRECTLY, MAY BE MADE TO THE PUBLIC IN THE CAYMAN ISLANDS TO SUBSCRIBE FOR THE SERIES 2018.

NOTICE TO RESIDENTS OF DENMARK

THIS CONFIDENTIAL CIRCULAR AND THE SERIES 2018 NOTES OFFERED HEREIN HAVE NOT BEEN FILED WITH OR APPROVED BY THE DANISH FINANCIAL SUPERVISORY AUTHORITY OR ANY OTHER REGULATORY AUTHORITY IN THE KINGDOM OF DENMARK NOR DOES THIS DOCUMENT CONSTITUTE A PROSPECTUS OR OTHER PROMOTIONAL MATERIAL FOR THE PUBLIC OFFERING OF SECURITIES IN ACCORDANCE WITH DANISH LAW. ACCORDINGLY, THE SERIES 2018 NOTES OFFERED HEREIN MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN DENMARK, NOR MAY THIS DOCUMENT BE MARKETED OR DISTRIBUTED IN DENMARK EXCEPT IF SUCH MARKETING OR DISTRIBUTION IS IN COMPLIANCE WITH THE DANISH SECURITIES TRADING ACT AND ANY EXECUTIVE ORDERS ISSUED THEREUNDER, INCLUDING EXECUTIVE ORDER NO. 885 OF SEPTEMBER 14, 2009 ON THE FIRST PUBLIC OFFER OF CERTAIN SECURITIES, AS AMENDED OR REPLACED FROM TIME TO TIME.

NOTICE TO RESIDENTS OF EUROPEAN ECONOMIC AREA MEMBER STATES

THIS CONFIDENTIAL CIRCULAR IS NOT A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE (DEFINED BELOW).

THE SERIES 2018 NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA ("EEA"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC (KNOWN AS THE INSURANCE MEDIATION DIRECTIVE) AS AMENDED, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN THE PROSPECTUS DIRECTIVE.

CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE SERIES 2018 NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE SERIES 2018 NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THIS CONFIDENTIAL CIRCULAR HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF THE SERIES 2018 NOTES IN ANY MEMBER STATE OF THE EEA WHICH HAS IMPLEMENTED THE PROSPECTUS DIRECTIVE (EACH, A "RELEVANT MEMBER STATE") WILL BE MADE PURSUANT TO AN EXEMPTION UNDER THE PROSPECTUS DIRECTIVE FROM THE REQUIREMENT TO PUBLISH

A PROSPECTUS FOR OFFERS OF THE SERIES 2018 NOTES. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE AN OFFER IN ANY RELEVANT MEMBER STATE OF THE SERIES 2018 NOTES WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED IN THIS CONFIDENTIAL CIRCULAR MAY ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR THE INITIAL PURCHASER TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE, IN EACH CASE, IN RELATION TO SUCH OFFER. NEITHER THE ISSUER NOR THE INITIAL PURCHASER HAS AUTHORISED, NOR DO THEY AUTHORISE, THE MAKING OF ANY OFFER OF THE SERIES 2018 NOTES IN CIRCUMSTANCES IN WHICH AN OBLIGATION ARISES FOR THE ISSUER OR THE INITIAL PURCHASER TO PUBLISH A PROSPECTUS FOR SUCH OFFER.

THE EXPRESSION "PROSPECTUS DIRECTIVE" MEANS DIRECTIVE 2003/71/EC (AND AMENDMENTS THERETO, INCLUDING BY DIRECTIVE 2010/73/EU), AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN THE RELEVANT MEMBER STATE.

NOTICE TO RESIDENTS OF FRANCE

THE SERIES 2018 NOTES DESCRIBED HEREIN WILL BE ISSUED OUTSIDE OF FRANCE AND MAY NOT BE, DIRECTLY OR INDIRECTLY, OFFERED OR SOLD TO THE PUBLIC IN FRANCE ("OFFRE AU PUBLIC DE TITRES FINANCIERS"). THE OFFER OF THE SERIES 2018 NOTES IS NOT SUBJECT TO THE REQUIREMENT OF A PROSPECTUS TO BE SUBMITTED TO THE FRENCH AUTORITÉ DES MARCHÉS FINANCIERS FOR ITS APPROVAL (VISA). NONE OF THIS CONFIDENTIAL CIRCULAR NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE SERIES 2018 NOTES HAS BEEN OR WILL BE SUBMITTED FOR THE APPROVAL (VISA) OF THE FRENCH AUTORITÉ DES MARCHÉS FINANCIERS. THE SERIES 2018 NOTES WILL NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN FRANCE, AND THIS CONFIDENTIAL CIRCULAR AND ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE SERIES 2018 NOTES WILL NOT BE DISTRIBUTED IN FRANCE, EXCEPT TO QUALIFIED INVESTORS ("INVESTISSEURS QUALIFIÉS"), TO A LIMITED GROUP OF INVESTORS ("CERCLE RESTREINT D'INVESTISSEURS"), AND/OR TO PROVIDERS OF INVESTMENT SERVICES RELATING TO PORTFOLIO MANAGEMENT FOR THE ACCOUNT OF THIRD PARTIES ("PERSONNES FOURNISSANT LE SERVICE D'INVESTISSEMENT DE GESTION DE PORTEFEUILLE POUR LE COMPTE DE TIERS"), AS DEFINED IN, AND IN ACCORDANCE WITH, ARTICLES L.411-2, D.411-1 TO D.411-4, D.744-1, D.754-1 AND D.764-1 OF THE FRENCH CODE MONÉTAIRE ET FINANCIER. IN COMPLIANCE WITH ARTICLES L.411-2 AND D.411-1 TO D.411-4, D.744-1, D.754-1 AND D.764-1 OF THE FRENCH CODE MONÉTAIRE ET FINANCIER, ANY INVESTORS SUBSCRIBING FOR THE SERIES 2018 NOTES SHOULD BE ACTING FOR THEIR OWN ACCOUNT. IF ANY SERIES 2018 NOTES SUBSCRIBED FOR OR ACQUIRED

BY SUCH INVESTORS ARE SUBSEQUENTLY OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, TO THE PUBLIC IN FRANCE, ANY SUCH OFFER SHALL COMPLY WITH ARTICLES L. 411-1, L.411-2, L.412-1 AS WELL AS L.621-8 TO L.621-8-3 OF THE FRENCH CODE MONÉTAIRE ET FINANCIER.

NOTICE TO RESIDENTS OF GERMANY

THIS CONFIDENTIAL CIRCULAR IS ONLY DIRECTED AT PERSONS IN GERMANY WHO ARE "QUALIFIED INVESTORS" (QUALIFIZIERTE ANLEGER) WITHIN THE MEANING OF SECTION 2 SUBSECTION 6 OF THE GERMAN SECURITIES PROSPECTUS ACT (WERTPAPIERPROSPEKTGESETZ) OR ARE PERSONS TO WHOM AN OFFER OF SECURITIES MAY OTHERWISE BE MADE WITHOUT THE REQUIREMENT FOR AN APPROVED PROSPECTUS PURSUANT TO SECTION 3 SUBSECTION 2 OF THE GERMAN SECURITIES PROSPECTUS ACT (ALL SUCH PERSONS TOGETHER REFERRED TO AS "RELEVANT PERSONS"). THIS CONFIDENTIAL CIRCULAR HAS NOT BEEN AND WILL NOT BE SUBMITTED TO, NOR HAS IT BEEN APPROVED BY, THE GERMAN FINANCIAL SERVICES SUPERVISORY AUTHORITY (BUNDESANSTALT FÜR FINANZDIENSTLEISTUNGSAUFSICHT, BAFIN) OR ANY OTHER REGULATORY AUTHORITY IN GERMANY. THE SERIES 2018 NOTES HAVE NOT BEEN AND WILL NOT BE OFFERED TO THE PUBLIC IN GERMANY AND MUST NOT BE DISTRIBUTED WITHIN GERMANY BY WAY OF A PUBLIC OFFER, PUBLIC ADVERTISEMENT OR IN ANY SIMILAR MANNER. ANY RESALE OF THE SERIES 2018 NOTES IN GERMANY MAY ONLY BE MADE IN ACCORDANCE WITH THE SECURITIES PROSPECTUS ACT AND OTHER APPLICABLE GERMAN LAWS. THIS CONFIDENTIAL CIRCULAR AND ANY OTHER DOCUMENT RELATING TO THE SERIES 2018 NOTES, AS WELL AS INFORMATION CONTAINED THEREIN, MAY NOT BE SUPPLIED TO THE PUBLIC IN GERMANY OR USED IN CONNECTION WITH ANY OFFER FOR SUBSCRIPTION OF THE SERIES 2018 NOTES TO THE PUBLIC IN GERMANY. THIS CONFIDENTIAL CIRCULAR MUST NOT BE RELIED ON OR ACTED UPON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

NOTICE TO RESIDENTS OF GUERNSEY

THIS CONFIDENTIAL CIRCULAR SHALL NOT BE CIRCULATED TO THE PUBLIC IN THE BAILIWICK OF GUERNSEY, CHANNEL ISLANDS.

THIS CONFIDENTIAL CIRCULAR IS ONLY BEING PROMOTED IN OR FROM WITHIN THE BAILIWICK OF GUERNSEY EITHER (I) BY PERSONS LICENSED TO DO SO UNDER THE PROTECTION OF INVESTORS (BAILIWICK OF GUERNSEY)

LAW, 1987 (AS AMENDED) OR (II) TO PERSONS LICENSED UNDER THE PROTECTION OF INVESTORS (BAILIWICK OF GUERNSEY) LAW, 1987 (AS AMENDED), THE INSURANCE BUSINESS (BAILIWICK OF GUERNSEY) LAW, 2002 (AS AMENDED), THE BANKING SUPERVISION (BAILIWICK OF GUERNSEY) LAW, 1994 (AS AMENDED) OR THE REGULATION OF FIDUCIARIES, ADMINISTRATION BUSINESSES AND COMPANY DIRECTORS, ETC. (BAILIWICK OF GUERNSEY) LAW, 2000 (AS AMENDED).

PROMOTION IS NOT BEING MADE IN ANY OTHER WAY.

NOTICE TO RESIDENTS OF HONG KONG

EACH OF THE ISSUER AND THE INITIAL PURCHASER HAS REPRESENTED, WARRANTED AND AGREED THAT, WITH EFFECT FROM AND INCLUDING THE DATE OF THIS CONFIDENTIAL CIRCULAR, IT HAS NOT ISSUED AND WILL NOT ISSUE, AND WILL NOT HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, AN ADVERTISEMENT, INVITATION OR DOCUMENT WHICH IS OR CONTAINS AN INVITATION TO THE PUBLIC TO ENTER INTO OR OFFER TO ENTER INTO AN AGREEMENT TO ACQUIRE, DISPOSE OF, SUBSCRIBE FOR OR UNDERWRITE THE SERIES 2018 NOTES WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS CONFIDENTIAL CIRCULAR IN THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA ("HONG KONG"), OTHER THAN THE ISSUE OF THIS CONFIDENTIAL CIRCULAR. THE ISSUER AND THE INITIAL PURCHASER MAY ISSUE THIS CONFIDENTIAL CIRCULAR:

- (I) TO ANY CORPORATION LICENSED TO DEAL IN OR ADVISE ON SECURITIES, OR TO ANY OTHER PERSON CARRYING ON THE BUSINESS OF INVESTMENT SERVICES AND REGULATED UNDER THE LAW OF ANY PLACE OUTSIDE HONG KONG ("REGULATED");**
- (II) TO ANY AUTHORISED INSTITUTION (BEING A BANK, A RESTRICTED LICENSE BANK OR DEPOSIT-TAKING COMPANY) AS DEFINED IN THE BANKING ORDINANCE (CHAPTER 155 OF THE LAWS OF HONG KONG), OR ANY BANK WHICH IS NOT AN AUTHORISED INSTITUTION BUT IS REGULATED;**
- (III) TO A WHOLLY OWNED SUBSIDIARY OR A HOLDING COMPANY HOLDING ALL THE ISSUED SHARE CAPITAL OF A PERSON DESCRIBED IN (I) OR (II) AND ANY OTHER WHOLLY OWNED SUBSIDIARY OF SUCH A HOLDING COMPANY;**
- (IV) TO ANY INSURER AUTHORISED UNDER THE INSURANCE COMPANIES ORDINANCE (CHAPTER 41 OF THE LAWS OF HONG KONG), OR ANY OTHER PERSON CARRYING ON INSURANCE BUSINESS AND REGULATED;**

- (V) TO ANY GOVERNMENT (OTHER THAN A MUNICIPAL GOVERNMENT AUTHORITY), CENTRAL BANK OR MULTILATERAL AGENCY;**
- (VI) TO A TRUST COMPANY REGISTERED UNDER PART VIII OF THE TRUSTEE ORDINANCE (CHAPTER 29 OF THE LAWS OF HONG KONG) OR ANY OTHER CORPORATION WHICH CARRIES ON A BUSINESS OF A SIMILAR NATURE TO THAT OF A REGISTERED TRUST COMPANY AND IS REGULATED AND WHICH ACTS AS TRUSTEE OF A TRUST OR TRUSTS WITH TOTAL ASSETS OF NOT LESS THAN HKD40,000,000 OR ITS EQUIVALENT IN ANY FOREIGN CURRENCY AS STATED OR ASCERTAINED IN PRESCRIBED AUDITED FINANCIAL STATEMENTS PREPARED WITHIN SIXTEEN (16) MONTHS OF THE RELEVANT DATE OR CUSTODIAN STATEMENTS ISSUED WITHIN TWELVE (12) MONTHS OF THE RELEVANT DATE;**
- (VII) TO ANY INDIVIDUAL, EITHER ALONE OR WITH ANY OF HIS ASSOCIATES ON A JOINT ACCOUNT, HAVING A PORTFOLIO OF NOT LESS THAN HKD8,000,000 OR ITS EQUIVALENT IN ANY FOREIGN CURRENCY AS STATED OR ASCERTAINED IN AN AUDITOR'S CERTIFICATE OR CUSTODIAN'S STATEMENT ISSUED WITHIN TWELVE (12) MONTHS OF THE RELEVANT DATE;**
- (VIII) TO ANY CORPORATION OR PARTNERSHIP HAVING A PORTFOLIO OF SECURITIES, CERTIFICATES OF DEPOSIT AND MONEY OF NOT LESS THAN HKD8,000,000 OR ITS EQUIVALENT IN ANY FOREIGN CURRENCY OR TOTAL ASSETS OF NOT LESS THAN HKD40,000,000 OR ITS EQUIVALENT IN ANY FOREIGN CURRENCY AS ASCERTAINED BY REFERENCE TO THE MOST RECENT AUDITED FINANCIAL STATEMENT PREPARED WITHIN SIXTEEN (16) MONTHS OF THE RELEVANT DATE OR CUSTODIAN STATEMENT ISSUED WITHIN TWELVE (12) MONTHS OF THE RELEVANT DATE;**
- (IX) TO ANY CORPORATION THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND WHICH IS WHOLLY OWNED BY A TRUST COMPANY OR CORPORATION AS DESCRIBED IN (VI) OR BY AN INDIVIDUAL WHO, EITHER ALONE OR WITH ANY OF HIS/HER ASSOCIATES ON A JOINT ACCOUNT, IS DESCRIBED IN (VII) OR BY A CORPORATION OR PARTNERSHIP AS DESCRIBED IN (VIII);**
- (X) TO ANY PERSON OUTSIDE HONG KONG; OR**
- (XI) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN SECTION 103(3) OF THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG);**

PROVIDED, THAT NO SUCH OFFERING OF THE SERIES 2018 NOTES CONTEMPLATED BY THIS CONFIDENTIAL CIRCULAR SHALL REQUIRE THE

ISSUER OR THE INITIAL PURCHASER TO REGISTER OR HAVE AUTHORISED THIS CONFIDENTIAL CIRCULAR UNDER THE LAWS OF HONG KONG.

THE CONTENTS OF THIS DOCUMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS DOCUMENT, YOU SHOULD OBTAIN PROFESSIONAL ADVICE.

NOTICE TO RESIDENTS OF IRELAND

THE INITIAL PURCHASER HAS REPRESENTED AND AGREED THAT IT HAS NOT AND WILL NOT UNDERWRITE THE ISSUE OF OR PLACE THE SERIES 2018 NOTES IN IRELAND OR DO ANYTHING IN, FROM OR INVOLVING IRELAND WITH RESPECT TO THE SERIES 2018 NOTES OTHERWISE THAN IN CONFORMITY WITH ALL APPLICABLE LAWS OF IRELAND, INCLUDING WITHOUT LIMITATION:

- (I) THE PROVISIONS OF THE EUROPEAN COMMUNITIES (MARKETS IN FINANCIAL INSTRUMENTS) REGULATIONS 2007 (AS AMENDED) OF IRELAND INCLUDING, WITHOUT LIMITATION, REGULATIONS 7 AND 152 THEREOF OR ANY CODES OF CONDUCT ISSUED IN CONNECTION THEREWITH, AND THE PROVISIONS OF THE INVESTOR COMPENSATION ACT 1998 OF IRELAND;**
- (II) THE PROVISIONS OF THE COMPANIES ACTS 1963 TO 2013 OF IRELAND, THE CENTRAL BANK ACTS 1942 TO 2013 OF IRELAND AND ANY CODES OF CONDUCT OR RULES MADE UNDER SECTION 117(1) OF THE CENTRAL BANK ACT 1989 OF IRELAND;**
- (III) THE PROVISIONS OF THE PROSPECTUS (DIRECTIVE 2003/71/EC) REGULATIONS 2005 (AS AMENDED) OF IRELAND AND ANY RULES ISSUED UNDER SECTION 51 OF THE INVESTMENT FUNDS, COMPANIES AND MISCELLANEOUS PROVISIONS ACT 2005 OF IRELAND BY THE CENTRAL BANK OF IRELAND; AND**
- (IV) THE PROVISIONS OF THE MARKET ABUSE (DIRECTIVE 2003/6/EC) REGULATIONS 2005 (AS AMENDED) OF IRELAND, AND ANY RULES ISSUED UNDER SECTION 34 OF THE INVESTMENT FUNDS, COMPANIES AND MISCELLANEOUS PROVISIONS ACT 2005 OF IRELAND BY THE CENTRAL BANK OF IRELAND .**

NOTICE TO RESIDENTS OF ITALY

THE SALE OF THE SERIES 2018 NOTES HAS NOT BEEN CLEARED BY THE ITALIAN SECURITIES EXCHANGE COMMISSION ("CONSOB") PURSUANT TO ITALIAN SECURITIES LEGISLATION AND, ACCORDINGLY, NO SECURITIES MAY BE OFFERED, SOLD OR DELIVERED, NOR MAY COPIES OF THIS CONFIDENTIAL CIRCULAR OR OF ANY OTHER DOCUMENT RELATING TO THE SERIES 2018 NOTES BE DISTRIBUTED IN THE REPUBLIC OF ITALY, EXCEPT:

- (I) TO QUALIFIED INVESTORS (INVESTITORI QUALIFICATI), REFERRED TO IN ARTICLE 100 OF LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998, AS AMENDED ("DECREE NO. 58") AND ARTICLE 34-TER, PARAGRAPH 1(B) OF CONSOB REGULATION 11971 OF MAY 14, 1999, AS AMENDED ("REGULATION NO. 11971"); OR**
- (II) IN ANY OTHER CIRCUMSTANCES WHICH ARE EXEMPTED FROM THE RULES ON SOLICITATION OF INVESTMENTS PURSUANT TO ARTICLE 100 OF LEGISLATIVE DECREE NO. 58 AND ARTICLE 34-TER, OF CONSOB REGULATION NO. 11971.**

ACCORDINGLY, ANY OFFER, SALE OR DELIVERY OF THE SERIES 2018 NOTES OR DISTRIBUTION OF COPIES OF THIS CONFIDENTIAL CIRCULAR OR ANY OTHER DOCUMENT RELATING TO THE SERIES 2018 NOTES IN THE REPUBLIC OF ITALY UNDER (I) OR (II) ABOVE MUST BE:

- (A) MADE BY AN INVESTMENT FIRM, BANK OR FINANCIAL INTERMEDIARY PERMITTED TO CONDUCT SUCH ACTIVITIES IN THE REPUBLIC OF ITALY IN ACCORDANCE WITH LEGISLATIVE DECREE NO. 385 OF SEPTEMBER 1, 1993, AS AMENDED ("CONSOLIDATED BANKING LAW"), DECREE NO. 58 AND CONSOB REGULATION NO. 16190 OF OCTOBER 29 2007, AS AMENDED AND ANY OTHER APPLICABLE LAWS AND REGULATIONS;**
- (B) IN COMPLIANCE WITH ARTICLE 129 OF THE CONSOLIDATED BANKING LAW, OR ANY APPLICABLE IMPLEMENTING GUIDELINES OF THE BANK OF ITALY; AND**
- (C) IN COMPLIANCE WITH ANY OTHER APPLICABLE NOTIFICATION REQUIREMENT OR LIMITATION WHICH MAY BE IMPOSED BY CONSOB OR THE BANK OF ITALY.**

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION "OFFER OF SECURITIES TO THE PUBLIC" IN ITALY MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE SECURITIES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE THE SERIES 2018 NOTES, INCLUDING THE PLACEMENT THROUGH AUTHORISED INTERMEDIARIES.

ANY INVESTOR PURCHASING THE SERIES 2018 NOTES IS SOLELY RESPONSIBLE FOR ENSURING THAT ANY OFFER OR RESALE OF THE SERIES 2018 NOTES BY

SUCH INVESTOR OCCURS IN COMPLIANCE WITH APPLICABLE ITALIAN LAWS AND REGULATIONS. THE SECURITIES AND THE INFORMATION CONTAINED IN THIS CONFIDENTIAL CIRCULAR ARE INTENDED ONLY FOR THE USE OF ITS RECIPIENT. NO PERSON RESIDENT OR LOCATED IN ITALY OTHER THAN THE ORIGINAL RECIPIENTS OF THIS CONFIDENTIAL CIRCULAR MAY RELY ON IT OR ITS CONTENT.

NOTICE TO RESIDENTS OF JAPAN

NO REGISTRATION PURSUANT TO ARTICLE 4, PARAGRAPH 1 OF THE FINANCIAL INSTRUMENTS AND EXCHANGE LAW OF JAPAN (THE "FIEL") HAS BEEN MADE OR WILL BE MADE WITH RESPECT TO THE SOLICITATION OF THE ACQUISITION OF THE SERIES 2018 NOTES ON THE GROUND THAT ARTICLE 2, PARAGRAPH 3, ITEM 2-(I) OF THE FIEL IS APPLIED TO SUCH SOLICITATION. AS DESCRIBED IN THIS DOCUMENT, THE OFFERING OF THE SERIES 2018 NOTES IS LIMITED TO AND MADE ONLY TO THE QUALIFIED INSTITUTIONAL INVESTORS ("QIIS") AS DEFINED IN ARTICLE 2, PARAGRAPH 3, ITEM 1 OF THE FIEL AND ARTICLE 10 OF THE CABINET ORDER REGARDING THE DEFINITIONS UNDER ARTICLE 2 OF THE FIEL. NO TRANSFER OF THE SERIES 2018 NOTES MAY BE MADE TO PERSONS OTHER THAN QIIS, AS DESCRIBED IN THIS DOCUMENT.

THE ISSUER HAS NOT ISSUED (I) ANY OTHER DEBT SECURITIES LISTED AT A SECURITIES EXCHANGE IN JAPAN OR OTHERWISE SUBJECT TO THE CONTINUOUS DISCLOSURE OBLIGATIONS UNDER THE FIEL, WHICH HAVE THE SAME MATURITY, INTEREST RATE AND DENOMINATION CURRENCY AS THOSE OF THE SERIES 2018 NOTES, OR (II) ANY OTHER DEBT SECURITIES OFFERED OR SOLD UPON PRIVATE PLACEMENT EXEMPTION FOR SPECIFIED INVESTORS IN JAPAN UNDER THE FIEL, WHICH HAVE THE SAME MATURITY, INTEREST RATE AND DENOMINATION CURRENCY AS THOSE OF THE SERIES 2018 NOTES.

NOTICE TO RESIDENTS OF THE REPUBLIC OF KOREA

THIS CONFIDENTIAL CIRCULAR IS NOT, AND UNDER NO CIRCUMSTANCES IS, TO BE CONSTRUED AS, A PUBLIC OFFERING OF SECURITIES IN KOREA. NEITHER THE ISSUER NOR ANY OF ITS AGENTS MAKE ANY REPRESENTATION WITH RESPECT TO THE ELIGIBILITY OF ANY RECIPIENTS OF THIS DOCUMENT TO ACQUIRE THE SERIES 2018 NOTES UNDER THE LAWS OF KOREA, INCLUDING, BUT WITHOUT LIMITATION, THE FOREIGN EXCHANGE TRANSACTION LAW AND REGULATIONS THEREUNDER (THE "FETL"). THE SERIES 2018 NOTES HAVE NOT BEEN REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA FOR PUBLIC OFFERING IN KOREA, AND NONE OF THE SERIES 2018 NOTES MAY BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, OR OFFERED OR SOLD TO ANY PERSON FOR RE-

OFFERING OR RESALE, DIRECTLY OR INDIRECTLY IN KOREA OR TO ANY RESIDENT OF KOREA EXCEPT PURSUANT TO THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT AND THE DECREES AND REGULATIONS THEREUNDER (THE "FSCMA"), THE FETL AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES IN KOREA. WITHOUT PREJUDICE TO THE FOREGOING, THE NUMBER OF THE SERIES 2018 NOTES OFFERED IN KOREA OR TO A RESIDENT OF KOREA SHALL BE LESS THAN FIFTY AND FOR A PERIOD OF ONE (1) YEAR FROM THE ISSUANCE DATE OF THE SERIES 2018 NOTES, NONE OF THE SERIES 2018 NOTES MAY BE DIVIDED RESULTING IN AN INCREASED NUMBER OF SERIES 2018 NOTES. FURTHERMORE, THE SERIES 2018 NOTES MAY NOT BE RESOLD TO KOREAN RESIDENTS UNLESS THE PURCHASER OF THE SERIES 2018 NOTES COMPLIES WITH ALL APPLICABLE REGULATORY REQUIREMENTS (INCLUDING, BUT NOT LIMITED TO, GOVERNMENT REPORTING APPROVAL REQUIREMENTS UNDER THE FETL AND ITS SUBORDINATE DECREES AND REGULATIONS) IN CONNECTION WITH THE PURCHASE OF THE SERIES 2018 NOTES.

NOTICE TO RESIDENTS OF LUXEMBOURG

THE SERIES 2018 NOTES MAY NOT BE OFFERED OR SOLD IN THE GRAND DUCHY OF LUXEMBOURG, EXCEPT FOR THE SERIES 2018 NOTES WHICH ARE OFFERED IN CIRCUMSTANCES THAT DO NOT REQUIRE THE APPROVAL OF A PROSPECTUS BY THE LUXEMBOURG FINANCIAL REGULATORY AUTHORITY AND THE PUBLICATION OF SUCH PROSPECTUS IN ACCORDANCE WITH THE LAW OF JULY 10, 2005 ON PROSPECTUSES FOR SECURITIES, AS AMENDED. THE SERIES 2018 NOTES ARE OFFERED TO A LIMITED NUMBER OF INVESTORS OR TO QUALIFIED INVESTORS, IN ALL CASES UNDER CIRCUMSTANCES DESIGNED TO PRECLUDE A DISTRIBUTION THAT WOULD BE OTHER THAN A PRIVATE PLACEMENT. THIS CONFIDENTIAL CIRCULAR MAY NOT BE REPRODUCED OR USED FOR ANY PURPOSE, OR FURNISHED TO ANY PERSON OTHER THAN THOSE TO WHOM COPIES HAVE BEEN SENT.

NOTICE TO RESIDENTS OF MEXICO

NO ACTIONS, APPLICATIONS OR FILINGS HAVE BEEN UNDERTAKEN IN MEXICO, WHETHER BEFORE THE NATIONAL BANKING AND SECURITIES COMMISSION (COMISIÓN NACIONAL BANCARIA Y DE VALORES OR CNBV) OR THE MEXICAN STOCK EXCHANGE (BOLSA MEXICANA DE VALORES, OR BMV), IN ORDER TO REGISTER OR MAKE A PUBLIC OFFERING IN MEXICO, WITH OR WITHOUT PRICE, THROUGH MASS MEDIA AND TO INDETERMINATE SUBJECTS TO SUBSCRIBE, ACQUIRE, SELL OR OTHERWISE ASSIGN THE SERIES 2018 NOTES, IN ANY FORM OR MANNER.

THIS DOCUMENT IS NOT INTENDED TO BE DISTRIBUTED THROUGH MASS MEDIA TO INDETERMINATE SUBJECTS, NOR TO SERVE AS AN APPLICATION FOR THE REGISTRATION OF THE SERIES 2018 NOTES BEFORE ANY SECURITIES REGISTRY OR EXCHANGE IN MEXICO, NOR AS A PROSPECTUS FOR THE SERIES 2018 NOTES' PUBLIC OFFERING IN MEXICO. NO FINANCIAL AUTHORITY OR SECURITIES EXCHANGE IN MEXICO HAS REVIEWED OR ASSESSED THE PARTICULARS OF THE SERIES 2018 NOTES OR THEIR OFFERING, AND IN NO CASE WILL THEY CERTIFY THE SUITABILITY OF THE SERIES 2018 NOTES, THE SOLVENCY OF THE ISSUER, OR THE EXACTITUDE OR VERACITY OF THE INFORMATION CONTAINED HEREIN, NOR WILL THEY VALIDATE ANY ACTION IN RELATION TO THE SERIES 2018 NOTES. HENCE, THE INFORMATION CONTAINED HEREIN IS THE EXCLUSIVE RESPONSIBILITY OF THE ISSUER AND HAS NOT BEEN REVIEWED BY THE CNBV.

YOU ARE SOLELY RESPONSIBLE FOR ANY DECISION YOU MAKE IN RELATION TO THE SERIES 2018 NOTES IF YOU HAVE PROCURED THIS DOCUMENT YOURSELF OR CAME BY IT THROUGH YOUR OWN MEANS OUT OF YOUR OWN ACCORD, REGARDLESS OF THE SOURCE. IF YOU HAVE RECEIVED THIS DOCUMENT FROM EITHER THE ISSUER OR THE UNDERWRITER THE SERIES 2018 NOTES ARE BEING OFFERED TO YOU UNDER THE PRIVATE OFFERING EXCEPTIONS IN THE MEXICAN SECURITIES MARKET LAW (LEY DEL MERCADO DE VALORES, OR THE "SML", ITS ENGLISH LANGUAGE ACRONYM), FOR WHICH YOU MUST BE IN ONE OF THE FOLLOWING SITUATIONS:

- (I) YOU ARE EITHER AN INSTITUTIONAL INVESTOR (INVERSIONISTA INSTITUCIONAL) WITHIN THE MEANING OF ARTICLE 2, ROMAN NUMERAL XVII, OF THE SML AND REGARDED AS SUCH PURSUANT TO THE LAWS OF MEXICO, OR A QUALIFIED INVESTOR (INVERSIONISTA CALIFICADO) PURSUANT TO THE DEFINITION OF ARTICLE 2, ROMAN NUMERAL XVI, OF THE SML AND YOU HAVE THE INCOME, ASSETS OR QUALITATIVE CHARACTERISTICS PROVIDED FOR UNDER ARTICLE 1, ROMAN NUMERAL XIII OF THE GENERAL PROVISIONS APPLICABLE TO ISSUERS OF SECURITIES AND OTHER PARTICIPANTS IN THE SECURITIES MARKET, WHICH REQUIRE THAT YOU HAVE MAINTAINED, ON AVERAGE OVER THE PAST YEAR, INVESTMENTS IN SECURITIES (WITHIN THE MEANING OF THE SML) FOR AN AMOUNT EQUAL TO OR GREATER THAN 1,500,000 INVESTMENT UNITS (UNIDADES DE INVERSIÓN, UDIS), OR IN EACH OF THE LAST 2 YEARS HAD A GROSS ANNUAL INCOME EQUAL TO OR GREATER THAN 500,000 SUCH INVESTMENT UNITS; OR**

- (II) YOU ARE A MEMBER OF A GROUP OF LESS THAN 100 INDIVIDUALLY IDENTIFIED PEOPLE TO WHOM THE SERIES 2018 NOTES ARE BEING OFFERED DIRECTLY AND PERSONALLY.**

YOU MAY BE REQUIRED TO EXPRESSLY CONFIRM THAT YOU FALL INTO EITHER OF THE FOREGOING EXCEPTIONS, THAT YOU FURTHER UNDERSTAND

THAT THE PRIVATE OFFERING OF THE SERIES 2018 NOTES HAS LESS DOCUMENTARY AND INFORMATION REQUIREMENTS THAN PUBLIC OFFERINGS DO, AND THAT YOU WAIVE THE RIGHT TO CLAIM BASED ON THE LACK OF ANY DOCUMENT OR INFORMATION.

ANY INVESTOR ACQUIRING THE SERIES 2018 NOTES ACCEPTS RESPONSIBILITY FOR ITS DECISION TO ACQUIRE THE SERIES 2018 NOTES. ANY AND ALL ACQUISITIONS OF THE SERIES 2018 NOTES SHALL BE MADE THROUGH A U.S. FINANCIAL INTERMEDIARY PURSUANT TO APPLICABLE U.S. LAWS. NO MEXICAN FINANCIAL INTERMEDIARY MAY TRADE THESE SERIES 2018 NOTES.

NOTICE TO RESIDENTS OF THE NETHERLANDS

THIS CONFIDENTIAL CIRCULAR HAS NOT BEEN APPROVED BY OR FILED WITH THE DUTCH AUTHORITY FOR THE FINANCIAL MARKETS (AUTHORITEIT FINANCIËLE MARKTEN, THE "AFM"). THE SERIES 2018 NOTES ARE NOT, WILL NOT AND MAY NOT, DIRECTLY OR INDIRECTLY, BE OFFERED IN THE NETHERLANDS, UNLESS (I) THE OFFER IS MADE EXCLUSIVELY TO PERSONS OR ENTITIES WHICH ARE (A) QUALIFIED INVESTORS AS DEFINED IN THE PROSPECTUS DIRECTIVE OR (B) REPRESENTED BY ELIGIBLE DISCRETIONARY ASSET MANAGERS IN ACCORDANCE WITH ARTICLE 55 OF THE EXEMPTION REGULATION DFSA (VRIJSTELLINGSREGELING WFT), OR (II) ANOTHER EXCEPTION OR EXEMPTION TO THE REQUIREMENT TO PUBLISH AN APPROVED PROSPECTUS AS STATED IN THE DUTCH FINANCIAL SUPERVISION ACT (WET OP HET FINANCIËEL TOEZICHT, "FSA") APPLIES TO THE OFFER AND A STANDARD WARNING IS DISCLOSED AS REQUIRED BY ARTICLE 5:20(5) OR 5:5(2) FSA, IF APPLICABLE, PROVIDED, IN EACH CASE, THAT NO SUCH OFFER OF THE SERIES 2018 NOTES SHALL REQUIRE THE ISSUER OR THE INITIAL PURCHASER TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE OR SUPPLEMENT A PROSPECTUS PURSUANT TO ARTICLE 16 OF THE PROSPECTUS DIRECTIVE. FOR THE PURPOSE OF THIS AND THE ABOVE PARAGRAPH, THE EXPRESSION "PROSPECTUS DIRECTIVE" MEANS DIRECTIVE 2003/71/EC, AS AMENDED AND IMPLEMENTED IN NETHERLANDS LAW.

NOTICE TO RESIDENTS OF NEW ZEALAND

THIS CONFIDENTIAL CIRCULAR AND THE INFORMATION CONTAINED IN OR ACCOMPANYING THIS CONFIDENTIAL CIRCULAR ARE NOT, AND ARE UNDER NO CIRCUMSTANCES TO BE CONSTRUED AS, AN OFFER OF SECURITIES TO ANY PERSON WHO IS A MEMBER OF THE PUBLIC IN NEW ZEALAND FOR SUBSCRIPTION IN TERMS OF THE SECURITIES ACT 1978 (NEW ZEALAND) (THE

"SECURITIES ACT 1978") OR ANY OTHER RELEVANT NEW ZEALAND LAW. THIS CONFIDENTIAL CIRCULAR AND THE INFORMATION CONTAINED IN OR ACCOMPANYING THIS CONFIDENTIAL CIRCULAR HAVE NOT BEEN REGISTERED, FILED WITH OR APPROVED BY ANY NEW ZEALAND REGULATORY AUTHORITY OR UNDER OR IN ACCORDANCE WITH THE SECURITIES ACT 1978. THIS CONFIDENTIAL CIRCULAR AND THE INFORMATION CONTAINED IN OR ACCOMPANYING THIS CONFIDENTIAL CIRCULAR ARE NOT A PROSPECTUS OR AN INVESTMENT STATEMENT UNDER NEW ZEALAND LAW AND DO NOT CONTAIN ALL THE INFORMATION THAT A PROSPECTUS OR INVESTMENT STATEMENT IS REQUIRED TO CONTAIN UNDER NEW ZEALAND LAW. ANY OFFER OR SALE OF ANY SECURITIES DESCRIBED IN THESE MATERIALS IN NEW ZEALAND WILL BE MADE ONLY:

- (I) TO PERSONS WHOSE PRINCIPAL BUSINESS IS THE INVESTMENT OF MONEY OR WHO, IN THE COURSE OF AND FOR THE PURPOSES OF THEIR BUSINESS, HABITUALLY INVEST MONEY, FOR THE PURPOSES OF SECTION 3(2)(A)(II) OF THE SECURITIES ACT 1978; OR**
- (II) TO PERSONS WHO ARE EACH REQUIRED TO PAY A MINIMUM SUBSCRIPTION PRICE OF AT LEAST NZD500,000 FOR THE SERIES 2018 NOTES BEFORE THE ALLOTMENT OF THOSE SERIES 2018 NOTES (DISREGARDING ANY AMOUNTS PAYABLE, OR PAID, OUT OF MONEY LENT BY THE ISSUER OR ANY ASSOCIATED PERSON OF THE ISSUER); OR**
- (III) TO PERSONS WHO ARE ELIGIBLE PERSONS WITHIN THE MEANING OF SECTION 5(2CC) OF THE SECURITIES ACT 1978; OR**
- (IV) IN OTHER CIRCUMSTANCES WHERE THERE IS NO CONTRAVENTION OF THE SECURITIES ACT 1978 (OR ANY STATUTORY MODIFICATION OR RE-ENACTMENT OF, OR STATUTORY SUBSTITUTION FOR, THE SECURITIES ACT 1978) OR ANY OTHER RELEVANT NEW ZEALAND LAW.**

IN SUBSCRIBING FOR THE SERIES 2018 NOTES, EACH INVESTOR REPRESENTS AND AGREES THAT THE SERIES 2018 NOTES ARE NOT BEING ALLOTTED WITH A VIEW TO THEM BEING OFFERED FOR SALE TO MEMBERS OF THE PUBLIC (AS THAT EXPRESSION IS DEFINED IN THE SECURITIES ACT 1978) AND FURTHER REPRESENTS AND WARRANTS THAT IT IS NOT ACQUIRING THOSE SERIES 2018 NOTES WITH A VIEW TO OFFERING THEM (OR ANY OF THEM) FOR SALE TO MEMBERS OF THE PUBLIC AND, ACCORDINGLY:

- (I) IT HAS NOT OFFERED OR SOLD, AND WILL NOT OFFER OR SELL, DIRECTLY OR INDIRECTLY, ANY SERIES 2018 NOTES ; AND**
- (II) IT HAS NOT DISTRIBUTED AND WILL NOT DISTRIBUTE, DIRECTLY OR INDIRECTLY, ANY OFFERING MATERIALS OR ADVERTISEMENT IN RELATION TO ANY OFFER OF THE SERIES 2018 NOTES,**

IN EACH CASE IN NEW ZEALAND OTHER THAN TO PERSONS THAT MEET THE CRITERIA SET OUT IN (I) TO (IV) ABOVE AND PROVIDED THAT IT DOES NOT DO SO IN A MANNER WHICH WILL, OR IS LIKELY TO RESULT IN A CONTRAVENTION OF THE SECURITIES ACT 1978 OR ANY OTHER RELEVANT LAW OR MAY RESULT IN THE ISSUER, ITS DIRECTORS OR AFFILIATES INCURRING ANY LIABILITY.

NOTICE TO RESIDENTS OF NORWAY

THE OFFERING OF THE SERIES 2018 NOTES IS NOT SUBJECT TO THE PUBLIC OFFERING RULES OF THE SECURITIES TRADING ACT. NO ACTION HAS OR WILL BE TAKEN FOR THE OFFERING OF THE SERIES 2018 NOTES TO BE REGISTERED UNDER THE PUBLIC OFFERING RULES OF THE SECURITIES TRADING ACT, AS THE MINIMUM SUBSCRIPTION OF THE SERIES 2018 NOTES OFFERED IS ABOVE THE EQUIVALENT OF EUR100,000. THE SERIES 2018 NOTES HAVE NOT BEEN NOR WILL BE REGISTERED OR APPROVED BY THE FINANCIAL SUPERVISORY AUTHORITY OF NORWAY (KREDITILSYNET) OR THE OSLO STOCK EXCHANGE AND, THUS, ARE NOT UNDER PUBLIC SUPERVISION IN NORWAY. THE ISSUER IS NOT UNDER PUBLIC SUPERVISION IN NORWAY. THIS CONFIDENTIAL CIRCULAR MUST NOT BE COPIED OR OTHERWISE DISTRIBUTED BY THE ADDRESSEE.

NOTICE TO RESIDENTS OF PORTUGAL

THE ISSUER HAS REPRESENTED AND AGREED THAT THE SERIES 2018 NOTES HAVE NOT AND WILL NOT BE OFFERED, SOLD OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, TO THE PUBLIC IN PORTUGAL AND THAT IT HAS NOT DISTRIBUTED OR CAUSED TO BE DISTRIBUTED AND SHALL NOT DISTRIBUTE OR CAUSE TO BE DISTRIBUTED TO THE PUBLIC IN PORTUGAL OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER TO THE PUBLIC ACCORDING TO ARTICLE 109 OF THE PORTUGUESE SECURITIES CODE, THIS CONFIDENTIAL CIRCULAR OR ANY OTHER OFFERING MATERIAL RELATING TO THE SERIES 2018 NOTES, AND THAT SUCH OFFERS, SALES AND DISTRIBUTIONS HAVE BEEN AND SHALL ONLY BE MADE IN PORTUGAL, IN A PRIVATE PLACEMENT, TO QUALIFIED INVESTORS, ALL AS DEFINED IN THE PORTUGUESE SECURITIES CODE.

THIS CONFIDENTIAL CIRCULAR IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER TO ANY OTHER PERSON. IT MAY ONLY BE USED BY THOSE PERSONS TO WHOM IT HAS BEEN HANDED OUT IN CONNECTION WITH THE ISSUE OF THE SERIES 2018 NOTES DESCRIBED HEREIN AND MAY NEITHER DIRECTLY NOR INDIRECTLY BE DISTRIBUTED OR

MADE AVAILABLE TO OTHER PERSONS WITHOUT THE EXPRESS CONSENT OF THE ISSUER.

NOTICE TO RESIDENTS OF SINGAPORE

THIS CONFIDENTIAL CIRCULAR HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE. ACCORDINGLY, THIS CONFIDENTIAL CIRCULAR AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE SERIES 2018 NOTES MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY THE SERIES 2018 NOTES BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR UNDER SECTION 274 OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE (THE "SFA"), (II) TO A RELEVANT PERSON PURSUANT TO SECTION 275(1), OR ANY PERSON PURSUANT TO SECTION 275(1A), AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275, OF THE SFA, OR (III) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA.

WHERE THE SERIES 2018 NOTES ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 BY A RELEVANT PERSON WHICH IS:

- (I) A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA)) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR; OR**
- (II) A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR,**

SECURITIES (AS DEFINED IN SECTION 239(1) OF THE SFA) OF THAT CORPORATION OR THE BENEFICIARIES' RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL NOT BE TRANSFERRED WITHIN SIX (6) MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED THE ABS/ILS STRUCTURES PURSUANT TO AN OFFER MADE UNDER SECTION 275 EXCEPT:

- (I) TO AN INSTITUTIONAL INVESTOR OR TO A RELEVANT PERSON DEFINED IN SECTION 275(2) OF THE SFA, OR TO ANY PERSON ARISING FROM AN OFFER REFERRED TO IN SECTION 275(1A) OR SECTION 276(4)(I)(B) OF THE SFA;**

- (II) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER;
- (III) WHERE THE TRANSFER IS BY OPERATION OF LAW;
- (IV) AS SPECIFIED IN SECTION 276(7) OF THE SFA; OR
- (V) (AS SPECIFIED IN REGULATION 32 OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005 OF SINGAPORE.

NOTICE TO RESIDENTS OF SPAIN

THE SALE OF THE SERIES 2018 NOTES TO WHICH THIS CONFIDENTIAL CIRCULAR REFERS HAS NOT BEEN REGISTERED WITH THE SPANISH NATIONAL SECURITIES MARKET COMMISSION (COMISIÓN NACIONAL DEL MERCADO DE VALORES) PURSUANT TO SPANISH LAWS AND REGULATIONS AND DOES NOT FORM PART OF ANY PUBLIC OFFER OF SUCH SECURITIES IN SPAIN. ACCORDINGLY, THE SERIES 2018 NOTES MAY NOT BE, AND/OR ARE NOT INTENDED TO BE PUBLICLY OFFERED, MARKETED OR PROMOTED, NOR ANY PUBLIC OFFER IN RESPECT THEREOF MADE, IN SPAIN, NOR MAY THIS CONFIDENTIAL CIRCULAR OR ANY OTHER OFFERING MATERIALS RELATING TO THE OFFER OF THE SERIES 2018 NOTES BE DISTRIBUTED, IN THE KINGDOM OF SPAIN, BY THE ISSUER, THE INITIAL PURCHASER OR ANY OTHER PERSON ON THEIR BEHALF, EXCEPT IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING AND MARKETING IN SPAIN WITHIN THE MEANING OF SPANISH LAWS OR WITHOUT COMPLYING WITH ALL LEGAL AND REGULATORY REQUIREMENTS IN RELATION THERETO. THIS CONFIDENTIAL CIRCULAR AND ANY OTHER MATERIAL RELATING TO THE SERIES 2018 NOTES ARE STRICTLY CONFIDENTIAL AND MAY NOT BE DISTRIBUTED TO ANY PERSON OR ENTITY OTHER THAN ITS RECIPIENTS, EXCEPT IN COMPLIANCE WITH SPANISH LAW AND REGULATIONS.

NOTICE TO RESIDENTS OF SWEDEN

THIS DOCUMENT HAS NOT BEEN NOR WILL IT BE REGISTERED WITH OR APPROVED BY THE SWEDISH FINANCIAL SUPERVISORY AUTHORITY (FINANSINSPEKTIONEN) UNDER THE SWEDISH FINANCIAL INSTRUMENTS TRADING ACT (1991:980). FURTHER, THE OFFER IS ONLY DIRECTED TO QUALIFIED INVESTORS AS DEFINED BY THE SWEDISH FINANCIAL INSTRUMENTS TRADING ACT. ACCORDINGLY, THIS DOCUMENT MAY NOT BE MADE AVAILABLE, NOR MAY THE SERIES 2018 NOTES OFFERED HEREUNDER BE MARKETED AND OFFERED FOR SALE IN SWEDEN, OTHER THAN UNDER

CIRCUMSTANCES WHICH ARE DEEMED NOT TO REQUIRE A PROSPECTUS UNDER THE SWEDISH FINANCIAL INSTRUMENTS TRADING ACT.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DOCUMENT AS LEGAL OR TAX ADVICE. THIS DOCUMENT HAS BEEN PREPARED FOR MARKETING PURPOSES ONLY AND DOES NOT CONSTITUTE INVESTMENT ADVICE.

NOTICE TO RESIDENTS OF SWITZERLAND

THIS CONFIDENTIAL CIRCULAR AND ANY OTHER MATERIAL RELATING TO THE SERIES 2018 NOTES WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS CONFIDENTIAL CIRCULAR, DO NOT CONSTITUTE A PROSPECTUS WITHIN THE MEANING OF ARTICLES 652A AND 1156D OF THE SWISS CODE OF OBLIGATIONS. THE SERIES 2018 NOTES REFERRED TO IN THIS CONFIDENTIAL CIRCULAR DO NOT QUALIFY AS INVESTMENT FUND INTERESTS AND CONSEQUENTLY ARE NOT SUBJECT TO ANY INVESTMENT FUND SUPERVISION IN SWITZERLAND. AS A RESULT, INVESTORS CANNOT CLAIM ANY PROTECTION UNDER THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES OF JUNE 23, 2006 AS AMENDED ("CISA") AND THE CORRESPONDING COLLECTIVE INVESTMENT SCHEMES ORDINANCE AS AMENDED ("CISO"). WHILE INVESTING IN THE SERIES 2018 NOTES, INVESTORS ARE EXPOSED TO THE CREDIT RISK OF THE ISSUER. AS A RESULT, THE VALUE OF THE SERIES 2018 NOTES IS NOT ONLY SUBJECT TO THE MARKET RISK OF THEIR UNDERLYING ASSETS BUT ALSO TO THE SOLVENCY RISK OF THE ISSUER.

THE ISSUER IS NOT SUBJECT TO THE SUPERVISION OF THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY ("FINMA") AND THE DISTRIBUTION OF THE SERIES 2018 NOTES IN OR FROM SWITZERLAND HAS NOT BEEN AUTHORISED BY FINMA. ACCORDINGLY, THE DISTRIBUTION OF THE SERIES 2018 NOTES WILL BE EXCLUSIVELY MADE TO, AND DIRECTED AT, QUALIFIED INVESTORS, AS DEFINED IN ARTICLES 3 AND 10 PARAGRAPHS 3, 3bis, 3ter AND 4 CISA ("QUALIFIED INVESTORS") AND IN COMPLIANCE WITH THE REQUIREMENTS SET OUT IN THE CISO. NEITHER THIS CONFIDENTIAL CIRCULAR NOR ANY OTHER OFFERING MATERIALS RELATING TO THE SERIES 2018 NOTES MAY BE DISTRIBUTED OR MADE AVAILABLE IN OR FROM SWITZERLAND TO ANY PERSON OR ENTITY OTHER THAN QUALIFIED INVESTORS.

THIS CONFIDENTIAL CIRCULAR MAY NOT BE COPIED, REPRODUCED, DISTRIBUTED OR PASSED ON TO OTHERS WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER. THE SERIES 2018 NOTES WILL NOT BE LISTED ON THE SIX SWISS EXCHANGE AND, THEREFORE, THE DOCUMENTS RELATING TO THE SERIES 2018 NOTES, INCLUDING, BUT NOT LIMITED TO, THIS

CONFIDENTIAL CIRCULAR, DO NOT CLAIM TO COMPLY WITH THE DISCLOSURE STANDARDS OF THE SWISS CODE OF OBLIGATIONS AND THE LISTING RULES OF SIX SWISS EXCHANGE.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

IN THE UNITED KINGDOM, THIS CONFIDENTIAL CIRCULAR IS ONLY BEING DISTRIBUTED TO, AND IS ONLY DIRECTED AT PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND FALL WITHIN ARTICLE 19 ("INVESTMENT PROFESSIONALS") OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTIONS) ORDER 2005 (AS AMENDED) (THE "ORDER"); (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.") OF THE ORDER; OR (III) ANY OTHER PERSONS TO WHOM THIS CONFIDENTIAL CIRCULAR MAY LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THE SERIES 2018 NOTES ARE OFFERED ONLY TO RELEVANT PERSONS AND NO INVITATION, OFFER OR AGREEMENT TO SUBSCRIBE, PURCHASE OR OTHERWISE ACQUIRE THE SERIES 2018 NOTES MAY BE PROPOSED OR MADE TO PERSONS OTHER THAN RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS CONFIDENTIAL CIRCULAR RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON IN THE UNITED KINGDOM THAT IS NOT A RELEVANT PERSON SHOULD NOT ACT ON OR RELY ON THIS CONFIDENTIAL CIRCULAR OR ANY OF ITS CONTENTS.

THIS CIRCULAR IS NOT A PROSPECTUS FOR THE PURPOSES OF THE EUROPEAN UNION'S DIRECTIVE 2003/71/EC (AND ANY AMENDMENTS THERETO) AS IMPLEMENTED IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA.

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THE ISSUER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS CIRCULAR AND, TO THE BEST KNOWLEDGE AND BELIEF OF THE ISSUER (WHICH HAS TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), SUCH INFORMATION IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE INFORMATION PROVIDED AT ANNEX A, ANNEX B AND ANNEX C HAS BEEN SOURCED FROM AIR. THE ISSUER CONFIRMS THAT THE INFORMATION IN ANNEX A, ANNEX B AND ANNEX C HAS BEEN ACCURATELY REPRODUCED AND THAT AS FAR AS THE ISSUER IS AWARE AND IS ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY AIR, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

THE CEDING INSURER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS CIRCULAR UNDER THE HEADING "*THE CEDING INSURER*" AND, TO THE BEST KNOWLEDGE AND BELIEF OF THE CEDING INSURER (WHICH HAS TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), SUCH INFORMATION IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

AIR ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THE AIR EXPERT RISK ANALYSIS REPORTS (SUBJECT TO THE LIMITATIONS AND DISCLAIMERS IN RESPECT THEREOF SET FORTH IN THIS CIRCULAR, INCLUDING, BUT NOT LIMITED TO, THE SECTIONS ENTITLED "DISCLAIMER FOR AIR EXPERT RISK ANALYSIS REPORTS" ON PAGES xxxii TO xxxvii AND "RISK FACTORS" ON PAGES 60 TO 103 HEREOF) AND (SUBJECT TO THE LIMITATIONS AND DISCLAIMERS IN RESPECT THEREOF SET FORTH IN THIS CIRCULAR, INCLUDING, BUT NOT LIMITED TO, THE SECTIONS ENTITLED "DISCLAIMER FOR AIR EXPERT RISK ANALYSIS REPORTS" ON PAGES xxxii TO xxxvii AND "RISK FACTORS" ON PAGES 60 TO 103 HEREOF) AIR HAS TAKEN REASONABLE CARE AND IS OF THE BELIEF THAT THE AIR EXPERT RISK ANALYSIS REPORTS ARE IN ACCORDANCE WITH THE FACTS AND IS NOT AWARE OF THE OMISSION OF ANY MAJOR CRITICAL FEATURE LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE AIR EXPERT RISK ANALYSIS REPORTS HAVE BEEN INCLUDED IN THIS CIRCULAR IN THE FORM AND CONTEXT IN WHICH THEY APPEARS AND AIR HAS CONSENTED TO THE INCLUSION OF THE AIR EXPERT RISK ANALYSIS REPORTS IN THE FORM AND CONTEXT IN WHICH THEY ARE INCLUDED IN THIS CIRCULAR. INVESTORS MAY HAVE DIFFERENT VIEWS ON THE RELATIVE IMPORTANCE OF A WIDE RANGE OF FACTORS; CONSEQUENTLY, AIR MAKES NO REPRESENTATIONS ABOUT WHETHER ANY PARTICULAR INFORMATION SHOULD OR SHOULD NOT HAVE BEEN INCLUDED HEREIN. AIR HAS CONSENTED TO THE INCLUSION OF THE "AIR EXPERT RISK ANALYSIS" ATTACHED HERETO AS ANNEX A, THE "AIR EXPERT RISK ANALYSIS RESULTS" ATTACHED HERETO AS ANNEX B AND THE "AIR DATA FILE" ATTACHED HERETO AS ANNEX C AND THE FORM AND CONTEXT IN WHICH IT IS INCLUDED HEREIN.

INFORMATION INCLUDED HEREIN (I) WITH RESPECT TO THE SECTION ENTITLED "EBRD NOTES" HAS BEEN EXTRACTED OR OBTAINED, AS THE CASE MAY BE, FROM PUBLICLY AVAILABLE INFORMATION, (II) WITH RESPECT TO THE SECTION ENTITLED "THE CEDING INSURER", HAS BEEN PROVIDED BY THE CEDING INSURER AND (III) WITH RESPECT TO THE SECTIONS ENTITLED "DISCLAIMER FOR AIR EXPERT RISK ANALYSIS REPORTS" ON PAGES xxxii THROUGH xxxvii, "RISKS RELATED TO THE AIR EXPERT RISK ANALYSIS REPORT" ON PAGES 60 TO 103, "AIR EXPERT RISK ANALYSIS" IN ANNEX A, "AIR EXPERT RISK ANALYSIS RESULTS" IN ANNEX B AND "AIR DATA FILE" IN ANNEX C HAVE BEEN PROVIDED BY AIR (EACH OF (I) TO (III), "**THIRD PARTY INFORMATION**"). THE ISSUER HAS NOT CONDUCTED ANY DUE DILIGENCE ON THE INFORMATION DESCRIBED IN CLAUSES (I) TO (III). THE ISSUER CONFIRMS THAT SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED AND THAT, SO FAR AS IT IS AWARE AND IS ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING

THE ISSUER HAS ONLY MADE VERY LIMITED ENQUIRIES IN RELATION TO THE THIRD PARTY INFORMATION AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF THE THIRD PARTY INFORMATION AND

PROSPECTIVE INVESTORS IN THE SERIES 2018 NOTES SHOULD NOT RELY UPON, AND SHOULD MAKE THEIR OWN INDEPENDENT INVESTIGATIONS AND ENQUIRIES IN RESPECT OF, THE SAME.

THIS CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITY OTHER THAN THE SERIES 2018 NOTES, NOR DOES IT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SERIES 2018 NOTES, TO ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION TO SUCH PERSON. NEITHER THE DELIVERY OF THIS CIRCULAR, NOR ANY SALE MADE HEREUNDER, SHALL UNDER ANY CIRCUMSTANCE CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

THIS CIRCULAR CONTAINS DESCRIPTIONS BELIEVED TO BE ACCURATE WITH RESPECT TO THE MATERIAL TERMS OF CERTAIN DOCUMENTS, BUT REFERENCE IS MADE TO THE ACTUAL DOCUMENTS, INCLUDING THE CONSTITUTION OF THE ISSUER AND THE FORMS OF THE CERTIFICATES REPRESENTING THE SERIES 2018 NOTES FOR COMPLETE INFORMATION WITH RESPECT THERETO, AND SUCH DESCRIPTIONS ARE QUALIFIED IN THEIR ENTIRETY BY SUCH REFERENCE. COPIES OF SUCH DOCUMENTS MAY BE OBTAINED UPON WRITTEN REQUEST TO THE ISSUER. SEE ALSO "*AVAILABLE INFORMATION*."

DISCLAIMER FOR AIR EXPERT RISK ANALYSIS REPORTS

AIR WORLDWIDE CORPORATION ("AIR") HAS PERFORMED, AND WILL PERFORM, CERTAIN STATISTICAL MODELING AND OTHER SERVICES, AS DESCRIBED IN THIS CIRCULAR, INCLUDING AS MODELING FIRM, CALCULATION AGENT AND RESET AGENT.

THE STATISTICAL DATA, MODELING AND EXPLANATIONS CONTAINED IN THE "**AIR EXPERT RISK ANALYSIS**" ATTACHED HERETO AS ANNEX A, THE "**AIR EXPERT RISK ANALYSIS RESULTS**" ATTACHED HERETO AS ANNEX B, THE AIR DATA FILE INFORMATION REFERRED TO IN ANNEX C AND ACCOMPANYING THIS CIRCULAR AND ANY ANALYSIS OR INFORMATION PROVIDED BY AIR IN CONNECTION WITH ANY RESET OR REPORTING AGENCY FAILURE EVENT, IF APPLICABLE (JOINTLY REFERRED TO HEREIN AS THE "**AIR EXPERT RISK ANALYSIS REPORTS**"), HAVE BEEN PREPARED BY AIR AS EXPERTS IN STATISTICAL MODELING AND THE ANALYSIS OF RISKS ASSOCIATED WITH NAMED STORMS, EARTHQUAKES AND EUROPE WINDSTORMS. INVESTORS ARE ADVISED THAT THE LOSS CALCULATIONS REPORTED IN THE AIR EXPERT RISK ANALYSIS REPORTS ARE BASED ON (I) VERSION 19.0 OF THE AIR HURRICANE MODEL FOR THE UNITED STATES (THE "**AIR HURRICANE MODEL FOR THE UNITED STATES**"), VERSION 4.1 OF THE AIR TROPICAL CYCLONE MODEL FOR HAWAII (THE "**AIR TROPICAL CYCLONE MODEL FOR HAWAII**"), AND VERSION 13.0 OF THE AIR TROPICAL CYCLONE MODEL FOR THE CARIBBEAN (THE "**AIR TROPICAL CYCLONE MODEL FOR THE CARIBBEAN**") (TOGETHER, THE "**AIR U.S. HURRICANE MODEL**"), EACH AS IMPLEMENTED IN TOUCHSTONE VERSION 5.1.4 AND CATRADER VERSION 19.1.0, (II) VERSION 10.0 OF THE AIR EARTHQUAKE MODEL FOR THE UNITED STATES AND CANADA (THE "**AIR EARTHQUAKE MODEL FOR THE UNITED STATES AND CANADA**"), VERSION 1.10 OF THE AIR EARTHQUAKE MODEL FOR ALASKA (THE "**AIR EARTHQUAKE MODEL FOR ALASKA**") VERSION 2.1 OF THE AIR EARTHQUAKE MODEL FOR HAWAII (THE "**AIR EARTHQUAKE MODEL FOR HAWAII**"), AND VERSION 2.2 OF THE AIR EARTHQUAKE MODEL FOR THE CARIBBEAN (THE "**AIR EARTHQUAKE MODEL FOR THE CARIBBEAN**") (TOGETHER, THE "**AIR EARTHQUAKE MODELS**"), EACH AS IMPLEMENTED IN TOUCHSTONE VERSION 5.1.4 AND CATRADER VERSION 19.1.0 AND (III) THE AIR EXTRATROPICAL CYCLONE MODEL FOR EUROPE VERSION 5.1 (THE "**AIR EUROPE WINDSTORM MODEL**"), AS IMPLEMENTED IN TOUCHSTONE VERSION 5.1.4 AND CATRADER VERSION 19.1.0, (EACH, AN "**AIR MODEL**" AND COLLECTIVELY, THE "**AIR MODELS**"). THE AIR HURRICANE MODEL FOR THE UNITED STATES, THE AIR TROPICAL CYCLONE MODEL FOR THE CARIBBEAN AND THE AIR EARTHQUAKE MODEL FOR THE UNITED STATES AND CANADA WERE LAST UPDATED IN 2017, THE AIR TROPICAL CYCLONE MODEL FOR HAWAII WAS LAST UPDATED IN 2013, THE AIR EARTHQUAKE MODEL FOR ALASKA WAS LAST UPDATED IN 2002, THE AIR EARTHQUAKE MODEL FOR HAWAII WAS LAST UPDATED IN 2013, THE AIR EUROPE WINDSTORM MODEL WAS LAST UPDATED IN 2011.

THE LOSS CALCULATIONS REPORTED IN THE AIR EXPERT RISK ANALYSIS REPORTS ARE SUBJECT TO NUMEROUS ASSUMPTIONS, UNCERTAINTIES AND THE INHERENT LIMITATIONS OF ANY STATISTICAL ANALYSIS. ACTUAL LOSS EXPERIENCE IS INHERENTLY UNPREDICTABLE. INVESTORS ARE URGED TO READ CAREFULLY THE MATERIAL CONTAINED IN THE "*AIR EXPERT RISK ANALYSIS*" ATTACHED HERETO AS ANNEX A, THE "*AIR EXPERT RISK ANALYSIS RESULTS*" ATTACHED HERETO AS ANNEX B AND UNDER THE CAPTION "*RISK FACTORS*" FOR A MORE DETAILED DESCRIPTION OF SUCH ASSUMPTIONS, UNCERTAINTIES AND LIMITATIONS.

THE DATA AND METHODOLOGY DESCRIBED IN THE AIR EXPERT RISK ANALYSIS AND RISK ANALYSIS RESULTS REPORTS ARE PROVIDED "AS IS" WITHOUT WARRANTY OR ANY GUARANTY OF ANY KIND. THESE ANALYSES AND ESTIMATES ARE PROVIDED FOR ILLUSTRATIVE PURPOSES ONLY AND ARE NOT INTENDED TO PROVIDE, NOR SHOULD THEY BE INTERPRETED AS PROVIDING, ANY FACTS REGARDING, OR ANY GUARANTY OR PREDICTION OR FORECAST OF, THE LIKELIHOOD THAT INVESTORS IN THE SERIES 2018 NOTES WILL RECEIVE PAYMENT THEREON. NOTWITHSTANDING THE ANALYSES, ESTIMATES AND ASSUMPTIONS SET FORTH IN THIS CIRCULAR, ONE OR MORE COVERED EVENTS COULD OCCUR AT ANY TIME DURING THE RISK PERIOD, RESULTING IN A FULL OR PARTIAL LOSS OF THE OUTSTANDING PRINCIPAL AMOUNT OF THE SERIES 2018 NOTES. ANY SUCH COVERED EVENT MAY HAVE CHARACTERISTICS SIMILAR TO

OR DIFFERENT FROM THOSE OF SIMULATED EVENTS THAT DID NOT QUALIFY AS COVERED EVENTS IN THE AIR EXPERT RISK ANALYSIS REPORTS, OR CHARACTERISTICS NOT CONSIDERED IN THE AIR EXPERT RISK ANALYSIS REPORTS.

AIR DOES NOT REPRESENT INVESTORS IN THE SERIES 2018 NOTES OR THEIR INTERESTS IN ANY WAY. AIR DOES NOT SPONSOR, ENDORSE, OFFER OR PROMOTE THE SERIES 2018 NOTES, NOR DOES IT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, REGARDING THE ADVISABILITY OF INVESTING IN THE SERIES 2018 NOTES OR THE LEGALITY OF AN INVESTMENT IN THE SERIES 2018 NOTES. AIR IS NOT RESPONSIBLE FOR AND HAS NOT PARTICIPATED IN THE DETERMINATION OF THE STRUCTURE OR PRICING OF THE SERIES 2018 NOTES. FURTHERMORE, AIR HAS NO OBLIGATION OR LIABILITY IN CONNECTION WITH THE ADMINISTRATION OR MARKETING OR TRADING, IF ANY, OF THE SERIES 2018 NOTES OR LIABILITY FOR ANY ADVERSE FINANCIAL RESULT OR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES WHATSOEVER. AIR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH IN THIS CIRCULAR, INCLUDING THE AIR EXPERT RISK ANALYSIS REPORTS. FURTHER, AIR ASSUMES NO RESPONSIBILITY FOR THE CONTENT OF ANY AGREEMENTS TO WHICH IT IS NOT A SIGNATORY, AND IN PARTICULAR, BUT NOT BY WAY OF LIMITATION, HAS NO RESPONSIBILITY FOR ASSURING THAT THE PROCEDURES AND PROVISIONS OF ANY SUCH AGREEMENTS ARE CONSISTENT WITH THIS DOCUMENT OR WITH ANY OTHER AGREEMENT EXECUTED IN CONNECTION WITH THIS TRANSACTION.

NO SCIENTIFIC CONSENSUS ON MODELS OR RISK PARAMETERS EXISTS. AIR ACKNOWLEDGES THAT OTHER CREDIBLE, PUBLISHED MODELS AND/OR RISK PARAMETERS, IF USED, COULD PRODUCE MATERIALLY DIFFERENT RESULTS. AIR ALSO HAS NOT VERIFIED THE AUTHENTICITY OR ACCURACY OF ALL THE ORIGINAL DATA IN THE HISTORICAL CATALOGS OR OTHER DATA SOURCES USED TO DEVELOP THE AIR MODELS. THE AIR MODELS DO NOT PREDICT THE PROBABILISTIC OCCURRENCE OF ANY NAMED STORM, EARTHQUAKE OR EUROPE WINDSTORM. INVESTORS SHOULD CONSULT THEIR OWN EXPERT ADVISORS, WHOSE CONCLUSIONS MAY DIFFER FROM THOSE OF AIR.

THE RESULTS OF AIR'S ANALYSIS SHOULD NOT BE VIEWED AS FACTS OR FORECASTS OF FUTURE COVERED EVENTS, OR OF PRINCIPAL REDUCTIONS OR PRINCIPAL INCREASES, AND SHOULD NOT BE RELIED UPON AS A REPRESENTATION OF THE FUTURE VALUE OF THE SERIES 2018 NOTES. ACTUAL LOSS EXPERIENCE, INCLUDING THE FREQUENCY AND SEVERITY OF COVERED EVENTS, CAN DIFFER MATERIALLY FROM THAT GENERATED BY THE AIR MODELS. CERTAIN PROBABILISTIC LOSS DISTRIBUTIONS GENERATED BY AIR AND CERTAIN ADDITIONAL ANALYSES BY AIR ARE INCLUDED IN THE AIR EXPERT RISK ANALYSIS REPORTS. THESE LOSS DISTRIBUTIONS CONSTITUTE ESTIMATED LOSSES BASED ON ASSUMPTIONS RELATING TO ENVIRONMENTAL, DEMOGRAPHIC, AND COST FACTORS, MANY OF WHICH REPRESENT SUBJECTIVE JUDGMENTS, ARE INHERENTLY UNCERTAIN, AND ARE BEYOND THE CONTROL OF AIR, AND ANY ONE OF WHICH ALONE CAN CAUSE THE ACTUAL LOSS ULTIMATELY SUSTAINED WITH RESPECT TO A COVERED EVENT TO BE SIGNIFICANTLY DIFFERENT FROM THE RELEVANT ESTIMATED EVENT INDEX VALUE, RESULTING IN SIGNIFICANTLY DIFFERENT LOSSES SUSTAINED BY THE SERIES 2018 NOTES FROM SUCH COVERED EVENT.

FURTHERMORE, CONSIDERABLE UNCERTAINTY EXISTS IN THE AIR MODELS AND THE PARAMETERS USED IN THE AIR EXPERT RISK ANALYSIS REPORTS ARISING FROM INSUFFICIENT DATA, LIMITED SCIENTIFIC KNOWLEDGE AND ALTERNATIVE EMPIRICAL RELATIONSHIPS, AS WELL AS FROM THE RANDOM NATURE OF NAMED STORMS, EARTHQUAKES AND EUROPE WINDSTORMS. THE AIR MODELS CANNOT INCORPORATE ALL SOURCES OF UNCERTAINTY. FURTHERMORE, THE ASSUMPTIONS AND METHODOLOGIES USED BY AIR DO NOT CONSTITUTE THE EXCLUSIVE SET OF REASONABLE ASSUMPTIONS AND MAY NOT BE CORRECT. USE OF ALTERNATIVE ASSUMPTIONS AND/OR MODELS COULD YIELD RESULTS MATERIALLY DIFFERENT THAN THOSE PRODUCED BY AIR. AIR DID NOT ELICIT FROM OTHER EXPERTS ALTERNATIVE INTERPRETATIONS OF ITS DATA OR METHODS, NOR DID AIR RESEARCH ALL POTENTIALLY

AVAILABLE INTERPRETATIONS OF SUCH DATA AND METHODS ON THE BASIS THAT AIR CONSIDERED ITS OWN INTERPRETATIONS TO BE MORE RELIABLE.

WITH RESPECT TO NAMED STORMS IMPACTING THE UNITED STATES (WITH THE EXCEPTION OF HAWAII), THE LOSSES ESTIMATED IN THE AIR EXPERT RISK ANALYSIS REPORTS WERE (AND IN SOME CASES WILL BE) CALCULATED USING THE AIR MODELS, WHICH DO NOT MODEL THE PROBABILITY OF LOSSES RESULTING FROM (I) TROPICAL STORMS THAT AT NO POINT ARE CLASSIFIED AS A HURRICANE OR (II) HURRICANES THAT DEGRADE TO TROPICAL STORM FORCE AND SUBSEQUENTLY MAKE LANDFALL IN THE UNITED STATES AS A TROPICAL STORM OR, FOR STORMS THAT NEVER MAKE LANDFALL IN THE UNITED STATES, THAT FAIL TO CAUSE WINDS OF GREATER THAN OR EQUAL TO 40 MILES PER HOUR OVER ANY POINT IN THE UNITED STATES WHILE CAUSING WINDS OF GREATER THAN OR EQUAL TO 74 MILES PER HOUR OFFSHORE, AS DESCRIBED IN THE "AIR EXPERT RISK ANALYSIS" ATTACHED HERETO AS ANNEX A, EVEN THOUGH SUCH EVENTS ARE INCLUDED IN THE DEFINITION OF "NAMED STORM." ACCORDINGLY, THE ACTUAL FREQUENCY AND SEVERITY OF NAMED STORMS COULD DIFFER MATERIALLY FROM THE FREQUENCY AND SEVERITY ESTIMATED BY AIR.

WITH RESPECT TO NAMED STORMS IMPACTING HAWAII AND THE CARIBBEAN REGION, WHICH INCLUDES PUERTO RICO AND THE US VIRGIN ISLANDS, THE LOSSES ESTIMATED IN THE AIR EXPERT RISK ANALYSIS REPORTS WERE (AND IN SOME CASES WILL BE) CALCULATED USING THE AIR MODELS, WHICH DO MODEL THE PROBABILITY OF LOSSES RESULTING FROM (I) HURRICANES AND (II) TROPICAL STORMS. THE ACTUAL FREQUENCY AND SEVERITY OF NAMED STORMS COULD DIFFER MATERIALLY FROM THE FREQUENCY AND SEVERITY ESTIMATED BY AIR.

MODELING INDUSTRY INSURED PROPERTY LOSSES RESULTING FROM NAMED STORMS, EARTHQUAKES AND EUROPE WINDSTORMS IS AN INHERENTLY SUBJECTIVE AND IMPRECISE PROCESS, INVOLVING AN ASSESSMENT OF INFORMATION THAT COMES FROM A NUMBER OF SOURCES THAT MAY NOT BE COMPLETE OR ACCURATE. NO MODEL OF CATASTROPHIC EVENTS IS, OR COULD BE, AN EXACT REPRESENTATION OF REALITY. THE AIR MODELS RELY ON VARIOUS METHODOLOGIES AND ASSUMPTIONS (INCLUDING ASSUMPTIONS ABOUT THE AUTHENTICITY, ACCURACY AND COMPLETENESS OF HISTORICAL DATA), SOME OF WHICH ARE SUBJECTIVE AND SUBJECT TO UNCERTAINTY, AND WHICH MIGHT NOT BE USED IN MODELS PROVIDED BY OTHER MODELING FIRMS. FURTHERMORE, THERE MAY BE DIFFERENCES IN THE WAY IN WHICH THESE ELEMENTS ARE CONSIDERED BY OTHER MODELING FIRMS. CONSEQUENTLY, THERE CAN BE NO ASSURANCE THAT THE AIR MODELS WILL PROVE TO BE AN ACCURATE ESTIMATION OF THE RISK OF LOSS OR A REDUCTION OF THE PRINCIPAL OF, OR INTEREST ON, THE SERIES 2018 NOTES. ACCORDINGLY, THE EXPECTED LOSS ESTIMATES AND RELATED PROBABILITIES PRODUCED BY THE AIR MODELS ARE THEMSELVES SUBJECT TO UNCERTAINTY. AIR REVIEWS MODEL ASSUMPTIONS FROM TIME TO TIME IN VIEW OF NEW DATA AND OTHER INFORMATION TO REFINE AND MODIFY ITS MODELS AS SUCH INFORMATION BECOMES AVAILABLE. FURTHERMORE, TO THE EXTENT THAT AIR BECOMES AWARE OF ISSUES EITHER IN ITS MODELS OR IN THE SOFTWARE EXPRESSION OF SUCH MODELS WHICH MAY AFFECT THEIR OUTPUT IN UNINTENDED WAYS, IT MAY, DEPENDING ON THE MATERIALITY OF THE ISSUES, COMMUNICATE SUCH ISSUES TO ITS LICENSEES AND REUSE THEM IN SUBSEQUENT VERSIONS OF ITS MODELS. AS SUCH, THE AIR MODELS MAY NOT NECESSARILY REFLECT THE MOST CURRENT NAMED STORM, EARTHQUAKE OR EUROPE WINDSTORM MODEL OF AIR AT ANY TIME. ESTIMATES GENERATED BY SUCH REFINED OR MODIFIED MODELS MAY DIFFER MATERIALLY FROM THE ESTIMATES GENERATED BY THE AIR MODELS, AND THE USE OF SUCH MODELS IN LIEU OF THE AIR MODELS MIGHT SIMILARLY ALTER MATERIALLY THE INFORMATION PROVIDED IN THE AIR EXPERT RISK ANALYSIS REPORTS.

AIR MODELED INDUSTRY INSURANCE LOSSES ACROSS ALL SIMULATED LINES OF BUSINESS ARE USED AS A PROXY FOR POTENTIAL LOSS AMOUNTS; HOWEVER, DIFFERENCES BETWEEN AIR MODELED INDUSTRY INSURANCE LOSSES AND LOSS AMOUNTS ESTIMATED BY A REPORTING AGENCY OR, IF APPLICABLE, A FALL-BACK DATA PROVIDER CAN ARISE DUE TO LIMITATIONS RELATING TO THE AIR MODELS AND THE FACT THAT SOME LOSSES INCLUDED IN THE REPORTING AGENCY ESTIMATES ARE NOT ACCOUNTED FOR IN THE AIR MODELS. SUCH UNMODELED LOSSES

INCLUDE, BUT ARE NOT LIMITED TO, TROPICAL CYCLONES FORMED WITHIN THE PACIFIC BASIN (OTHER THAN THOSE AFFECTING HAWAII) OR NAMED STORMS AFFECTING AREAS OUTSIDE OF ALABAMA, ARKANSAS, CONNECTICUT, DELAWARE, WASHINGTON DC, FLORIDA, GEORGIA, ILLINOIS, INDIANA, KENTUCKY, LOUISIANA, MAINE, MARYLAND, MASSACHUSETTS, MISSISSIPPI, MISSOURI, NEW HAMPSHIRE, NEW JERSEY, NEW YORK, NORTH CAROLINA, OHIO, OKLAHOMA, PENNSYLVANIA, RHODE ISLAND, SOUTH CAROLINA, TENNESSEE, TEXAS, VERMONT, VIRGINIA, AND WEST VIRGINIA; FIRE FOLLOWING EARTHQUAKES IN ALASKA AND HAWAII; STORM SURGE IN HAWAII; TSUNAMI IN THE UNITED STATES; INDUCED SEISMIC EVENTS (INCLUDING EVENTS CAUSED BY HUMAN ACTIVITY SUCH AS UNDERGROUND INJECTION OF WASTEWATER); LOSS ADJUSTMENT EXPENSES, DEMOLITION AND DEBRIS REMOVAL, INLAND MARINE LOSSES, CERTAIN FLOOD LOSSES, HAZARDOUS WASTE CLEAN-UP, MOLD LOSSES, STRIKES, RIOTS OR CIVIL COMMOTION, INDIRECT BUSINESS INTERRUPTION LOSSES AND LOSSES RESULTING FROM SPRINKLER LEAKAGE AS A RESULT OF NAMED STORMS, EARTHQUAKES, OR EUROPE WINDSTORMS.

IN ADDITION, THE AIR MODELS REFLECT USE OF A FUNCTION TO ACCOUNT FOR THE EFFECTS OF TEMPORARY INFLATION THAT CAN RESULT FROM INCREASED DEMAND FOR MATERIALS AND SERVICES TO REPAIR AND REBUILD DAMAGED PROPERTY AFTER A CATASTROPHIC EVENT. THIS DEMAND SURGE (AS DEFINED IN THE "*AIR EXPERT RISK ANALYSIS*" ATTACHED HERETO AS ANNEX A) FUNCTION IS CALCULATED BASED ON VERY FEW HISTORICAL DATA POINTS AND IS ALSO HIGHLY SUBJECTIVE. AS A RESULT, THE LOSS ESTIMATES PRESENTED IN THE AIR EXPERT RISK ANALYSIS REPORTS MAY UNDERSTATE OR OVERSTATE THE IMPACT OF DEMAND SURGE ON LOSSES, POSSIBLY MATERIALLY.

THE PROBABILITIES GENERATED BY THE AIR MODELS ARE NOT NECESSARILY PREDICTIVE OF FUTURE NAMED STORMS, EARTHQUAKES, OR EUROPE WINDSTORMS. INVESTORS IN THE SERIES 2018 NOTES SHOULD NOT VIEW THE EXPECTED LOSS ESTIMATES AND RELATED PROBABILITIES GENERATED BY THE AIR MODELS AS NECESSARILY PREDICTING THE LIKELIHOOD OF THE OCCURRENCE DURING THE RISK PERIOD OF ONE OR MORE LOSS EVENTS RESULTING IN A REDUCTION OF THE PRINCIPAL OF, AND INTEREST ON, THE SERIES 2018 NOTES. AIR HAS NOT MADE ANY EFFORT, NOR DOES IT HAVE THE ABILITY TO PREDICT, NAMED STORMS, EARTHQUAKES, OR EUROPE WINDSTORMS AFFECTING THE APPLICABLE COVERED AREA DURING THE RISK PERIOD. ACCORDINGLY, THE ACTUAL FREQUENCY AND SEVERITY OF COVERED EVENTS COULD DIFFER MATERIALLY FROM THE FREQUENCY AND SEVERITY ESTIMATED BY AIR.

NONE OF THE ISSUER, THE CEDING INSURER, THE INITIAL PURCHASER, THE TRUSTEE, OR ANY OF THEIR RESPECTIVE AFFILIATES OR REPRESENTATIVES, OR ANY OF THEIR RESPECTIVE DIRECTORS OR OFFICERS, HAS REVIEWED, OR MAKES, OR SHALL BE DEEMED TO MAKE, ANY REPRESENTATION WITH RESPECT TO THE AIR EXPERT RISK ANALYSIS REPORTS, INCLUDING, WITHOUT LIMITATION, THE ADEQUACY, COMPLETENESS, APPROPRIATENESS OR OTHERWISE, OF THE AIR EXPERT RISK ANALYSIS REPORTS. THE "*AIR EXPERT RISK ANALYSIS*" ATTACHED HERETO AS ANNEX A, THE "*AIR EXPERT RISK ANALYSIS RESULTS*" ATTACHED HERETO AS ANNEX B AND THE AIR DATA FILE INFORMATION REFERRED TO IN ANNEX C AND ACCOMPANYING THIS CIRCULAR WHICH ARE INCLUDED HEREIN IN RELIANCE UPON AIR AS EXPERTS IN SUCH MATTERS. SEE "*EXPERTS*" SECTION IN THIS CIRCULAR. THE AIR EXPERT RISK ANALYSIS REPORTS ARE, AS NOTED ABOVE, BASED ON CERTAIN ASSUMPTIONS, JUDGMENTS, AND METHODOLOGIES OF AIR, A NUMBER OF WHICH ARE CONFIDENTIAL AND PROPRIETARY TO AIR.

WITHOUT INTENDING TO LIMIT THE FOREGOING, IN PARTICULAR, NONE OF THE ISSUER, THE CEDING INSURER, THE INITIAL PURCHASER, THE TRUSTEE OR ANY OF THEIR RESPECTIVE AFFILIATES OR REPRESENTATIVES, OR ANY OF THEIR DIRECTORS OR OFFICERS, HAS REVIEWED THE AIR EXPERT RISK ANALYSIS REPORTS TO DETERMINE (I) THE REASONABLENESS OF THE ASSUMPTIONS, JUDGMENTS AND METHODOLOGIES USED BY AIR, (II) WHETHER SUCH ASSUMPTIONS, JUDGMENTS AND METHODOLOGIES SHOULD BE SUPPLEMENTED IN ANY WAY THROUGH THE USE OF ALTERNATIVE ASSUMPTIONS, JUDGMENTS OR METHODOLOGIES, (III) WHETHER THE ASSUMPTIONS, JUDGMENTS AND METHODOLOGIES USED BY AIR INCLUDE ALL

APPROPRIATE FACTORS THAT COULD CONTRIBUTE TO A PRINCIPAL REDUCTION AND (IV) WHETHER THE USE OF ALTERNATIVE ASSUMPTIONS, JUDGMENTS AND METHODOLOGIES, OR THE USE OF A DIFFERENT CATASTROPHE SIMULATION MODEL, COULD YIELD RESULTS MATERIALLY DIFFERENT FROM THOSE GENERATED BY THE AIR MODELS.

BECAUSE OF THE INHERENT LIMITATIONS OF RELYING ON THE AIR EXPERT RISK ANALYSIS REPORTS FOR LOSS ESTIMATION, AND BECAUSE OF THE SUBJECTIVE NATURE OF MANY OF AIR'S ASSUMPTIONS, JUDGMENTS AND METHODOLOGIES IN PREPARING THE AIR EXPERT RISK ANALYSIS REPORTS, EACH OF THE ISSUER, THE CEDING INSURER, THE INITIAL PURCHASER, THE TRUSTEE AND THEIR RESPECTIVE AFFILIATES AND REPRESENTATIVES EXPRESSLY DISCLAIMS ANY RESPONSIBILITY FOR, AND ANY LIABILITY BASED UPON, A FINDING THAT THE AIR EXPERT RISK ANALYSIS REPORTS INCLUDE ANY UNTRUE STATEMENT OF A MATERIAL FACT OR THAT THE AIR EXPERT RISK ANALYSIS REPORTS OMIT TO STATE A MATERIAL FACT NECESSARY IN ORDER TO MAKE THE STATEMENTS, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING.

THE CALCULATION OF ANY LOSS PERIOD PAYMENT AMOUNT AND ANY RELATED PRINCIPAL REDUCTION OR PRINCIPAL INCREASE TO BE PERFORMED BY AIR IN ITS CAPACITY AS CALCULATION AGENT, INCLUDING UPON THE OCCURRENCE OF A REPORTING AGENCY FAILURE EVENT, WILL RESULT IN A FACTUAL DETERMINATION AS TO WHETHER AN ISSUER PAYMENT OR A NEGATIVE LOSS PAYMENT WILL BE DUE AND PAYABLE, AS WELL AS THE RELATED PRINCIPAL REDUCTION OR PRINCIPAL INCREASE. THE DETERMINATION WILL BE PERFORMED IN ACCORDANCE WITH THE METHODOLOGIES DESCRIBED IN THIS CIRCULAR AND AS SPECIFIED IN THE CALCULATION AGENT AGREEMENT. THE TERMS OF THE SERIES 2018 NOTES PROVIDE THAT ALL FACTUAL DETERMINATIONS MADE BY AIR AS CALCULATION AGENT ARE FINAL AND BINDING, ABSENT MANIFEST ERROR. NO SEPARATE REVIEW OR APPRAISAL OF THE ACCURACY OF THE DEFINED METHODOLOGIES OR DATA USED WILL BE PERFORMED. INVESTORS ARE ADVISED THAT THE CALCULATION OF AN ISSUER PAYMENT AND THE RELATED PRINCIPAL REDUCTION, AS WELL AS THE CALCULATION OF A NEGATIVE LOSS PAYMENT AND THE RELATED PRINCIPAL INCREASE, WILL BE FINAL, REGARDLESS OF ANY ACTUAL, POTENTIAL OR THEORETICAL DISCREPANCIES BETWEEN THE METHODOLOGIES USED BY THE CALCULATION AGENT AND ANY OTHER POSSIBLE METHODOLOGIES FOR ASSESSING THE SAME FACTS OR ANY LOSSES WHICH ARE ACTUALLY EXPERIENCED IN REALITY AS A RESULT OF THE ASSOCIATED COVERED EVENT. THESE INHERENT LIMITATIONS ARE POTENTIALLY EXACERBATED BY THE POTENTIAL FOR UNRELIABLE DATA, OR THE UNAVAILABILITY OF DATA, FROM THE REPORTING AGENCY OR THE FALL-BACK DATA PROVIDER, IF APPLICABLE.

IN DETERMINING WHETHER ANY NAMED STORM, EARTHQUAKE OR EUROPE WINDSTORM OCCURRING DURING THE RISK PERIOD QUALIFIES AS A COVERED EVENT, THE CALCULATION AGENT WILL USE DATA OBTAINED FROM THE REPORTING AGENCY OR, IF APPLICABLE, THE RELEVANT FALL-BACK DATA PROVIDER. NEITHER THE APPLICABLE REPORTING AGENCY NOR ANY FALL-BACK DATA PROVIDER GIVES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IN RELATION TO THE ACCURACY OR RELIABILITY OF THE DATA THAT IT PROVIDES. NEITHER THE ISSUER, THE CEDING INSURER, THE INITIAL PURCHASER, THE CALCULATION AGENT, NOR ANY PARTY TO THE BASIC DOCUMENTS WILL TAKE ANY ACTION TO VERIFY THE METHODOLOGY, ACCURACY, TECHNICAL DATA OR INSTRUMENTATION OF THE REPORTING AGENCY OR ANY FALL-BACK DATA PROVIDER. THE ISSUER, THE CEDING INSURER, THE CALCULATION AGENT AND THE OTHER PARTIES TO THE BASIC DOCUMENTS DISCLAIM ANY AND ALL LIABILITY, INCLUDING ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING FROM LOSSES DUE TO THE ERRORS, OMISSIONS, OR INACCURACIES IN THE DATA FROM THE REPORTING AGENCY OR ANY FALL-BACK DATA PROVIDER USED IN ANY CALCULATION OF ANY LOSS PERIOD PAYMENT AMOUNT AND THE RELATED PRINCIPAL REDUCTION(S) OR PRINCIPAL INCREASE(S).

THE DATA USED TO DETERMINE A LOSS TO INVESTORS MAY NOT BE THE FINAL DATA WITH REGARD TO ANY COVERED EVENT. CONSEQUENTLY, INVESTORS MAY SUFFER A PRINCIPAL

REDUCTION (OR A REDUCED PRINCIPAL INCREASE) WITH RESPECT TO ONE OR MORE COVERED EVENTS FOR WHICH AN ISSUER PAYMENT MIGHT NOT HAVE BEEN PAYABLE OR A NEGATIVE LOSS PAYMENT MIGHT HAVE BEEN PAYABLE IF FINAL DATA FROM THE REPORTING AGENCY HAD BEEN PUBLISHED OR DELIVERED AT THE TIME OF THE LOSS PERIOD PAYMENT AMOUNT RESULTING FROM SUCH COVERED EVENT.

IN ADDITION, THE DATA AS REPORTED BY THE APPLICABLE REPORTING AGENCY OR, IF APPLICABLE, THE FALL-BACK DATA PROVIDER, IS SUBJECT TO CERTAIN MARGINS OF ERROR AS A RESULT OF THE DEGREE OF PRECISION AND THE METHODOLOGIES USED BY THE APPLICABLE REPORTING AGENCY OR SUCH FALL-BACK DATA PROVIDER. THERE IS AN INHERENT RISK THAT ANY LOSS PERIOD PAYMENT AND THE RELATED PRINCIPAL REDUCTION CALCULATED USING THE DATA WOULD HAVE BEEN SMALLER, OR THAT NO ISSUER PAYMENT AND PRINCIPAL REDUCTION WOULD HAVE OCCURRED AT ALL, HAD THE APPLICABLE REPORTING AGENCY OR FALL-BACK DATA PROVIDER USED MORE PRECISE OR DIFFERENT METHODOLOGIES. INVESTORS IN THE SERIES 2018 NOTES WILL HAVE NO RECOURSE TO THE ISSUER, THE CEDING INSURER, THE CALCULATION AGENT, THE INITIAL PURCHASER, THE APPLICABLE REPORTING AGENCY, ANY FALL-BACK DATA PROVIDER, ANY AGENTS OR AFFILIATES THEREOF OR ANY OTHER ENTITY SHOULD A PRINCIPAL REDUCTION OCCUR AS A RESULT OF THE APPLICATION OF THE PARAMETERS AS REPORTED BY THE APPLICABLE REPORTING AGENCY OR FALL-BACK DATA PROVIDER.

AIR PROVIDES CONSULTING SERVICES AND OTHER SERVICES TO THE INSURANCE INDUSTRY, INCLUDING THE CEDING INSURER (INCLUDING IN RESPECT OF THIS OFFERING), THE INITIAL PURCHASER AND THEIR RESPECTIVE AFFILIATES. AIR EXPECTS TO PROVIDE ADDITIONAL SERVICES FOR THE CEDING INSURER, THE INITIAL PURCHASER AND THEIR RESPECTIVE AFFILIATES FROM TIME TO TIME IN THE FUTURE. THE ISSUER HAS AGREED TO PAY THE FEES AND EXPENSES OF AIR FOR ITS SERVICES IN CONNECTION WITH THE SERIES 2018 NOTES, WHICH FEES WILL BE REIMBURSED TO THE ISSUER BY THE CEDING INSURER PURSUANT TO THE REINSURANCE AGREEMENT. IN ADDITION, THE ISSUER AND THE CEDING INSURER HAVE AGREED TO INDEMNIFY AIR FOR CERTAIN CLAIMS, LIABILITIES AND EXPENSES ARISING OUT OF SUCH SERVICES. AIR IS AN AFFILIATE OF PCS, WHICH IS ACTING AS AN REPORTING AGENCY.

AIR HAS PROVIDED ITS ANALYSES, EXPECTED LOSS ESTIMATES AND RELATED PROBABILITIES CONTAINED WITHIN THE AIR EXPERT RISK ANALYSIS REPORTS. NOTEHOLDERS WILL HAVE NO RIGHT TO ENFORCE OR TAKE ACTIONS AGAINST AIR OR ANY OTHER RIGHT UNDER THE CALCULATION AGENT AGREEMENT OR IN CONNECTION THEREWITH. THE ISSUER'S USE OF THE INFORMATION PROVIDED BY AIR, PARTICULARLY WITH REGARD TO ANY DISCLOSURE MADE OR OMITTED IN THIS CIRCULAR, IS COMPLETELY WITHIN THE ISSUER'S SOLE DISCRETION, AND NOT THE RESPONSIBILITY OF AIR.

DISCLAIMER FOR PCS ESTIMATES

ISO SERVICES, INC. AND ITS SUBSIDIARIES AND AFFILIATES ("ISO") AND THE PROPERTY CLAIM SERVICES DIVISION OF ISO ("PCS") ARE NOT RESPONSIBLE FOR AND HAVE NOT PARTICIPATED IN CREATING, OFFERING OR SELLING THE SERIES 2018 NOTES OR THE DETERMINATION OF THE TIMING, QUANTITIES OR PRICES AT WHICH ANY SERIES 2018 NOTES WILL BE OFFERED OR. ISO AND PCS ARE NOT RESPONSIBLE FOR AND WILL NOT PARTICIPATE IN THE DETERMINATION OR CALCULATIONS USED FOR PURPOSES OF THE SERIES 2018 NOTES OR THE AMOUNT ULTIMATELY OWED UNDER THE SERIES 2018 NOTES. ISO AND PCS HAVE NOT REVIEWED OR APPROVED THE CIRCULAR OR ANY OTHER DOCUMENTS, MATERIALS OR INFORMATION PERTAINING TO THE SERIES 2018 NOTES AND ASSUME NO LIABILITY PERTAINING THERETO.

ISO AND PCS MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO OFFEREES, PURCHASERS OR HOLDERS OF THE SERIES 2018 NOTES REGARDING THE ADVISABILITY OF

INVESTING IN SECURITIES GENERALLY OR THE SERIES 2018 NOTES IN PARTICULAR. ISO AND PCS DO NOT SPONSOR, ENDORSE, SELL OR PROMOTE ANY SECURITY NOR DOES PROVISION OF THE PCS ESTIMATES REFERENCE TO PCS' IDENTIFICATION OF A PARTICULAR EVENT AS A "CATASTROPHE" IN THIS CIRCULAR OR IN ANY CIRCULAR SUPPLEMENT IN ANY WAY SUGGEST OR IMPLY AN OPINION AS TO THE ATTRACTIVENESS OF INVESTMENT IN THE SERIES 2018 NOTES OR THAT ISO OR PCS HAS ASSUMED ANY OBLIGATION TO, OR RELATION OR AGENCY OR TRUST FOR OR WITH, THE ISSUER, THE CEDING INSURER, THE INITIAL PURCHASER, OR ANY OF THE OFFEREEES, PURCHASERS, OWNERS OR HOLDERS OF THE SERIES 2018 NOTES.

NEITHER ISO, PCS, NOR PERSONS ACTING ON THEIR BEHALF, NOR PERSONS OR ENTITIES PROVIDING INFORMATION FOR USE IN PREPARING THE PCS ESTIMATES OR ANY OTHER ISO PROPERTY MAKE ANY WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PCS ESTIMATES, THE MANNER OF ESTIMATING AND REPORTING SUCH ESTIMATES, ANY COMPONENT, COMBINATION, COMPILATION OR DERIVATIVE THEREOF OR ANY OTHER ISO PROPERTY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE.

PREPARING AN ESTIMATE OF THE INSURED LOSSES RESULTING FROM A CATASTROPHE IS AN INHERENTLY SUBJECTIVE AND IMPRECISE PROCESS, INVOLVING ASSESSMENT OF INFORMATION WHICH COMES FROM A NUMBER OF SOURCES AND WHICH MAY NOT BE COMPLETE OR ACCURATE. MOREOVER, THE INSURED LOSSES FOR CERTAIN CATASTROPHES MAY CONTINUE TO DEVELOP OVER PERIODS OF TIME WHICH EXCEED THE EXTENSION OR DEVELOPMENT PERIOD(S) EMPLOYED FOR THE SERIES 2018 NOTES. DUE TO A LACK OF INFORMATION AND UNCERTAINTY OR ERROR IN EXTRAPOLATING FROM REPORTED INFORMATION, PCS ESTIMATES OF INSURED LOSSES FROM CATASTROPHES MAY BE MATERIALLY DIFFERENT FROM ACTUAL LOSSES. IN ADDITION, THE ISSUER AND CEDING INSURER WILL AGREE TO INDEMNIFY PCS FOR CERTAIN CLAIMS, LIABILITIES AND EXPENSES ARISING OUT OF THE PCS AGREEMENT AND PCS' ENGAGEMENT IN CONNECTION WITH THE SERIES 2018 NOTES. PCS IS AN AFFILIATE OF AIR, WHICH IS SERVING AS CALCULATION AGENT IN CONNECTION WITH THE SERIES 2018 NOTES.

NEITHER ISO, PCS, NOR PERSONS ACTING ON THEIR BEHALF, NOR PERSONS OR ENTITIES PROVIDING INFORMATION FOR USE IN PREPARING THE PCS ESTIMATES GUARANTEE THE ACCURACY AND/OR COMPLETENESS OF THE PCS ESTIMATES, ANY OTHER ISO PROPERTY OR ANY DATA INCLUDED OR REFLECTED THEREIN, OR MAKE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY ANY PERSON OR ANY ENTITY FROM THE USE OF THE PCS ESTIMATES, ANY OTHER ISO PROPERTY OR ANY COMPONENT, COMBINATION, COMPILATION OR DERIVATIVE THEREOF FOR ANY PURPOSE OR USE. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL ISO OR PCS HAVE ANY LIABILITY TO ANY OFFEREE, PURCHASER OR HOLDER FOR LOSS OF INVESTMENT OR OTHER FINANCIAL INTEREST WITH RESPECT TO THE SERIES 2018 NOTES OR FOR ANY SPECIAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING LOSS OF PROFITS), INCLUDING ANY LIABILITIES UNDER FEDERAL OR STATE SECURITIES LAWS.

"ISO," "PROPERTY CLAIM SERVICES" AND "PCS" ARE TRADEMARKS OF ISO AND ITS AFFILIATES.

ANY INFORMATION PROVIDED TO A PURCHASER OR A PROSPECTIVE TRANSFEREE OF SERIES 2018 NOTES WHICH INCLUDES PCS ESTIMATES (INCLUDING INFORMATION AS TO INDUSTRY INSURED PROPERTY LOSSES) SHALL BE FOR THE SOLE PURPOSE OF ASSESSING THE INVESTMENT AND ALL SUCH INFORMATION IS AND SHALL REMAIN THE SOLE AND EXCLUSIVE PROPERTY OF ISO. AS A CONDITION OF ACCESS TO SUCH INFORMATION, EACH PURCHASER AGREES THAT NEITHER IT NOR ANY PROSPECTIVE TRANSFEREE MAY DISCLOSE ANY SUCH INFORMATION TO THIRD PARTIES OTHER THAN AS REQUIRED BY APPLICABLE LAW, INCLUDING U.S. FEDERAL AND U.S. STATE SECURITIES LAWS, NOR USE THE INFORMATION FOR ANY PURPOSE OTHER THAN INVESTMENT ANALYSIS.

DISCLAIMER FOR PERILS ESTIMATES

THE SERIES 2018 NOTES ARE NOT ISSUED, SPONSORED, ENDORSED, SOLD OR PROMOTED BY PERILS AG ("PERILS"). PERILS DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO PROSPECTIVE OWNERS OR HOLDERS OF THE SERIES 2018 NOTES OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN THE SERIES 2018 NOTES. PERILS' ONLY RELATIONSHIP TO THE SERIES 2018 NOTES IS THE LICENSING OF CERTAIN TRADEMARKS AND TRADE NAMES OF PERILS AND OF THE PERILS INDEX AND PERILS EXPOSURE DATABASE, WHICH IS DETERMINED AND CALCULATED BY PERILS OR ITS AGENTS WITHOUT REGARD TO THE ISSUER OR THE SERIES 2018 NOTES. PERILS IS NOT RESPONSIBLE FOR, AND HAS NOT PARTICIPATED IN, THE ISSUANCE, THE DETERMINATION OF THE PRICES AND AMOUNT OF THE SERIES 2018 NOTES OR THE TIMING OF THE ISSUANCE OR SALE OF THE SERIES 2018 NOTES OR IN THE DETERMINATION OR CALCULATION OF ANY LOSS PAYMENT AMOUNT. FURTHERMORE, PERILS HAS NO OBLIGATION OR LIABILITY IN CONNECTION WITH THE SERIES 2018 NOTES, INCLUDING WITHOUT LIMITATION THE ISSUANCE, TRADING, MARKETING OR ADMINISTRATION OF THE SERIES 2018 NOTES.

PERILS DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE PERILS INDEX AND PERILS EXPOSURE DATABASE OR ANY DATA INCLUDED THEREIN, AND PERILS SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. ESTIMATES SET FORTH BY ANOTHER METHOD FOR CALCULATING THE PERILS INDEX OR THE PERILS EXPOSURE DATABASE MAY MATERIALLY DIFFER FROM THE ESTIMATES SET FORTH IN THE PERILS INDEX OR THE PERILS EXPOSURE DATABASE IN CONNECTION WITH THE SERIES 2018 NOTES. HOWEVER, PERILS EXPRESSLY DISCLAIMS ANY OBLIGATION OR DUTY TO ADJUST THE PERILS INDEX OR ANY PRIOR VERSIONS OF THE PERILS INDEX OR THE PERILS EXPOSURE DATABASE. PERILS MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE ISSUER OF THE SERIES 2018 NOTES, THE OWNERS OF THE SERIES 2018 NOTES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE PERILS INDEX. PERILS MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE PERILS INDEX. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL PERILS HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES OR LOST PROFITS, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES OR LOST PROFITS.

ANY INFORMATION PROVIDED TO A PURCHASER OR A PROSPECTIVE TRANSFEREE THAT INCLUDES PCS ESTIMATES (INCLUDING INFORMATION AS TO INDUSTRY INSURED LOSSES) SHALL BE FOR THE SOLE PURPOSE OF ASSESSING AN INVESTMENT AND ALL SUCH INFORMATION IS AND SHALL REMAIN THE SOLE AND EXCLUSIVE PROPERTY OF ISO. AS A CONDITION OF ACCESS TO SUCH INFORMATION, EACH PURCHASER AGREES THAT NEITHER IT NOR ANY PROSPECTIVE TRANSFEREE MAY DISCLOSE ANY SUCH INFORMATION TO THIRD PARTIES OTHER THAN AS REQUIRED BY APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS, NOR USE ANY SUCH INFORMATION FOR ANY PURPOSE OTHER THAN INVESTMENT ANALYSIS.

AVAILABLE INFORMATION

The Issuer extends to each prospective purchaser the opportunity, prior to the consummation of the sale of the Series 2018 Notes, (i) to ask questions of, and receive answers from, the Issuer concerning the Issuer, the Series 2018 Notes and the terms and conditions of this Offering and (ii) to obtain any additional information such prospective purchaser may consider necessary in making an informed investment decision or in order to verify the information set forth herein, to the extent the Issuer possesses the same or can acquire such information without unreasonable effort or expense.

Prior to the consummation of sale of the Series 2018 Notes, the Issuer will make the following transaction documents available in draft form to prospective purchasers for review: (i) the Reinsurance Agreement; (ii) the Trust Deed; (iii) the Custody Agreement; and (iv) the Calculation Agent Agreement (collectively, the "**Selected Transaction Documents**").

For as long as the Series 2018 Notes are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market, the following documents will be made available in electronic format for inspection: (i) the memorandum and articles of association of the Issuer; and (ii) all reports, letters and other documents, valuation and statements prepared by any expert at the Issuer's request which is included in this Circular (the "**Listing Information**").

After the sale of the Series 2018 Notes and for so long as the Series 2018 Notes are outstanding, the Issuer will furnish to the Principal Paying Agent and make available, or cause to be made available, to Holders and prospective purchasers (who are permitted transferees) of the Series 2018 Notes final execution copies of the Selected Transaction Documents and the following information, within no more than four (4) Business Days from when such information has become available to the Issuer: (i) any Event Notice; (ii) any Event Report; (iii) following submission of an Event Notice in connection with a Named Storm, Earthquake, or Europe Windstorm, any Reporting Agency Report made available to the Issuer for such Named Storm, Earthquake or Europe Windstorm; (iv) any Reset Report and Variable Reset Notice, including the list of Updated Factors used in connection therewith; (v) notice of any Early Redemption Event or Optional Redemption Event; (vi) any Optional Extension Notice, including notice of any Partial Extension; (vii) any Optional Extension Discontinuation Notice; (viii) any Optional Extension Verification Report; (ix) any notice of a Reporting Agency Failure or Reporting Agency Failure Event; (x) any notice of a failure by the Fall-Back Data Provider to provide the information necessary for the Calculation Agent to render an Event Report with respect to a Named Storm Event, Earthquake Event or Europe Windstorm Event as applicable; (xi) notice of any Issuer Payment or Principal Reduction, including the amounts thereof; (xii) notice of any Negative Loss Payment or Principal Increase, including the amounts thereof; (xiii) any EBRD Put Notice; (xiv) any information relating to a downgrade of the EBRD (if any) that is made available to the Issuer; (xv) the nominal amount of the EBRD Notes, the applicable securities identification number (i.e., "ISIN" and/or "Common Code") for the EBRD Notes and the then-current Issuer rating of the EBRD by Standard & Poor's Credit Market Services Europe Limited; (xvi) notice of the EBRD Notes Issuance Date; (xvii) for any Money Market Fund Shares constituting a Permitted Investment for the Series 2018 Notes, if applicable, the name and ratings of the relevant Money Market Fund and the aggregate and per share market value of the fund, the ratings of the fund and most recent accrued dividend for such Money Market Fund Shares, all of which will be made available on a

monthly basis to the extent such information is available to the Issuer; (xviii) any interest calculation notice provided by the Note Calculation Agent to the Issuer in connection with an Accrual Period; (xix) notice of any Event of Default under the Series 2018 Notes or the Trust Deed; (xx) any notice from the Ceding Insurer or the Issuer terminating the Reinsurance Agreement or declaring an event of default thereunder; (xxi) any notice of a failure by the Calculation Agent to perform its duties and obligations under the Calculation Agent Agreement; and (xxii) any supplemental information the Ceding Insurer may, in its discretion, furnish to the Issuer for distribution to the Holders of the Series 2018 Notes (each of the foregoing (i) to (xxii), together with the final execution copies of the Selected Transaction Documents and the Listing Information, the "**Available Information**").

With respect to the offering of the Series 2018 Notes, the Available Information and drafts of the Selected Transaction Documents (prior to the Issuance Date) will be made available to Holders and prospective purchasers (who are permitted transferees) of the Series 2018 Notes via a secured password protected online workspace internet site maintained by Horseshoe ILS Services UK Ltd (the "**Workspace Administrator**") on behalf of the Issuer with IntraLinks®, Inc. ("**IntraLinks**"). The information on any website mentioned in this Circular, or any website directly or indirectly linked to any website mentioned in this Circular.

The Issuer is not subject to the informational requirements of the Exchange Act. The Issuer agrees that at any time while the Series 2018 Notes are outstanding, it will, upon request, furnish to the Holders or prospective purchasers (who are permitted transferees) of the Series 2018 Notes the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act (or any similar successor rule) to permit compliance with Rule 144A in connection with resales of the Series 2018 Notes ("**Rule 144A Information**").

In order to receive access to Available Information or Rule 144A Information, a Noteholder or prospective purchaser (who is a permitted transferee) of Series 2018 Notes must submit the Request for Access to Information Form attached to this Circular as Annex F (the "**Request for Access to Information Form**") to Atlas Capital UK 2018 PLC c/o Intertrust Management Limited, 35 Great St. Helen's, London, EC3A 6AP.

As a condition to access Available Information and Rule 144A Information, Noteholders and prospective purchasers must agree not to disclose any such information to third parties other than as required by applicable law, including U.S. federal and state securities laws or, in connection with the potential resale of Series 2018 Notes, to a prospective purchaser that is a permitted transferee. Any such information may not be used for any purpose other than an analysis of an investment in the Series 2018 Notes.

TRANSACTION OVERVIEW

*The following overview of the Series 2018 ISPV 1 Principal At-Risk Variable Notes is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Circular. When a term is defined in this Circular, it is printed in bold-faced type. Certain capitalised terms used but not defined in this overview are used herein as defined elsewhere in this Circular. Annex H to this Circular includes an "Index of Defined Terms" that lists defined terms used herein and the page on which such terms are defined. **Prospective investors should consider carefully the information set forth under the caption "Risk Factors" in this Circular and all other information set forth in this Circular, including the annexes attached hereto, prior to making an investment in the Series 2018 ISPV 1 Principal At-Risk Variable Notes.***

THE OFFERING

Issuer Atlas Capital UK 2018 PLC (the "**Issuer**") is an insurance special purpose vehicle incorporated under the Companies Act 2006 on May 1, 2018 with company number 11340349 and LEI number 2138004C15XIARPKJZ24 and is licensed as a transformer vehicle under the laws of England and Wales. As of the date of this Circular the Issuer has not conducted any business and its business in future will be limited to the entry into the reinsurance agreement with the Ceding Insurer in respect of risks identified in this Circular. It will fund its obligations under the Reinsurance Agreement through the issuance of the Series 2018 Notes.

Notes Offered;
Series 2018 Notes USD300,000,000 Series 2018 ISPV 1 Principal At-Risk Variable Rate Notes due June 7, 2022 (the "**Series 2018 Notes**") issued by the Issuer, which will be exposed to Covered Events consisting of Named Storm Events affecting the Named Storm Covered Area, Earthquake Events affecting the Earthquake Covered Area and Europe Windstorm Events affecting the Europe Windstorm Covered Area on an annual aggregate basis during each Loss Period within the Risk Period.

The Issuer is issuing the Series 2018 Notes to collateralise and fund its obligations under the Reinsurance Agreement, as further described in this Circular.

Transaction Documents Transaction Documents shall refer to this Circular as well as the following documents entered into on or about the Issuance Date:

- (i) **Reinsurance Agreement**, to be entered into between the Issuer and the Ceding Insurer;
- (ii) **Trust Deed**, to be entered into between the Issuer, the Trustee, the Principal Paying Agent, the Account Bank, the Note Calculation Agent, the Custodian, Registrar, the Transfer Agent, the Insurance Manager and the Ceding Insurer;
- (iii) **Deed of Charge**, to be entered into between the Issuer, the Trustee, the Principal Paying Agent, the Account Bank, the Note Calculation Agent, the Custodian, the Registrar, the Transfer Agent, the Insurance Manager and the Ceding Insurer;

- (iv) **Agency Agreement**, to be entered into between the Issuer, the Trustee, the Principal Paying Agent, the Note Calculation Agent, the Registrar, the Transfer Agent and the Ceding Insurer;
- (v) **Custody Agreement**, to be entered into between the Issuer, the Trustee, the Custodian and the Ceding Insurer;
- (vi) **Account Bank Agreement**, to be entered into between the Issuer, the Trustee and the Account Bank;
- (vii) **Calculation Agent Agreement**, to be entered into between the Issuer and the Calculation Agent;
- (viii) **Purchase Agreement**, to be entered into between the Issuer and the Initial Purchaser;
- (ix) **Escrow Agreement**, to be entered into between the Issuer, the Escrow Agent, and the Calculation Agent;
- (x) **PCS License Agreement**, to be entered into between the Issuer and PCS;
- (xi) **PERILS Trading License Agreement**, to be entered into between the Issuer and PERILS; and
- (xii) Any other agreement entered into in relation to documents (i) to (xi) above.

Ceding Insurer SCOR Global P&C SE, acting for itself and on behalf of any affiliate of SCOR SE (the "**Ceding Insurer**"). SCOR Global P&C SE is a member of the SCOR group of companies.

As of the date hereof, the Ceding Insurer's financial strength was rated "AA-" by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"), "Aa3" by Moody's Investors Service Limited ("**Moody's**"), "A+" by A.M. Best Europe Ratings Services Limited and "AA-" by Fitch Ratings Limited, each of which rating agencies is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (the "**Credit Rating Agency Regulation**").

The foregoing ratings of the Ceding Insurer relate to its financial strength and are not an evaluation regarding the Series 2018 Notes, which are without recourse to the Ceding Insurer or any of its affiliates. The applicable rating agency can withdraw or change its rating at any time and for any reason. Prospective investors should consider carefully the information set forth under the caption "*Risk Factors—Ratings*" before making an investment in the Series 2018 Notes.

Offering Price 100% of the Original Principal Amount (the "**Offering Price**").

Issuance Date The date on which the Series 2018 Notes will be issued, which is expected to be on or about May 31, 2018 (the "**Issuance Date**").

Issuance Currency	U.S. dollars (" USD " or "\$").
Use of Proceeds	On the Issuance Date, all of the proceeds paid to the Issuer from the sale of the Series 2018 Notes will be deposited into the Collateral Account and will be invested in Permitted Investments, as further described herein (the " Collateral "). Such proceeds will be available to satisfy the obligations of the Issuer to the Ceding Insurer under the Reinsurance Agreement and after the fulfilment of such obligations to make payments in respect of the Outstanding Principal Amount of the Series 2018 Notes.
Limited Recourse	Holders of the Series 2018 Notes will have recourse only to the Collateral in the Collateral Account for repayment of the Outstanding Principal Amount and will not have recourse to any other property or assets of the Issuer save for access to the assets in the Collateral Payment Account in relation to the payment of interest amounts in respect of the Series 2018 Notes. Each holder of the Series 2018 Notes will rank <i>pari passu</i> with all other holders of the Series 2018 Notes.
No Recourse	Neither the Ceding Insurer nor any of its affiliates is a guarantor of, or obligor on, the Series 2018 Notes. Noteholders will not have any recourse to or against the Ceding Insurer or any of its affiliates for any amounts due and payable by the Issuer on the Series 2018 Notes for any reason, including in the event of a default by the Issuer.

SERIES 2018 NOTES

Principal Amount

Original Principal Amount	USD300,000,000 (the " Original Principal Amount ").
Outstanding Principal Amount	As of any date of determination, the Original Principal Amount of the Series 2018 Notes (i) as reduced by the aggregate of all Principal Reductions applicable to the Series 2018 Notes made on any and all Payment Dates prior to and including such date of determination and (ii) as increased by the aggregate of all Principal Increases applicable to the Series 2018 Notes made on all Payment Dates prior to and including such date of determination (the " Outstanding Principal Amount "); <i>provided</i> , that the Outstanding Principal Amount shall neither be less than zero nor greater than the Original Principal Amount. Any such adjustment to the Original Principal Amount will be allocated <i>pro rata</i> among the holders of the Series 2018 Notes (or otherwise in accordance with the applicable procedures of DTC).
Principal Reduction	On each Payment Date, the Outstanding Principal Amount will be reduced by (i) an amount equal to the Positive Accrual Period Loss Payment Amount, if any, relating to such Payment Date, plus (ii) the Partial Redemption Amount, if any, relating to such Payment Date (each such reduction, a " Principal Reduction ").
Principal Increase	On each Payment Date, the Outstanding Principal Amount will be increased by an amount equal to the Negative Loss Payment, if any, relating to such Payment Date received by the Issuer (each such increase, a " Principal Increase ").

Redemption Date

Redemption Date	The " Redemption Date " in relation to the Series 2018 Notes will be the earliest to occur of the Early Redemption Date, the Optional Redemption Date and the Scheduled Redemption Date; <i>provided</i> , that following a Mandatory Extension Event or an Optional Extension Event, the Redemption Date will instead be on the earlier of the last Extended Redemption Date and the Final Extended Redemption Date. For the avoidance of doubt, if there is a Supplemental Coverage Period, the Redemption Date shall not be affected by the existence of such Supplemental Coverage Period.
Redemption Amount	The " Redemption Amount " will be 100% of the Outstanding Principal Amount, determined as of the applicable Redemption Date, but in no event will the Redemption Amount be greater than the sum of the liquidation proceeds of the Investments held in the Collateral Account, as applicable, plus 100% of the Early Redemption Payment if applicable, plus 100% of the Optional Redemption Payment, if applicable or each as further described below.
Scheduled Redemption Date; Scheduled Termination Date.....	June 7, 2022 (or if such day is not a Business Day, the next succeeding Business Day) (the " Scheduled Redemption Date "). The Scheduled Redemption Date shall be the same date as the " Scheduled Termination Date " under the Reinsurance Agreement.

Early Redemption Date; Early Termination Date.....	<p>If an Early Redemption Event has occurred with respect to the Series 2018 Notes, the Series 2018 Notes will be redeemed on the "Early Redemption Date" which will be the first Payment Date that occurs at least thirty-five (35) calendar days after the date of the Early Redemption Event having occurred; <i>provided</i>, that, if an Early Redemption Event occurs less than thirty-five (35) calendar days prior to the Scheduled Redemption Date or, where applicable, an Extended Redemption Date, then the Early Redemption Date will be that Scheduled Redemption Date or Extended Redemption Date, as the case may be.</p> <p>The Early Redemption Date shall be the same date as the "Early Termination Date" under the Reinsurance Agreement.</p>
Optional Redemption Date; Optional Termination Date.....	<p>If an Optional Redemption Event has occurred with respect to the Series 2018 Notes, the Series 2018 Notes will be redeemed on the date (the "Optional Redemption Date") first to occur of (i) the Payment Date occurring in June 2019, (ii), the Payment Date occurring in June 2020, or (iii) the Payment Date occurring in June 2021 (each a "June Payment Date") following the occurrence of such Optional Redemption Event subject to any Extension Event.</p> <p>The Optional Redemption Date shall be the same date as the "Optional Termination Date" under the Reinsurance Agreement.</p>
Extension of Early Redemption or Optional Redemption.....	<p>If, following the determination of an Early Redemption Date or an Optional Redemption Date under the Series 2018 Notes, but prior to the occurrence of such Early Redemption Date or Optional Redemption Date (as applicable), an Optional Extension Event occurs (as defined below), the Series 2018 Notes shall not be redeemed on the scheduled Early Redemption Date or Optional Redemption Date, but shall instead be redeemed on earlier of the last Extended Redemption Date and the Final Extended Redemption Date.</p>
Extended Redemption Date; Extended Termination Date.....	<p>Each date to which the maturity of the Series 2018 Notes may be extended following one or more Extension Events with respect thereto shall be an "Extended Redemption Date" (as further described below).</p> <p>Each Extended Redemption Date shall be the same date as an "Extended Termination Date" under the Reinsurance Agreement.</p> <p>The last Extended Redemption Date will be the first Extended Redemption Date which is also an Extension Discontinuation Date under the Reinsurance Agreement, provided that the last Extended Redemption Date will not be later than the Final Extended Redemption Date.</p>
Final Extended Redemption Date; Final Extended Termination Date.....	<p>The "Final Extended Redemption Date" will be the earliest to occur of:</p> <ul style="list-style-type: none"> (i) if one or more Covered Events have occurred, June 9, 2025 (or if any such day is not a Business Day, the next succeeding Business Day);

- (ii) the first Payment Date occurring during the Extension Period on or immediately after the Event Reporting Date on which a Final Event Report has been delivered by the Calculation Agent for all Covered Events for which an Event Notice has been delivered;
- (iii) the first Payment Date occurring during the Extension Period on or immediately after which (a) the sum of the Issuer Payments (net of Negative Loss Payments) in respect of one or more Covered Events together with any positive balance in the Excess Account equals the Original Principal Amount and (b) a Final Event Report has been issued for each such Covered Event; and
- (iv) if an Early Redemption Date occurs during an Extension Period, such Early Redemption Date.

The Final Extended Redemption Date shall be the same date as the "Final Extended Termination Date" under the Reinsurance Agreement.

Early Redemption

Early Termination Event; Early Redemption Event; Clean-Up Call Redemption Event; Fall-Back Data Provider Failure Redemption Event; Service Provider Failure Redemption Event; Service Provider; Service Provider Agreement; Ceding Insurer Default Redemption Event; Change in Tax Law Redemption Event; Dodd-Frank; Change in Law Redemption Event; EBRD Redemption Event; Budget Exhaustion Redemption Event; Material Transaction Redemption Event

Each of the following is an "**Early Redemption Event**" in relation to the Series 2018 Notes and will occur:

- (i) on the date that the Ceding Insurer gives written notice to the Issuer that it elects to trigger a termination of the Reinsurance Agreement if the Outstanding Principal Amount is, or on the next Payment Date will be, equal to or less than 10% of the Original Principal Amount; *provided*, that such Reinsurance Agreement may not be so terminated, and the Series 2018 Notes may not be so redeemed, (a) prior to, but not including, the fourth (4th) Payment Date following the Issuance Date or (b) while a Minimum Development Period, if any, has commenced and is continuing (a "**Clean-Up Call Redemption Event**");
- (ii) on the date that the Ceding Insurer gives written notice to the Issuer that it elects to trigger a termination of the Reinsurance Agreement following the certification by the Calculation Agent in writing to the effect that (i) a Reporting Agency Failure Event has occurred; (ii) if applicable, the applicable Fall-Back Data Provider has ceased or otherwise failed to provide the information necessary for the Calculation Agent to provide an Event Report with respect to a Covered Event; and (iii) that the Calculation Agent has been unable within sixty (60) calendar days to find a replacement for the Fall-Back Data Provider reasonably satisfactory to, and unaffiliated with, the Ceding Insurer (a "**Fall-Back Data Provider Failure Redemption Event**");

- (iii) on the date that the Ceding Insurer gives written notice to the Issuer that it elects to trigger a termination of the Reinsurance Agreement, following certification by the Ceding Insurer in writing that at least forty-five (45) calendar days have passed after the date a Service Provider has become insolvent, has become incapable of performing or has failed to perform its respective duties and obligations under the applicable Service Provider Agreement if the Issuer, after having used commercially reasonable efforts in cooperation with the Ceding Insurer, has been unable to engage a suitable substitute service provider reasonably satisfactory to, and unaffiliated with, the Ceding Insurer to perform such duties and obligations (a "**Service Provider Failure Redemption Event**"). For the purposes of a Service Provider Failure Redemption Event, "**Service Provider**" means the Insurance Manager or the Calculation Agent, and "**Service Provider Agreement**" means the Insurance Management Agreement or the Calculation Agent Agreement as the case may be;
- (iv) on the date on which there has been a failure by the Ceding Insurer under the Reinsurance Agreement to make any Periodic Payment or Negative Loss Payment when due under such Reinsurance Agreement (and such default has not been cured within five (5) Business Days following the date on which the Issuer has provided a written notice of such default to the Ceding Insurer) (a "**Ceding Insurer Default Redemption Event**");
- (v) on the date that is specified in a written notice given by the Ceding Insurer to the Issuer that it elects to trigger a termination of the Reinsurance Agreement if, in the Ceding Insurer's sole judgment (following written advice from the Ceding Insurer's counsel with a copy provided to the Issuer) any amendment to, or change in, the laws or regulations of any relevant jurisdiction affecting taxation, or the issuance of, or an amendment to, or change in, or clarification of, an official interpretation or application of such laws or regulations, subjects the Issuer or the Ceding Insurer to taxation (or an increase in taxation) in any jurisdiction that could reasonably be expected to (a) materially increase the amount of payments owed by the Ceding Insurer to the Issuer under the Reinsurance Agreement or (b) result in any other material adverse consequences for the Ceding Insurer (a "**Change in Tax Law Redemption Event**");
- (vi) on the date that is specified in a written notice given by the Ceding Insurer to the Issuer that it elects to trigger a termination of the Reinsurance Agreement if, in the Ceding Insurer's sole judgment (following written advice from the Ceding Insurer's counsel with a copy provided to the Issuer) there is any amendment to, implementation of, effectiveness of, change in, or issuance of, laws or regulations of any relevant jurisdiction (or any official interpretation, guidance or application thereof) that would (x) materially and adversely impair the Ceding Insurer's ability to lawfully perform, or would result in material adverse consequences or materially increase the regulatory burden for the Ceding Insurer if it continued to perform, its obligations under such Reinsurance Agreement or (y) materially and adversely

impair the Issuer's ability to lawfully perform, or would result in material adverse consequences or materially increase the regulatory burden for the Issuer if it continued to perform, its obligations under the Series 2018 Notes, the Trust Deed or the Reinsurance Agreement; *provided*, that the Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Dodd-Frank**") and all rules, guidelines or directions thereunder or issued in connection therewith shall in each case be deemed to be a "change in law" regardless of the date enacted, adopted or implemented (a "**Change in Law Redemption Event**");

- (vii) on the date on which the Ceding Insurer gives written notice to the Issuer that it elects to trigger the termination of the Reinsurance Agreement following the occurrence of an EBRD Put Event described in subsection (d), (e) or (f) in the definition of EBRD Put Event (an "**EBRD Redemption Event**");
- (viii) on the date on which the Ceding Insurer gives written notice to the Issuer that it elects to trigger the termination of the Reinsurance Agreement if the amount of Supplemental Expense Premiums paid or expected to be payable by the Ceding Insurer in connection with the Series 2018 Notes exceeds or is expected to exceed USD300,000 in any calendar year ("**Budget Exhaustion Redemption Event**"); and
- (ix) at the end of the Loss Period in which the Ceding Insurer gives written notice to the Issuer that it elects to terminate the Reinsurance Agreement (effective as of the end of the then-current Loss Period) at least thirty-five (35) calendar days but not greater than seventy-five (75) calendar days prior to the end of such Loss Period where the ultimate parent company of the Ceding Insurer has publicly announced a Material Transaction that, as determined in the Ceding Insurer's sole discretion, could result in a material change in the business which is the subject matter of the Reinsurance Agreement (a "**Material Transaction Redemption Event**").

Each Early Redemption Event shall be the same event as the "**Early Termination Event**" under the Reinsurance Agreement.

Material Transaction; SCOR

"**Material Transaction**" shall mean any change in Control of SCOR SE ("**SCOR**") or the Ceding Insurer, or any material acquisition, disposition, business combination or sale, whether through sale or purchase of securities or assets, bulk reinsurance, merger, amalgamation or other corporate reorganisation, or otherwise, between, among or involving (a) SCOR, the Ceding Insurer or any Affiliate of either thereof, and (b) any insurance holding company, insurer (whether organised as a stock insurance company, mutual insurance company, reciprocal, Lloyd's syndicate or otherwise, irrespective of the manner of organisation thereof), or any Affiliate of any such insurance holding company or insurer, but excluding any such insurance holding company, insurer, or Affiliate that, prior to such change in Control, acquisition, disposition, business combination, sale, or reinsurance, is an Affiliate of SCOR or the Ceding Insurer. For the purposes of this definition, "**Control**" means the possession, directly or indirectly, of the power to direct or cause the management of a person, whether through the ability to exercise voting power, by contract or otherwise and the

term "**Affiliate**" means a person or entity that directly or indirectly Controls, is Controlled by, or is under common Control with, another person or entity. The occurrence of a Material Transaction shall be determined in the sole discretion of the Ceding Insurer.

Early Redemption Payment Where an Early Redemption Event occurs (i) prior to the Scheduled Redemption Date and, (ii) as a result of a Ceding Insurer Default Redemption Event, the Early Redemption Payment will be equal to the sum of the present values, discounted at the Interest Spread in force at the time of the Ceding Insurer Default Redemption Event, of each of the scheduled Interest Spread payments calculated on the Outstanding Principal Amount, determined as of the Early Redemption Date, for each Accrual Period from the first day of the Accrual Period that begins on such Early Redemption Date up to the Scheduled Redemption Date.

In any other circumstances, the Early Redemption Payment will be zero.

Optional Redemption

Optional Termination Event; Optional Redemption Event..... If at least thirty-five (35) calendar days, but no more than seventy-five (75) calendar days prior to a June Payment Date, the Ceding Insurer delivers an Optional Termination Notice pursuant to the Reinsurance Agreement (an "**Optional Termination Event**"), an "**Optional Redemption Event**" shall occur in relation to the Series 2018 Notes and the Issuer shall fully redeem the Series 2018 Notes on the Optional Redemption Date.

Optional Redemption Payment..... The "**Optional Redemption Payment**" payable on the Series 2018 Notes in connection with an Optional Redemption Event will be equal to:

- (a) if the applicable Optional Redemption Date is on the Payment Date occurring in June 2019, 104.25% of the Outstanding Principal Amount (after giving effect to any Loss Payment made on such date);
- (b) if the applicable Optional Redemption Date is on the Payment Date occurring in June 2020, 103.00% of the Outstanding Principal Amount (after giving effect to any Loss Payment made on such date); and
- (c) if the applicable Optional Redemption Date is on the Payment Date occurring in June 2021, 101.50% of the Outstanding Principal Amount (after giving effect to any Loss Payment made on such date).

Extension

Extension; Partial Extension; Partial Redemption Amount

If a Mandatory Extension Event, Optional Extension Event I or Optional Extension Event II occurs, the term of the Reinsurance Agreement may be extended for one or more Extension Periods (each, an "**Extension**") and the Series 2018 Notes will not be redeemed on the Early Redemption Date, the Optional Redemption Date or the Scheduled Redemption Date (as applicable) but will instead be redeemed on the earlier of the last Extended Redemption Date and the Final Extended Redemption Date at an amount equal to the Redemption Amount.

In connection with any Extension under the Reinsurance Agreement, the Ceding Insurer may, either at the time of the Mandatory Extension Event or the Optional Extension Event or at any time which the Extension Event is continuing under the Reinsurance Agreement, elect a "**Partial Extension**" by giving a partial extension notice to the Issuer and the Insurance Manager on or prior to the Extension Determination Date preceding the Early Redemption Date, the Optional Redemption Date, the Scheduled Redemption Date or the specified Extended Redemption Date, as applicable. To the extent that the maturity of the Series 2018 Notes is extended pursuant to a Partial Extension, the portion of the Series 2018 Notes that is not extended pursuant to such Partial Extension (the "**Partial Redemption Amount**") will be redeemed by the Issuer on the Early Redemption Date, the Optional Redemption Date, the Scheduled Redemption Date or the specified Extended Redemption Date, as applicable, pro rata among the Noteholders of the Series 2018 Notes, at a redemption price equal to the Outstanding Principal Amount of such Partial Redemption Amount (in each case, subject to the procedures of DTC).

Extension Events under the Reinsurance Agreement

Extension Event.....

An "**Extension Event**" will occur as of an Extension Determination Date if a Mandatory Extension Event has occurred or if an Optional Extension Event I or an Optional Extension Event II has occurred and is continuing. An Extension Event of one type may be followed by an Extension Event of another type for a subsequent Extension Period if the conditions for such other type of Extension Event have been satisfied. For the avoidance of doubt, if the conditions for two or more types of Extension Event are satisfied for an Accrual Period, the lowest applicable Extension Spread will apply.

Extension Period; Extended Redemption Date

Each period of one (1) calendar month for which the Reinsurance Agreement will be extended following the occurrence of an Extension Event, which will commence on and include the Early Redemption Date, the Optional Redemption Date, the Scheduled Redemption Date or the relevant Extended Redemption Date, as the case may be, and end on and include the immediately succeeding Extended Redemption Date up to the earlier of the last Extended Redemption Date or the Final Extended Redemption Date (each, an "**Extension Period**") and the final day of any such Extension Period being an "**Extended Redemption Date**".

Extension Discontinuation Date	Following the occurrence of one or more Extension Events, the " Extension Discontinuation Date " will be the Extended Redemption Date immediately succeeding the first Extension Determination Date as of which: (i) no Optional Extension Event is continuing; and (ii) no Mandatory Extension Event is continuing.
Extension Determination Date.....	The date that is eight (8) Business Days prior to the Early Redemption Date, the Optional Redemption Date, the Scheduled Redemption Date or any Extended Redemption Date, as the case may be; <i>provided</i> , if a potential Covered Event (as determined by the Ceding Insurer in good faith) occurs between the period from the eighth (8th) Business Day prior to the Scheduled Redemption Date to the end of the Risk Period, the date that is three (3) Business Days prior to the Scheduled Redemption Date (each, an " Extension Determination Date ").
Optional Extension Event.....	<p>An "Optional Extension Event" shall mean either an Optional Extension Event I or an Optional Extension Event II, as the case may be.</p> <p>An Optional Extension Event will be considered to be automatically continuing as of any Extension Determination Date, if, on or prior to such Extension Determination Date, the Ceding Insurer has delivered an Optional Extension Notice in respect of which the Ceding Insurer has not subsequently delivered an Optional Extension Discontinuation Notice.</p>
Optional Extension Notice	A notice delivered by the Ceding Insurer to the Issuer on or prior to any Extension Determination Date (each, an " Optional Extension Notice "), electing an Optional Extension Event and/or specifying whether a Partial Extension is elected.
Optional Extension Discontinuation Notice	A notice delivered by the Ceding Insurer to the Issuer and the Trustee, on or prior to any Extension Determination Date (an " Optional Extension Discontinuation Notice ") electing to discontinue an Optional Extension Event and specifying therein the last Extended Redemption Date.
Optional Extension Event I; Optional Extension Event II	<p>An "Optional Extension Event I" with respect to an Extension Period will occur as of any Extension Determination Date, if, on or prior to such Extension Determination Date, the Ceding Insurer has delivered an Optional Extension Notice in respect of which the Ceding Insurer has not subsequently delivered an Optional Extension Discontinuation Notice.</p> <p>An "Optional Extension Event II" with respect to an Extension Period will occur as of any Extension Determination Date if, on or prior to such Extension Determination Date, the Calculation Agent has delivered to the Issuer an Optional Extension Verification Report, confirming that the Optional Extension Event II Conditions applicable to such Extension Period have been satisfied.</p>
Optional Extension Type Determination Date	The date that is three (3) Business Days prior to the Early Redemption Date, the Optional Redemption Date, the Scheduled Redemption Date,

or any Extended Redemption Date, as the case may be (each, an "**Optional Extension Type Determination Date**").

Optional Extension Type Determination Period

For the purposes of determining whether an Optional Extension Event II has occurred for the second and each subsequent Extension Period thereafter, the "**Optional Extension Type Determination Period**" will commence on the previous Optional Extension Type Determination Date up to and including the then-current Optional Extension Type Determination Date.

Optional Extension Event II Conditions ...

The "**Optional Extension Event II Conditions**" mean the following conditions, to the extent applicable to the Series 2018 Notes for the relevant Extension Period:

- (i) with respect to any Extension Period, a Covered Event has occurred during the Risk Period for which a Final Event Report has not been delivered prior to the Event Reporting Date preceding such Extension Period; and
- (ii) with respect to the fourth and each subsequent Extension Period, the Loss Period Index Value for any Loss Period on any date of determination during the relevant Optional Extension Type Determination Period is equal to or greater than the minimum percentage specified in the table below:

if none of the Covered Events occurring within such Loss Period is an Earthquake Event:

<u>Extension Period</u>	<u>Minimum Percentage</u>
Fourth Extension Period through Twelfth Extension Period	50% of Attachment Level*
Thirteenth Extension Period through Eighteenth Extension Period	75% of Attachment Level*
Nineteenth Extension Period through Thirty-Sixth Extension Period	90% of Attachment Level*

*Denotes the Attachment Level in effect during such Loss Period

If any of the Covered Events occurring within such Loss Period is an Earthquake Event:

<u>Extension Period</u>	<u>Minimum Percentage</u>
Fourth Extension Period through Sixth Extension Period	25% of Attachment Level*
Seventh Extension Period through Twelfth Extension Period	40% of Attachment Level*

Thirteenth Extension Period 50% of Attachment Level*
through Fifteenth Extension Period

Sixteenth Extension Period through 60% of Attachment Level*
Eighteenth Extension Period

Nineteenth Extension Period 75% of Attachment Level*
through Twenty-Second Extension
Period

Twenty-Third Extension Period 90% of Attachment Level*
through Thirty-Sixth Extension
Period

*Denotes the Attachment Level in effect during such Loss Period

Optional Extension Verification Report ... No less than five (5) Business Days prior to each Optional Extension Type Determination Date, the Ceding Insurer may instruct the Calculation Agent to deliver, on or prior to such Optional Extension Type Determination Date, a report (each, an "**Optional Extension Verification Report**") to the Issuer and the Ceding Insurer specifying whether the Optional Extension Event II Conditions have been satisfied; *provided*, that if a potential Covered Event occurs within ten (10) Business Days prior to the Scheduled Redemption Date, the Early Redemption Date or the Optional Redemption Date, as applicable, the Ceding Insurer may, no less than three (3) Business Days following the Date of Loss of such potential Covered Event, instruct the Calculation Agent to deliver the initial Optional Extension Verification Report, and the Calculation Agent will be required to deliver such Optional Extension Verification Report within five (5) Business Days following the date of such instruction; *provided, however*, that in the event of a Reporting Agency Failure Event, an Optional Extension Verification Report will be delivered in accordance with the Calculation Agent's latest available post-event loss calculation procedure for the relevant Covered Event.

Mandatory Extension Event A "**Mandatory Extension Event**" will have occurred as of any Extension Determination Date, if (i) an Issuer Payment has been made (or will be made on the immediately succeeding Payment Date) by the Issuer to the Ceding Insurer under the Reinsurance Agreement and (ii) the Minimum Development Period remains in effect for any Loss Period relating to any such Issuer Payment.

Minimum Development Period If an Issuer Payment has been made (or will be made on the immediately succeeding Payment Date) by the Issuer to the Ceding Insurer in respect of a Loss Period, then for each Covered Event during such Loss Period for which an Event Notice has been delivered, a "**Minimum Development Period**" for such Loss Period will commence on the Date of Loss of the earliest Covered Event that occurred during such Loss Period and will continue until the earlier of (i) thirty-six (36) calendar months from the Date of Loss for the last Covered Event that occurred during such Loss Period, (ii) the first Event Reporting Date as of which the Reporting Agency has released a Reporting Agency Report with its final Resurvey Estimate for all Covered Events during such Loss Period, (iii) the date on which the applicable Reporting Agency ceases to exist and (iv) the Event

Reporting Date on which (a) the aggregate of all Issuer Payments (net of Negative Loss Payments) equals the Original Principal Amount and (b) a Final Event Report has been issued for each Covered Event giving rise to such Issuer Payment(s).

Interest on the Series 2018 Notes

Interest Calculation..... For each Accrual Period from and including the Issuance Date to, but excluding, the applicable Redemption Date, interest on the Series 2018 Notes will be calculated by the Calculation Agent as the sum of:

- (i) the Permitted Investment Yield relating to such Accrual Period; *plus*
- (ii) the aggregate of the following amount (the sum of (a), (b), (c), (d) and (e)):
 - (a) for all calendar days during such Accrual Period that occur during the period from and including the Issuance Date to, but excluding the first day of the First Loss Period: interest accrued at the Non-Risk Period Interest Spread calculated on the Original Principal Amount;
 - (b) for all calendar days during such Accrual Period that occur during the period from and including the first day of the Risk Period to and including the last day of the First Loss Period: interest accrued at the Initial Interest Spread calculated on the Original Principal Amount; provided, that if the Outstanding Principal Amount is reduced to zero as a result of one or more Loss Payment Amounts on any of the Payment Dates prior to the end of the First Loss Period, the Residual Interest Amount will be paid on such Payment Date, in addition to the accrued interest for the prior Accrual Period, on such Payment Date and no further interest will be paid;
 - (c) for all calendar days during such Accrual Period that occur from and including the first day of the Second Loss Period to and including the last day of the Risk Period: the sum of interest accrued at the applicable Interest Spread calculated on the Outstanding Principal Amount as of the first day of the applicable Accrual Period;
 - (d) for all calendar days during such Accrual Period that occur from but excluding the last day of the Risk Period to but excluding such Early Redemption Date, the Optional Redemption Date or the Scheduled Redemption Date, as applicable, interest accrued at the Non-Risk Period Interest Spread calculated on the Outstanding Principal Amount as of the first day of the applicable Accrual Period; and

	(e)	for all calendar days during such Accrual Period that occur during the period from and including the Early Redemption Date, the Optional Redemption Date, or the Scheduled Redemption Date to but excluding the earlier of the last Extended Redemption Date and the Final Extended Redemption Date: interest accrued at the applicable Extension Spread calculated on the Outstanding Principal Amount and in each case, calculated in accordance with the Interest Calculation Convention,
		in each case (a) – (e), calculated in accordance with the Interest Calculation Convention.
Interest Calculation Convention		The portion of interest calculated by reference to Interest Spread, Non-Risk Period Interest Spread and Extension Spread will be calculated on the basis of the actual number of days elapsed in the related Accrual Period and a 360-day year.
Payment Dates		Interest will be payable on the Series 2018 Notes quarterly, or following an Extension Event, monthly, in arrears on the following dates (or if such day is not a Business Day, the next succeeding Business Day) (each a " Payment Date "): <ul style="list-style-type: none"> (i) each March 1, June 1 September 1 and December 1, commencing on the First Payment Date and continuing to, but excluding, the earliest of the Early Redemption Date, the Optional Redemption Date and the Scheduled Redemption Date, as applicable; (ii) the earliest of the Early Redemption Date, the Optional Redemption Date and the Scheduled Redemption Date, as applicable; and (iii) if one or more Extension Events have occurred, each Extended Redemption Date, <p><i>provided</i> that if any Payment Date is not a Business Day, the Payment Date shall be the next succeeding Business Day.</p>
First Payment Date		September 1, 2018 (or if such day is not a Business Day, the next succeeding Business Day) (the " First Payment Date ").
Accrual Period		In respect of each Payment Date, the period from and including the immediately preceding Payment Date (or the Issuance Date, in the case of the First Payment Date) to, but not including, such Payment Date (each, an " Accrual Period ").
Interest Spread		The Initial Interest Spread; <i>provided, however</i> , that if a Variable Reset has been elected as of a Reset Effective Date, the applicable Updated Interest Spread will be applicable.
Initial Interest Spread		A per annum rate equal to 6.00% (the " Initial Interest Spread ").

Non-Risk Period Interest Spread	A per annum rate equal to 0.50% (the " Non-Risk Period Interest Spread ")
Residual Interest Amount	An amount equal to the sum of the present values, discounted at a rate equal to the Initial Interest Spread, of each of the scheduled payments of Interest Spread that would have been payable on each Payment Date following that Payment Date until and including the fourth Payment Date immediately following the Issuance Date.
Updated Interest Spread	If the Ceding Insurer elects a Variable Reset in connection with a Loss Period, the Reset Agent will use the Initial Interest Spread, the Initial One Year Expected Loss and the Updated One Year Expected Loss to calculate the Updated Interest Spread for such Loss Period (" Updated Interest Spread ") according to the following formula:
	If $EL_u < EL_i$ then $IS_u = IS_i + 1.15 \times (EL_u - EL_i)$
	<i>Otherwise</i> $IS_u = IS_i + 1.25 \times (EL_u - EL_i)$
	provided, the IS_u shall be subject to a maximum of 7.25% and a minimum of 4.85%.
	<i>where:</i>
	IS_i = Initial Interest Spread
	IS_u = Updated Interest Spread
	EL_i = Initial One Year Expected Loss
	EL_u = Updated One Year Expected Loss
	The calculation of the Updated Interest Spread will be rounded to the nearest 1/100th of 1%.
	The foregoing calculation by the Reset Agent will be referred herein to as the " Interest Spread Calculation ".
Extension Spread.....	With respect to any Accrual Period being an Extension Period resulting from an Optional Extension Event I only, a per annum rate equal to 2.50%.
	With respect to any Accrual Period being an Extension Period resulting from an Optional Extension Event II only, a per annum rate equal to 0.50%.
	With respect to any Accrual Period being an Extension Period from a Mandatory Extension Event (whether or not in combination with an Optional Extension Event), a per annum rate equal to 0.10% (the " Extension Spread ").
Permitted Investment Yield; MMF Negative Yield Event	For each Accrual Period, an amount equal to the investment earnings actually received by the Issuer on the Permitted Investments prior to the applicable Payment Date, which have not been previously distributed, net of applicable withholding taxes and fees imposed on such earnings, if any (" Permitted Investment Yield "); <i>provided</i> , to the extent that an MMF Negative Yield Event has occurred as of any

Payment Date, (i) the Account Bank will be directed not to distribute to the Paying Agent such net investment earnings actually received by the Issuer from the Collateral Account from and including such Payment Date until such time as the MMF Negative Yield Deficit has been reduced to zero and (ii) until such time as the MMF Negative Yield Deficit has been reduced to zero, such net investment earnings will be reinvested in Permitted Investments and excluded from the definition of Permitted Investment Yield payable to Noteholders ("**Top-Up Amount**").

For the purposes of the foregoing:

- (i) A "**MMF Negative Yield Event**" will occur as of any Payment Date if (a) all or a portion of the Permitted Investments consist of Money Market Fund Shares and (b) the Outstanding Principal Amount exceeds the Total Permitted Investment Amount, after giving effect to any Principal Reduction or Principal Increase on such Payment Date;
- (ii) As of any date of determination, the "**Total Permitted Investment Amount**" will be an amount equal to (a) the product of (1) the number of Money Market Fund Shares, if any, in the Collateral Account and (2) the corresponding par value of each such share, plus (b) the principal amount of Permitted Investments consisting of EBRD Notes, if any, plus (c) the amount of any cash in the Collateral Account, in each case as of such date of determination; and
- (iii) As of any date of determination, the "**MMF Negative Yield Deficit**" will be equal to the amount, if any, by which the Outstanding Principal Amount exceeds the Total Permitted Investment Amount, after giving effect to any Principal Reduction or Principal Increase on such day.

LOSS DETERMINATION

General

Risk Period The period commencing at 12:00:00 a.m., (a) for Named Storm Events and Earthquake Events, Atlantic Standard Time and (b) for Europe Windstorm Events, UTC, in each case on June 1, 2018 and continuing up to and including the earliest of (i) 11:59:59 p.m., (a) for Named Storm Events and Earthquake Events, Hawaii Standard Time and (b) for Europe Windstorm Events, UTC, in each case on May 31, 2022, (ii) in the event of an Early Redemption Event (other than a Ceding Insurer Default Redemption Event) or Optional Redemption Event, 11:59:59 p.m., (a) for Named Storm Events and Earthquake Events, Hawaii Standard Time and (b) for Europe Windstorm Events, UTC, in each case on the tenth (10th) Business Day prior to the applicable Early Redemption Date or Optional Redemption Date and (iii) in the event of a Ceding Insurer Default Redemption Event, 11:59:59 p.m., (a) for Named Storm Events and Earthquake Events, Hawaii Standard Time and (b) for Europe Windstorm Events, UTC, in each case on the last day of the related cure period (the "**Risk Period**").

If the Risk Period commences while a potential Covered Event with a Date of Loss earlier than the time and date of the commencement of the Risk Period is in progress, the Issuer's liability under the Reinsurance Agreement will, be determined as if the entire potential Covered Event had occurred prior to the commencement of the Risk Period and therefore will not be covered under the Reinsurance Agreement.

If the Risk Period ends while a potential Covered Event with a Date of Loss during the Risk Period is in progress, the Issuer's liability under the Reinsurance Agreement will, subject to the other terms and conditions of such Reinsurance Agreement, be determined as if the entire Covered Event had occurred prior to the end of the Risk Period.

Loss Period; First Loss Period; Second Loss Period; Third Loss Period; Fourth Loss Period.....

The periods (each, a "**Loss Period**") within the Risk Period commencing at:

- (i) 12:00:00 a.m., (a) for Named Storm Events and Earthquake Events, Atlantic Standard Time and (b) for Europe Windstorm Events, UTC, in each case on June 1, 2018 to and including 11:59:59 p.m., (a) for Named Storm Events and Earthquake Events, Hawaii Standard Time and (b) for Europe Windstorm Events, UTC, in each case on May 31, 2019 (the "**First Loss Period**");
- (ii) 12:00:00 a.m., (a) for Named Storm Events and Earthquake Events, Atlantic Standard Time and (b) for Europe Windstorm Events, UTC, in each case on June 1, 2019 to and including 11:59:59 p.m., (a) for Named Storm Events and Earthquake Events, Hawaii Standard Time and (b) for Europe Windstorm Events, UTC, in each case on May 31, 2020 (the "**Second Loss Period**");
- (iii) 12:00:00 a.m., (a) for Named Storm Events and Earthquake Events, Atlantic Standard Time and (b) for Europe Windstorm Events, UTC, in each case on June 1, 2020 to and including 11:59:59 p.m., (a) for Named Storm Events and Earthquake Events, Hawaii Standard Time and (b) for Europe Windstorm Events, UTC, in each case on May 31, 2021 (the "**Third Loss Period**"); and
- (iv) 12:00:00 a.m., (a) for Named Storm Events and Earthquake Events, Atlantic Standard Time and (b) for Europe Windstorm Events, UTC, in each case on June 1, 2021 to and including 11:59:59 p.m., (a) for Named Storm Events and Earthquake Events, Hawaii Standard Time and (b) for Europe Windstorm Events, UTC, in each case on May 31, 2022 (the "**Fourth Loss Period**").

In the event that the Risk Period terminates prior to May 31, 2022, the relevant Loss Period will terminate simultaneously with the end of the Risk Period. If a Loss Period expires while a Covered Event is in progress, the entire Event Index Value from such Covered Event will be included in the determination of the Loss Period Payment Amount

	for such Loss Period in which the Date of Loss falls, and will be excluded from any other Loss Period.
Covered Event	Any Named Storm Event, Earthquake Event or Europe Windstorm Event (each, a " Covered Event ").
Qualifying Event	Each Covered Event for which the Event Index Value is equal to or greater than the Index Deductible (each, a " Qualifying Event ").
Reporting Agency; Reporting Source.....	PCS, with respect to Named Storm Events and Earthquake Events, or PERILS, with respect to Europe Windstorm Events (the " Reporting Agency " or " Reporting Source ").
Reporting Agency Report.....	For Named Storm Events and Earthquake Events, any Catastrophe Bulletin, and for Europe Windstorm Events, any PERILS Loss Report (each, a " Reporting Agency Report ").
Covered Area.....	The Named Storm Covered Area, the Earthquake Covered Area and the Europe Windstorm Covered Area, as applicable (each, a " Covered Area ").
Date of Loss.....	The Named Storm Date of Loss, the Earthquake Date of Loss, and the Europe Windstorm Date of Loss as applicable (each, a " Date of Loss ").
PCS.....	Property Claim Services, a division of ISO Services, Inc., or any successor in interest thereto or, if no successor exists or PCS ceases to provide Catastrophe Bulletins, a replacement named by the Calculation Agent (" PCS ").
PCS License Agreement.....	On the Issuance Date, the Issuer will enter into a license agreement with PCS relating to the use of PCS prepared information by the Issuer in connection with the Series 2018 Notes (the " PCS License Agreement ").
PERILS.....	PERILS AG, incorporated in Zurich, Switzerland as a joint stock company or any successor-in-interest thereto, or if no successor exists or PERILS ceases to provide PERILS Loss Reports, a replacement named by the Calculation Agent in cooperation with the Ceding Insurer and the Issuer under the terms of the Calculation Agent Agreement (" PERILS ").
PERILS Trading License Agreement.....	On the Issuance Date, the Issuer will enter into a license agreement with PERILS relating to the use of PERILS-prepared information by the Issuer in connection with the Series 2018 Notes (the " PERILS Trading License Agreement ").
Catastrophe Bulletin; PCS Resurvey Estimate	Any catastrophe bulletin (each, a " Catastrophe Bulletin ") originated and disseminated by PCS (including through ISONet PCS) that identifies and assigns a catastrophe number to a catastrophe identified herein as a Named Storm or an Earthquake (or if the same Earthquake impacts both the United States and Canada, the two separate catastrophe bulletins originated and disseminated by PCS identifying and assigning two separate numbers to such Earthquake, where at least one such bulletin cross references the other, or a comparable

notification in the event a replacement Reporting Agency is named by the Calculation Agent) or similarly identified, and/or gives preliminary or, subsequently as it deems appropriate in the exercise of its judgment, adjusted estimates (each such adjusted estimate, a "**PCS Resurvey Estimate**"), of industry insured property losses arising from a Named Storm or an Earthquake, or a comparable notification in the event a replacement reporting agency is named by the Calculation Agent pursuant to the terms of the Calculation Agent Agreement.

PCS estimates of industry insured property losses are typically specified by state and line of business, which include personal lines, commercial lines and automobile lines, and may include workers' compensation losses and National Flood Insurance Program (NFIP) or write-your-own flood line losses. Any workers' compensation losses or NFIP or write-your-own flood line losses will be excluded in the determination of an Event Index Value relating a Named Storm Event and an Earthquake Event, and only industry insured property losses that include personal lines, commercial lines and automobile lines will be used in the determination of an Event Index Value for such Named Storm Event or Earthquake Event, as applicable.

For the avoidance of doubt, if PCS separately reports industry insured property losses from a Named Storm Event or an Earthquake Event, for commercial lines and industrial lines, the applicable Named Storm State or County PCS Loss, Earthquake State or County PCS Loss and Earthquake Province PCS Loss, as applicable, shall include both commercial and industrial lines losses.

PERILS Loss Report; PERILS Resurvey Estimate.....

Any report (each, a "**PERILS Loss Report**") originated and disseminated by PERILS that identifies and assigns an event name and occurrence date to a catastrophe identified herein as a Europe Windstorm and/or gives preliminary estimates or, subsequently as it deems appropriate in the exercise of its judgment, adjusted estimates (each such adjusted estimate, a "**PERILS Resurvey Estimate**") of industry insured property losses arising from a Europe Windstorm or a comparable notification in the event a replacement Reporting Agency is named by the Calculation Agent pursuant to the terms of the Calculation Agent Agreement.

Estimates of insured property losses are typically specified by (i) CRESTA Zone and (ii) line of business, which includes residential lines, commercial lines, industrial lines, and agricultural lines or aggregation thereof.

Final Resurvey Estimate.....

For the avoidance of doubt, the determination of whether a Resurvey Estimate in respect of a Covered Event is "final" will be as specified by the Reporting Agency in the relevant Reporting Agency Report. If the Reporting Agency deems it appropriate, in the exercise of its judgment, to restate or reopen an estimate of industry insured property losses resulting from a Covered Event that has at one time been labelled as "final" by such Reporting Agency, such previously released but reopened or restated "final" Resurvey Estimate will no longer be deemed final for purposes of the Series 2018 Notes and the Reinsurance Agreement; *provided*, that no such new Resurvey Estimate will be taken into account to the extent that it is issued after

	the date that is five (5) Business Days prior to the Event Reporting Date immediately prior to the Redemption Date.
Reporting Agency Failure; Reporting Agency Failure Event	<p>In connection with the preparation of each Event Report, the Calculation Agent will use commercially reasonable efforts to obtain the necessary and relevant data from the Reporting Agency.</p> <p>However, if the Reporting Agency has failed, during the three-month period following the occurrence of a potential Covered Event, to issue a Reporting Agency Report with respect to such potential Covered Event that specifies industry insured property losses from personal, commercial and automobile lines, or has ceased to exist without having issued such Reporting Agency Report (each, a "Reporting Agency Failure"), then the Calculation Agent shall (i) provide written notice to the Issuer and the Ceding Insurer specifying such Reporting Agency Failure and (ii) use its reasonable best efforts, in cooperation with the Issuer and Ceding Insurer, to appoint a replacement for the Reporting Agency that is reasonably satisfactory to and unaffiliated with the Ceding Insurer within sixty (60) calendar days after such Reporting Agency Failure. If the Calculation Agent is unable to find such replacement Reporting Agency within ten (10) calendar days following the expiration of such sixty (60) day period, a "Reporting Agency Failure Event" shall be deemed to have occurred.</p>
Fall-Back Data Provider	With respect to Named Storm Events, the Named Storm Data Provider and, with respect to Earthquake Events, the Earthquake Data Provider (each, a " Fall-Back Data Provider ").
Named Storm Data Provider.....	The National Hurricane Center (" NHC ") of the National Weather Service or its successor (" NWS "); <i>provided</i> , that in the event NHC ceases to exist or provide the relevant data, the Weather Prediction Center or its successor (" WPC "); <i>provided further</i> , in the event that NHC and WPC cease to exist or provide the relevant data, the International Best Track Archive for Climate Stewardship or its successor (" IBTrACS "); <i>provided even further</i> , in the event that NHC, WPC, and IBTrACS cease to exist or provide the relevant data, another organisation chosen by the Calculation Agent that provides equivalent data that is reasonably satisfactory to the Ceding Insurer (" Named Storm Data Provider ").
Earthquake Data Provider.....	The United States Geological Survey or its successor (" USGS "), and in the event that USGS ceases to exist or provide the relevant data, another organisation chosen by the Calculation Agent that provides equivalent data to the data provided by USGS's ShakeMap™ product or USGS's FMTS product and that is reasonably satisfactory to the Ceding Insurer (" Earthquake Data Provider ").
ShakeMap; FMTS	The USGS's ShakeMap™ product or similar product (chosen by the Calculation Agent) that is provided by the then-current Earthquake Data Provider (" ShakeMap ") and the USGS's Fast Moment Tensor Solution product or similar product (" FMTS ").
Named Storm	

Named Storm.....	Any event that is identified and assigned a number by PCS as a "catastrophe" (whether or not such identification and assignment is made during the Risk Period), where the perils identified by PCS with respect to such catastrophe include the peril of tropical cyclone, tropical depression, tropical storm, post-tropical storm or hurricane (or similar term used for the same purpose) (each, a " Named Storm "); <i>provided</i> , that if a Reporting Agency Failure Event has occurred, a Named Storm will be deemed to have occurred if a storm or storm system has been declared by the Named Storm Data Provider to be a tropical cyclone, tropical depression, tropical storm, post-tropical storm or hurricane at any time during such storm or storm system.
Named Storm Date of Loss	The first date specified in the "Dates" data field of a Catastrophe Bulletin for a Named Storm, or the comparable data field in the event PCS changes its reporting format or a replacement to PCS is named by the Calculation Agent pursuant to the terms of the Calculation Agent Agreement (" Named Storm Date of Loss "); <i>provided</i> , that if a Reporting Agency Failure Event has occurred with respect to a Named Storm, the Named Storm Date of Loss shall be deemed to have occurred on the earliest date that a "watch," "warning," advisory or other bulletin for such Named Storm is first issued by the Named Storm Data Provider with respect to any part of the Named Storm Covered Area.
Named Storm Event	Any Named Storm with a Named Storm Date of Loss (based on local date and time) within the Risk Period having caused industry insured property losses in the Named Storm Covered Area (each, a " Named Storm Event "); <i>provided</i> , that if a Reporting Agency Failure Event has occurred, a Named Storm Event will be deemed to have occurred if a Named Storm has occurred with a Named Storm Date of Loss within the Risk Period.
Named Storm Covered Area.....	With respect to the peril of Named Storm, all fifty (50) states of the United States of America, the District of Columbia, Puerto Rico and U.S. Virgin Islands (each a " State " and collectively the " States ") (the " Named Storm Covered Area ").
Preliminary Named Storm Event Parameters Date.....	For each Named Storm Event, the date that is thirty (30) Business Days prior to the Payment Date immediately following the Initial Event Reporting Date of such Named Storm Event (the " Preliminary Named Storm Event Parameters Date ").
Final Named Storm Event Parameters Date	The earlier of (a) the date on which the first version of a Tropical Cyclone Report for such Named Storm Event is released by the Named Data Provider, and (b) the date that is 120 calendar days after the Named Storm Date of Loss of such Named Storm Event (the " Final Named Storm Event Parameters Date ").
Named Storm Event Parameters; Named Storm Event Parameters Date.....	The following physical characteristics of any Named Storm as reported by the Named Storm Data Provider: (i) the date and time of such event, (ii) the location, forward speed, central barometric pressure and radius of maximum winds at six-hour (6-hour) intervals or more frequently if provided by the Named Storm Data Provider, and (iii) any other parameter provided by the Named Storm Data Provider necessary to conduct the Named Storm Post Event Loss

Calculations as described in the Calculation Agent Agreement (the "**Named Storm Event Parameters**").

The "**Named Storm Event Parameters Date**" shall mean: (i) the Final Named Storm Event Parameters Date if such Final Named Storm Event Parameters Date occurs at least twenty-three (23) Business Days prior to the Payment Date immediately following such Named Storm Event Reporting Date, or otherwise, (ii) the Preliminary Named Storm Event Parameters Date.

For the avoidance of doubt, any updated Named Storm Event Parameters made publicly available by the Named Storm Data Provider after the Final Named Storm Event Parameters Date will be disregarded by the Calculation Agent when performing any Named Storm Post Event Loss Calculations.

Tropical Cyclone Report A report issued by the Named Storm Data Provider containing meteorological statistics, post-event analysis best track and other information about a named storm (a "**Tropical Cyclone Report**").

Named Storm State Modeled Loss;
Named Storm County Modeled Loss;
Named Storm Post Event Loss
Calculations; Named Storm County
Percentage Following each Named Storm Event, the Calculation Agent will obtain from the Named Storm Data Provider the Named Storm Event Parameters with respect to such Named Storm Event and will withdraw from escrow the applicable Escrow Model and the Industry Exposure Database.

The Calculation Agent will use the applicable Escrow Model and Named Storm Event Parameters to calculate each State-level loss from personal lines, commercial lines (excluding any workers' compensation losses or NFIP or write-your-own flood line losses) and automobile lines to the Industry Exposure Database ("**Named Storm State Modeled Loss**") for each State in the Named Storm Covered Area and each county level loss to the Industry Exposure Database ("**Named Storm County Modeled Loss**") for each county in the Named Storm Covered Area pursuant to the procedures set forth in the Calculation Agent Agreement ("**Named Storm Post Event Loss Calculations**").

For each county within each State in the Named Storm Covered Area, the Calculation Agent will calculate a percentage ("**Named Storm County Percentage**") equal to (i) the relevant county's Named Storm County Modeled Loss divided by (ii) the Named Storm State Modeled Loss for such county's State.

Named Storm State PCS Loss On any date of determination and for each Named Storm Event, an amount equal to the total amount of estimated industry insured property losses from personal lines, commercial lines and automobile lines excluding any workers' compensation losses or NFIP or write-your-own flood line losses for each State calculated separately in the Named Storm Covered Area as stated in the most recent Catastrophe Bulletin and verified by the Calculation Agent (the "**Named Storm State PCS Loss**"), *provided that*, if PCS separately reports industry insured property losses from a Named Storm for commercial and

	industrial lines, the applicable Named Storm County PCS Loss shall include both commercial and industrial lines.
Named Storm County PCS Loss	On any date of determination, for each Named Storm Event and for each county within each State in the Named Storm Covered Area, an amount equal to (i) the Named Storm State PCS Loss for such State <i>multiplied by</i> (ii) the Named Storm County Percentage for such county in such State (the " Named Storm County PCS Loss ").
Fall-Back Named Storm Industry Loss	If a Reporting Agency Failure Event has occurred with respect to a Named Storm, the Calculation Agent will determine the Named Storm State PCS Loss for each State in the Named Storm Covered Area using the relevant event parameters reported by the Named Storm Data Provider for such Named Storm and the Calculation Agent's latest available post-event loss calculation procedure, in conjunction with the Calculation Agent's latest commercially available models, software, and industry exposure database. The Calculation Agent will follow the steps in the post event loss calculation procedure to create a modeled footprint of the Named Storm, perform an analysis of the Named Storm in the Calculation Agent's latest commercially available model, and generate with respect to such Named Storm, for each State in the Named Storm Covered Area, the modeled loss to the applicable industry insured personal, commercial and automobile property portfolio using the latest commercially available industry exposure database (" Fall-Back Named Storm Industry Loss "). In such case, the modeled loss to the applicable industry insured personal, commercial and automobile portfolio (excluding any worker' compensation losses or NFIP or write-your-own flood line losses) determined by the Calculation Agent will be deemed to be the Named Storm State PCS Loss.
Named Storm Payout Factors	The applicable Named Storm payout factors set forth in the data file described in Annex C hereto (the " Initial Named Storm Payout Factors ") and, following any Reset, the Updated Named Storm Payout Factors (the " Named Storm Payout Factors ").
Named Storm Index Value	For any Named Storm Event, the " Named Storm Index Value " will be calculated by the Calculation Agent using the following formula and rounded to two decimal places: Named Storm Index Value = $(\sum_c(\Pi_c^S \times I_c^S)) + (\sum_S(\Pi_S \times I_S)) - \text{Index Deductible}^*$ *Denotes the Index Deductible in effect on the applicable Named Storm Date of Loss. Where, Π_c^S = the Named Storm Payout Factor in effect on the Named Storm Date of Loss for each county (C) within each State within the Named Storm Covered Area; and

I_C^S = the Named Storm County PCS Loss for each county (C) within each State within the Named Storm Covered Area, divided by USD1,000,000;

If the Named Storm Post Event Loss Calculations cannot be conducted for one or more States within the Named Storm Covered Area that are capable of being modeled by the Calculation Agent because the relevant Named Storm State PCS Loss is below USD1,000,000 or is zero (0), then the Calculation Agent will apply the lowest Named Storm Payout Factor stated for a county in such State to the relevant Named Storm State PCS Loss.

If the Named Storm Payout Factor is the same for all counties within a State and where the Named Storm State Modeled Loss is zero as a result of such State being incapable of being modeled by the Calculation Agent and the Named Storm State PCS Loss is greater than zero, then,

Π_S = the Named Storm Payout Factor in effect on the Named Storm Date of Loss for such State (S) within the Named Storm Covered Area; and

I_S = the Named Storm State PCS Loss for each State (S) within the Named Storm Covered Area.

provided, that in either case, if the Named Storm Index Value for any Named Storm Event is less than zero, then such Named Storm Index Value will be deemed to be zero.

Any change in the Named Storm County PCS Loss for a Named Storm Event after the earlier of (i) the Event Reporting Date that occurs at least five (5) Business Days after the date PCS releases a Catastrophe Bulletin with its final Resurvey Estimate for such Named Storm Event and (ii) five (5) Business Days prior to the Event Reporting Date immediately prior to the Redemption Date will be disregarded by the Calculation Agent when calculating the Named Storm Index Value and any corresponding Loss Period Payment Amount.

Earthquake

Earthquake..... Any event that is identified and assigned a number by PCS as a "catastrophe" (whether or not such identification and assignment is made during the Risk Period), where the perils identified by PCS with respect to such catastrophe include the peril of earthquake (each, a "**Earthquake**"); *provided*, that if a Reporting Agency Failure Event has occurred, an Earthquake will be deemed to have occurred if such earthquake resulted in a Spectral Acceleration of at least 0.084g reported within the Earthquake Covered Area (irrespective of the location of the Epicentre of the earthquake), as reported by the Earthquake Data Provider; *provided, further*, that if a nuclear explosion reported by a U.S. or Canadian government agency has occurred (i) within one hour prior to the relevant Earthquake Date of Loss and (ii) within a Distance of 10 kilometres from the Epicentre of such earthquake to the location of such nuclear explosion as reported

by such government agency, then such deemed earthquake shall not be an Earthquake.

"**Spectral Acceleration**" is the one second spectral acceleration (measured in multiples of the acceleration of gravity) as made available by the relevant Earthquake Data Provider in its "grid.xyz" file or a successor product thereof, the "**Epicentre**" is the point on the surface of the Earth, whether on land or on surface of the ocean, directly above the Hypocentre, the "**Distance**" is the closest distance in kilometres or miles, as applicable, between two points on the earth's surface as further specified below ("**Distance**" or "**D**"), and the "**Hypocentre**" is the point at which the sudden displacement that generates an Earthquake is initiated.

"**D**" in kilometres is calculated as follows: $D = 6378 \times \text{acosine}(\cos(\text{lat } 1) \times \cos(\text{lon } 1) \times \cos(\text{lat } 2) \times \cos(\text{lon } 2) + \cos(\text{lat } 1) \times \sin(\text{lon } 1) \times \cos(\text{lat } 2) \times \sin(\text{lon } 2) + \sin(\text{lat } 1) \times \sin(\text{lat } 2))$. Where: (lon 1, lat 1) and (lon 2, lat 2) are the longitude in radians (+ for east, - for west) and latitude in radians (+ for north, - for south) of two points.

Earthquake Date of Loss The first date specified in the "Dates" data field of a Catastrophe Bulletin for an Earthquake, or the comparable data field in the event PCS changes its reporting format or a replacement to PCS is named by the Calculation Agent pursuant to the terms of the Calculation Agent Agreement (each, an "**Earthquake Date of Loss**"); *provided*, that in the case where the same Earthquake impacts both the United States and Canada, the Earthquake Date of Loss will be the earlier of (i) the Earthquake Date of Loss listed in the Catastrophe Bulletin for the United States and (ii) the Earthquake Date of Loss listed in the Catastrophe Bulletin for Canada, where at least one such bulletin cross references the other; *provided*, further that if a Reporting Agency Failure Event has occurred with respect to an Earthquake, the Earthquake Date of Loss will be deemed to have occurred on the earliest date reported by the Earthquake Data Provider with respect to such Earthquake.

Earthquake Event Any Earthquake (including all fires following such Earthquake) with an Earthquake Date of Loss (based on local date and time) within the Risk Period having caused industry insured property losses in the Earthquake Covered Area (each, an "**Earthquake Event**"); *provided*, that an Earthquake impacting both the United States and Canada identified by PCS in separate Catastrophe Bulletins and assigned two separate numbers where at least one such bulletin cross references the other shall be considered one Earthquake Event; *provided, further* if a Reporting Agency Failure Event has occurred, an Earthquake Event will be deemed to have occurred if an Earthquake occurred with an Earthquake Date of Loss within the Risk Period.

Earthquake Covered Area..... The "**Earthquake Covered Area**" will consist of (i) all fifty (50) states of the United States of America, the District of Columbia and Puerto Rico (the "**U.S. Earthquake Covered Area**") and (ii) all provinces and territories of Canada (the "**Canadian Earthquake Covered Area**").

Province..... Each of the provinces and territories of Canada (each, a "**Province**").

<p>Earthquake Event Parameters; Earthquake Event Parameters Date</p>	<p>The following physical characteristics of any Earthquake obtained from the Earthquake Data Provider and reported by the Earthquake Data Provider within ninety (90) calendar days after the Earthquake Date of Loss of such Earthquake Event (each, an "Earthquake Event Parameters Date"): (i) the date and time of such event, (ii) the ShakeMap ground motion file, or, if such ground motion file is not available, the moment magnitude, location of epicentre, focal depth, rupture azimuth, dip angle and fault type (the "Earthquake Event Parameters").</p>
<p>Earthquake State Modeled Loss; Earthquake County Modeled Loss; Earthquake Post Event Loss Calculations; Earthquake County Percentage.....</p>	<p>Following each Earthquake Event, the Calculation Agent will obtain from the Earthquake Data Provider the Earthquake Event Parameters with respect to such Earthquake Event and will withdraw from escrow the applicable Escrow Model and the Industry Exposure Database.</p> <p>The Calculation Agent will use the applicable Escrow Model and the Earthquake Event Parameters to calculate each State-level loss from personal lines, commercial lines (excluding any workers' compensation losses) and automobile lines to the Industry Exposure Database ("Earthquake State Modeled Loss") for each State in the U.S. Earthquake Covered Area and each county level loss to the Industry Exposure Database ("Earthquake County Modeled Loss") for each county in the U.S. Earthquake Covered Area pursuant to the procedures set forth in the Calculation Agent Agreement and as described in the "<i>AIR Expert Risk Analysis Results</i>" attached hereto as Annex B ("Earthquake Post Event Loss Calculations").</p> <p>For each county within each State in the U.S. Earthquake Covered Area, the Calculation Agent will calculate a percentage ("Earthquake County Percentage") equal to (i) the relevant county's Earthquake County Modeled Loss divided by (ii) the Earthquake State Modeled Loss for such county's State.</p>
<p>Earthquake State PCS Loss</p>	<p>On any date of determination and for each Earthquake Event, an amount equal to the total amount of estimated insured property losses from personal lines, commercial lines (excluding any workers' compensation losses) and automobile lines for each State calculated separately in the U.S. Earthquake Covered Area as stated in the most recent Catastrophe Bulletin and verified by the Calculation Agent (the "Earthquake State PCS Loss"), <i>provided</i>, that if PCS separately reports industry insured property losses from an Earthquake for commercial and industrial lines, the applicable Earthquake State PCS Loss shall include both commercial and industrial lines.</p>
<p>Earthquake County PCS Loss.....</p>	<p>On any date of determination, for each Earthquake Event and for each county within each State in the U.S. Earthquake Covered Area, an amount equal to (i) the Earthquake State PCS Loss for such State multiplied by (ii) the Earthquake County Percentage for such county in such State (the "Earthquake County PCS Loss").</p>
<p>Earthquake Province PCS Loss</p>	<p>On any date of determination and for each Earthquake, an amount equal to the total amount of estimated insured property losses from personal lines, commercial lines (excluding any workers' compensation losses) and automobile lines for each Province calculated separately in the Canadian Earthquake Covered Area as</p>

stated in the most recent Catastrophe Bulletin and verified by the Calculation Agent (the "**Earthquake Province PCS Loss**").

The Earthquake Province PCS Loss for each Province will be reported in Canadian dollars and converted to U.S. dollars using the Canada FX Conversion Factor, as described below under "*—Earthquake Index Value*" below. In case the same Earthquake impacts both the United States and Canada, the industry insured property losses from the two separate Catastrophe Bulletins where at least one such bulletin cross references the other shall be combined.

Fall-Back Earthquake Industry Loss;

Fall-Back Industry Loss

If a Reporting Agency Failure Event has occurred with respect to an Earthquake, the Calculation Agent will determine the Earthquake State PCS Loss for each State and Earthquake Province PCS Loss for each Province in the Earthquake Covered Area using the relevant event parameters reported by the Earthquake Data Provider for such Earthquake and the Calculation Agent's latest available post-event loss calculation procedure, in conjunction with the Calculation Agent's latest commercially available models, software, and industry exposure database. The Calculation Agent will follow the steps in the post event loss calculation procedure to create a modeled footprint of the Earthquake, perform an analysis of the Earthquake Event in the Calculation Agent's latest commercially available model, and generate with respect to such Earthquake, for each State and Province in the Earthquake Covered Area, the modeled loss to the applicable industry insured personal, commercial (excluding any workers' compensation losses) and automobile property portfolio using the latest commercially available industry exposure database ("**Fall-Back Earthquake Industry Loss**", and together with the Fall-Back Named Storm Industry Loss, the "**Fall-Back Industry Loss Amount**"). In such case, the modeled loss to the applicable industry insured personal, commercial (excluding any workers' compensation losses) and automobile property portfolio determined by the Calculation Agent will be deemed to be the Earthquake State PCS Loss and Earthquake Province PCS Loss, as applicable.

Earthquake Payout Factors

The applicable Earthquake payout factors set forth in the data file described in Annex C hereto (the "**Initial Earthquake Payout Factors**") and, following any Reset, the Updated Earthquake Payout Factors (the "**Earthquake Payout Factors**").

Canada FX Conversion Factor; Initial
Canada FX Conversion Factor; Updated
Canada FX Conversion Factor

1.000 Canadian dollar per 0.76195 U.S. dollars (the "**Initial Canada FX Conversion Factor**") and, following any update in connection with a Reset, the updated Canada currency conversion factor as provided by the Ceding Insurer (the "**Updated Canada FX Conversion Factor**").

The Initial Canada FX Conversion Factor and the Updated Canada FX Conversion Factor are each a "**Canada FX Conversion Factor**".

Earthquake Index Value

For any Earthquake Event, the "**Earthquake Index Value**" will be calculated by the Calculation Agent using the following formula and rounded to two decimal places:

Earthquake Index Value =

$$\left(\sum_C(\Pi_c \times I_c)\right) + \left(\sum_p \frac{(\Pi_p \times I_p)}{FX}\right) - \text{Index Deductible}^*$$

*Denotes the Index Deductible in effect on the applicable Earthquake Date of Loss.

Where,

Π_c = the Earthquake Payout Factor in effect on the Earthquake Date of Loss for each County (C) within each State within the U.S. Earthquake Covered Area; and

I_c = the Earthquake County PCS Loss for each County (C) within each State within the U.S. Earthquake Covered Area, divided by USD1,000,000;

If the Earthquake Post Event Loss Calculations cannot be conducted for one or more States within the Earthquake Covered Area that are capable of being modeled by the Calculations Agent because the relevant Earthquake State PCS Loss is below USD1,000,000 or CAD1,000,000 (as the case may be) or is zero (0), then the Calculation Agent will apply the lowest Earthquake Payout Factor stated for a county in such State or the Earthquake Payout Factor for the Province, as the case may be, to the relevant Earthquake State PCS Loss.

Π_p = the Earthquake Payout Factor in effect on the Earthquake Date of Loss for each Province (P) within the Canadian Earthquake Covered Area; and

I_p = the Earthquake Province PCS Loss for each Province (P) within the Canadian Earthquake Covered Area, divided by CAD1,000,000;

FX = the Canada FX Conversion Factor in effect on the Earthquake Date of Loss;

provided, that if the Earthquake Index Value for any Earthquake Event is less than zero, then such Earthquake Index Value will be deemed to be zero.

Any change in the Earthquake County PCS Loss or Earthquake Province PCS Loss for an Earthquake Event after the earlier of (i) thirty-six (36) months from the Earthquake Date of Loss for such Earthquake Event; (ii) the Event Reporting Date that occurs at least five (5) Business Days after the date PCS releases a Catastrophe Bulletin with its final Resurvey Estimate for such Earthquake Event; and (iii) five (5) Business Days prior to the Event Reporting Date immediately prior to the Redemption Date will be disregarded by the Calculation Agent when calculating the Earthquake Index Value and any corresponding Loss Period Payment Amount.

Europe Windstorm

Europe Windstorm.....	Any event that is identified and assigned a unique event identifier by PERILS as an "Extratropical Cyclone" (excluding United Kingdom flood) (whether or not such identification and assignment is made during the applicable Risk Period) (each, a " Europe Windstorm ").
Europe Windstorm Event.....	Any Europe Windstorm with a Europe Windstorm Date of Loss (based on local date and time) within the Risk Period having caused industry insured property losses in the Europe Windstorm Covered Area (each, a " Europe Windstorm Event ").
Europe Windstorm Covered Area.....	With respect to the peril of Europe Windstorm, Austria, Belgium, Denmark, France, Germany, Ireland, Luxembourg, The Netherlands, Norway, Sweden, Switzerland and the United Kingdom (the " Europe Windstorm Initial Covered Area ") and, following a Reset, the Europe Windstorm Initial Covered Area and any of Czech Republic, Estonia, Finland, Latvia, Lithuania, Monaco and Poland (the " Europe Windstorm Updated Covered Area ") as specified by the Ceding Insurer on or prior to the Reset Determination Date if PERILS commences reporting of industry insured property losses arising from a Europe Windstorm in such elected Europe Windstorm Updated Covered Area (the Europe Windstorm Initial Covered Area and, following a Reset, the Europe Windstorm Updated Covered Area, the " Europe Windstorm Covered Area ").
CRESTA Zone.....	The "Catastrophe Risk Evaluation and Standardizing Target Accumulations" (each, a " CRESTA Zone "), which are the standard geographic regions used by the insurance industry to reference exposure locations.
Europe Windstorm Date of Loss.....	The event start date specified in the data field labelled "Event Start Date" of a PERILS Loss Report for a Europe Windstorm, or the comparable data field in the event PERILS changes its reporting format or a replacement to PERILS is named by the Calculation Agent pursuant to the terms of the Calculation Agent Agreement (each, a " Europe Windstorm Date of Loss ").
Europe Windstorm Payout Factor.....	The Initial Europe Windstorm Payout Factor and, following any Reset, the applicable Updated Europe Windstorm Payout Factor (each a " Europe Windstorm Payout Factor ").
Initial Europe Windstorm Payout Factor; Europe Windstorm Payout Factor	For each CRESTA Zone in the Europe Windstorm Covered Area, as set forth in the AIR Data File attached hereto as Annex C (each an " Initial Europe Windstorm Payout Factor ") and, following any Reset, the Updated Europe Windstorm Payout Factors (the " Europe Windstorm Payout Factors ").
Europe Windstorm Loss Amount.....	On any date of determination and for each Europe Windstorm, an amount equal to the total amount of estimated industry insured property losses from residential, commercial, industrial and agricultural lines, or aggregations thereof for each CRESTA Zone in the Europe Windstorm Covered Area (the " Europe Windstorm Loss ").

Amount"), as stated in the most recent PERILS Loss Report for such Europe Windstorm Event and verified by the Calculation Agent.

Europe Windstorm Index Value.....

For any Europe Windstorm Event, the "**Europe Windstorm Index Value**" will be calculated by the Calculation Agent using the following formula and rounded to two decimal places:

Europe Windstorm Index Value =

$$(\sum_z(\Pi Z \times IZ) - \text{Index Deductible}^*)$$

*Denotes the Index Deductible in effect on the applicable Europe Windstorm Date of Loss.

Where:

ΠZ = the Europe Windstorm Payout Factor in effect on the Europe Windstorm Date of Loss for each CRESTA Zone (Z) within the Europe Windstorm Covered Area;

IZ = the Europe Windstorm Loss Amount for each CRESTA Zone (Z) within the Europe Windstorm Covered Area, divided by EUR1,000,000;

If the Europe Windstorm Loss Amount in a CRESTA Zone is below EUR1,000,000 or is zero (0), then the Calculation Agent will apply the lowest Europe Windstorm payout Factor stated for a CRESTA Zone in such country to the relevant Europe Windstorm Loss Amount.

Any change in the Europe Windstorm Loss Amount for a Europe Windstorm Event after the earlier of (i) thirty-six (36) months from the Europe Windstorm Date of Loss for such Europe Windstorm; (ii) the Event Reporting Date that occurs at least five (5) Business Days after the date that PERILS releases a PERILS Loss Report with its final PERILS Resurvey Estimate for such Europe Windstorm Event; and (iii) the Event Reporting Date immediately prior to the Redemption Date, will not be taken into account when calculating the Europe Windstorm Index Value.

Europe FX Conversion Factors; Initial
Europe FX Conversion Factors; Updated
Europe FX Conversion Factors

Each of the following is an initial Europe currency conversation factor ("**Initial Europe FX Conversion Factor**"):

- USD (per CHF): 0.99947
- USD (per DKK): 0.14435
- USD (per EUR): 1.07340
- USD (per GBP): 1.25572
- USD (per NOK): 0.11988
- USD (per SEK): 0.11306

(collectively, the "**Initial Europe FX Conversion Factors**") and, following any update in connection with a Reset, the updated Europe currency conversion factors as provided by the Ceding Insurer (the "**Updated Europe FX Conversion Factors**").

The Initial Europe FX Conversion Factors and the Updated Europe FX Conversion Factors are the "**Europe FX Conversion Factors**".

Loss Calculation

European Covered Event.....	Europe Windstorm Events in the Europe Windstorm Covered Area.
North America Covered Event	Named Storm Events in the Named Storm Covered Area and Earthquake Events in the Earthquake Covered Area.
Attachment Level	The Initial North America Attachment Level or the Initial European Attachment Level, as applicable, and, following any Reset, the applicable Updated North America Attachment Level and Updated European Attachment Level, as applicable.
Initial Attachment Level.....	The Initial North America Attachment Level and the Initial European Attachment Level, as the case may be.
Exhaustion Level.....	The Initial North America Exhaustion Level or the Initial European Exhaustion Level, and following any Reset, the applicable Updated North America Exhaustion Level or the Updated European Exhaustion Level, (together the " Exhaustion Level ").
Initial Exhaustion Level	Either the Initial North America Exhaustion Level or the Initial European Exhaustion Level, as the case may be.
Initial Augmented PERILS Industry Exposure Database	The PERILS Industry Exposure Databases as augmented using the most recent industry exposure databased released by the Calculation Agent as of the date of the initial risk analysis.
Initial North America Attachment Level..	1700 index points (" Initial North America Attachment Level ")
Initial North America Exhaustion Level...	2000 index points (" Initial North America Exhaustion Level ")
Initial European Attachment Level.....	850 index points (" Initial European Attachment Level ")
Initial European Exhaustion Level	1130 index points (" Initial European Exhaustion Level ")
Layer.....	For each type of Covered Event, the difference in index points between the Exhaustion Level and the Attachment Level (the " Layer ").
Initial Index Event Deductible.....	For Named Storm Events and Earthquake Events, 45 index points. For Europe Windstorm Events, 40 index points (the " Initial Index Event Deductible ").
Index Deductible	The Initial Index Event Deductible for the relevant Covered Event and, following any Reset, the Updated Index Event Deductible for the relevant Covered Event (the " Index Deductible ").
Event Index Value	For each Covered Event, the Named Storm Index Value, the Earthquake Index Value or the Europe Windstorm Index Value, as applicable (each, an " Event Index Value ").

Loss Period Index Value As of any date of determination, for each Loss Period calculated separately, an amount (calculated separately for North America Covered Events and European Covered Events) equal to the sum of Event Index Values for all North America Covered Events or a European Covered Event, as applicable ("**Loss Period Index Value**").

Loss Period Payment Amount As of any date of determination, the "**Loss Period Payment Amount**" will be calculated separately for North America Covered Events and European Covered Events and for each Loss Period pursuant to the following formula, using the applicable Attachment Level and the applicable Exhaustion Level in effect for such Loss Period for such type of Covered Event:

Loss Period Payment Amount =

$$\text{Original Principal Amount} \times \left(\frac{\text{Loss Period Index Value} - \text{Attachment Level}}{\text{Exhaustion Level} - \text{Attachment Level}} \right)$$

If the Loss Period Index Value is less than the applicable Attachment Level for such type of Covered Event, then the Loss Period Index Value for determining the Loss Period Payment Amount will be deemed to be equal to the Attachment Level for such type of Covered Event. If the Loss Period Index Value is greater than the applicable Exhaustion Level for such type of Covered Event, then the Loss Period Index Value for such type of Covered Event for determining the Loss Period Payment Amount will be deemed to be equal to the Exhaustion Level for such type of Covered Event.

Aggregate Loss Payment Amount As of each Payment Date, an amount equal to the sum of all of the Loss Period Payment Amounts for North America Covered Events and European Covered Events respectively for all Loss Periods ("**Aggregate Loss Payment Amount**"). The Aggregate Loss Payment Amount may not exceed the Original Principal Amount.

Accrual Period Loss Payment Amount; Positive Accrual Period Loss Payment Amount; Negative Accrual Period Loss Payment Amount As of each Payment Date, the "**Accrual Period Loss Payment Amount**" is an amount equal to (a) the Aggregate Loss Payment Amount calculated for such Payment Date minus (b) the Aggregate Loss Payment Amount calculated for the immediately preceding Payment Date (if the result of such calculation is greater than or equal to USD (\$0), such result is referred to herein as a "**Positive Accrual Period Loss Payment Amount**"; if the result of such calculation is less than USD 0 (\$0), such result is referred to herein as a "**Negative Accrual Period Loss Payment Amount**"); *provided*, that any Positive Accrual Period Loss Payment Amount will not be greater than the Outstanding Principal Amount on the immediately prior Payment Date (less the absolute value of any Negative Accrual Period Loss Payment Amounts which have fallen due on or before such immediately prior Payment Date and which remain unpaid as at the current Payment Date) or in the case of the First Payment Date, the Issuance Date, as applicable.

EVENT REPORTING

Calculation Agent..... AIR Worldwide Corporation or its successor, or any replacement Calculation Agent under the terms of the Calculation Agent Agreement (the "**Calculation Agent**" or "**AIR**").

Calculation Agent Agreement On the Issuance Date, the Issuer will enter into a Calculation Agent Agreement with AIR, pursuant to which AIR will provide certain services to the Issuer in connection with the Series 2018 Notes, including services relating to Resets and the provision of Event Reports and Optional Extension Verification Reports (the "**Calculation Agent Agreement**").

Event Notice Following a potential Covered Event, the Ceding Insurer may provide written notice to the Calculation Agent (with a copy to the Issuer) (each, an "**Event Notice**") instructing the Calculation Agent to provide an Event Report for such potential Covered Event pursuant to and in accordance with the Calculation Agent Agreement.

Event Report..... Following receipt of an Event Notice in respect of a potential Covered Event, the Calculation Agent will issue a report (each, an "**Event Report**") to the Issuer, the Insurance Manager and the Ceding Insurer stating the results of the procedures carried out by the Calculation Agent in determining whether such potential Covered Event is a Covered Event and, if a Covered Event, (i) the Event Index Value for such Covered Event, (ii) the Loss Period Index Value for the relevant Loss Period, (iii) the Loss Period Payment Amount, (iv) the Aggregate Loss Payment Amount, (v) the Accrual Period Loss Payment Amount, and (vi) the resulting Outstanding Principal Amount.

Event Reporting Date Pursuant to the terms of the Calculation Agent Agreement, the Calculation Agent will be required to submit an Event Report to the Issuer and the Ceding Insurer at least seven (7) Business Days prior to the first Payment Date following the date on which the relevant Event Notice is issued (the "**Initial Event Reporting Date**"), using the latest Reporting Agency Report available as of five (5) Business Days prior to such Initial Event Reporting Date; *provided, however*, that if an Event Notice is issued less than twelve (12) Business Days prior to such first Payment Date, the Initial Event Reporting Date will be on the seventh (7th) Business Day prior to the next succeeding Payment Date; *provided, further*, that if no Reporting Agency Report is available for the applicable Covered Event as of five (5) Business Days prior to such Initial Event Reporting Date, then the Initial Event Reporting Date will instead be seven (7) Business Days prior to the first Payment Date for which a Reporting Agency Report is available for such Covered Event at least twelve (12) Business Days prior to such Payment Date.

Thereafter, the Calculation Agent will continue to be required to issue an Event Report at least seven (7) Business Days prior to each subsequent Payment Date (the "**Subsequent Event Reporting Date**" and, together with the Initial Event Reporting Date, an "**Event Reporting Date**") until and including the Final Event Report for such Covered Event, in each case using the latest Reporting Agency Report available as of five (5) Business Days prior to such Subsequent Event Reporting Date; *provided*, that in the case of the Final Extended

Redemption Date, the Subsequent Event Reporting Date will be three (3) Business Days prior to the Final Extended Redemption Date.

Final Event Report..... For each Covered Event, the report issued by the Calculation Agent using any of the following, whichever is available earliest, will be a "**Final Event Report**": (i) the Reporting Agency Report containing a final Resurvey Estimate for such Covered Event, (ii) if the Reporting Agency has ceased to exist or is unable to provide data necessary for the Calculation Agent to issue an updated version of an Event Report, and no replacement reporting agency has been identified by the Calculation Agent, the most recent Reporting Agency Report for such Covered Event available on or immediately before the date when the Reporting Agency has ceased to exist or failed to deliver such data, and (iii) the most recent Reporting Agency Report available on or immediately before the date that occurs eight (8) Business Days prior to the Final Extended Redemption Date.

RESETS

Modeling Firm..... AIR Worldwide Corporation or its successor (the "**Modeling Firm**").

Reset Agent AIR Worldwide Corporation or its successor, or any replacement reset agent under the terms of the Calculation Agent Agreement (in such capacity, "**Reset Agent**").

Initial Industry Exposure Database;
Updated Industry Exposure Database;
Industry Exposure Database AIR has based its initial risk analysis results contained in this Circular on AIR's industry insured exposure databases for U.S. hurricanes as of December 31, 2016, Puerto Rico and the U.S. Virgin Islands hurricanes as of December 31, 2014, U.S. earthquakes as of December 31, 2016, Puerto Rico earthquakes as of December 31, 2014, Canada earthquakes as of December 31, 2015, and the Augmented PERILS Industry Exposure Database with exposure values as of January 1, 2017 for Europe Windstorm Events (each an "**Initial Industry Exposure Database**"). The Reset Agent shall provide written notice to the Ceding Insurer and the Issuer at least one month prior to each Reset Determination Date specifying the Industry Exposure Database to be used in the forthcoming Reset. In performing each Reset, the Calculation Agent will use the latest industry insured exposure database commercially released by the Calculation Agent at least one (1) month prior to the Reset Determination Date and the latest applicable Augmented PERILS Industry Exposure Database available at least one (1) month prior to the Reset Determination Date, (each an "**Updated Industry Exposure Database**" and, together with the Initial Industry Exposure Database, each an "**Industry Exposure Database**").

The Reset Agent will also place the Industry Exposure Database into escrow with the Escrow Agent. The Calculation Agent will retain a copy certified by the Calculation Agent to be a duplicate version that is identical to the Industry Exposure Database deposited with the Escrow Agent. The Calculation Agent may use such certified copy of the Industry Exposure Database to perform any services required. In any such instance, such certified copy of the Industry Exposure Database will be deemed to be such Industry Exposure Database.

If no changes have been made to the Industry Exposure Database since the initial risk analysis or the previous Reset Determination Date, as applicable, then in the applicable Reset Report, the Calculation Agent will affirm that such Initial Industry Exposure Database or Updated Industry Exposure Database, as the case may be, is still the Calculation Agent's best estimate of industry insured exposures with respect to Named Storms, Earthquakes, and Europe Windstorms.

The PERILS Industry Exposure Databases have been augmented using the most recent industry exposure database released by AIR as of the date of the initial risk analysis (each an "**Initial Augmented PERILS Industry Exposure Database**"). The augmentation process is further described in the "**AIR Expert Risk Analysis Results**" attached hereto as Annex B. In performing each Reset, the Reset Agent will use the latest PERILS Industry Exposure Database commercially released at least one (1) month prior to the Reset Determination Date and augment this database with the escrowed additional industry exposure database of AIR as of the date of the initial risk analysis (each an "**Updated Augmented PERILS Industry Exposure Database**" and, together with the applicable Initial Augmented PERILS Industry Exposure Database, each an "**Augmented PERILS Industry Exposure Database**").

Factors

The Named Storm Payout Factors, the Earthquake Payout Factors, the Europe Windstorm Payout Factors, the Canada FX Conversion Factor, the Europe FX Conversion Factors and the Index Deductible for each type of Covered Event, as applicable (the "**Factors**").

Updated Index Event Deductible;
Updated FX Conversion Factors; Updated
Named Storm Payout Factors; Updated
Earthquake Payout Factors; Updated
Europe Windstorm Payout Factors;
Updated Factors; Factor Reset Notice

In connection with each Reset, the Ceding Insurer may, at its option, update:

- (i) the Index Deductible for each type of Covered Event (the "**Updated Index Event Deductible**"), if applicable, provided, that such Updated Index Event Deductible is not less than 30 index points;
- (ii) the Canada FX Conversion Factor and the Europe FX Conversion Factors (the "**Updated FX Conversion Factors**"), if applicable;
- (iii) the Named Storm Payout Factors (the "**Updated Named Storm Payout Factors**"), if applicable, provided that no Updated Named Storm Payout Factor may exceed 30%;
- (iv) the Earthquake Payout Factors (the "**Updated Earthquake Payout Factors**"), if applicable, provided that no Updated Earthquake Payout Factor may exceed 30%; and
- (v) the Europe Windstorm Payout Factors, provided that no Updated Europe Windstorm Payout Factor may exceed 30% (the "**Updated Europe Windstorm Payout Factors**", together with the Updated Named Storm Payout Factors, the Updated FX Conversion Factors, the Updated Earthquake

Payout Factors, and the Updated Index Event Deductible, the "**Updated Factors**"), if applicable.

If the Ceding Insurer delivers a notice (a "**Factor Reset Notice**") exercising such option to update certain Factors to the Reset Agent and the Issuer, such notice, together with the Updated Factors, must be delivered no later than the applicable Reset Determination Date; *provided*, that the foregoing shall not limit the Ceding Insurer from resubmitting different Updated Factors within seven (7) calendar days after the Reset Determination Date.

The Updated Factors, if any, will be applied for the Reset and will become effective as of the Reset Effective Date.

If any Reset does not meet the Reset Limitations, the Ceding Insurer will have the ability to amend the Updated Factors by providing the Reset Agent with an amended Factor Reset Notice, and the Calculation Agent will use commercially reasonable efforts to perform a Reset meeting the Reset Limitations using such amended Updated Factors prior to the Reset Effective Date. If there has not been a Reset meeting the Reset Limitations by the Reset Effective Date, the Reset Agent will perform such Reset pursuant to the Calculation Agent Agreement applying the Factors as in effect prior to the relevant Reset Determination Date. Any such Reset will be deemed to be effective as of the relevant Reset Effective Date.

Initial One Year Attachment Probability.. 3.98% (the "**Initial One Year Attachment Probability**").

Initial One Year Expected Loss..... 3.24% (the "**Initial One Year Expected Loss**").

Prospective purchasers of the Series 2018 Notes should consider carefully the information set forth in the "*AIR Expert Risk Analysis*" attached hereto as Annex A and the "*AIR Expert Risk Analysis Results*" attached hereto as Annex B for a more detailed description of the Initial One Year Attachment Probability and the Initial One Year Expected Loss.

Updated One Year Expected Loss..... If the Ceding Insurer delivers a Variable Reset Notice to the Reset Agent electing to update the Attachment Level for the Second Loss Period, the Third Loss Period or the Fourth Loss Period to the applicable Updated Attachment Level, the one-year modeled expected loss for such Loss Period shall be calculated using such Updated Attachment Level ("**Updated One Year Expected Loss**").

Reset Determination Date..... April 15, 2019, April 15, 2020 and April 15, 2021, as applicable (or if any such day is not a Business Day, the next succeeding Business Day) (each, a "**Reset Determination Date**").

Reset Effective Date June 1, 2019, June 1, 2020 and June 1, 2021, as applicable (each, a "**Reset Effective Date**").

Reset; Preliminary Updated Attachment Level; Reset Limitations; Variable Reset Annually beginning on each Reset Determination Date and using (i) the Updated Industry Exposure Database, (ii) the Updated Factors, as provided by the Ceding Insurer, as applicable, (iii) the updated Layer for each type of Covered Event as provided by the Ceding Insurer and

Notice; Variable Reset; Updated Attachment Level

(iv) the Escrow Models, the Reset Agent will reset (each, a "**Reset**") the Attachment Level for each type of Covered Event, the Exhaustion Level for each type of Covered Event, and, if the Ceding Insurer elects a Variable Reset, the Updated One Year Expected Loss and the Updated Interest Spread; *provided*, that in performing a Reset, the following conditions must be satisfied, as verified by the Reset Agent in a Reset Report: (a) no Named Storm Payout Factor, Earthquake Payout Factor or Europe Windstorm Factor will exceed 30%, (b) the Index Deductible may not be less than 30 index points, (c) the modeled contribution to the One Year Expected Loss from a Named Storm Event in the state of Florida may not exceed 40%, and from an Earthquake Event in the state of California may not exceed 40%, (d) the modeled contribution to the One Year Expected Loss from Earthquake Events cannot exceed 60%, (e) the modeled contribution to the One Year Expected Loss from Europe Windstorm Events may not be less than 20% and (f) the Updated One Year Expected Loss cannot exceed 4.24% nor be less than 2.24% (collectively (a) - (f), the "**Reset Limitations**").

The Reset Agent will reset the Attachment Level for each type of Covered Event (to the nearest index point), such that the modeled one-year expected loss is the highest percentage equal to or less than the Initial One Year Expected Loss and the contribution to one-year expected loss for each Covered Event is closest to the initial contribution to one-year expected loss for each type of Covered Event (the "**Preliminary Updated Attachment Level**").

The Reset Agent will provide to the Ceding Insurer the calculations of the Preliminary Updated Attachment Level for each type of Covered Event and the corresponding updated Data File no later than May 1st preceding the applicable Reset Effective Date, if necessary (or if such day is not a Business Day, the next succeeding Business Day).

No later than May 15th preceding the applicable Reset Effective Date (or if such day is not a Business Day, the next succeeding Business Day), the Ceding Insurer may elect, by notice ("**Variable Reset Notice**") to the Reset Agent, to update ("**Variable Reset**") the Attachment Level for any type of Covered Event for the Series 2018 Notes ("**Updated Attachment Level**"). If the Ceding Insurer makes such election to update the Attachment Level for any type of Covered Event for the Series 2018 Notes, the Reset Agent will perform an Interest Spread Calculation. If the Ceding Insurer makes no such election, the Updated Attachment Level for each type of Covered Event shall be set to the Preliminary Updated Attachment Level for each type of Covered Event and the Reset Agent will not perform an Interest Spread Calculation.

For each Reset, the "**Updated Exhaustion Level**" for a type of Covered Event for the Series 2018 Notes shall be set to an amount equal to the Updated Attachment Level for such type of Covered Event plus the updated Layer for such type of Covered Event provided by the Ceding Insurer on the applicable Reset Determination Date.

Reset Report

In connection with each Reset, the Reset Agent will prepare and provide a report to the Issuer and the Ceding Insurer setting forth the Updated Attachment Level for each type of Covered Event, the

Updated Exhaustion Level for each type of Covered Event, the Updated Factors, if any, the date of the Industry Exposure Database used for such Reset and in the case of a Variable Reset, the Updated One Year Expected Loss and the Updated Interest Spread (a "**Reset Report**"). The Reset Report will be due from the Reset Agent no later than five (5) Business Days prior to each Reset Effective Date, except in the event of a Variable Reset, in which case the due date will be the Reset Effective Date. In addition, each Reset Report will verify whether a Reset was performed in accordance with the Reset Limitations and will provide certain calculations with respect to such verification. In each Reset Report, the Reset Agent will also update certain tables contained in the "AIR *Expert Risk Analysis Results*" attached hereto as Annex B, as specified in the Calculation Agent Agreement.

In connection with any Reset, the Issuer, the Reset Agent and the Ceding Insurer may mutually agree in their discretion to extend or waive any of the delivery deadlines and other timeframes in connection with such Reset, so long as the Reset Report has been completed and delivered to the Issuer and the Ceding Insurer no later than the applicable due date.

Escrow Models

(i) The AIR Hurricane Model for the United States version 19.0, the AIR Tropical Cyclone Model for Hawaii version 4.1 and the AIR Tropical Cyclone Model for the Caribbean version 13.0, each as implemented in Touchstone version 5.1.4 and CATRADER version 19.1.0, in order to estimate loss probabilities for Named Storms, (ii) the AIR Earthquake Model for the United States and Canada version 10.0, the AIR Earthquake Model for Hawaii version 2.1, the AIR Earthquake Model for Alaska version 1.10, and the AIR Earthquake Model for the Caribbean version 2.2, in each case as implemented in Touchstone version 5.1.4 and CATRADER version 19.1.0, in order to estimate loss probabilities for Earthquakes, and (iii) the AIR Extratropical Cyclone Model for Europe version 5.1, as implemented in Touchstone version 5.1.4 and CATRADER version 19.1.0, in order to estimate loss probabilities for Europe Windstorms used to determine the Initial One Year Attachment Probability and the Initial One Year Expected Loss for the Series 2018 Notes (each, an "**Escrow Model**" and, together, the "**Escrow Models**").

Promptly following the Issuance Date, the Reset Agent will place the Escrow Models into escrow with the Escrow Agent. The Reset Agent will retain a copy of the Escrow Models certified by the Reset Agent to be a duplicate version that is identical to the Escrow Models deposited with the Escrow Agent. The Reset Agent may use such certified copy of the Escrow Models to perform any services required under the Calculation Agent Agreement. In any such instance, such certified copy of the Escrow Models will be deemed to be such Escrow Models.

The Reset Agent will also place into escrow with the Escrow Agent each Industry Exposure Database. The Reset Agent will retain a copy of the Industry Exposure Databases certified by the Reset Agent to be a duplicate version that is identical to the Industry Exposure Databases deposited with the Escrow Agent. The Reset Agent may use such certified copy of the Industry Exposure Database to perform any

services required under the Calculation Agent Agreement. In any such instance, such certified copy of the Industry Exposure Database will be deemed to be such Industry Exposure Database.

The Reset Agent will be required on a timely basis, to the extent possible, and with notice to the Issuer and the Ceding Insurer, to make such formatting and other changes to the Escrow Models as may be necessary, in its discretion, to reflect changes in data inputs and formats, computer and operating systems and other such factors that would otherwise invalidate the use of such Escrow Model, *provided*, that the scientific and probabilistic assumptions underlying the Escrow Models may not be changed.

Escrow Agent InnovaSafe, Inc., or its successor (the "**Escrow Agent**").

REINSURANCE AGREEMENT

Reinsurance Agreement..... On or around the Issuance Date, the Issuer will enter into an annual aggregate excess of loss reinsurance agreement with the Ceding Insurer providing for payments to the Ceding Insurer following the occurrence of one or more Covered Events as described in this Circular (the "**Reinsurance Agreement**").

Issuer Payment; Negative Loss Payment.. As of each Payment Date, if the Accrual Period Loss Payment Amount is greater than zero, the Reinsurance Agreement will require the Issuer to make a payment (each, an "**Issuer Payment**") to the Ceding Insurer on such Payment Date in an amount equal to such Positive Accrual Period Loss Payment Amount; provided that to the extent that the Aggregate Loss Payment Amount as of such Payment Date exceeds the sum of (i) the Aggregate UNL as of such Payment Date and (ii) the balance standing to the credit of the Excess Account immediately prior to such Payment Date, then a portion of the Issuer Payment corresponding to such excess (the "**Excess Amount**") will not be paid directly to the Ceding Insurer but will be transferred to the Excess Account.

As of each Payment Date, if the Accrual Period Loss Payment Amount is less than zero, funds in an amount equal to the absolute value of such Negative Accrual Period Loss Payment Amount will be transferred by the Ceding Insurer to the Issuer on such Payment Date (each, an "**Negative Loss Payment**"). To the extent there is a balance on the Excess Account at the relevant time such balance can be used as far as possible to satisfy the Ceding Insurer's obligation to pay such **Negative Loss Payments**.

In connection with an Issuer Payment to be paid on a Payment Date, the Issuer, or the Insurance Manager on its behalf, will deliver an EBRD Put Notice to the EBRD for the amount of the Issuer Payment less the value of any other available Permitted Investments not less than six (6) Business Days prior to the applicable EBRD Coupon Payment Date (except that no such EBRD Put Notice is required if all of the relevant EBRD Notes have already been redeemed or are to be redeemed on or before such Payment Date and any EBRD Put Notice required has already been provided to the EBRD).

Aggregate Limit and Limited Recourse ...	<p>Any interest payable on the EBRD Notes that is included in the cash proceeds of a redemption of the EBRD Notes will be part of the Permitted Investment Yield and, accordingly, will be included in the interest payable on the Series 2018 Notes and excluded from any Issuer Payment to the Ceding Insurer.</p> <p>The amount of any Issuer Payment to be made by the Issuer to the Ceding Insurer and/or Excess Account on any Payment Date may not exceed the Outstanding Principal Amount on the immediately prior Payment Date (or the Issuance Date, in the case of the First Payment Date) (the "Aggregate Limit"). The obligations of the Issuer to make any Issuer Payment to the Ceding Insurer and/or to Excess Account on any Payment Date shall be limited recourse obligations of the Issuer payable solely out of the Collateral Account and subject to the terms of the Deed of Charge.</p>
Ultimate Net Loss (or " UNL "); Aggregate UNL.....	<p>All amounts paid or due and payable by the Ceding Insurer or its Affiliates in the investigation, appraisal, adjustment, settlement, litigation, defence or appeal, payment or subrogation of claims or judgments associated with, arising out of or relating to a Covered Event, plus Loss Reserves, 100% of extra-contractual obligations, and 100% of losses in excess of policy limits, including without limitation allocated loss adjustment expenses, unallocated loss adjustment expenses, all reinstatement premiums and other amounts payable by the Ceding Insurer or its Affiliates under other reinsurance or retrocession agreements maintained by the Ceding Insurer or its Affiliates from time to time during the term of the Reinsurance Agreement, which premiums and other amounts are attributable to such Covered Event, and all other costs of investigation or litigation, all net of salvages and subrogation recoveries but without taking into account any amounts recovered or recoverable from other reinsurers or retrocessionaires of the Ceding Insurer or its Affiliates. The Ultimate Net Loss for a Covered Event is comprised of any amounts associated with, arising out of or relating to that Covered Event occurring anywhere in the world. "Aggregate UNL" means the sum of UNL for all Covered Events for all Loss Periods.</p>
UNL Notice	<p>Following each Covered Event, the Ceding Insurer shall deliver a notice to the Issuer (a "UNL Notice"), setting forth the Ceding Insurer's initial calculation of the Ultimate Net Loss relating to such Covered Event. The Ceding Insurer shall be permitted to deliver additional UNL Notices relating to any Covered Event from time to time to the extent the Ceding Insurer determines in its sole discretion that the Ultimate Net Loss attributable to such Covered Event exceeds the amount set forth in the initial UNL Notice relating to such Covered Event. Absent manifest error, the determination of Ultimate Net Loss as reported by the Ceding Insurer shall be conclusive and not subject to challenge by the Issuer or any other person or entity, and the parties shall use the Ultimate Net Loss so reported by the Ceding Insurer to calculate the payments to be made to the Ceding Insurer under the Reinsurance Agreement. Nothing set forth in the Reinsurance Agreement shall be construed to mean that amounts due under this Agreement are not recoverable until the Ultimate Net Loss has been definitively ascertained</p>

Excess Amount; Excess Account The aggregate amount of Loss Payments due and payable by the Issuer to the Ceding Insurer under the Reinsurance Agreement will be limited by the Ceding Insurer's Ultimate Net Loss thereunder.

The Issuer will establish and maintain a separate account (the "**Excess Account**"). The Issuer will assign its rights, title, benefits and interest in the Excess Account, the assets contained therein and all proceeds thereof by way of security interest to the Trustee on behalf of the Ceding Insurer only. Noteholders shall have no interest in the Excess Account, and the Excess Account does not form part of the Collateral.

The Issuer (or any agent on its behalf) shall transfer from the Collateral Account to the Excess Account on each Payment Date an amount equal to the Excess Amount. The Ceding Insurer shall be entitled to receive from the Excess Account from time to time during the Risk Period further amounts up to the value in the Excess Account at the relevant time to the extent that its Aggregate UNL on any Payment Date exceeds the Aggregate Loss Payment Amount as at such date.

If following the end of the Risk Period there is a balance in the Excess Account, the Issuer shall provide the Ceding Insurer with continuing coverage during the Supplemental Coverage Period, up to a limit equal to the positive balance in the Excess Account, for UNL in connection with any subsequent Covered Event in accordance with the Reinsurance Agreement.

Loss Reserves "**Loss Reserves**" means, for purposes of calculating Ultimate Net Loss, (i) projected ultimate losses from claims already reported to the Ceding Insurer from a Covered Event, to the extent remaining unpaid on the date of calculation, and (ii) projected ultimate losses from claims resulting from such Covered Event, to the extent such claims have not yet been reported to the Ceding Insurer as of such date.

Periodic Payment; Initial Expense Premium; Supplemental Expense Premiums..... The Ceding Insurer will be obligated to make the following payments to the Issuer pursuant to the Reinsurance Agreement on the Business Day immediately preceding each applicable Payment Date (each a "**Periodic Payment**" and, collectively, the "**Periodic Payments**"):

- (i) up to and including the earliest of the Early Redemption Date, the Optional Redemption Date and the Scheduled Redemption Date, as the case may be, an amount equal to the Interest Spread portion of interest payable by the Issuer on the Series 2018 Notes for the relevant Accrual Period;
- (ii) during an Extension Period, if any, an amount equal to the applicable Extension Spread portion of interest payable by the Issuer on the Series 2018 Notes for the relevant Accrual Period, calculated on the basis of the actual number of days elapsed in the Accrual Period and a 360-day year;
- (iii) the Residual Interest Amount if due on the Series 2018 Notes on such Payment Date;

- (iv) the Early Redemption Payment if due on the Series 2018 Notes on such Payment Date; and
- (v) the Optional Redemption Payment if due on the Series 2018 Notes on such Payment Date.

Pursuant to the Reinsurance Agreement, the Ceding Insurer will make a payment to the Issuer (i) on or promptly following the Issuance Date in an amount expected to cover the Issuer's expenses in connection with the issuance of the Series 2018 Notes (the "**Initial Expense Premium**") and (ii) from time to time thereafter in an amount equal to reasonable expenses incurred or expected to be incurred by the Issuer relating to the Corporate Services Provider, the Trustee, the Calculation Agent, PCS, PERILS, the Escrow Agent and other service providers (such amounts within clause (ii) "**Supplemental Expense Premiums**").

The Ceding Insurer will not be obligated to pay for Supplemental Expense Premiums under the Reinsurance Agreement to the extent that such premiums in the aggregate for the Series 2018 Notes are in excess of USD300,000 in any calendar year.

The Initial Expense Premium and any Supplemental Expense Premiums will be deposited into the Expenses Account and will not form part of the Collateral.

Additional Amount.....

In the event that any withholding or deduction for or on account of any tax, including any excise tax, is required by law on any payment to be made by the Ceding Insurer to the Issuer under the Reinsurance Agreement, the Ceding Insurer will:

- (a) promptly notify the Issuer of such requirement;
- (b) make all such deductions and withholdings in respect of such tax;
- (c) pay the full amount deducted or withheld in respect of such tax (including the full amount required to be deducted or withheld from any Additional Amount paid under (e) below) to the relevant taxation authority or other governmental authority promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against;
- (d) as soon as practicable after the date of any payment of such tax to the relevant taxation authority or other governmental authority, furnish to the Issuer the official receipt or a certified copy thereof, evidencing payment thereof; and
- (e) pay to the Issuer, in addition to the payment to which the Issuer is otherwise entitled under the relevant Reinsurance Agreement, such additional amount ("**Additional Amount**") as is necessary to ensure that the net amount actually received by the Issuer (free and clear of all taxes) will equal the full amount the Issuer would have received had no such deduction or withholding in respect of tax been required.

PERMITTED INVESTMENTS

Permitted Investments The investments for the Series 2018 Notes (the "**Permitted Investments**") will consist of:

- (i) the EBRD Notes;
- (ii) Money Market Fund Shares; or
- (iii) if Money Market Fund Shares are not available or the Money Market Fund does not satisfy the Money Market Fund Criteria, a cash credit balance in the Collateral Account.

EBRD Notes

EBRD; EBRD Notes The Issuer will use the proceeds from the sale of the Series 2018 Notes to purchase unsecured notes issued by the European Bank for Reconstruction and Development (the "**EBRD**") pursuant to its existing Global Medium Term Note Programme (the Series 2018 Notes with respect to the Series 2018 Notes, the "**EBRD Notes**"), which will be deposited into the Collateral Account.

According to publicly available documents, the EBRD is an international organisation formed under the Agreement Establishing the European Bank for Reconstruction and Development dated May 29, 1990, signed by 40 countries, together with the European Economic Community and the European Investment Bank. As of the date of this Circular, the EBRD has 68 members. The purpose of the EBRD is to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiatives in its countries of operation, which are committed to and applying the principles of multi-party democracy, pluralism and market economics.

Following the purchase of the EBRD Notes and until one (1) Business Day prior to the Scheduled Redemption Date, the Collateral Account is expected to contain only the EBRD Notes unless the EBRD Notes are wholly or partially redeemed early as provided herein, the Ceding Insurer is required to make a Negative Loss Payment under the Reinsurance Agreement or an Extension Event occurs, in which case the related amounts will be used to purchase the Money Market Fund Shares if available and if the Money Market Fund satisfies the Money Market Fund Criteria. The EBRD Notes, if they are still outstanding in connection with the Redemption Date, will be redeemed and the proceeds thereof will be used to pay the Redemption Amount on such Redemption Date.

As of the date of this Circular, the EBRD has been assigned a credit rating of "AAA" by S&P, an "Aaa" credit rating by Moody's and an "AAA" credit rating by Fitch France S.A. ("**Fitch**"), each of which rating agencies is established in the European Union and is registered under the Credit Rating Agency Regulation.

EBRD Notes Issuance Date; EBRD Notes Maturity Date; On a date no later than the fifth (5th) Business Day immediately following the Issuance Date (the "**EBRD Notes Issuance Date**"), the EBRD will issue, and the Issuer will purchase EBRD Notes in an

amount equal to the Original Principal Amount. The EBRD Notes will be denominated in U.S. dollars with a scheduled maturity date of June 6, 2022 (or if such day is not a Business Day, the next preceding Business Day) (the "**EBRD Notes Maturity Date**").

EBRD Notes Interest Rate..... A per annum rate of interest, which will not be less than zero, equal to U.S. Dollar LIBOR determined by the EBRD Note Interest Rate Calculation Agent in accordance with the terms of the EBRD Notes, using a designated maturity of three (3) months, minus 0.16% (the "**EBRD Notes Interest Rate**").

Under the terms of the EBRD Note, if a published three-month U.S. Dollar LIBOR rate is unavailable or if three-month U.S. Dollar LIBOR rate ceases to exist or to be an industry accepted rate for debt market instruments during the life of the EBRD Note, the EBRD Note Interest Rate Calculation Agent will determine whether to use a substitute or successor base rate that it has determined, in its sole discretion and acting in good faith, is most comparable to three-month U.S. Dollar LIBOR rate; provided, that, if the EBRD Note Interest Rate Calculation Agent determines that there is an industry accepted successor base rate for debt market transactions linked to three-month U.S. Dollar LIBOR rate, the EBRD Note Interest Rate Calculation Agent shall use such a successor base rate.

Under the terms of the EBRD Note, if the EBRD Note Interest Rate Calculation Agent determines that there is no industry accepted successor base rate for debt market instruments linked to the three-month U.S. Dollar LIBOR rate, and that no substitute or other successor base rate is comparable to the three month U.S. Dollar LIBOR rate, the EBRD Note Interest Rate Calculation Agent will request, from four major banks in the London interbank market, selected by the EBRD Note Interest Rate Calculation Agent in consultation with the EBRD, quotations for the offered rate for three month U.S. Dollar unsecured deposits to prime banks in the London interbank market. If at least two quotations are provided, the EBRD Note Interest Rate Calculation Agent will determine the U.S. Dollar LIBOR rate as the arithmetic mean of those quotations. If fewer than two quotations are provided, the EBRD Note Interest Rate Calculation Agent will request such quotations from four major banks in New York City, from which the arithmetic mean will be taken as the three-month U.S. Dollar LIBOR rate. If at least two quotations are provided by such New York City banks, the EBRD Note Interest Rate Calculation Agent will determine the three-month U.S. Dollar LIBOR rate as the arithmetic mean of those quotations. If fewer than two such New York City banks provide quotations, the three-month U.S. Dollar LIBOR rate will be determined by the EBRD Note Interest Rate Calculation Agent in its sole discretion and acting in good faith.

EBRD Note Interest Rate Calculation Agent..... "**EBRD Note Interest Rate Calculation Agent**" means Citibank, N.A., as agent under the EBRD's Global Medium Term Note Programme, or any successor agent thereunder, for the EBRD Notes.

EBRD Notes Coupon Payment; EBRD Coupon Payment Date..... Interest payments under the EBRD Notes (each, an "**EBRD Notes Coupon Payment**") will be paid by the EBRD one (1) Business Day

prior to each Payment Date (each such date, an "**EBRD Coupon Payment Date**").

Interest at the EBRD Note Interest Rate on each EBRD Note in respect of each Payment Date for the Series 2018 Notes will accrue from, and including, the immediately preceding Payment Date (or, in the case of the First Payment Date, the date of issue of the EBRD Note) to, but excluding, such Payment Date, except that in connection with the redemption or partial redemption of the EBRD Note, interest from the EBRD to the Issuer with respect to the EBRD Note will be paid on such redemption date and will accrue up to, but excluding, such redemption date.

EBRD Put Notice; EBRD Put Date;
EBRD Put Notice Date; EBRD Default
Event; EBRD Default Acceleration
Notice

Following an EBRD Put Event, the Issuer, or the Insurance Manager on its behalf, will deliver a notice effecting a redemption of EBRD Notes in the Collateral Account to the EBRD (with a copy to Citibank, N.A. and the Ceding Insurer) (each, an "**EBRD Put Notice**") no later than the EBRD Put Notice Date in relation to such EBRD Put Event.

The EBRD Notes may be wholly or partially (in minimum denominations of \$10,000 and multiples of \$1,000 in excess thereof) redeemed at par (in minimum denominations of USD1,000) on any EBRD Coupon Payment Date prior to the EBRD Notes Maturity Date (each, an "**EBRD Put Date**").

The Issuer, or the Insurance Manager on its behalf, will be required to deliver an EBRD Put Notice effecting a redemption of all or a portion of the EBRD Note: (i) in the case of an EBRD Default Event, an EBRD Payment Default or an EBRD Ratings Event (as further described below), two (2) Business Days following the Issuer having actual knowledge of the such EBRD Put Event (which will entail no independent investigation by the Issuer other than at the time of and with respect to a monthly ratings review of the EBRD), with such redemption to be effective on the earliest possible date; and (ii) in connection with any other EBRD Put Event, the date falling (6) Business Days prior to the EBRD Coupon Payment Date on which such redemption is to be effective (as specified in the relevant EBRD Put Notice), (each an "**EBRD Put Notice Date**" in relation to the relevant EBRD Put Event).

If the EBRD defaults in the payment of the principal of, or interest on, any bonds, notes (including the EBRD Note), or similar obligations which have been issued, assumed or guaranteed by the EBRD, and such default continues for a period of ninety (90) days, then the Issuer shall deliver or cause to be delivered to the EBRD written notice electing to declare the EBRD Note held by it to be due and payable (an "**EBRD Default Acceleration Notice**").

EBRD Put Event.....

An "**EBRD Put Event**" under the EBRD Notes relating to the Series 2018 Notes will occur in the following instances:

- (a) on or prior to the date that is eight (8) Business Days prior to the applicable Payment Date, the Issuer has received an Event Report from the Calculation Agent specifying a Positive Accrual Period Loss Payment Amount;

- (b) the Ceding Insurer has delivered an Optional Termination Notice and no Optional Extension Event has occurred on or prior to the date that is eight (8) Business Days prior to the Optional Redemption Date;
- (c) an Early Redemption Event has occurred and is continuing on or prior to the date that is eight (8) calendar days prior to any Payment Date;
- (d) there has been a default by the EBRD in the performance of any other covenant or agreement contained in the EBRD Notes and any such default continues for a period of ninety (90) calendar days after written notice thereof is given to the EBRD by the Issuer (an "**EBRD Default Event**");
- (e) on the thirtieth (30th) calendar day following the delivery to the EBRD by the holder of the EBRD Note of an EBRD Default Acceleration Notice, following an EBRD Default Event, if the EBRD has not cured such default prior to such thirtieth (30) calendar day (an "**EBRD Payment Default**"); or
- (f) on the date that is two (2) Business Days following the date when the rating of the EBRD is lower than "AA-" by S&P, "Aa3" by Moody's or "AA-" by Fitch, each as reported by Bloomberg L.P., or any successor or replacement thereof as of the date of determination ("**EBRD Ratings Event**").

Money Market Funds

Money Market Fund "**Money Market Fund**" means each of the money market funds to the extent that (i) such money market fund satisfies the Money Market Fund Criteria and (ii) the respective Money Market Fund Shares are available.

Money Market Fund Shares "**Money Market Fund Shares**" means the class of shares having an ISIN in the respective Money Market Fund.

Money Market Fund Criteria "**Money Market Fund Criteria**" means, with respect to a Money Market Fund, that such Money Market Fund:

- (i) (A) is denominated in U.S. dollars;
- (B) invests at least 99.5% of its total assets in cash or direct U.S. federal government obligations, such as U.S. Treasury bills, as well as other short-term securities backed by the full faith and credit of the U.S. federal government, each with a maturity equal to or less than 397 calendar days ("**Government Securities**");
- (C) has a principal stability fund rating on the date its shares are deposited into the Collateral Account of at least "AAm" by S&P or "Aa-mf" by Moody's, and thereafter is rated by either S&P or Moody's; and

- (D) gives rise only to payments that are not subject to U.S. or foreign withholding tax;
- (ii) if the Money Market Funds referred to in the immediately preceding paragraph (i) above are not available or are unable to accept the full amount of funds in the Collateral Account, then such Money Market Funds:
 - (A) is denominated in U.S. dollars;
 - (B) invests at least 99.5% of its total assets in cash or in Government Securities or securities issued by an agency of the U.S. federal government and/or repurchase and reverse repurchase agreements collateralised by the aforementioned securities;
 - (C) has a principal stability fund rating on the date its shares are deposited into the Collateral Account of at least "AAm" by S&P or "Aa-mf" by Moody's, and thereafter is rated by either S&P or Moody's; and
 - (D) gives rise only to payments that are not subject to U.S. or foreign withholding tax;
- (iii) if the Money Market Funds referred to in the immediately preceding paragraphs (i) and (ii) are not available or are unable to accept the full amount of funds in the Collateral Account, then such Money Market Funds in order of priority will be acquired satisfying the criteria described in either of the immediately preceding paragraphs (i) and (ii) in that order, except that any such Money Market Fund may give rise to payments that are subject to withholding tax on income.

To the extent that such Money Market Funds specified in clauses (i), (ii) or (iii) above are not available, are unable to accept the full amount of funds in the Collateral Account or during any period between the liquidation and the reinvestment of any of the foregoing, such funds will be uninvested and held in cash pursuant to the terms of the Trust Deed. Permitted Investments may include Money Market Funds for which the Trustee or Custodian or an affiliate thereof serves as manager, investment advisor, administrator, shareholder, servicing agent and/or custodian or subcustodian and for which the Trustee or Custodian or an affiliate thereof may receive fees. The fund may charge management and other fees in accordance with its own fee schedules. Permitted Investments consisting of Money Market Funds may be held on the Trustee's, Account Bank's or Custodian's money market fund platform.

Failure to Meet Money Market Fund Criteria.....

If the Issuer or its agent, the Insurance Manager, has actual knowledge (without independent investigation other than in connection with the delivery of a monthly report as provided by the relevant Money Market Fund) that a Permitted Investment consisting of a Money Market Fund no longer satisfies the criteria in (i), (ii) or (iii) (or that one or more of the other Money Market Funds available to accept the funds in the Collateral Account satisfies a higher level of such criteria), then the Issuer, or the Insurance Manager on its behalf, will instruct the Custodian to liquidate the shares of such Money Market Fund as promptly as practicable and the proceeds will be invested in

an alternative Money Market Fund in accordance with the procedures specified in the Circular.

If the Issuer or the Insurance Manager acting as its agent has actual knowledge (without independent investigation other than in connection with the delivery of the monthly report described above) that gross proceeds from the disposition or redemption of a Permitted Investment consisting of a Money Market Fund will become subject to withholding tax on invested capital (other than withholding tax on gross proceeds attributable to accrued income), then shares of such Money Market Fund will be liquidated prior to the time that gross proceeds from the disposition or redemption of such Money Market Fund become subject to withholding tax and the proceeds of such liquidation will be invested in an alternative Permitted Investment in accordance with the procedures specified in the Circular.

Non-QEF Investment Funds Pursuant to the terms of the Trust Deed, on the first (1st) Business Day of each calendar year, the shares of a Money Market Fund that is a Permitted Investment and that does not provide upon request the information necessary for a U.S. Holder to make a QEF election (a "**Non-QEF Investment Fund**") with respect to such Money Market Fund, the investment in such Money Market Fund will be liquidated, and as promptly as practicable thereafter, the proceeds from such liquidation will be used to purchase shares in a Money Market Fund constituting a Permitted Investment other than a Non-QEF Investment Fund with respect to which shares were held in the immediately preceding year. To the extent no other Money Market Fund that is a Permitted Investment is available other than a Non-QEF Investment Fund with respect to which shares were held in the immediately preceding calendar year, or the available Money Market Funds that are Permitted Investments are not able to accept the full amount of funds in the Collateral Account, the proceeds of such liquidation held in the Collateral Account will be transferred pursuant to the terms of the Trust Deed and for the periods specified in the Trust Deed. To the extent no Money Market Fund constituting a Permitted Investment is available, the funds will remain uninvested in the Collateral Account pursuant to the terms of the Circular.

Liquidation at Redemption To the extent that Permitted Investments consist of Money Market Fund Shares, such Permitted Investments will be liquidated prior to the Redemption Date (including, to the extent necessary, in connection with any Partial Extension or Issuer Payment) and, once the Issuer's obligations to the Ceding Insurer under the Reinsurance Agreement have been fully discharged in accordance with its terms, the proceeds thereof will be used to pay the Redemption Amount on such Redemption Date.

Collateral; Deed of Charge

Collateral Account; Custodian;
Deed of Charge The Issuer will, pursuant to the applicable Deed of Charge, charge to the Trustee for the benefit of each of those persons listed as entitled to payment in any of the Post Enforcement Priorities of Payments (as further described below (the "**Beneficiaries**") as security for the Issuer's obligations to such parties, all the Issuer's right, title, interest and benefit in, to and under: (i) the "**Collateral Account**" relating to the Series 2018 Notes and all amounts therein or credited thereto; (ii) the "**Collateral Payment Account**" and all amounts therein or credited thereto; (iii) the "**Expenses Account**" and all amounts therein or credited thereto; and (iv) the "**Excess Account**" and all amounts therein or credited thereto (together the "**Charged Accounts**").

Each account charged as part of the Collateral (each an "**Account**") will be held by the Issuer with the Custodian and/or the Account Bank in the United Kingdom.

The security interest over the Charged Accounts will be governed by and created under the Deed of Charge, which will be governed by English law.

Under the Deed of Charge, the Issuer will also assign absolutely to the Trustee for the benefit of the Beneficiaries, all of the Issuer's right, title, benefit and interest in, to and under the Insurance Management Agreement, the Calculation Agent Agreement, the Escrow Agreement, the Custody Agreement, the Agency Agreement and the Reinsurance Agreement (the "**Assigned Agreements**").

The assets and property charged in favour of the Trustee (on behalf of itself and the other Beneficiaries) under the Deed of Charge will collectively constitute the "**Collateral**" in connection with all amounts and liabilities of the Issuer in connection with the Reinsurance Agreement, the issue of the Series 2018 Notes and the related arrangements described herein (the "**Obligations**").

Collateral Account; Funds Available for Payment of Principal

The Issuer will deposit an amount equal to the proceeds from the sale of the Series 2018 Notes into the Collateral Account. Amounts credited to the Collateral Account will be invested in Permitted Investments.

Prior to the occurrence of an Event of Default in respect of the Series 2018 Notes, the principal portion of amounts standing to the credit of the Collateral Account will be available to satisfy (in order of priority):

- (i) any obligations of the Issuer to the Ceding Insurer under the Reinsurance Agreement; and
- (ii) any obligations of the Issuer to holders of the Series 2018 Notes under the Trust Deed.

Prior to any enforcement, the Issuer's sole source of funds for repayment of the Outstanding Principal Amount will be the principal amount of the Permitted Investments held in the Collateral Account (subject to the prior rights of the Ceding Insurer therein).

If funds or Permitted Investments held in the Collateral Account are required to be redeemed and paid to the Ceding Insurer and/or paid with the Excess Account in connection with a Principal Reduction, the Issuer will (i) first, use any cash held in the Collateral Account, (ii) second, if the amount referred to in clause (i) is not sufficient for the Issuer to make the related Issuer Payment to the Ceding Insurer and/or payment into the Excess Account, cause to be redeemed any Money Market Fund Shares, and use the net proceeds thereof to make such Issuer Payment and/or transfer into the Excess Account and (iii) third, if the amounts referred to in clauses (i) and (ii) are not sufficient to make such Issuer Payment, cause to be redeemed a sufficient amount of the EBRD Notes, in each case up to the amount available therefor.

Collateral Payment Account; Funds Available for Payment of Interest	<p>Permitted Investment Yield on the assets credited to the Collateral Account is the property of the Issuer and is not subject to any prior claim of the Ceding Insurer.</p> <p>Periodic Payments and Permitted Investment Yield arising from the Permitted Investments will be paid into or, in the case of Permitted Investment Yield, be transferred from the Collateral Account to the Collateral Payment Account.</p> <p>Prior to any enforcement, the Issuer's sole sources of funds for payments of interest on the Series 2018 Notes will be (i) the Periodic Payments received from the Ceding Insurer under the Reinsurance Agreement relating to the Interest Spread or Extension Spread and (ii) the Permitted Investment Yield, if any.</p> <p>The net investment earnings on the Permitted Investments will be less than the amounts payable by the Issuer in respect of interest on the Outstanding Principal Amount. Accordingly, in the event of the failure of the Ceding Insurer to make Periodic Payments when due under the Reinsurance Agreement, the Issuer would be unable to make full payment of interest on the Outstanding Principal Amount.</p>
Proceeds of Enforcement.....	<p>Following enforcement of the security over the Collateral, the Trustee will apply the proceeds of enforcement over each Account in the following order of priority (the "Post Enforcement Priorities of Payment"):</p> <p>(a) in relation to the Collateral Account (excluding any amount of Permitted Investment Yield standing to the credit of the Collateral Account), the following order of priority:</p> <p>(i) first, to satisfy, any unpaid obligations of the Issuer to the Trustee in each case to the extent not satisfied by application of monies from the Expenses Account in accordance with the Post-Enforcement Priorities of Payment (as defined in the Trust Deed) applicable to the Expenses Account;</p> <p>(ii) second, to satisfy, <i>pro rata and pari passu</i>, any unpaid obligations of the Issuer to the Custodian, the Account Bank and/or the Principal Paying Agent, in each of their respective capacities hereunder (individual or otherwise), in each case to the extent not satisfied by application of monies from the Expenses Account in accordance with the Post-Enforcement Priorities of Payment applicable to the Expenses Account;</p> <p>(iii) third, to satisfy the obligations of the Issuer to the Ceding Insurer in respect of any amounts owed and unpaid under the Reinsurance Agreement (and provided that no further payments under any subsequent limb of this priority of payments shall be made unless the Ceding Insurer has confirmed in writing that payment of all present and future amounts payable under the Reinsurance Agreement</p>

are satisfied, such confirmation not to be unreasonably withheld, conditioned or delayed);

- (iv) fourth, *pari passu and pro rata*, to satisfy the obligations of the Issuer to the Noteholders in respect of the aggregate Outstanding Principal Amount of the Series 2018 Notes; and
 - (v) fifth, *pari passu and pro rata*, to satisfy any other unpaid liabilities of the Issuer to any Transaction Party under the Transaction Documents, including any indemnification amounts payable by the Issuer, but only if (1) no Series 2018 Notes are outstanding and all amounts in respect thereto have been paid in full and (2), the Reinsurance Agreement has been terminated in accordance with its own terms and all obligations thereunder have been satisfied and only to the extent such liabilities have not been satisfied by application of monies from the Expenses Account in accordance with the Post-Enforcement Priorities of Payment applicable to the Expenses Account.
- (b) in respect of the Collateral Payment Account and any amount of Permitted Investment Yield standing to the credit of the Collateral account;
- (i) first, *pari passu and pro rata*, to satisfy the obligations of the Issuer to the Noteholders in respect of any amount of interest owed and unpaid on the Series 2018 Notes; and
 - (ii) second, the remainder to the Collateral Account.
- (c) in respect of the Excess Account, to pay to the Ceding Insurer amounts due from the Issuer to the Ceding Insurer pursuant to clause 9D of the Reinsurance Agreement.
- (d) in relation to the Expenses Account, the following order of priority:
- (i) first, to satisfy, *pro rata and pari passu*, any unpaid obligations of the Issuer to the Trustee, the Custodian, the Note Calculation Agent, the Account Bank, Principal Paying Agent, the Insurance Manager, the Calculation Agent, the Corporate Services Provider and any other service provider appointed in accordance with the Transaction Documents; and
 - (ii) second, the remainder to the Ceding Insurer.

Any monies held by any receiver or the Trustee after application of monies received or recovered after delivery of an Enforcement Notice and not required for application in discharge of the Obligations in accordance with Post-Enforcement Priorities of Payment shall be paid by the receiver (as defined in the Trust Deed) or the Trustee to the Issuer for application in or

towards meeting the obligations of the Issuer, which do not constitute Obligations, as such obligations fall due.

Limited Recourse Obligations

Limited Recourse Obligations All obligations of the Issuer under the Trust Deed and the Series 2018 Notes will be limited recourse obligations of the Issuer payable solely from the respective Collateral Agreement and will be deemed extinguished if, at any time, such assets in the Collateral Accounts are exhausted (and there are no claims that may be asserted by the Issuer with respect to contractual obligations of third parties to the Issuer).

All obligations of the Issuer under the Reinsurance Agreement will be limited recourse obligations of the Issuer payable solely from the Collateral in the Collateral Account and, if applicable, the Excess Account and will be deemed extinguished if, at any time, such Collateral Account and, if applicable, the Excess Account is exhausted (and there are no claims that may be asserted by the Issuer with respect to contractual obligations of third parties to the Issuer).

All obligations of the Issuer under each of the Insurance Management Agreement, the Calculation Agent Agreement, the Escrow Agreement, the PCS License Agreement and the PERILS Trading License Agreement will be limited recourse obligations of the Issuer payable solely from the Expenses Account or, only when no Series 2018 Notes remain outstanding and the Reinsurance Agreement has been terminated in accordance with its terms, from any assets remaining in the Collateral Account, and will be deemed extinguished if, at any time, the Expenses Account and the Collateral Account are exhausted (and there are no claims that may be asserted by the Issuer with respect to contractual obligations of third parties to the Issuer).

Neither the Ceding Insurer nor any of its affiliates is a guarantor of or obligor on the Series 2018 Notes, and Noteholders will not have any recourse against the Ceding Insurer or its affiliates in the event of a default by the Issuer.

No Petition..... In the event that the assets of the Issuer are insufficient to meet the obligations of the Issuer under the Trust Deed, the Series 2018 Notes, the Reinsurance Agreement or any other Transaction Documents, any obligations remaining after the application of proceeds shall be extinguished and each counterparty under each of the Transaction Documents undertakes to take no further action against the Issuer in respect of any such obligations. In particular, no counterparty under each of the Transaction Documents nor any party acting on its behalf shall petition or take any steps for the winding up or receivership of the Issuer.

MANNER OF OFFERING; TRANSFER RESTRICTIONS

Clearing System.....	The Series 2018 Notes will be cleared through DTC (the " Clearing System ").
Nominee.....	Cede & Co.
Listing	Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin for the approval of this Circular. Application has been made to Euronext Dublin for the Series 2018 Notes to be admitted to the Official List and trading on the Global Exchange Market which is the exchange regulated market of Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EU.
Permitted U.S. Jurisdiction	The District of Columbia and all states of the United States, except for the states of Hawaii, Montana and Nevada (the " Permitted U.S. Jurisdictions "). No U.S. territory shall be a Permitted U.S. Jurisdiction.
Permitted Non-U.S. Jurisdiction	Argentina, Australia, Austria, Bahrain, Barbados, Belgium, Bermuda, British Virgin Islands, Canada (the provinces of British Columbia, Ontario and Quebec only), Cayman Islands, China, Denmark, Dubai International Financial Centre, France, Germany, Guernsey, Hong Kong, Ireland, Israel, Italy, Japan, Jersey, Kuwait, Liechtenstein, Luxembourg, Mexico, The Netherlands, New Zealand, Norway, Portugal, Republic of Korea, Singapore, Spain, Sweden, Switzerland and the United Kingdom (the " Permitted Non-U.S. Jurisdictions ").

The designation of a jurisdiction as a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction relates solely to the characterisation of the Series 2018 Notes for certain insurance law purposes.

Any person who holds any interest in the Series 2018 Notes, who does not reside and hold such interest in a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction, may be forced to transfer such interest to a person in a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction.

U.K. TAX AND U.S. FEDERAL INCOME TAX MATTERS; ERISA MATTERS

Tax Status of Issuer.....	The Issuer expects to benefit from the special tax treatment set out in Regulation 4 of the Risk Transformation (Tax) Regulations 2017 (the " Tax Regulations "). The Tax Regulations set out a special tax regime for qualifying transformer vehicles and it is the intention of the directors of the ISPV that the ISPV will constitute a qualifying transformer vehicle for these purposes.
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A transformer vehicle will be a qualifying transformer vehicle if it is a company limited by shares that (i) carries out the activity of insurance risk transformation where substantially all of that activity relates to business other than basic life assurance and general annuity business and (ii) is authorised under Part 4A of the Financial Services and Markets Act 2000 to carry out insurance risk transformation.

The Tax Regulations provide that no liability to corporation tax arises in respect of the profits arising from the activity of insurance risk transformation carried out by a qualifying transformer vehicle.

Any profits arising from administrative or management activities or where profits arise as a result of holding investments in excess of the minimum amount reasonably required to satisfy the fully funded requirement in relation to the company, as applicable, are not treated as arising from an activity of insurance risk transformation and so cannot benefit from the special tax treatment mentioned above.

The special tax treatment referred to above will not apply in relation to profits in the accounting period in which either of two conditions is met, or treated as met, or in any subsequent accounting period. Broadly, the first condition will be met if the qualifying transformer vehicle is liable to certain penalties in relation to certain tax administrative matters and the second condition will be met, if, having regard to all the circumstances, it would be reasonable to conclude that the main purpose, or one of the main purposes, of the insurance risk transformation, or of arrangements which the insurance risk transformation forms part of, is to secure a tax advantage for any person.

Interest Withholding Tax The Issuer should not be required to withhold tax on account of United Kingdom income tax when making interest payments on the Series 2018 Notes provided it falls within the special tax regime referred to above (for further details on the United Kingdom withholding tax treatment of the Series 2018 Notes please see "*Tax Considerations - United Kingdom Taxation*" below).

U.S. Federal Income Tax Consequences..... Prospective purchasers of the Series 2018 Notes should consider carefully the discussion set forth under "*Certain Tax Considerations—United States Taxation*" in the Circular.

ERISA Prospective purchasers of the Series 2018 Notes should consider carefully the discussion set forth under "*Certain ERISA Considerations*" in the Circular.

OTHER PROVISIONS

Business Day..... A day that is not (i) a Saturday, (ii) a Sunday or (iii) a day on which banking institutions or trust companies in the City of New York, United States, the City of London, England, or the City of Paris, France are authorised or required by applicable law, regulation or executive order to remain closed (each, a "**Business Day**").

Functions to be Carried Out from Locations Outside the United States..... Pursuant to the Trust Deed and the Issuer's Memorandum and Articles of Association, the following functions are required to be carried out by or on behalf of the Issuer from a location outside the United States: (i) communicating with the Issuer's shareholders and Noteholders (including the furnishing of financial reports), except that the Insurance Manager may, as an administrative function, from a location within the United States, furnish or pass to Noteholders a communication from the Issuer to Noteholders; (ii) communicating with the general public; (iii) soliciting sales of the Issuer's shares; (iv) accepting the subscriptions of new shareholders and Noteholders; (v) maintaining the Issuer's principal corporate records and books of account; (vi) auditing the Issuer's books of account; (vii) maintaining the Issuer's bank accounts; (viii) disbursing payments of

dividends, interest, legal fees, accounting fees, payments to service providers, and officers' and directors' salaries; (ix) publishing or furnishing the offering and redemption price of the shares issued by the Issuer; (x) conducting meetings of the Issuer's shareholders, officers and directors; (xi) making redemptions of the Issuer's shares and repayment of the Series 2018 Notes; (xii) all general and extraordinary meetings; and (xiii) making all decisions with respect to deposits or disbursements from any Issuer account. In addition, each of the Issuer's directors must act exclusively from outside of the United States.

UTC	Coordinated Universal Time (" UTC ").
Risk Factors	Prospective investors should consider carefully the information set forth under the caption " <i>Risk Factors</i> " in the Circular and all other information set forth in the Circular before making any investment in the Series 2018 Notes.
Rating.....	The Series 2018 Notes have not been rated by any rating agency, and the Issuer has not and will not engage any rating agency to assign a rating to the Series 2018 Notes.
Denomination.....	The Series 2018 Notes will be issued in minimum denominations of USD250,000 and integral multiples of USD1,000 in excess thereof.
CUSIP	04921AAA3
ISIN.....	US04921AAA34

TABLE OF CONTENTS

	Page
Transaction Overview	3
Manner of Offering; Transfer Restrictions	56
Risk Factors	60
Use of Proceeds	104
The Issuer	105
Capitalisation of Issuer	109
Purpose of Offering	110
The Ceding Insurer	111
Summary of Certain Documents	112
EBRD Notes	121
Description of the Notes	123
Certain ERISA Considerations	158
Notice to Investors	164
Experts	176
Legal Matters	177
Annex A AIR Expert Risk Analysis	A-1
Annex B AIR Expert Risk Analysis Results	B-1
Annex C AIR Data File	C-1
Annex D Description of ISO, PCS and the Licensed Property	D-1
Annex E Description of PERILS	E-1
Annex F Request for Access to Information Form	F-1
Annex G Directors of the Issuer	G-1
Annex H Index of Defined Terms	H-1

RISK FACTORS

Investment in the Series 2018 Notes is speculative and involves a high degree of risk including, but not limited to, the following factors, as well as the factors described in the legends set forth in the forward part of this Circular. Prospective investors should reach an investment decision only after carefully considering the suitability of the Series 2018 Notes in light of their particular circumstances.

General Investment Risks

The Series 2018 Notes are complex speculative instruments and are intended for sale only to investors capable of fully understanding and assuming the high risks entailed in such instruments. Potential investors are strongly encouraged to consult with their financial, accounting, legal and tax advisors before making any investment decision in respect of the Series 2018 Notes.

Loss of Principal and Interest

The Issuer is exposed to the occurrence, frequency and severity of Covered Events, which are inherently unpredictable. Accordingly, no prediction can be made as to whether a Covered Event occurring during the Risk Period will obligate the Issuer to make one or more Issuer Payments to the Ceding Insurer under the Reinsurance Agreement. Issuer Payments made by the Issuer under the Reinsurance Agreement as a result of one or more Covered Events will result in a corresponding reduction of the Outstanding Principal Amount of the Series 2018 Notes, as well as interest accruing thereon. Consequently, Noteholders bear the risk that they could lose all or a portion of the principal of, and interest on, any Series 2018 Notes, if during the Risk Period there are one or more Covered Events resulting in an Issuer Payment. See also "*Reliance on the Ceding Insurer*" below.

Reliance on the Ceding Insurer

The Permitted Investment Yield will be less than the full amount of interest due on the Series 2018 Notes. If the Ceding Insurer fails to make any Periodic Payment when due under the Reinsurance Agreement whether due to the creditworthiness of the Ceding Insurer or for any other reason, the Issuer will be unable to pay the Non-Risk Period Interest Spread, Interest Spread or Extension Spread component, as applicable, of interest due and payable on the Series 2018 Notes.

In addition, any failure of the Ceding Insurer to make a Negative Loss Payment to the Issuer when due under the Reinsurance Agreement whether due to the creditworthiness of the Ceding Insurer or for any other reason, will result in the Issuer not having sufficient funds on the Redemption Date to pay the Outstanding Principal Amount to Noteholders of Series 2018 Notes.

Maturity

The maturity date of the Series 2018 Notes may be extended by the Issuer beyond the Scheduled Redemption Date upon the occurrence of an Extension Event. Whether an Extension Event will occur is unpredictable and, in some cases, in the sole discretion of the Ceding Insurer. During any Extension Period, interest payable on the Series 2018 Notes will no longer

be based on the Non-Risk Period Interest Spread or Interest Spread, as applicable, but a reduced Extension Spread.

Risk of Early Redemption

If an Early Redemption Event or Optional Redemption Event occurs, the Series 2018 Notes will be redeemed prior to the Scheduled Redemption Date, as a whole for cash, for the Redemption Amount, which may not include the full premiums. In the event of an Early Redemption Event or Optional Redemption, Noteholders may be unable to reinvest the Redemption Amount in investments with a yield greater than or equal to the Series 2018 Notes.

Limited Liquidity

There is currently no secondary market for the Series 2018 Notes. The Initial Purchaser will be under no obligation to make a market in the Series 2018 Notes and, to the extent that such market making is commenced, it may be discontinued at any time. There is no assurance that a secondary market will develop or, if it does develop, that it will provide Noteholders with liquidity of investment or that it will continue until the Outstanding Principal Amount of the Series 2018 Notes is repaid. In addition, in the event of the occurrence of one or more Covered Events, the liquidity of the Series 2018 Notes may be materially impaired.

Given the risks associated with an investment in the Series 2018 Notes, the high minimum denominations and the restrictions on transfer, investors may have difficulty locating persons willing and able to purchase the Series 2018 Notes from them. Consequently, a Noteholder may not be able to liquidate its investment readily, and the Series 2018 Notes may not be readily accepted as collateral for loans. Prospective investors should proceed on the assumption that they may have to bear the economic risk of an investment in the Series 2018 Notes until their maturity.

Volatility

Even if a secondary market develops, the fair market value of the Series 2018 Notes can be expected to exhibit substantial volatility to the extent there are market expectations of one or more Covered Events to which the principal and interest of the Series 2018 Notes is exposed. The fair market value of the Series 2018 Notes may also be affected if the market experiences limited liquidity at such times.

Limited Recourse to Issuer; No Recourse to Ceding Insurer

The Series 2018 Notes are with limited recourse to certain assets of the Issuer and without recourse to the Ceding Insurer or any of its affiliates. Holders of the Series 2018 Notes will have recourse only to assets in the Collateral Account (subject to the prior interest of the Trustee and the Ceding Insurer in such assets), assets in the Collateral Payment Account, the Periodic Payments under the Reinsurance Agreement and will not have recourse to any other property or assets of the Issuer. Holders of the Series 2018 Notes will not have any recourse to or against the Ceding Insurer or any of its affiliates for any amounts due and payable by the Issuer to any Holder for any reason, including in the event of a default by the Issuer.

The Trustee or Custodian May Be Unable to Liquidate Investments in a Timely Manner

The Redemption Amount of the Series 2018 Notes is limited to the proceeds of the liquidation of the applicable Permitted Investments. There can be no assurance that there will not be a

delay in the ability of the Trustee or Custodian to liquidate the applicable Permitted Investments or, upon such liquidation, that the amounts realised from the liquidation of the applicable Permitted Investments will not be less than the Outstanding Principal Amount of the Series 2018 Notes.

Related Parties

In the ordinary course of their respective businesses, the various entities involved in the Offering, such as the Issuer, the Initial Purchaser, the Trustee, the Ceding Insurer and each of their respective affiliates, have engaged, and/or expect to engage in the future, in financial services and reinsurance brokerage, reinsurance, investment banking, general financing and banking and other transactions with such other parties and their respective affiliates, including the provision of certain advisory services.

In the ordinary course of their various business activities, the various entities involved in the Offering, such as the Issuer, the Initial Purchaser, the Trustee, the Ceding Insurer and each of their respective affiliates, may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer or the Ceding Insurer and their respective affiliates.

Risk Relating to Permitted Investments

Noteholders are exposed to the value of the underlying Permitted Investments

The Issuer's sources of funds for repayment of the Outstanding Principal Amount will be the proceeds of the redemption or liquidation of the Permitted Investments. There can be no assurance that there will be no default with respect to payments on the Permitted Investments or mark-to-market declines in the value of Permitted Investments.

Interest payments may be reduced by fees and withholding tax

The Issuer's sources of funds for payment of interest on the Series 2018 Notes will comprise the Periodic Payments received from the Ceding Insurer under the Reinsurance Agreement and the Permitted Investment Yield. The interest on the Series 2018 Notes will be paid to Noteholders net of any applicable withholding taxes and fees and no "gross-up" payment or additional amounts will be paid to the Noteholders in this respect. (See *Tax Risks* below for further information.)

Permitted Investments may be affected by the insolvency of the Trustee, the Custodian or any intermediary or clearing system

In the event of the occurrence of any insolvency or similar proceedings involving the Custodian or any intermediary or clearing system in, through or with which the Permitted Investments are held, the recovery by the Issuer (or the Trustee enforcing the Deed of Charge) of the Permitted Investments or the income relating thereto is dependent on the right against the entity which is the subject of such proceedings to deliver the Permitted Investments being recognised under all applicable laws as constituting a proprietary interest in the Permitted Investments and not merely a personal right, and on that entity having treated the Permitted Investments in a manner consistent with the existence of such a proprietary interest. A failure by the Issuer to recover

the Permitted Investments or the income relating thereto in full or on time in such circumstances may render it unable to make payments of interest on, or repay the principal amount of, the Series 2018 Notes.

Limited Sources of Funds for Repayment of Principal

The Issuer's sole source of funds for repayment of the Outstanding Principal Amount of the Series 2018 Notes will be the principal amount of the Permitted Investments held in the Collateral Account (subject to the prior rights of the Trustee and the Ceding Insurer therein).

Accordingly, if the principal amount of applicable Permitted Investments is insufficient to repay the Outstanding Principal Amount of the Series 2018 Notes, whether due to a default on or decline in the value of the applicable Permitted Investments, the failure of the Ceding Insurer to make any Negative Loss Payment when due, or for any other reason, the Issuer would be unable to make full payment of the Outstanding Principal Amount of the Series 2018 Notes on the Redemption Date.

Limited Sources of Funds for Payment of Interest

The Issuer's sole source of funds for payments of interest on the Series 2018 Notes will be (i) the Periodic Payments received from the Ceding Insurer under the Reinsurance Agreement relating to the Interest Spread or Extension Spread, as applicable and (ii) the applicable Permitted Investment Yield, if any.

The net investment earnings on the applicable Permitted Investments for the Series 2018 Notes will be less than the amounts payable by the Issuer in respect of interest on the Outstanding Principal of the Series 2018 Notes. Accordingly, in the event of the failure of the Ceding Insurer to make Periodic Payments when due under the Reinsurance Agreement, the Issuer would be unable to make full payment of interest on the Outstanding Principal Amount of the Series 2018 Notes.

Effective Subordination; Limitations on Enforcement

The principal portion of Permitted Investments held in the Collateral Account for the Series 2018 Notes will be available, prior to an Event of Default, to satisfy, *first*, any obligations of the Issuer to the Ceding Insurer under the Reinsurance Agreement and *second*, any obligations of the Issuer to the Holders of the Series 2018 Notes in respect of the Outstanding Principal Amount of the Series 2018 Notes.

Accordingly, the repayment of the Outstanding Principal Amount of the Series 2018 Notes is effectively subordinated to the Issuer's obligations under the Reinsurance Agreement. In addition the rights of the Trustee and the Holders of the Series 2018 Notes upon the occurrence of an Event of Default under the Trust Deed to declare the Series 2018 Notes to be immediately due and payable and to exercise certain remedial proceedings are subject to the prior consent of the Ceding Insurer and access to any Permitted Investments to fund payment of the Redemption Amount for the Series 2018 Notes is subject, as long as the Reinsurance Agreement is in effect, to the rights of the Ceding Insurer to be paid in full under the Reinsurance Agreement.

Insolvency

Operating expenses of the Issuer are payable principally out of the Initial Expense Premium and any Supplemental Expense Premiums received by the Issuer from the Ceding Insurer under the Reinsurance Agreement. While the Issuer believes that its intended business operations will permit it to pay its debts as they fall due, if any unsatisfied liabilities arise which are not subject to limited recourse provisions, there is a risk of insolvency of the Issuer.

Consolidation

Under generally accepted accounting principles, including U.S. GAAP and IFRS, the Issuer may be considered a variable interest entity or investee, as applicable. A purchaser of the Series 2018 Notes may be considered to hold a variable interest in a variable interest entity or investee, as applicable. Under certain circumstances, generally accepted accounting principles require a holder of a variable interest in a variable interest entity or investee, as applicable, to consolidate the variable interest entity or investee, as applicable. Additionally, generally accepted accounting principles regarding variable interest entities or investees are subject to change at any time and may apply retroactively. In addition, under generally accepted accounting principles, including U.S. GAAP and IFRS, Noteholders may be required to account for their beneficial ownership of the Series 2018 Notes as insurance contracts under certain circumstances. Noteholders are urged to consult their accounting advisors with respect to the accounting treatment of the Series 2018 Notes including the potential consolidation of the Issuer and any related accounting implications.

Enforcement of Reinsurance Agreement

Neither the Trustee nor the Noteholders are parties to the Reinsurance Agreement and absent an Event of Default, they have no right to enforce or take actions thereunder against the Ceding Insurer or any other rights thereunder. The Issuer alone has such rights.

EBRD Notes

In the event that Permitted Investments consist only or mainly of EBRD Notes, the Issuer's sole source of funds for repayment of the Outstanding Principal Amount of the Series 2018 Notes will be the proceeds of the liquidation of such EBRD Notes. Any failure of the EBRD to redeem such EBRD Notes in whole or in part upon the delivery of an EBRD Put Notice or on the EBRD Notes Maturity Date whether due to the creditworthiness of the EBRD or for any reason could result in the Issuer not having sufficient funds on the Redemption Date to repay the Outstanding Principal Amount of the Series 2018 Notes.

To the extent that Permitted Investments consist of EBRD Notes, the Issuer's sole sources of funds for payments of interest on the Series 2018 Notes will be the Periodic Payments received from the Ceding Insurer under the Reinsurance Agreement and the Permitted Investment Yield relating to such EBRD Notes.

In addition, with respect to the Offering of the Series 2018 Notes, if the EBRD fails within five (5) Business Days following the Issuance Date to issue the EBRD Notes, or if for any reason they are not delivered to the Collateral Account, the proceeds from the issuance of the Series 2018 Notes will be invested in Money Market Fund Shares, if available, or cash instead of the EBRD Notes, and Holders of the Series 2018 Notes would be subject to the risks described below.

For the Series 2018 Notes, if (i) a Covered Event occurs after the date that is eight (8) Business Days prior to the Scheduled Redemption Date and (ii) an EBRD Put Notice has been delivered prior to the occurrence of such Covered Event, the Permitted Investments during any Extension Period will consist of applicable Money Market Fund Shares, if available, or cash.

There is currently no secondary market for the EBRD Notes and there is no assurance that a secondary market will develop or, if it does develop, that it will provide liquidity of investment with respect to the EBRD Notes or that it will continue until the EBRD Notes Maturity Date. For the avoidance of doubt, the Initial Purchaser are not obligated to make a market in the EBRD Notes and, to the extent it does so, may discontinue it at any time. As a result, upon the occurrence of a payment default by the EBRD, the Trustee may not be able to sell the EBRD Notes.

In addition, in the absence of a secondary market, the EBRD Notes may be difficult to value and none of the Issuer, the Ceding Insurer, the Trustee, the Initial Purchaser or any of their respective affiliates or representatives are under any obligation to furnish an estimate of the market value of the EBRD Notes to Noteholders.

The EBRD has not had any involvement in the preparation of this Circular and does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information set forth in this Circular.

Money Market Funds

In the event that Permitted Investments consist of Money Market Fund Shares, the Issuer's sole source of funds for repayment of the Outstanding Principal Amount of the Series 2018 Notes will be the proceeds of the liquidation of such Money Market Fund Shares. Holders of the Series 2018 Notes will be exposed to the market value of the underlying assets of the relevant Money Market Funds, which could materially adversely affect the ability of the Issuer to make payments of principal in full on the Redemption Date.

In the event that Permitted Investments consist of Money Market Fund Shares, the Issuer's sources of funds for payments of interest on the Series 2018 Notes will be the Periodic Payments received from the Ceding Insurer under the Reinsurance Agreement and the Permitted Investment Yield relating to such Money Market Fund Shares.

The Permitted Investment Yield from any Money Market Fund Shares will be paid to Noteholders (if required) net of any applicable withholding taxes and fees and no "gross-up" payment or additional amounts will be paid to the Noteholders in this respect.

A Money Market Fund may, pursuant to the terms of the relevant Money Market Fund Shares, be able to suspend or delay redemptions. Any suspension or delay of redemptions may cause a delay or loss in the payment of principal of or interest on the Series 2018 Notes.

The Money Market Funds are not U.S.-domiciled and, therefore, are not required to comply with Rule 2a-7 or other restrictions under the Investment Company Act. This could create a greater risk of loss than if funds were invested in U.S. domiciled money market funds registered pursuant to the Investment Company Act, which must comply with Rule 2a-7.

The European Securities and Markets Authority has published "Guidelines on a common definition of European Money Market Funds" (the "**ESMA MMF Guidelines**"). The ESMA

MMF Guidelines set out criteria which a collective investment undertaking authorised or regulated under the laws of EU member states must satisfy in order for it to describe itself as a money market fund or a short-term money market fund. The ESMA MMF Guidelines applied from January 1, 2012 in respect of funds authorised prior to July 1, 2011 and are implemented by the laws and/or regulators of EU member states.

Each of the Money Market Funds is authorised and regulated under the laws of an EU member state and accordingly became subject to the ESMA MMF Guidelines from January 1, 2012. Each of the Money Market Funds has stated that it satisfies the criteria in the ESMA MMF Guidelines for short-term money market funds. However, none of the Issuer, the Trustee, the Custodian, the Ceding Insurer or the Initial Purchaser or any of their respective affiliates and representatives, or any of their respective directors or officers, has verified that any such Money Market Fund in fact satisfies such criteria and shall not be deemed to make, any representation with respect to the satisfaction of such criteria.

Any Money Market Fund Shares constituting a Permitted Investment could experience a loss and the underlying Money Market Fund's net asset value may be affected when selling securities to meet redemption requests if the redemption requests are large or frequent, occur in times of overall market turmoil or declining prices for the securities sold, or when the securities that such Money Market Fund wishes to or is required to sell are illiquid. Furthermore, when markets are illiquid, a Money Market Fund may be unable to sell illiquid securities at its desired time or price. Illiquidity can be caused by, among other things, a drop in overall market trading volume, an inability to find a ready buyer, or legal restrictions on the securities' resale. Certain securities that were liquid when purchased may later become illiquid, particularly in times of overall economic distress. Certain Money Market Funds may not enter into repurchase transactions. As a result, they may from time to time engage in portfolio trading for liquidity purposes. In selling securities prior to maturity, any such Money Market Fund may realise a price higher or lower than that paid to acquire such securities, depending upon whether interest rates have decreased or increased since their acquisition. Any of these conditions could materially and adversely affect the Issuer's ability to pay the Outstanding Principal Amount of or interest on the Series 2018 Notes.

Although the market value, yield and liquidity of Money Market Fund Shares are generally less sensitive to changes in market interest rates than are funds that invest in longer-term securities, changes in short-term interest rates may cause changes to a Money Market Fund Share's market value, yield and liquidity. During periods of rising interest rates, a Money Market Fund Share's yield (and the market value of its securities) will tend to be lower than prevailing market rates. In addition, a low-interest rate environment may prevent any Money Market Fund Share from providing a positive yield or maintaining a stable net asset value of USD1.00, and may cause a Money Market Fund to provide a negative yield. Market disruptions also may impair the liquidity of Money Market Fund Shares. If the market value, yield and/or liquidity of a Money Market Fund is impaired, the Issuer's ability to pay the Outstanding Principal Amount of and/or interest on the Series 2018 Notes could be materially and adversely affected.

If a Money Market Fund incurs a management fee during a low interest rate environment, the payment of such fee may prevent the Money Market Fund from providing a positive yield or maintaining a stable net asset value of USD1.00, and may cause the Money Market Fund Share to provide a negative yield. Similarly, if the underlying securities are issued with a negative yield by the U.S. government, or if a change in regulation requires Money Market Funds to mark to market, the Money Market Fund Share may be prevented from providing a positive

yield or maintaining a stable net asset value of USD1.00. In either case, the Issuer's ability to pay the Outstanding Principal Amount of and/or interest on the Series 2018 Notes could be materially and adversely affected.

To the extent that Permitted Investments consist of Money Market Fund Shares and a MMF Negative Yield Event occurs for any reason, including a reverse distribution mechanism by the applicable Money Market Fund, then the net investment earnings actually received by the Issuer from and including such Payment Date until such time as the MMF Negative Yield Deficit has been reduced to zero will be reinvested in Permitted Investments and excluded from the definition of Permitted Investment Yield payable to Noteholders. In such case, the amount of interest that would otherwise be received by the Noteholders will be reduced by the applicable Top-Up Amounts. In addition, if a MMF Negative Yield Event occurs, the Issuer may be unable to repay the full Outstanding Principal Amount of the Series 2018 Notes on the Redemption Date.

Cash

In the event that Permitted Investments consist of a cash credit balance to the Collateral Account: (i) the Permitted Investment Yield will be significantly lower than if the Permitted Investments consist of EBRD Notes or Money Market Fund Shares; and (ii) the Issuer will be exposed to credit risk of the Account Bank, including the risk of insolvency or receivership. In the event of insolvency or receivership proceedings involving the Account Bank, cash held in the Collateral Account may not be recoverable in full (or at all) as the Issuer will be treated as an unsecured creditor of the bank. A failure by the Issuer to recover the cash in full or on time in such circumstances may render it unable to repay the principal amount of the Series 2018 Notes.

In addition, to the extent that a relevant central bank's rate from time to time results in the Account Bank incurring costs, charges or expenses as a result of maintaining any accounts on its behalf, the Issuer will be required to reimburse the Account Bank in an amount equal to such additional costs, charges or expenses. The Account Bank may also charge a spread on the aggregate balance standing to the credit of each account with, or to be opened with, the Account Bank. In the event of the foregoing, the Issuer may have insufficient funds to repay the Outstanding Principal Amount on the Redemption Date.

Changes to the methodology for setting LIBOR may adversely impact Noteholders

To the extent that Permitted Investments for the Series 2018 Notes consist of EBRD Notes, the Permitted Investment Yield will be based on LIBOR. LIBOR, the Euro Interbank Offered Rate ("EURIBOR") and other indices which are deemed "benchmarks" are the subject of recent national, international and other regulatory guidance and reform. Some of these reforms are already effective whilst others are yet to apply. These reforms may cause such "benchmarks", including LIBOR to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. As of the date of this Circular, no prediction can be made as to what impact such changes, if any, will have on the amount of Permitted Investment Yield paid to the Noteholder.

Key international reforms of "benchmarks" include IOSCO's Principles for Financial Market Benchmarks (July 2013) (the "IOSCO Benchmark Principles") and the new European regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "Benchmarks Regulation").

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability as well as the quality and transparency of benchmark design and methodologies. The first review published by IOSCO in February 2015 of the status of the voluntary market adoption of the IOSCO Benchmark Principles noted that, as the benchmarks industry is in a state of change, further steps may need to be taken by IOSCO in the future, but that it is too early to determine what those steps should be. The first review noted that there has been a significant market reaction to the publication of the IOSCO Benchmark Principles, and widespread efforts being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed.

In February 2016, IOSCO published its second review of the implementation of the IOSCO Benchmark Principles by administrators of EURIBOR, LIBOR and the Tokyo Inter-Bank Offer Rate ("TIBOR"). The second review noted that the administrators of LIBOR, EURIBOR and TIBOR had been proactively engaged in addressing the issues raised in the first review. Nevertheless, the second review set out recommendations for each administrator in order to strengthen the implementation of the IOSCO Benchmark Principles and proposed that relevant national authorities monitor the progress made by the three administrators in order to implement those recommendations.

The Benchmarks Regulation entered into force on 30 June 2016 and the majority of its provisions apply from 1 January 2018. The Benchmarks Regulation applies to "administrators" of, "contributors" to, and "users" of "benchmarks" in the EU. Among other things, the Benchmarks Regulation: (i) requires EU benchmark administrators to be authorised or registered by a national regulator (unless an exemption applies); (ii) provides that in order to be used by supervised entities in the EU, a non-EU benchmark must be qualified for use in the EU under the third-country regime (through equivalence, recognition or endorsement) and comply with extensive requirements in relation to the administration of the non-EU benchmark; and (iii) bans the use by "supervised entities" of: (a) EU "benchmarks" whose administrators are not authorised or registered; and (b) non-EU "benchmarks" that are not qualified for use in the EU under the third-country regime.

The scope of the Benchmarks Regulation is wide and, in addition to so-called "critical benchmarks" such as LIBOR, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in certain financial instruments (including securities or OTC derivatives traded on an EU Regulated Market, EU multilateral trading facility (MTF), EU organised trading facility (OTF) or via a "systematic internaliser"), certain financial contracts and investment funds. Different types and categories of "benchmark" are subject to more or less stringent requirements, and in particular a lighter touch regime may apply where a "benchmark" is not based on interest rates or commodities and the value of financial instruments, financial contracts or investment funds referring to a benchmark is less than €50bn, subject to further conditions.

The Benchmarks Regulation could have a material impact on any listed instruments linked to a "benchmark" index, including in any of the following circumstances:

- (a) a rate or index which is a "benchmark" could not be used as such if its administrator does not obtain authorisation/registration or is not able to rely on one of the regimes available to non-EU benchmarks. In such event, depending on the particular

"benchmark" and the applicable terms of the instruments, the instruments could be delisted, adjusted, redeemed or otherwise impacted; and

- (b) the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the Benchmarks Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level and, depending on the particular "benchmark" and the applicable terms of the instruments, could lead to adjustments to the terms of the instruments, including Calculation Agent determination of the rate or level in its discretion.

Any of the international, national or other reforms or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". The disappearance of a "benchmark" or changes in the manner of administration of a "benchmark" could result in adjustment to the terms and conditions, early redemption or termination, discretionary valuation by the EBRD Note Interest Rate Calculation Agent, delisting or other consequence in relation to the EBRD Notes linked to LIBOR. Any such consequence could have a material adverse effect on the value of and return on the EBRD Notes.

Risks relating to the Structure of the Series 2018 Notes

Delay in Payments

Under the Agency Agreement and the Terms and Conditions of the Series 2018 Notes ("**Conditions**"), the Paying Agents are instructed not to make payments of principal due on a date unless and until the Principal Paying Agent has been put in funds by or on behalf of the Issuer sufficient to make all such payments of principal due on that date and the Principal Paying Agent has verified receipt of such funds. Payment instructions in respect of payments of principal will not be initiated until such funds have been received by the Principal Paying Agent and the Principal Paying Agent has verified receipt thereof which may not occur until a date falling after the due date for such amounts under the Conditions, if at all. The Paying Agent have a discretion in respect of interest payments due under the Series 2018 Notes to initiate payment instructions before receipt and verification of sufficient funds by the Principal Paying Agent. Noteholders shall not be entitled to any interest or other payment in respect of any delay in payment of principal, interest or otherwise and no Event of Default or potential Event of Default will occur as a result thereof.

Payments under the Collateral are, subject to the terms and conditions of the assets comprising the Collateral, due to be made on Payment Dates. Payments under the Collateral will be used by the Issuer to make payments due under the Series 2018 Notes. There is a risk that, even if payments are made on the due date thereof under the Collateral, the Principal Paying Agent will not be put in funds in time to enable it to verify the receipt of the necessary monies and therefore to allow payments to be made on the Series 2018 Notes on the due date therefor. This could mean that payments are made in respect of the Series 2018 Notes after the due date therefor. The Conditions afford no compensation or means of redress for any Noteholder should such a delay in payment occur.

Reliance on certain Transaction Parties

The Issuer is a party to contracts with a number of third parties who have agreed to perform certain services in relation to, amongst other things, the Series 2018 Notes. For example, the Ceding Insurer has agreed to enter into the Reinsurance Agreement with the Issuer, the Corporate Services Provider has agreed to provide various corporate services to the Issuer, the Account Bank and the Custodian have agreed to provide custodial services in relation to the Collateral and the Principal Paying Agent has agreed to provide payment services in relation to the Series 2018 Notes. In the event that any relevant third party fails to perform its obligations under the respective agreements to which it is a party, the Noteholders may be adversely affected.

Noteholders may be affected by the insolvency of the Principal Paying Agent

The ability of the Issuer to meet its obligations under the Series 2018 Notes will be dependent, among other things, upon the payment by the Principal Paying Agent of the payments required pursuant to the Agency Agreement.

Accordingly, Noteholders are exposed to the creditworthiness of the Principal Paying Agent. In the event of the occurrence of any insolvency or similar proceedings involving the Principal Paying Agent, the Issuer may be unable to make payments of interest on, or repay the principal of, the Series 2018 Notes when due.

As of the date hereof, the Principal Paying Agent's financial strength was rated AA- by S&P and Aa1 by Moody's.

Additional Risks Relating to an Extension Event following an Early Redemption Event or Optional Redemption

In the event of an Early Redemption Event (other than a Ceding Insurer Default Redemption Event) or Optional Redemption, the Risk Period will not end immediately. Instead the Risk Period will continue until the tenth (10th) Business Day prior to the applicable Early Redemption Date or Optional Redemption Date. As a result, even after the Ceding Insurer has elected an Early Redemption Event or Optional Redemption, investors may lose all or a portion of the principal of, and interest on, the Series 2018 Notes.

A Mandatory or Optional Extension Event may occur subsequent to the Ceding Insurer's election to trigger an Early Redemption Event or Optional Redemption. The occurrence of an Extension will not have the effect of extending the Risk Period. With respect to any Extension Period, the Series 2018 Notes will accrue interest at the applicable Extension Spread in lieu of the Interest Spread.

In addition, if a potential Covered Event occurs subsequent to the Ceding Insurer's election to trigger an Early Redemption Event or Optional Redemption, the Ceding Insurer may still extend the maturity of the Series 2018 Notes for one or more Extension Periods to permit for the loss development of such Covered Event. In such case, the Series 2018 Notes will accrue interest at the applicable Extension Spread (in lieu of the Interest Spread) and investors will receive the Redemption Amount on the last Extended Redemption Date, after taking account of such loss development.

Regulatory Risks

Dodd-Frank's Volcker Rule Could Restrict the Ability of Certain Investors to Invest in the Series 2018 Notes.

Under Section 619 of the U.S. Dodd-Frank Act and the corresponding implementing rules (the "**Volcker Rule**") relevant banking entities (as defined under the Volcker Rule) are generally prohibited from, among other things, (i) engaging in proprietary trading in financial instruments unless the transaction is excluded from the scope of the rule, or (ii) acquiring or retaining any "ownership interest" in, or in "sponsoring", a "covered fund", subject to certain exemptions and exclusions. In addition, in certain circumstances, the Volcker Rule restricts relevant banking entities from entering into certain transactions with covered funds.

An "ownership interest" is defined widely and may arise through a holder's exposure to the profits and losses of the "covered fund", as well as through certain rights of the holder to participate in the selection or removal of, among others, an investment advisor, investment or collateral manager, general partner, trustee, member of a board of directors or similar governing body of the "covered fund". A "covered fund" is defined widely, and includes any Issuer which would be an investment company under the Investment Company Act 1940 (the "**ICA**") but is exempt from registration solely in reliance on either section 3(c)(1) or 3(c)(7) of that Act, subject to certain exemptions found in the Volcker Rule's implementing regulations.

The Issuer may be deemed to be a "covered fund" under the Volcker Rule and, in such circumstances, in the absence of regulatory relief, the provisions of the Volcker Rule and its related regulatory provisions, will severely limit the ability of U.S. "banking entities" and non-U.S. affiliates of U.S. banking institutions to hold an ownership interest in the Issuer or enter into financial transactions with the Issuer. If the Issuer is deemed to be a "covered fund", this could significantly impair the marketability and liquidity of the Series 2018 Notes.

There is limited interpretive guidance regarding the Volcker Rule, and implementation of the regulatory framework for the Volcker Rule is still evolving. The Volcker Rule's prohibitions and lack of interpretive guidance could negatively impact the liquidity and value of the Series 2018 Notes. Any entity that is a "banking entity" as defined under the Volcker Rule and is considering an investment in the Series 2018 Notes should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally. Each purchaser must determine for itself whether it is a banking entity subject to regulation under the Volcker Rule. No representation is made as to what effect, if any, the Volcker Rule and its implementing regulations will have (i) the status of the Issuer under the Volcker Rule or (ii) the ability of any purchaser to acquire or hold the Series 2018 Notes, now or at any time in the future. Each prospective investor in the Series 2018 Notes should independently consider the potential impact of the Volcker Rule in respect of any investment in the Series 2018 Notes.

Implementation of and/or changes to the Basel II risk-weighted asset framework may result in changes to the risk-weighting of the Series 2018 Notes

The regulatory capital framework published by the Basel Committee on Banking Supervision (the "**Basel Committee**") in 2006 (the "**Basel II Framework**") has not been fully implemented in all participating countries. The implementation of the Basel II Framework in relevant jurisdictions may affect the risk-weighting of the Series 2018 Notes for investors who are or may become subject to capital adequacy requirements that follow the Basel II Framework.

It should also be noted that the Basel Committee has approved significant changes to the Basel II Framework (such changes being commonly referred to as "**Basel III**"), including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. In particular, the changes refer to, among other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the "**Liquidity Coverage Ratio**" and the "**Net Stable Funding Ratio**"). Participating countries were required to implement the new capital standards from January 2013 and will be required to implement the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. Implementation of Basel III requires national legislation and therefore the final rules and timetable for implementation in each jurisdiction may be subject to some level of national variation. The changes approved by the Basel Committee may have an impact on incentives to hold the Series 2018 Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Series 2018 Notes.

On June 27, 2013, the Capital Requirements Regulation ("**CRR**") and Capital Requirements Directive adopted by the European Parliament and the Council of the European Union (collectively referred to as "**CRD IV**") were published in the Official Journal of the European Union. Among other things, CRD IV implements the Basel III standards in the European Economic Area ("**EEA**") and generally took effect beginning January 1, 2014. In July 2013, the U.S. banking regulators issued a final rule to implement Basel III in the United States (the "**U.S. Basel III final rule**"). Among other things, the U.S. Basel III final rule contains new capital standards that raise capital requirements, strengthen counterparty credit risk capital requirements and replace the use of externally developed credit ratings with alternatives such as the Organisation for Economic Co-operation and Development's country risk classifications. The general effective date of the U.S. Basel III final rule is January 1, 2015, although certain large and internationally active U.S. banking organisations became subject to the U.S. Basel III final rule beginning on January 1, 2014.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Series 2018 Notes and as to the consequences to and effect on them of any changes to the Basel II Framework (including the Basel III changes described above) and the relevant implementing measures. No predictions or representations can be made as to the precise effects of such matters on any investor or otherwise.

No Retention of a Material Net Economic Interest for the Purposes of Article 405 et seq of the Capital Requirements Regulation and similar legislative provisions

Articles 404 – 410 of the CRR applies, in general, to securitisations issued on or after January 1, 2011 as well as certain existing securitisations issued prior to that date where new assets are added or substituted after December 31, 2014. The CRR restricts, amongst others, a credit institution or investment firm authorised in a Member State of the EEA and consolidated group affiliates thereof (each, an "**Affected Investor**") from investing in a securitisation (as defined by the CRR) unless the originator, sponsor or original lender in respect of that securitisation has explicitly disclosed to the Affected Investor that it will retain, on an ongoing basis, a material net economic interest of not less than 5 percent in that securitisation in the manner contemplated by Article 405 of the CRR. The CRR also requires that an Affected Investor be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, each securitisation position in which it is invested, and that procedures have been

established for monitoring the performance of the underlying exposures on an on-going basis. Failure by an Affected Investor to comply with one or more of the requirements of Articles 404-410 of the CRR in relation to any applicable investment may result in the imposition of a penal capital charge or an increased risk-weighting applying with respect to the investment made in the securitisation by an Affected Investor.

Article 17 of AIFMD (as supplemented by Section 5 of Commission Delegated Regulation (EU) No 231/2013 ("**AIFMR**")) contains requirements similar to those set out in Articles 404 – 410 of the CRR and applies to EEA authorised alternative investment fund managers. Similar requirements are also scheduled to apply in the future to investment in securitisations by EEA authorised UCITS fund managers. Similarly, investors should be aware of Article 254 of Regulation (EU) 2015/35 (the "**Solvency II Regulation**") which requires the imposition of similar requirements on insurers and reinsurers authorised in the EU. For the purpose of this section of the Circular, all such requirements, together with the Articles 404 – 410 of the CRR (which, in each case, does not take into account any relevant national measures), are referred to as the "**Securitisation Retention Requirements**". Article 17 of AIFMD also applies to securitisations issued on or after January 1, 2011, and additionally to certain existing securitisations issued prior to January 1, 2011, where any assets have been added or substituted after December 31, 2014.

For the purposes of Articles 404 – 410 of the CRR; Section 5 of the AIFMR; and Article 254 of Solvency II, "securitisation" is defined as a "transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranching, having both of the following characteristics: (a) payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures; and (b) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme". It is currently not settled whether event risk linked notes such as the Series 2018 Notes, which are *inter alia* exposed to the credit risk on the eligible investments, constitute a securitisation position for the purposes of the Articles 404 – 410 of the CRR; Section 5 of the AIFMR; or Article 254 of Solvency II. Investors should be aware that the regulatory capital treatment of any investment in the Series 2018 Notes will be determined by the interpretation which an investor's regulator places on the provisions of the Securitisation Retention Requirements. Prospective investors should therefore be aware that should the relevant investor's regulator interpret the regulations such that the Securitisation Retention Requirements do apply to an investment in the Series 2018 Notes, significantly higher capital charges may be applied to that investor's holding. Some uncertainty remains as to which transactions are subject to Articles 404 – 410 of the CRR; Section 5 of the AIFMR; and Article 254 of Solvency II and there can be no assurance that the Series 2018 Notes do not constitute a securitisation position for the purposes of the Articles 404-410 of the CRR and Section 5 of the AIFMR.

As regards Articles 404-410 of the CRR, the European Banking Authority has conducted an open public consultation on the draft implementing technical standards on which CRR is based.

Following this consultation, the European Banking Authority published final draft regulatory technical standards and implementing technical standards in relation to Articles 404-410 of the CRR (the "**Final Draft RTS**" and "**Final Draft ITS**", respectively). The Final Draft ITS were published in the Official Journal of the European Union on June 5, 2014 and came into force on June 25, 2014 (such enacted regulation being the "**Final ITS**"), and the Final Draft RTS were published in the Official Journal of the European Union on June 13, 2014 and came into force on July 3, 2014 (such enacted regulation being the "**Final RTS**").

No originator, sponsor or original lender (as such terms are used in the Securitisation Retention Requirements) in respect of the Permitted Investments or the Series 2018 Notes nor any party to the transaction has retained or committed to retain any material net economic interest in the transaction for purposes of the Securitisation Retention Requirements or take any other action which may be required by investors for the purposes of their compliance with the Securitisation Retention Requirements. Each prospective investor in the Series 2018 Notes to whom the Securitisation Retention Requirements might apply should consult its legal advisors to determine the applicability of such requirements to its investment in the Series 2018 Notes. None of the Issuer, the Ceding Insurer, the Initial Purchaser or any other party to the transaction makes any representation to any prospective investor or purchaser of the Series 2018 Notes regarding the regulatory capital treatment of their investment in the Series 2018 Notes now or at any time in the future.

If applicable, the Securitisation Retention Requirements may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Series 2018 Notes in the secondary market. No assurance can be given that further changes will not be made to the Securitisation Retention Requirements which could impact holders of the Series 2018 Notes.

In addition, AIFMR requires an alternative investment fund manager ("**AIFM**") to ensure that the sponsor or originator of a securitisation meets certain underwriting and originating criteria in granting credit and imposes more extensive due diligence requirements on AIFMs investing in securitisations than are imposed under Articles 404-410 of CRR. Furthermore, AIFMs who discover after the assumption of a securitisation exposure that the retained interest does not meet the requirements, or subsequently falls below five per cent. of the economic risk, are required to take such corrective action as is in the best interests of investors.

Securitisation Regulation

On 30 September 2015, as part of its Capital Markets Union Action Plan, the European Commission published legislative proposals for two new regulations related to securitisation. Amongst other things, the proposals include provisions intended to implement the revised securitisation framework developed by Basel Committee on Banking Supervision (the "**CRR Amendment Regulation**") and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors (the "**Securitisation Regulation**"). On 26 June 2017, the Council for the European Union published texts of the CRR Amendment Regulation and the STS Regulation on its website which, with minor amendments, were formally adopted by the European Parliament on 26 October 2017 and by the Council of the European Union on 20 November 2017. The texts have now been published in the Official Journal and the new legislation will be in force from 1 January 2019.

There are material differences between the coming new requirements comprised in the combination of the Securitisation Regulation and the CRR Amendment Regulation and the current requirements comprised in the Securitisation Retention Requirements including with respect to the matters to be verified under the due diligence requirements, as well as with respect to the application approach under the retention requirements and the originator entities eligible to retain the required interest. Further differences may arise under the corresponding guidance which will apply under the new risk retention requirements, which guidance is to be

made through new technical standards. However, securitisations established prior to the application date of 1 January 2019 that do not involve the issuance of securities (or otherwise involve the creation of a new securitisation position) from that date should remain subject to the current requirements and should not be subject to the new risk retention and due diligence requirements in general. Prospective investors in the Series 2018 Notes should however make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Series 2018 Notes.

As at the date of this Circular, there can be no assurance as to the regulatory consequences of the United Kingdom leaving the European Union as a result of the United Kingdom Referendum see "*Risk Factors – European Union Membership*" below.

Alternative Investment Fund Managers Directive (AIFMD)

EU Directive 2011/61/EU on Alternative Investment Fund Managers ("**AIFMD**") provides, among other things, that all alternative investment funds ("**AIFs**") managed within the scope of AIFMD must have a designated alternative investment fund manager with responsibility for portfolio and risk management. AIFMD is transposed into English law by the Alternative Investment Fund Managers Regulations 2013 (the "**AIFMD Regulations**"). The Issuer is exempt from AIFMD and the AIFMD Regulations if it is a securitisation special purpose entity ("**SSPE**") as defined in AIFMD, being an entity whose sole purpose is to carry on a securitisation within the meaning of Regulation (EC) No 24/2009 of the European Central Bank of December 19, 2008 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions, as amended, or, with effect from January 1, 2015, Regulation (EU) No 1075/2013 of the European Central Bank of October 18, 2013 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions (recast) (the "**FVC Regulation**").

The Issuer will treat itself as carrying on a securitisation for the purposes of the FVC Regulation. Accordingly, it expects to meet the definition of an SSPE and therefore does not currently expect to fall within the ambit of AIFMD.

On November 8, 2013, in order to assist in limiting any uncertainty until definitive positions and practises are finalised, the European Central Bank published a fifth edition of its AIFMD Questions and Answers ("**Q&A**"), pursuant to which (i) registered Financial Vehicle Corporations within the meaning of Article 1(2) the FVC Regulation or (ii) financial vehicles engaged solely in activities where economic participation is by way of debt or other corresponding instruments which do not provide ownership rights in the financial vehicle as are provided by the sale of its shares, are advised that they fall outside the scope of the AIFMD regime (unless the European Central Bank advises those entities otherwise in a replacement Q&A, which, according to the 17th and most recent edition of the Q&A published on November 4, 2015, it does not intend to do at least for so long as the European Securities and Markets Authority ("**ESMA**") continues its current work on the matter).

ESMA has not yet given any formal guidance on the application of AIFMD to entities such as the Issuer which issue solely debt securities.

As such, although the Issuer believes that it would be exempt from AIFMD and the AIFMD Regulations, there is a risk that the Central Bank may in the future state, either in generally applicable rules or guidelines or specifically in relation to the Issuer, that the Issuer is not so

exempt from AIFMD and the AIFMD Regulations. If the Issuer is stated not to be exempt from AIFMD and the AIFMD Regulations, the Issuer would become subject to a number of requirements, including in relation to the Collateral, which could materially increase the regulatory burden for the Issuer. The Issuer would also be classified as a "financial counterparty" under the European Market Infrastructure Regulation EU 648/2012 and may be required to comply with clearing obligations or other risk mitigation techniques with respect to derivative transactions including obligations to post margin to any central clearing counterparty or market counterparty.

European Financial Transaction Tax

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common financial transactions tax (the "**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Series 2018 Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Series 2018 Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Series 2018 Notes are advised to seek their own professional advice in relation to the FTT.

Legal and Regulatory Provisions Affecting the Issuer or the Ceding Insurer

It is an Early Redemption Event in respect of the Series 2018 Notes if, in the Ceding Insurer's sole judgment (following written advice of the Ceding Insurer's counsel with a copy provided to the Issuer and the Trustee), any amendment to, or change in, the laws of any jurisdiction (including a change in any official interpretation or application thereof) becomes effective that would materially and adversely impair the Issuer's ability to lawfully perform its obligations under the Series 2018 Notes or the Ceding Insurer's ability to lawfully perform its obligations under the Reinsurance Agreement. Legal or regulatory changes affecting the Issuer or such Ceding Insurer may indirectly affect the investors in the Series 2018 Notes by exposing such investors to reinvestment risk in respect of the proceeds of the Series 2018 Notes prior to the Scheduled Redemption Date.

Change of Law

The structure of the Series 2018 Notes and related agreements is based on the legal systems and administrative practice in each relevant jurisdiction in effect as at the date of this Circular. No assurance can be given as to the impact of any possible change in law or to administrative practice in any of the relevant jurisdictions after the date of this Circular, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Series 2018 Notes or increase the costs and expenses incurred by the Issuer.

A Change in Law Redemption Event will occur upon the Ceding Insurer's decision, on advice the advice of its counsel, to terminate the Reinsurance Agreement if there is any amendment to, implementation of, effectiveness of, change in, or issuance of, laws or regulations of any relevant jurisdiction (or any official interpretation, guidance or application thereof) that would materially impair the Ceding Insurer's or Issuer's ability to lawfully perform their respective obligations under the Reinsurance Agreement or result in material adverse consequences in relation to the performance of the Ceding Insurer's or Issuer's respective obligations in relation to the Reinsurance Agreement.

European Union Membership

On June 23, 2016, the United Kingdom held a referendum on the United Kingdom's continued membership of the European Union. A majority of voters voted for the United Kingdom to leave the European Union. The announcement of the referendum result caused significant volatility in global stock markets and currency exchange rate fluctuations immediately following the European Union referendum result that resulted in a significant weakening of the sterling against the U.S. Dollar, the euro and other major currencies.

A process of negotiation is on-going to determine the terms of the United Kingdom's exit from the European Union, and to set the framework for future discussions on the terms of the United Kingdom's relationship with the European Union. The uncertainty regarding the timing of, and the process for, the United Kingdom's exit from the European Union before, during and after the period of negotiation could have a negative economic impact and result in further volatility in the markets which could in turn adversely impact the market value of the Series 2018 Notes and/or the ability of the Issuer to satisfy its obligations under the Series 2018 Notes.

Under Article 50 of the Treaty on European Union (Article 50) once the exit process is triggered by the withdrawing member state, a two-year period of negotiation begins to determine the terms of the withdrawing member's exit from the European Union with reference to the planned post-exit relationship, after which period its European Union membership ceases unless the European Union Council, together with the withdrawing member, unanimously decides to extend this period.

Following the United Kingdom Government's decision to invoke Article 50 on March 29, 2017, it is expected that the United Kingdom will leave the European Union on March 29, 2019, although this deadline could be extended or a transitional arrangement (currently anticipated to last until December 31, 2020) put in place, subject to agreement by all European Union member states. Negotiations relating to the terms of the United Kingdom's relationship with the European Union are likely to extend beyond the two-year period set forth therein which could create additional volatility in the markets. The timing of, and process for, such negotiations and the resulting terms of the United Kingdom's future economic, trading and legal relationships are uncertain, and will be impacted by the stance the current United Kingdom Government and the other European Union Member States adopt, which may be

fluid. In addition, an unfavourable outcome of negotiations relating to the United Kingdom's exit from the European Union is likely to create further volatility in the markets.

Risk relating to the Initial Purchaser and the Ceding Insurer

The Initial Purchaser May Have Conflicts of Interest

Various potential and actual conflicts of interest may arise as a result of the investment banking, commercial banking, asset management, commodity pool operator, financing and financial advisory services, insurance and reinsurance, insurance and reinsurance related brokerage and products provided by the Initial Purchaser and their respective affiliates to the Issuer, the Trustee, the Ceding Insurer, and others, as well as in connection with the investment, trading and brokerage activities of the Initial Purchaser and their respective affiliates.

The following briefly summarises some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

The Initial Purchaser will be paid fees and commissions for the services it has provided to the Issuer. Each Initial Purchaser or any of its affiliates may from time to time hold Notes for investment, trading or other purposes and may enter into derivatives, Reinsurance Agreements or other financial instruments relating to or referencing the Series 2018 Notes. The Initial Purchaser or its affiliates may provide investment banking, commercial banking, asset management, commodity pool operator, financing and financial advisory services, insurance and reinsurance, insurance and reinsurance related brokerage and products to the Ceding Insurer or its affiliates, and may purchase, hold and sell, both for its accounts or for the account of their respective clients, on a principal or agency basis, loans, securities, and other obligations and financial instruments of the Ceding Insurer or its respective affiliates. As a result of such transactions or arrangements, the Initial Purchaser or its affiliates may have interests adverse to those of the Issuer and the Noteholders.

As part of its regular business, the Initial Purchaser or its affiliates may also provide investment banking, commercial banking, asset management, commodity pool operator, financing and financial advisory services and products, insurance and reinsurance, insurance and reinsurance related brokerage to, and purchase, hold and sell, both for their respective accounts or for the account of their respective clients, on a principal or agency basis, loans, securities, and other obligations and financial instruments and engage in private equity investment activities. Neither the Initial Purchaser nor any of its affiliates will be restricted in its performance of any such services or in the types of debt or equity investments, which they may make. In conducting the foregoing activities, the Initial Purchaser will be acting for their own account or the account of their customers and will have no obligation to act in the interest of the Issuer.

Conflicts of Interest relating to the Ceding Insurer

The Ceding Insurer and its respective affiliates may from time to time hold Notes for investment, trading or other purposes and may enter into derivatives, Reinsurance Agreements or other financial instruments relating to or referencing the Series 2018 Notes. In addition, as part of its regular business, the Ceding Insurer and its respective affiliates invest in securities, including bonds, commercial paper and other debt securities and in equity securities of various Issuers. It can be expected that the Ceding Insurer and its affiliates may, at the time of issuance of the Series 2018 Notes and at all other times, own securities issued by participants engaged in diverse activities, including the financial services business. Such investments may include

those issued by the Trustee, the Initial Purchaser, the Insurance Manager and other service providers or their respective affiliates. The Ceding Insurer and its affiliates will not be restricted with regard to their investments in any Issuer at any time.

The interests of the Ceding Insurer may diverge from, and may be actually adverse to, the interests of Noteholders. In particular, the benefits that may be obtained by the Ceding Insurer under the Reinsurance Agreement by reason of losses paid to it would constitute losses of principal on the Series 2018 Notes.

Other Risks relating to the Ceding Insurer and the Reinsurance Agreement

Noteholders are exposed to the unpredictability of risk

When and if a Covered Event occurs, the Issuer may, as required under the Reinsurance Agreement, pay an Issuer Payment greater than zero to the Ceding Insurer and a related Principal Reduction under the Series 2018 Notes will occur. Consequently, the Issuer is exposed to the occurrence, frequency and severity of Covered Events. Because the frequency and severity of catastrophic events and extreme mortality events are inherently unpredictable, no prediction can be made as to whether Covered Events will result in an Issuer Payment that will exceed zero and therefore result in the Issuer incurring a liability under the Reinsurance Agreement. Issuer Payments made by the Issuer as a result of one or more Covered Events will result in a reduction in all or a portion of the Outstanding Principal Amount of, and interest on the Series 2018 Notes exposed to such Covered Events. A principal reduction with respect to each Series 2018 Notes will not necessarily bear any direct correlation to losses actually incurred by the Ceding Insurer as a result of the occurrence of a Covered Event though any difference between the Issuer Payments and such actual loss will be retained in the Excess Account until the Ceding Insurer incurs actual loss to which payment out of such Excess Account may be applied in accordance with the Reinsurance Agreement.

The Issuer's ability to pay interest on, and principal of, the Series 2018 Notes is partly dependent on the Ceding Insurer

The ability of the Issuer to pay interest on the Outstanding Principal Amount of the Series 2018 Notes is, in part, dependent on the payment by the Ceding Insurer of the Periodic Payments to the Issuer under the Reinsurance Agreement. Because the Issuer's sources for payment of the interest and principal on the Series 2018 Notes include the Periodic Payments and the Negative Loss Payments paid pursuant to the Reinsurance Agreement, any failure of the Ceding Insurer to pay the Periodic Payments or the Negative Loss Payments, if any, whether due to the creditworthiness of the Ceding Insurer or for any other reason, would likely result in the Issuer not having sufficient funds to pay the full amount of the Outstanding Principal Amount or interest on the Series 2018 Notes.

Risks Related to the AIR Expert Risk Analysis Reports

The Data and Methodologies of AIR Described In the AIR Expert Risk Analysis Reports Are Provided "As Is" Without Warranty or Any Guaranty of Any Kind to the Noteholders

The statistical data, modeling and explanations contained in the "AIR Expert Risk Analysis" attached hereto as Annex A, the "AIR Expert Risk Analysis Results" attached hereto as Annex B, the AIR Data File information referred to in Annex C and accompanying this circular and any analysis or information provided by AIR in connection with any reset or reporting agency failure event, if applicable (jointly referred to herein as the "AIR Expert Risk Analysis

Reports"), have been prepared by AIR as experts in statistical modeling and the analysis of risks associated with Named Storms, Earthquakes and Europe Windstorms. Investors are advised that the loss calculations reported in the AIR Expert Risk Analysis Reports are based on (i) version 19.0 of the a AIR Hurricane Model for the United States (the "**AIR Hurricane Model for the United States**"), version 4.1 of the AIR Tropical Cyclone Model for Hawaii (the "**AIR Tropical Cyclone Model for Hawaii**"), and version 13.0 of the AIR Tropical Cyclone Model for the Caribbean (the "**AIR Tropical Cyclone Model for the Caribbean**") (together, the "**AIR U.S. Hurricane Model**"), each as implemented in Touchstone version 5.1.4 and CATRADER version 19.1.0, (ii) version 10.0 of the AIR Earthquake Model for the United States and Canada (the "**AIR Earthquake Model for the United States and Canada**"), version 1.10 of the AIR Earthquake Model for Alaska (the "**AIR Earthquake Model for Alaska**"), version 2.1 of the AIR Earthquake Model for Hawaii (the "**AIR Earthquake Model for Hawaii**"), and version 2.2 of the AIR Earthquake Model for the Caribbean (the "**AIR Earthquake Model for the Caribbean**") (together, the "**AIR Earthquake Models**"), each as implemented in touchstone version 5.1.4 and CATRADER version 19.1.0 (iii) the AIR Extratropical Cyclone Model for Europe version 5.1 (the "**AIR Europe Windstorm Model**"), as implemented in touchstone version 5.1.4 and CATRADER version 19.1.0, (each, an "**AIR Model**" and collectively, the "**AIR Models**"). The AIR Hurricane Model for the United States, the AIR Tropical Cyclone Model for the Caribbean and the AIR Earthquake Model for the United States and Canada were last updated in 2017, the AIR Tropical Cyclone Model for Hawaii was last updated in 2013, the AIR Earthquake Model for Alaska was last updated in 2002, the AIR Earthquake Model for Hawaii was last updated in 2013, the AIR Europe Windstorm Model was last updated in 2011.

In addition, the "*AIR Expert Risk Analysis Results*" attached hereto as Annex B and the AIR Data File Information referred to in Annex C are further based on the AIR U.S. industry exposure database, which includes Alaska and Hawaii, as of December 31, 2016, the AIR Canada industry exposure database as of December 31, 2015, and the AIR Caribbean industry exposure database, which includes Puerto Rico and the U.S. Virgin Islands, as of December 31, 2014. The AIR Expert Risk Analysis Reports will not be updated to account for changes to any of AIR's industry exposure databases, except that in performing each Reset as described herein, the Calculation Agent will use the latest AIR industry insured exposure data commercially released by it at least one month prior to the relevant Reset Determination Date. A risk analysis using more current exposure data may have different results and such differences may be material. The data and methodologies of AIR described in the AIR Expert Risk Analysis Reports are provided "as is" without warranty or any guarantee of any kind. These analyses and estimates are provided for illustrative purposes only and are not intended to provide, nor should they be interpreted as providing, any facts regarding, or any guarantee or prediction or forecast of, the likelihood that investors in the Series 2018 Notes will receive payment thereon.

The loss calculations reported in the AIR Expert Risk Analysis Reports are subject to numerous assumptions, uncertainties and the inherent limitations of any statistical analysis. Actual loss experience is inherently unpredictable. Notwithstanding the analyses, estimates and assumptions set forth in the "*AIR Expert Risk Analysis*" attached hereto as Annex A and the "*AIR Expert Risk Analysis Results*" attached hereto as Annex B one or more Covered Events could occur during the Risk Period, resulting in a full or partial loss of the Outstanding Principal Amount of the Series 2018 Notes and any interest accrued thereon. Any such Covered Event may have characteristics similar to or different from those of simulated events that did not qualify as Covered Events in the AIR Expert Risk Analysis Reports, or characteristics not

considered in the AIR Expert Risk Analysis Reports. Accordingly, the actual frequency and severity of named storms could differ materially from the frequency and severity estimated by AIR.

AIR does not represent investors in the Series 2018 Notes or their interests in any way. AIR does not sponsor, endorse, offer or promote the Series 2018 Notes, nor does it make any representation or warranty, express or implied, regarding the advisability of investing in the Series 2018 Notes or the legality of an investment in the Series 2018 Notes. AIR is not responsible for and has not participated in the determination of the structure or pricing of the Series 2018 Notes. Furthermore, AIR has no obligation or liability in connection with the administration or marketing or trading, if any, of the Series 2018 Notes or liability for any adverse financial result or any direct, indirect, special, punitive or consequential damages whatsoever. AIR makes no representation or warranty, express or implied, as to the accuracy or completeness of the information set forth in this Circular or any supplement hereto, including the AIR Expert Risk Analysis Reports.

No scientific consensus on models or risk parameters exists. AIR acknowledges that other credible, published models and/or risk parameters, if used, could produce materially different results. AIR also has not verified the authenticity or accuracy of all the original data in the historical catalogues or other data sources used to develop the AIR Models. The AIR Models do not predict the probabilistic occurrence of any Covered Event. Investors should consult their own expert advisors, whose conclusions may differ from those of AIR.

The results of AIR's analysis should not be viewed as facts or forecasts of future Covered Events, or of Principal Reductions or Principal Increases, and should not be relied upon as a representation of the future value of the Series 2018 Notes. Actual loss experience can differ materially from that generated by the AIR Models. Certain probabilistic loss distributions generated by AIR and certain additional analyses by AIR are included in the AIR Expert Risk Analysis Reports. These loss distributions constitute estimated losses based on assumptions relating to environmental, demographic, and cost factors, many of which represent subjective judgments, are inherently uncertain, and are beyond the control of AIR, and any one of which alone can cause the actual loss ultimately sustained with respect to a Covered Event to be significantly different from the relevant estimated Event Index Value, resulting in significantly different losses sustained by the Series 2018 Notes from such Covered Event.

Furthermore, considerable uncertainty exists in the AIR Models and the parameters used in the AIR Expert Risk Analysis Reports arising from insufficient data, limited scientific knowledge and alternative empirical relationships, as well as from the random nature of Named Storms, Earthquakes and Europe Windstorms. The AIR Models cannot incorporate all sources of uncertainty. Furthermore, the assumptions and methodologies used by AIR do not constitute the exclusive set of reasonable assumptions and may not be correct. Use of alternative assumptions and/or models could yield results materially different than those produced by AIR. AIR did not elicit from other experts alternative interpretations of its data or methods, nor did AIR research all potentially available interpretations of such data and methods on the basis that AIR considered its own interpretations to be more reliable.

Modeling industry insured property losses resulting from Covered Events is an inherently subjective and imprecise process, involving an assessment of information that comes from a number of sources that may not be complete or accurate. No model of catastrophic events is, or could be, an exact representation of reality. The AIR Models rely on various methodologies and assumptions (including assumptions about the authenticity, accuracy and completeness of

historical data), some of which are subjective and subject to uncertainty, and which might not be used in models provided by other modeling firms. Furthermore, there may be differences in the way in which these elements are considered by other modeling firms. Consequently, there can be no assurance that the AIR Models will prove to be an accurate estimation of the risk of loss or a reduction of the principal of, or interest on, the Series 2018 Notes. Accordingly, the expected loss estimates and related probabilities produced by the AIR Models are themselves subject to uncertainty. AIR reviews model assumptions from time to time in view of new data and other information to refine and modify its models as such information becomes available. Furthermore, to the extent that AIR becomes aware of issues either in its models or in the software expression of such models which may affect their output in unintended ways, it may, depending on the materiality of the issues, communicate such issues to its licensees and resolve them in subsequent versions of its models. As such, the AIR Models may not necessarily reflect the most current named storm or earthquake model of AIR, as the case may be, at any time. Estimates generated by such refined or modified model may differ materially from the estimates generated by the AIR Models, and the use of such models in lieu of the AIR Models might similarly alter materially the information provided in the AIR Expert Risk Analysis Reports.

AIR modeled industry insurance losses across all simulated lines of business are used as a proxy for potential Loss Amounts; however, differences between AIR modeled industry insurance losses and Loss Amounts estimated by a reporting agency or, if applicable, a Fall-Back Data Provider can arise due to limitations relating to the AIR models and the fact that some losses included in the reporting agency estimates are not accounted for in the AIR models. Such unmodeled losses include, but are not limited to, Tropical Cyclones formed within the Pacific Basin (other than those affecting Hawaii) or Named Storms affecting areas outside of Alabama, Arkansas, Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia, and West Virginia; fire following earthquakes in Alaska and Hawaii; storm surge in Hawaii; tsunami in the United States; induced seismic events (including events caused by human activity such as underground injection of wastewater); loss adjustment expenses, demolition and debris removal, inland marine losses, certain flood losses, hazardous waste clean-up, mold losses, strikes, riots or civil commotion, indirect business interruption losses and losses resulting from sprinkler leakage as a result of Named Storms, Earthquakes, or Europe Windstorms.

In addition, the AIR Models reflect use of a function to account for the effects of temporary inflation that can result from increased demand for materials and services to repair and rebuild damaged property after a catastrophic event. The Demand Surge (as defined in the "*AIR Expert Risk Analysis*" attached hereto as Annex A) function is calculated based on very few historical data points and is also highly subjective. As a result, the loss estimates presented herein may understate or overstate the impact of Demand Surge on losses, possibly materially.

The estimated probabilities generated by the AIR models are not necessarily predictive of future Covered Events. Investors in the Series 2018 Notes should not view the expected loss estimates and related probabilities generated by the AIR models as necessarily predicting the likelihood of the occurrence during the Risk Period of one or more Covered Events resulting in a reduction of the principal of, and interest on, the Series 2018 Notes. AIR has not made any effort, nor does it have the ability to predict, Named Storms, Earthquakes, or Europe Windstorms affecting the applicable Covered Area during the Risk Period. Accordingly, the

actual frequency and severity of Covered Events could differ materially from the frequency and severity estimated by AIR.

There Are No Representations with respect to the AIR Expert Risk Analysis Reports

None of the Issuer, the Ceding Insurer, the Initial Purchaser, the Trustee, or any of their respective affiliates and representatives, or any of their respective directors or officers, has reviewed, or makes, or shall be deemed to make, any representation with respect to the AIR Expert Risk Analysis Reports, including, without limitation, the adequacy, completeness, appropriateness or otherwise, of the AIR Expert Risk Analysis Reports. The "*AIR Expert Risk Analysis*" attached hereto as Annex A, the "*AIR Expert Risk Analysis Results*" attached hereto as Annex B and the AIR Data File Information referred to in Annex C and accompanying this Circular are included herein in reliance upon AIR as experts in such matters. See "*Experts*" section in this Circular. The AIR Expert Risk Analysis Reports are, as noted above, based on certain assumptions, judgments, and methodologies of AIR, a number of which are confidential and proprietary to AIR.

Without intending to limit the foregoing, in particular, none of the Issuer, the Ceding Insurer, the Initial Purchaser, the Trustee or any of their respective affiliates or representatives, or any of their directors or officers, has reviewed the AIR Expert Risk Analysis Reports to determine (i) the reasonableness of the assumptions, judgments and methodologies used by AIR, (ii) whether such assumptions, judgments and methodologies should be supplemented in any way through the use of alternative assumptions, judgments or methodologies, (iii) whether the assumptions, judgments and methodologies used by AIR include all appropriate factors that could contribute to a Principal Reduction and (iv) whether the use of alternative assumptions, judgments and methodologies, or the use of a different catastrophe simulation model, could yield results materially different from those generated by the AIR Models.

Because of the inherent limitations of relying on the AIR Expert Risk Analysis Reports for loss estimation, and because of the subjective nature of many of AIR's assumptions, judgments and methodologies in preparing the AIR Expert Risk Analysis Reports, each of the Issuer, the Ceding Insurer, the Initial Purchaser, the Trustee and their respective affiliates and representatives expressly disclaims any responsibility for, and any liability based upon, a finding that the AIR Expert Risk Analysis Reports include any untrue statement of a material fact or that the AIR Expert Risk Analysis Reports omit to state a material fact necessary in order to make the statements, in light of the circumstances under which they are made, not misleading.

The AIR Expert Risk Analysis Reports Do Not Include Losses Resulting From Tropical Storms in the United States

With respect to Named Storms impacting the United States, the losses estimated in the AIR Expert Risk Analysis Reports were (and in some cases will be) calculated using the AIR Models, which do not model the probability of losses resulting from (i) tropical storms that at no point are classified as a hurricane or (ii) hurricanes that degrade to tropical storm force and subsequently make landfall in the United States as a tropical storm or, for storms that never make landfall in the United States, that fail to cause winds of greater than or equal to 40 miles per hour over any point in the United States while hurricanes, as described in the "*AIR Expert Risk Analysis*" attached hereto as Annex A, even though such events are included in the

definition of "Named Storm." Accordingly, the actual frequency and severity of Named Storms could differ materially from the frequency and severity estimated by AIR.

With respect to Named Storms impacting Hawaii and the Caribbean region, which includes Puerto Rico, the losses estimated in the AIR Expert Risk Analysis Reports were (and in some cases will be) calculated using the AIR Models, which do model the probability of losses resulting from (i) hurricanes and (ii) tropical storms. The actual frequency and severity of named storms could differ materially from the frequency and severity estimated by AIR.

Conflicts of Interest May Arise as a Result of AIR's Relationship with the Issuer, the Ceding Insurer, the Initial Purchaser, PCS and PERILS

AIR provides consulting services and other services to the insurance industry, including the Ceding Insurer (including in respect of this proposed Offering), the Initial Purchaser and their respective affiliates. AIR expects to provide additional services for the Ceding Insurer, the Initial Purchaser and their respective affiliates from time to time in the future.

The Issuer has agreed to pay the fees and expenses of AIR for its services in connection with the Series 2018 Notes, which fees will be reimbursed to the Issuer by the Ceding Insurer pursuant to the Reinsurance Agreement. In addition, the Issuer and the Ceding Insurer have agreed to indemnify AIR for certain claims, liabilities and exposures arising out of such services.

AIR is affiliated with PCS, which is a division of ISO.

AIR Has No Direct Contractual Liability to Noteholders

Noteholders will have no direct contractual right to enforce or take actions against AIR or any other right under the Calculation Agent Agreement or in connection therewith, including, but not limited to, the following:

- AIR's creation and provision of its analyses, expected loss estimates and related probabilities contained within the AIR Expert Risk Analysis Reports;
- AIR's role in modeling industry insured losses following the occurrence of a Reporting Agency Failure Event, if applicable;
- AIR's calculation of any Loss Period Payment Amount, whether based on the Reporting Agency, replacement for the Reporting Agency or Fall-Back Data Provider.

AIR's Calculation of the Loss Period Payment Amount, Which Has Inherent Limitations, Will Be Final and Binding Absent Manifest Error

The calculation of the Loss Period Payment Amount to be performed by AIR in its capacity as Calculation Agent, including upon the occurrence of a Reporting Agency Failure Event, will result in a factual determination as to whether an Issuer Payment or a Negative Loss Payment will be due and payable. The determination will be performed in accordance with the methodologies described in this Circular and as specified in the Calculation Agent Agreement. The terms of the Series 2018 Notes provide that all factual determinations made by AIR as Calculation Agent are final and binding, absent manifest error. No separate review or appraisal of the accuracy of the defined methodologies or data used will be performed. The calculation of an Issuer Payment and the related Principal Reduction, as well as the calculation of a Negative Loss Payment and the related Principal Increase, will be final, regardless of any

actual, potential or theoretical discrepancies between the methodologies used by the Calculation Agent and any other possible methodologies for assessing the same facts or any losses which are actually experienced in reality as a result of the associated Covered Event. These inherent limitations are potentially exacerbated by the potential for unreliable data, or the unavailability of data, from the Reporting Agency or, if applicable, the Fall-Back Data Provider.

In determining whether any Named Storm or Earthquake occurring during the Risk Period qualifies as a Covered Event, the Calculation Agent will use data obtained from the Reporting Agency or, if applicable, the Fall-Back Data Provider. Neither the Reporting Agency nor any Fall-Back Data Provider gives any representation or warranty, express or implied, in relation to the accuracy or reliability of the data that it provides. Neither the Issuer, the Ceding Insurer, the Calculation Agent, nor any party to the Basic Documents will take any action to verify the methodology, accuracy, technical data or instrumentation of the Reporting Agency or any Fall-Back Data Provider. The Issuer, the Ceding Insurer, the Calculation Agent and the other parties to the Basic Documents disclaim any and all liability, including any direct, indirect, special, incidental or consequential damages arising from losses due to the errors, omissions, or inaccuracies in the data from the Reporting Agency or Fall-Back Data Provider used in any calculation of an Issuer Payment and the related Principal Reduction.

The data used to determine a loss to investors may not be the final data with regard to any Covered Event. Consequently, investors may suffer a Principal Reduction with respect to one or more Covered Events for which an Issuer Payment might not have been payable if final data from the Reporting Agency or Fall-Back Data Provider had been published or delivered at the time of the Issuer Payment resulting from such Covered Event.

In addition, the data as reported by the Reporting Agency or Fall-Back Data Provider is subject to certain margins of error as a result of the degree of precision and the methodologies used by the Reporting Agency or Fall-Back Data Provider. There is an inherent risk that any Issuer Payment and the related Principal Reduction calculated using the data would have been smaller, or that no Issuer Payment and Principal Reduction would have occurred at all, had the Reporting Agency or Fall-Back Data Provider used more precise or different methodologies. Investors in the Series 2018 Notes will have no recourse to the Issuer, the Ceding Insurer, the Calculation Agent, the Initial Purchaser, the Reporting Agency, any Fall-Back Data Provider, any agents or affiliates thereof or any other entity should a Principal Reduction occur as a result of the application of the parameters as reported by the Reporting Agency or Fall-Back Data Provider.

Risk relating to the Clearing System

Noteholders Must Rely on the Procedures of Applicable Clearing System

Notes issued by the Issuer will be represented on issuance by one or more Global Notes that may be deposited with a nominee for the Clearing System, as specified in this Circular. Except in the circumstances described in "*Description of the Series 2018 Notes—Definitive Notes*", investors will not be entitled to receive Notes in definitive form. The Clearing System and its respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Series 2018 Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the Clearing System and its participants.

While the Series 2018 Notes are represented by Global Notes, the Issuer will discharge its payment obligations under the Series 2018 Notes by making payments through the Clearing System. A holder of a beneficial interest in a Global Note must rely on the procedures of the Clearing System and its participants to receive payments under the Series 2018 Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interest in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Series 2018 Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Risks relating to the Issuer

Operating History of the Issuer; Reliance on Agents

The Issuer, who is incorporated under the laws of England and Wales, operating within a regulated environment and is authorised under the Risk Transformation Regulations 2017 as a single arrangement insurance special purpose vehicle. The Issuer may enter into one contract of risk transfer i.e. the Reinsurance Agreement, and is not permitted to carry out any other regulated activity. The Issuer's business consists and will consist solely of the issuance of the Series 2018 Notes and the entering into and performance of the Reinsurance Agreement and related agreements and activities, including the acquisition and holding of the Permitted Investments.

Certain of the business activities of the Issuer are to be carried out on its behalf by independent contractors appointed by the Issuer for such purpose. The Issuer will not have any role in determining or verifying the data or results received from any Reporting Source or Calculation Agent, and any calculations derived therefrom. Consequently, the Issuer (and thus the Noteholders) will be relying on such independent contractors to perform their duties diligently and in good faith.

Limited Resources of the Issuer; Capitalisation of the Issuer

The Issuer is thinly capitalised. The issued ordinary share capital of the Issuer is 50,000 ordinary shares of £1 each paid up as to one quarter and the issued share capital will not increase materially. The income expected to be received by the Issuer from the investment of the Permitted Investments, the payment of Periodic Payments, Negative Loss Payments, if any, the Initial Expense Premium and any Supplemental Expense Premiums is expected to be sufficient to make payment of the projected expenses and liabilities of the Issuer. There can be no assurance that the Issuer will not incur expenses or liabilities other than as projected or that payments required to be made to the Issuer will in fact be made, or if made, will be made in a sufficient amount or in a timely manner. In the event of the occurrence of unanticipated expenses or liabilities not otherwise paid or provided for, the Issuer might incur otherwise unfunded expenses. In the event that unfunded expenses or liabilities exceed the available funds of the Issuer at that time and such expenses or liabilities are not subject to a limited recourse provision to protect the Issuer for insolvency, the Issuer could be forced to seek the protection of insolvency proceedings.

All of the issued and outstanding ordinary shares of the Issuer are registered in the name of Atlas Capital UK Holdings 2018 Limited ("**HoldCo**") and all of the issued and outstanding ordinary shares of HoldCo are registered in the name of Intertrust Corporate Services Limited

as Share Trustee. Each of the Share Trustee and HoldCo will be under no obligation to, and is not expected to, subscribe for additional shares of the Issuer or otherwise to provide funds or capital to the Issuer.

The Series 2018 Notes are not obligations of, and are not guaranteed by, the Ceding Insurer or any of its affiliates.

Use of Different Models

The Ceding Insurer may use for its own risk management purposes its own internal model or third party vendor models, which may produce significantly different results from that reflected in the AIR Expert Risk Analysis Reports. The Ceding Insurer does not intend to, and will not be required to, disclose the results of these models to any purchaser of Series 2018 Notes. Accordingly, the Ceding Insurer may have a materially different view of the risk of loss to the Series 2018 Notes than the investors or the modeling Firm. The Ceding Insurer disclaims all responsibility for any modeling results and the views of any modeling firm included in this Circular.

In addition, affiliates of the Initial Purchaser are reinsurance intermediaries for many clients including the Ceding Insurer. In the ordinary course of business, each such affiliate may become privy to client generated model output or may generate other model output using internal or third party vendor models. Such output may differ, in some cases significantly, from the output reflected in the AIR Expert Risk Analysis Reports.

Risks Relating to PCS

The Preparation of PCS Insured Property Loss Estimates Is Inherently Subjective and Imprecise

The Event Index Value arising from a Covered Event will be determined based upon industry insured property loss estimates that are compiled by PCS. To the extent that inflation increases materially from current levels, this determination may become more difficult as these estimates will require that PCS and its survey respondents have a view of inflation during the claims development period. The estimates of industry insured property personal, commercial losses and automobile losses that are prepared by PCS are provided in bulletins to its subscribers (including the Issuer and the Ceding Insurer) in the ordinary course of business of PCS and there will not be any separate estimates prepared for purposes of the Series 2018 Notes or the Reinsurance Agreement. Preparing an estimate of the insured property losses resulting from a catastrophe is an inherently subjective and imprecise process, involving an assessment of information which comes from a number of sources and which may not be complete or accurate.

Because the scope of property/casualty coverage varies by insurance carrier, policy type, line of insurance, claims adjustment variation and also changes over time, there is a significant measure of imprecision and variability in determining whether any particular loss will be covered and thus should be included in overall estimations of industry insured property losses. As a result of such imprecision, variability and the exclusions described above, as well as the inherently subjective nature of the estimating process, PCS' estimates may be materially different from the actual industry insured property losses experienced by the industry.

PCS also determines in its sole discretion whether various industry insured property losses arising from one or more distinct events occurring close in time to one another are to be considered the result of a single or multiple and separate PCS Identified Catastrophes. For instance, when two separate weather fronts may cause industry insured property losses at or near the same time in the same geographic area, PCS' judgment may be more complex. In determining whether one or more PCS Identified Catastrophes have occurred, PCS staff may, in the exercise of their judgment, analyse the geographic and temporal proximity of the events; review meteorological, and other scientific data concerning the event; and/or consider factors such as an inability on the part of field adjusters to distinguish the damage caused by the various events. The exercise of such judgment and discretion may result in the estimation of losses which may be materially different than an estimate performed by another methodology utilised in the insurance industry.

Any change in the Earthquake State PCS Loss or Named Storm State PCS Loss for a Covered Event after the earlier of (i) the Event Reporting Date that occurs at least five (5) Business Days after the date PCS releases a Catastrophe Bulletin with its final Resurvey Estimate for such Covered Event and (ii) ten (10) Business Days prior to the Redemption Date will not be taken into account when calculating the Event Index Value and any corresponding Loss Period Payment Amount.

The industry insured loss estimates for certain Covered Events as reported by PCS may continue to develop after the latest date on which the Ceding Insurer would be required to make a Negative Loss Payment to the Issuer as a result of favourable developments in the PCS estimates. Although PCS releases final Resurvey Estimates after the occurrence of a catastrophe identified by PCS as a Named Storm or Earthquake, there can be no assurance that such final Resurvey Estimates will not be further revised by PCS. Due to a lack of information, and uncertainty or error in extrapolating from reported information, among other things, PCS estimates of industry insured property losses from Covered Events may be materially different from actual industry insured property losses. In these situations, Noteholders may suffer greater losses than would be indicated by the final PCS estimate or actual insurer losses, as the case may be.

PCS Survey Participants Report Their Loss Data Voluntarily and Such Data Is Not Audited by PCS

All insurance companies and individual agents and adjusters that participate in PCS' surveys do so voluntarily. Not all insurance companies participate in the PCS surveys. There is no industry, legal or contractual requirement that insurers, agents or adjusters participate in PCS data collection efforts. Moreover, PCS does not independently verify or audit the accuracy of reported loss data as part of its estimation methodology. Therefore, there can be no assurance that the data provided to PCS has been, is or will be accurate, timely or complete. Moreover, since PCS does not simply sum up the loss data reported by those it surveys, but instead applies subjective judgments to and makes extrapolations from the data it has gathered and considered in the exercise of its judgment, ISO and PCS do not guarantee, and there are no assurances, that the PCS estimates have accurately reflected the reported losses. Accordingly, PCS loss estimates are the best estimates of PCS professionals and may or may not accurately and completely reflect actual insured property losses in the past or will do so in the future. The PCS estimates may be materially different from actual insured property losses. In order to preserve its flexibility to adjust to external circumstances and enhance the quality of its estimates, PCS may, in its sole discretion, change its general loss estimation or reporting

methodology at any time and modify application of its methodology in connection with any particular catastrophe.

PCS Has a Small Professional Staff and the Loss of a Staff Member May Inhibit Their Ability to Develop Loss Estimates

PCS has a small professional staff of seven professionals and one support person. The loss or retirement of any key professional could have an adverse impact on PCS's ability to develop its insured loss estimates or the methodology used by PCS to determine such loss estimates.

Information Contributed Or Not Contributed By the Ceding Company to PCS May Influence PCS's Estimates of Insured Property Losses

PCS collects information from various insurance industry participants to determine its estimates of industry insured property losses; however, the Ceding Insurer has indicated as of the date hereof that it currently does not report losses of the Ceding Insurer or any of its affiliates to PCS. Information provided to PCS by the Ceding Insurer or any of its affiliates may affect the amount of industry insured property losses reflected in preliminary and Resurvey Estimates issued by PCS relating to a Covered Event, and may therefore affect the calculation of payments to the Ceding Insurer under the Reinsurance Agreement.

New Legal Theories May Re-Characterise Coverages Resulting in Additional Claims and Losses

As industry practices and legal, judicial, social and other environmental conditions change, unexpected issues related to claims and coverage may emerge. These issues may adversely affect the industry losses, and therefore PCS estimates, by either creating or extending coverage beyond the scope intended, or by increasing the nature, number or size of claims.

Legislative Changes to the National Flood Insurance Program May Result in Increases in PCS Loss Estimates

Homeowners insurance typically excludes coverage for damage due to flood. The Federal government offers flood insurance through the National Flood Insurance Program ("NFIP"). If the NFIP were to be cancelled or limited and insurers were to be required to cover flood risk under homeowner policies or did so voluntarily, it is reasonable to anticipate that PCS loss estimates will increase for Named Storm Events. It is not possible to predict whether the industry would be able or willing to track the non-flood losses separately from flood losses in a manner which would enable PCS to continue to maintain the same basis for the loss estimates that it currently uses, or whether, if separate numbers were reported, the separation would be accurately tracked. If flood losses are not separately tracked and accurately reported, the PCS loss estimates for future Named Storm Events may be materially higher than those used to model the attachment probability, exhaustion probability and expected loss for this transaction.

A Replacement of PCS May Result In Different Estimates of Industry Loss Figures Than That Currently Produced By PCS

If PCS ceases to exist and there is no successor in interest, or if PCS ceases to provide Catastrophe Bulletins, the Calculation Agent will use commercially reasonable efforts to name a replacement for PCS that is reasonably satisfactory to and unaffiliated with the Ceding Insurer

to perform PCS's duties and obligations. If such a replacement is found, the replacement may generate different estimates of industry loss figures than that currently produced by PCS.

Binding Nature of Reports Provided By PCS

The Calculation Agent will not undertake any independent assessment of the accuracy of the loss data it obtains from PCS but will only be responsible for reporting the estimated industry insured property losses reported by PCS. The Calculation Agent will not review or verify the methodology, accuracy, or technical data of PCS. There can be no assurance that reporting the estimated industry insured property losses reported by PCS will bring to the attention of the Calculation Agent other matters which would have been brought to its attention had an audit of such data been undertaken.

Risks Relating to PERILS

PERILS has a limited operating history

PERILS was incorporated on January 26, 2009 and has a limited operating history.

The loss of any key professional could have an adverse impact on PERILS' ability to develop its insured exposure and loss estimates

PERILS' professional staff is limited to five professionals and one support staff. Due to confidentiality reasons, only two of the professionals have access to the insurance data reported by the data providing companies. As a result, the loss of any key professional could have an adverse impact on PERILS' ability to develop its insured exposure and loss estimates.

PERILS is Affiliated with the Initial Purchaser

An affiliate of MMC Securities LLC, the Initial Purchaser, is a shareholder of PERILS. As at the date of this Circular, no employees of the Initial Purchaser, or its affiliates, is a member of PERILS' board of directors.

The loss of any insurer to provide exposure or loss information could have an adverse impact on PERILS' ability to develop insured exposure or loss estimates for natural catastrophes.

PERILS provides industry exposure databases and industry loss estimates. PERILS does not make public the identity of the insurance companies providing data nor the total market coverage of such companies. The methodology to compile the industry exposure database is consistent with the compilation of industry loss estimates (for more information see also "Description of PERILS").

Industry Exposure Database

PERILS prepares estimates of industry exposures and makes such estimates available to licensees as Industry Exposure Database through the PERILS portal on www.PERILS.org. Typical information provided by PERILS includes, where feasible, estimates of industry insured property losses in respect, for example, of Europe Windstorm Events, as applicable and as caused by natural catastrophes that are identified by PERILS as, for example, qualifying Europe Windstorm Events.

Preparing estimates of insured values is an inherently subjective and imprecise process and such estimates may be materially different from actual industry insured exposures

Preparing such estimates of insured values is an inherently subjective and imprecise process, involving an assessment of information which comes from a number of sources and which may not be complete or accurate. In addition, PERILS receives certain data from certain data providing insurance companies pursuant to contractual arrangements. There can be no assurance that the data providing insurance companies will continue to provide its exposure data to PERILS, and any loss of key data suppliers can adversely affect PERILS's ability to update estimates of industry insured exposures and the accuracy of such estimates. Therefore, due to uncertainty or error in extrapolating from information received from, or obtained by, PERILS and/or due to a lack of information, PERILS estimates of industry insured exposures may be materially different from actual industry insured exposures.

Where market coverage may be insufficient to calculate reliable industry exposures, PERILS may apply its professional judgment in its sole discretion to adjust the calculated industry exposure data. In making these judgments, PERILS may consider information provided by national and local authorities or industry insured sources, as it deems appropriate in the particular circumstances. The exercise of such judgment and discretion may result in the estimation of exposures which may be materially different than an estimate performed by another methodology. As a result of such imprecision and variability described above, as well as the inherently subjective nature of the estimation process, PERILS' estimates may be materially different from the actual industry insured exposures.

PERILS may, in its sole discretion, change its general exposure estimation methodology at any time

As part of its estimation methodology, PERILS does not independently verify or audit the accuracy of exposure data provided to PERILS by data providing companies. Thus, there can be no assurance that the data used by PERILS has been, is or will be accurate, timely or complete, and no representation, undertaking or warranty is made with respect to such exposure data. Moreover, since PERILS does not simply sum up the exposure data reported by those it surveys, but instead applies subjective judgments to and makes extrapolations from the data it has gathered and considered in the exercise of its judgment, PERILS does not guarantee that the PERILS estimates have accurately reflected the true exposures, and does not make any guarantee as to the accuracy or completeness of the PERILS exposure estimates. Accordingly, PERILS exposure estimates are the best estimates of PERILS professionals and may or may not accurately and completely reflect actual industry insured property values, and PERILS estimates may be materially different from actual insured values. In order to preserve its flexibility to adjust to external circumstances and enhance the quality of its estimates, PERILS may, in its sole discretion, change its general exposure estimation methodology at any time.

PERILS Industry Loss Estimates

A Europe Windstorm Index Value, arising from a Europe Windstorm Event will be determined in part based upon industry insured loss estimates that are compiled by PERILS. PERILS prepares the estimates of ultimate gross industry insured losses and makes such estimates available to licensees through the PERILS portal on www.PERILS.org or delivers such estimates to licensees via email and registered post pursuant to licenses that are specific to the relevant insurance-linked securitisation transaction. These licenses define certain objective parameters of the relevant transaction, specifically (and with limitation) with respect to a

particular covered territory, covered line of business and reporting currency. Typical information provided by PERILS includes, where feasible, estimates of industry insured property losses in respect, for example, of Europe Windstorm Events, and as caused by natural catastrophes that are identified by PERILS as qualifying Europe Windstorm Events.

Preparing estimates of the ultimate gross industry insured losses is an inherently subjective and imprecise process and such estimates may be materially different from actual losses

Preparing an estimate of the ultimate gross industry insured losses resulting, for example, from a Europe Windstorm Event, is an inherently subjective and imprecise process, involving an assessment of information which comes from a number of sources and which may not be complete or accurate. Moreover, the total industry insured losses for, for example, certain Europe Windstorm Events, may continue to develop upwards or downwards over periods of time which exceed the applicable Redemption Date for a Class. Although PERILS releases updates to its initial estimates over the course of a twelve (12) month period and, in PERILS' sole discretion, up to a period of thirty-six (36) months (see "Description of PERILS—Loss Reporting Schedule" for more information), the total insured losses for a particular Europe Windstorm, may continue to develop upwards or downwards beyond the time periods that are used by PERILS to update its industry loss estimates. In addition, PERILS receives certain insured property loss data from certain data providing insurance companies pursuant to contractual arrangements (see "Description of PERILS—Source of Data" for more information). There can be no assurance that the data providing insurance companies will continue to provide their loss data to PERILS, and any loss of key data suppliers can adversely affect PERILS' ability to prepare estimates of industry insured property losses and the accuracy of such estimates. Therefore, due to uncertainty or error in extrapolating from information received from, or obtained by, PERILS and/or due to a lack of information, PERILS estimates of industry insured property losses from, for example, Europe Windstorm Events, may be materially different from actual losses, whether insured or not.

In addition, market coverage may be insufficient to calculate a reliable industry event loss index, in which case PERILS may apply its professional judgment in its sole discretion to adjust the calculated industry event loss data. In making these judgments, PERILS may consider factors such as meteorological and/or other scientific data, as well as information provided by national and local authorities or insurance industry sources, as it deems appropriate in the particular circumstances. The exercise of such judgment and discretion may result in the estimation of losses which may be materially different than an estimate performed by another methodology. Because the scope of property coverage varies by insurance carrier, policy type, line of insurance, claims adjustment variation and also changes over time, there is a significant measure of imprecision and variability in determining whether any particular loss will be covered and thus should be included in overall estimations of industry insured losses. As a result of such imprecision, variability and the exclusions described above, as well as the inherently subjective nature of the estimating process, PERILS' estimates may be materially different from the actual insured losses experienced by the industry.

PERILS also determines, in its sole discretion, whether various insured losses occurring close in time to one another are to be considered the result of a single event or multiple (and separate) events. For example, in making this judgment with respect to a Europe Windstorm, PERILS typically aggregates insured loss data by reference to the names assigned to such events by a competent national or local authority. In determining whether one or more events have occurred, PERILS may also consider the prevailing event definition applied by the insurance and reinsurance industry markets and factors such as the inability on the part of insurance

companies to distinguish the damage caused by the various events. The exercise of such judgment and discretion may result in the estimation of losses which may be materially different than an estimate performed by another methodology.

Any change in the Europe Windstorm Loss Amount for a Europe Windstorm Event after the earlier of (i) the Event Reporting Date that occurs at least five (5) Business Days after the date that PERILS releases a PERILS Loss Report with its final Resurvey Estimate for such Europe Windstorm Event and (ii) ten (10) Business Days prior to the Redemption Date for a Class, will be disregarded when calculating the Europe Windstorm Index Value and any corresponding Loss Payment Amount.

The Europe Windstorm Loss Amount for certain Europe Windstorm Events may continue to develop after the latest date on which the Ceding Insurer would be required to reimburse the Issuer as a result of favorable developments in the PERILS estimates. Although PERILS releases final Resurvey Estimates after the occurrence of a catastrophe identified by PERILS as a Europe Windstorm there can be no assurance that such final Resurvey Estimates will not be further revised by PERILS. Due to a lack of information, and uncertainty or error in extrapolating from collected information, PERILS estimates of insured property losses from Europe Windstorm Events may be materially different from PERILS final loss estimate or the actual industry insured property losses. In these situations, Noteholders may suffer greater losses than would be indicated by the final PERILS estimate or actual insurer losses, as the case may be.

PERILS may, in its sole discretion, change its general loss estimation methodology at any time

As part of its estimation methodology, PERILS does not independently verify or audit the accuracy of loss data provided to PERILS by data providing companies and loss data that is otherwise reported or available in the market. Thus, there can be no assurance that the data used by PERILS has been, is or will be accurate, timely or complete, and no representation, undertaking or warranty is made with respect to such data. Moreover, since PERILS does not simply sum up the loss data reported by those it surveys, but instead applies subjective judgments to and makes extrapolations from the data it has gathered and considered in the exercise of its judgment, PERILS does not guarantee that the PERILS estimates have accurately reflected the reported losses, and does not make any guarantee as to the accuracy or completeness of the PERILS loss estimates. Accordingly, PERILS loss estimates are the best estimates of PERILS professionals and may or may not accurately and completely reflect actual industry insured property losses in the past or will do so in the future, and PERILS estimates may be materially different from actual losses, whether insured or not. In order to preserve its flexibility to adjust to external circumstances and enhance the quality of its estimates, PERILS may, in its sole discretion, change its general loss estimation methodology including the loss reporting threshold at any time and modify application of its methodology in connection with any particular catastrophe.

Information that may be contributed by the Ceding Insurer to PERILS may influence PERILS' estimates of industry insured property losses

PERILS collects information from various industry insured participants, which may include the Ceding Insurer or any of its affiliates, to determine its estimates of industry insured property losses. Information provided to PERILS by the Ceding Insurer or any of its affiliates may affect the amount of industry insured property losses reflected in preliminary and Resurvey Estimates

issued by PERILS relating to a Europe Windstorm Event may therefore affect the calculation of payments to the Ceding Insurer under the Reinsurance Agreements. See "Description of PERILS" for a description of PERILS's methodology for estimating insured property losses.

New legal theories may re-characterise coverages resulting in additional claims and losses

As industry practices and legal, judicial, social and other environmental conditions change, unexpected issues related to claims and coverage may emerge. These issues may adversely affect the industry losses, and therefore PERILS's estimates, by either creating or extending coverage beyond the scope intended, or by increasing the nature, number or size of claims.

Binding Nature of Reports Provided by PERILS

The Calculation Agent will not undertake any independent assessment of the accuracy of the industry insured property loss data it obtains from PERILS but will only be responsible for reporting the estimated industry insured property losses reported by PERILS. The Calculation Agent will not review or verify the methodology, accuracy, or technical data of PERILS. There can be no assurance that reporting the estimated industry insured property losses reported by PERILS will bring to the attention of the Calculation Agent other matters which would have been brought to its attention had an audit of such data been undertaken.

A replacement of PERILS may result in different estimates of industry loss figures than that currently produced by PERILS

If PERILS ceases to exist after having issued any PERILS Loss Report, the Calculation Agent will use the most recent PERILS Loss Report issued with respect to a Europe Windstorm Event, to determine the related Europe Windstorm Index Value. This calculation of a Loss Payment Amount will be final and not subject to further change.

This may result in a Loss Payment Amount that is greater than the Loss Payment Amount that would have been calculated had PERILS continued to issue further PERILS Loss Reports with respect to such Europe Windstorm Event.

Permitted U.S. Jurisdictions and Permitted Non-U.S. Jurisdictions

The laws and regulations of the Permitted U.S. Jurisdictions and the Permitted Non-U.S. Jurisdictions contain broad definitions of the activities that may constitute the conduct of the business of insurance or reinsurance in such states or jurisdictions. The terms of the Series 2018 Notes are such that they could be construed to constitute insurance or reinsurance contracts in these jurisdictions, and accordingly subject the Noteholder to regulation as a provider of insurance or reinsurance coverage.

The Issuer has been advised by counsel that, in each of the Permitted U.S. Jurisdictions and Permitted Non-U.S. Jurisdictions, investors in the Series 2018 Notes should not be required solely by reason of such investment to be licensed as an insurer or reinsurer in such state or jurisdiction. This advice is based upon interpretations (either written or oral) received from the staff of the insurance regulatory body or in certain cases local counsel in such states and jurisdictions with respect to securities having similar characteristics. Such interpretations have not been updated in connection with this Offering. In the event similar interpretations or advice (in the judgment of the Issuer, based on the written advice of counsel) are obtained from additional states or foreign jurisdictions, the Issuer may so notify the Trustee in writing, and thereafter transfers of Series 2018 Notes to Qualified Investors (that, with respect to U.S.

Persons, are also Qualified Purchasers) in any such additional states or foreign jurisdictions will be permitted, subject to any transfer restrictions otherwise applicable as described herein. Insurance regulatory authorities have broad discretionary powers to modify or withdraw regulatory interpretations. Thus, such interpretations and the written advice of counsel received with respect to the laws of the Permitted U.S. Jurisdictions and the Permitted Non-U.S. Jurisdictions are not binding on a court or any third party and may be subject to challenge in administrative or judicial proceedings. There can be no assurance that such interpretations and advice will remain in effect or as to the outcome of any such third-party challenge. In the event that a Noteholder wishes to transfer Notes into a jurisdiction that is not a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction, such Noteholder will be required to provide the Issuer and the Trustee with a written regulatory interpretation or opinion of counsel, in each case satisfactory in form and substance to the Issuer, its counsel and the Trustee, that the Series 2018 Notes would not subject such Noteholder, such Noteholder's transferee or the Issuer to the insurance laws and regulations of such jurisdiction.

Any person who holds any interest in the Series 2018 Notes, who does not reside and hold such interest in a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction, may be forced to transfer such interest to a person in a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction. See "*Description of the Series 2018 Notes — Non-Permitted Noteholders.*"

Legal and Regulatory Provisions Affecting Investors

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor in the Series 2018 Notes should consult its legal advisers to determine whether and to what extent (1) it has the legal power, authority and right to purchase the Series 2018 Notes, (2) the Series 2018 Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Series 2018 Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Series 2018 Notes under any applicable risk based capital or similar rules. None of the Issuer, any Ceding Insurer or the Initial Purchaser, nor any of their respective affiliates, expresses any view as to any of the foregoing matters. The Initial Purchaser and any other purchaser of the Series 2018 Notes must be able to make (and will be deemed to have made) the representations and warranties in the "Notice to Investors" section of this Circular including, but not limited to, representing that it has the legal power, authority and right to purchase the Series 2018 Notes.

Regulation of the Issuer by a Regulatory Authority

The Issuer is authorised by the Prudential Regulation Authority in the United Kingdom as a transformer vehicle pursuant to Chapter 13A of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 and is not licensed or authorised under any other securities, commodities, insurance or banking laws of any jurisdiction and has not applied (and does not expect to apply) for any other licenses or authorisations. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws to the Issuer. The taking of a contrary view by any such regulatory authority could have an adverse impact on the Issuer or the Noteholders.

Tax Risks

Changes in Tax Law

Changes in (or in the interpretation, administration or application of) any law or treaty relating to tax, or any published practice or published concession of any relating taxing authority, after the date hereof may affect the underlying policies, the Permitted Investments, and/or payments under the Selected Transaction Documents and other transaction documents and the taxation of the Issuer, all of which may affect the rights of the Noteholders, the market value of the Series 2018 Notes, and the expected returns to Noteholders.

No Gross-Up in Respect of Series 2018 Notes

Payments of interests on the Series 2018 Notes shall be made without withholding or deduction for, on account of, any tax, unless the withholding or deduction of the taxes is required by applicable law. In that event, the Issuer shall make such payments after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any other person shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

Disclosure of Information

The Issuer or the Insurance Manager may in certain circumstances be required by law or by a Tax Authority to disclose information about the Noteholders.

The Risk Transformation (Tax) Regulations 2017

The Issuer expects to benefit from the special tax treatment set out in Regulation 4 of The Risk Transformation (Tax) Regulations 2017 (the "**Tax Regulations**"). See "*Certain Tax Considerations*" of this Circular. However, there can be no guarantee that this will be the case and any unforeseen taxable profits in the Issuer may have an adverse impact on the Issuer's ability to make interest payments and/or redemption payments to Noteholders. In addition, prospective Investors should note that the Tax Regulations are new and that the special tax regime set out therein is as yet untested.

U.S. Federal Income Tax Risks

The U.S. Foreign Account Tax Compliance Act

The U.S. Foreign Account Tax Compliance Act ("**FATCA**") provisions of the Hiring Incentives to Restore Employment Act of 2010, regulations issued thereunder and the intergovernmental agreement between the United Kingdom and the U.S. require certain foreign financial institutions ("**FFIs**") (which may include the Issuer) to disclose to the Commissioners for Her Majesty's Revenue and Customs (for transmittal to the U.S. Internal Revenue Service (the "**IRS**")) the name, address, tax identification number, and other specified information of certain U.S. and non-U.S. persons who own a direct or indirect interest in the FFI, or otherwise be subject to a 30% withholding tax with respect to (i) certain U.S. source income (including interest and dividends) and, beginning in 2019, gross proceeds from any sale or other disposition of property that can produce U.S. source interest or dividends ("**withholdable payments**") and (ii) beginning in 2019, "passthru payments" (generally, withholdable payments and payments that are attributable to withholdable payments) made by FFIs. Further, if the Issuer is not characterised as an FFI, it may be characterised as a passive non-financial foreign entity, in which case it would be subject to such 30% withholding tax on certain

payments unless it either provides information to withholding agents with respect to its "substantial U.S. owners" or makes certain certifications.

The Issuer may be subject to the requirements imposed on FFIs or passive non-financial foreign entities under FATCA and will use reasonable efforts to avoid the imposition of a withholding tax under FATCA, which may include reporting information to the Commissioners for Her Majesty's Revenue and Customs (for transmittal to the IRS). In this event, Noteholders will be required to provide any information, tax documentation and waivers that the Issuer determines are necessary to avoid the imposition of such withholding tax. The Issuer's ability to satisfy such obligations will depend on each Noteholder providing, or causing to be provided, any information, tax documentation and waivers, including information concerning the direct or indirect owners of such Noteholder, that the Issuer determines is necessary to satisfy such obligations. If the Issuer is unable to comply with FATCA, the Issuer intends to liquidate its money market fund assets, if any, and hold cash in its place. Holding cash instead of money market funds will reduce the amount available for Noteholders. Moreover, if the Issuer initially complies or intends to comply with FATCA but is subsequently unable to comply, or fails to comply, distributions from, and proceeds from the disposition of, its money market funds may be subject to a 30% withholding tax, in which case the Issuer will not have sufficient funds to make payments due under the Series 2018 Notes.

In the event any Noteholder fails to timely provide any information or tax documentation that the Issuer determines is necessary to satisfy any obligations that it may have under FATCA, or to the extent that the Noteholder's ownership otherwise would cause the Issuer to be subject to withholding tax under FATCA, (A) the Issuer (or its agents on its behalf) is authorised to withhold amounts otherwise distributable to the Noteholder as compensation for any amount withheld from payments to the Issuer as a result of such failure or such Noteholder's ownership, and (B) to the extent necessary to avoid an adverse effect on the Issuer or any other Noteholder as a result of such failure or such Noteholder's ownership, the Issuer will have the right to compel the Noteholder to sell its Series 2018 Notes and, if the Noteholder does not sell its Series 2018 Notes within 10 days after notice from the Issuer, to sell the Series 2018 Notes at a public or private sale called and conducted in any manner permitted by law, and to remit the net proceeds of such sale (taking into account any taxes and expenses incurred by the Issuer in connection with such sale) to the Noteholder as payment in full for the Series 2018 Notes. The Issuer may also assign each such Note a separate CUSIP or ISIN number in the Issuer's sole discretion.

Potential FBAR Reporting and Reporting of "Specified Foreign Financial Assets"

U.S. Persons (as defined below) holding Notes should consider their possible obligation to file a FinCEN Form 114–Foreign Bank and Financial Accounts Report–with respect to the Series 2018 Notes. Additionally, such U.S. Persons should consider their possible obligations to annually report certain information with respect to the Issuer with their U.S. federal income tax returns. Noteholders should consult their tax advisors with respect to these or any other reporting requirement which may apply with respect to their acquisition of Series 2018 Notes.

Risk of Imposition of U.S. Federal Income Tax on the Issuer

If the Issuer were deemed to be engaged in a trade or business in the United States, it would be subject to U.S. federal income tax at regular corporate rates on the portion of its earnings that are effectively connected ("ECI") to such U.S. trade or business, as well as to the additional branch profits tax on its dividend equivalent amount, generally ECI (with certain adjustments)

deemed withdrawn from the United States, in which case the Issuer's financial condition and the Issuer's ability to make principal and/or interest payments on the Series 2018 Notes could be materially adversely affected. Whether business is being conducted in the United States is an inherently factual determination. The Issuer intends to conduct substantially all of its operations outside the United States and limit its U.S. contacts so that the Issuer is not treated as engaged in the conduct of a trade or business in the United States. In this regard, the Issuer will receive the opinion of Clifford Chance US LLP, which opinion is based on certain assumptions and representations regarding this offering, the transactions related thereto and the Issuer's ongoing operations, that, although the matter is not free from doubt, the Issuer will not be treated as engaged in a trade or business within the United States. Because the Internal Revenue Code of 1986, as amended ("**Code**"), regulations and court decisions fail to definitively identify activities that constitute being engaged in a trade or business in the United States, the Issuer cannot be certain that the IRS will not contend successfully that the Issuer is or will be engaged in a trade or business in the United States for U.S. federal income tax purposes. The imposition of a U.S. federal income tax liability on the Issuer's ECI would substantially reduce the return to the Noteholders on their investment. See "*Certain Tax Considerations—United States Taxation—United States Taxation of the Issuer.*"

Alternative Characterisations of the Series 2018 Notes and the Transactions of the Issuer

Although there are no relevant authorities that directly address characterisation of the Series 2018 Notes or of instruments substantially similar to the Series 2018 Notes for U.S. federal income tax purposes and the matter is not free from doubt, the Issuer intends to take the position that the Series 2018 Notes constitute equity interests in the Issuer for U.S. federal income tax purposes. However, other characterisations are possible. For example, the Series 2018 Notes could be treated as debt obligations of the Issuer, including contingent payment debt instruments for U.S. federal income tax purposes. If the IRS were successful in asserting that the Series 2018 Notes are contingent payment debt instruments, the timing and character of income thereon could be significantly affected. Potential investors are urged to consult their tax advisors with respect to the classification of the Series 2018 Notes for U.S. federal income tax purposes. In addition, as described more fully below, there are a number of other uncertainties relating to the U.S. federal income taxation of the Issuer's transactions, which, depending on the ultimate resolution of such uncertainties, could have adverse tax consequences to a direct or indirect Noteholder who is a U.S. Person (as defined below). See "*Certain Tax Considerations—United States Taxation—United States Taxation of Noteholders—U.S. Holders—Alternative Characterisations.*"

Potential Adverse U.S. Federal Income Tax Consequences under the Passive Foreign Investment Company Rules

The Issuer expects to be treated as a passive foreign investment company ("**PFIC**"). Assuming the Issuer is so treated, each U.S. Person (as defined below) holding Notes (directly or, in certain cases, indirectly) would be subject to a penalty tax at the time of the sale at a gain of, or receipt of an "excess distribution" with respect to, its Series 2018 Notes, unless (i) such U.S. Person is characterised as a 10% U.S. Shareholder (as defined below) with respect to the Issuer and the Issuer is characterised as a controlled foreign corporation (as defined below) or (ii) such U.S. Person makes a timely qualified electing fund ("**QEF**") election with respect to the Issuer. If such U.S. Person timely makes a QEF election, it would be required to recognise currently its proportionate share of the Issuer's ordinary earnings and net capital gain, which may be greater, in any given year, than the amount of cash distributed with respect to its Series 2018 Notes. See "*Certain Tax Considerations—United States Taxation—United States*

Taxation of Noteholders—U.S. Holders—Treatment of Noteholders—Passive Foreign Investment Companies."

Application of the Passive Foreign Investment Company Rules with respect to Non-U.S. Domiciled Money Market Funds

Non-U.S. domiciled money market funds are generally characterised as PFICs for U.S. federal income tax purposes. Accordingly, in the event amounts in the Collateral Account are invested in non-U.S. domiciled money market funds, U.S. Persons holding Notes generally will be treated as holding indirect interests in lower-tier PFICs. Prospective investors in the Series 2018 Notes are urged to consult their tax advisors as to the application and effects of the PFIC rules on an indirect investment in a non-U.S. domiciled money market fund. See "*Certain Tax Considerations— United States Taxation—United States Taxation of Noteholders—U.S. Holders—Treatment of Noteholders—Passive Foreign Investment Companies.*"

Potential Application of the Controlled Foreign Corporation Rules

A "**10% U.S. Shareholder**" (defined as a U.S. Person who owns (directly, indirectly through non-U.S. entities or constructively (as defined below)) at least 10% of the total combined voting power of all classes of stock entitled to vote or 10% or more of the total value of shares of all classes of stock) of a non-U.S. corporation that is a controlled foreign corporation ("**CFC**") at any time during a taxable year that owns shares in the non-U.S. corporation directly or indirectly through non-U.S. entities on the last day of the non-U.S. corporation's taxable year on which it is a CFC, must include in its gross income for U.S. federal income tax purposes its *pro rata* share of the CFC's "subpart F income" and "global intangible low-taxed income," even if the subpart F income and global intangible low-taxed income is not distributed. For these purposes, subpart F income includes foreign personal holding company income (such as dividends, interest, notional principal contract income, and certain other passive income) as well as certain underwriting and investment income attributable to insurance operations. It is expected that substantially all of the Issuer's income will be subpart F income or global intangible low-tax income. A non-U.S. corporation is considered a CFC if 10% U.S. Shareholders own (directly, indirectly through non-U.S. entities or by attribution by application of the constructive ownership rules of section 958(b) of the Code (i.e., "constructively") more than 50% of the total combined voting power of all classes of stock of that non-U.S. corporation or the total value of all stock of that corporation.

Recent U.S. federal income tax legislation has significantly expanded the circumstances under which a U.S. Person is treated as a 10% U.S. Shareholder of a non-U.S. corporation. Prospective investors should consult with their tax advisors regarding the impact of this recent legislation on the tax consequences of an investment in the Series 2018 Notes.

Additionally, for purposes of taking into account insurance income as defined under Section 953 of the Code (including underwriting and investment income), a CFC also includes a non-U.S. corporation in which more than 25% of the total combined voting power of all classes of stock (or more than 25% of the total value of the stock) is owned (directly, indirectly through non-U.S. entities or constructively) by 10% U.S. Shareholders on any day during the taxable year of such non-U.S. corporation if the gross amount of premiums or other consideration for the reinsurance or the issuing of insurance or annuity contracts (other than certain insurance or reinsurance related to same country risks written by certain insurance companies not applicable here) exceeds 75% of the gross amount of all premiums or other consideration in respect of all risks. The Issuer intends to treat the Issuer's income with respect to the Reinsurance

Agreements as reinsurance premiums for U.S. federal income tax purposes, although the issue is not free from doubt.

For purposes of the discussion in this section "*U.S. Federal Income Tax Risks*", the term "**U.S. Person**" means: (i) a citizen or resident of the United States, (ii) a partnership or corporation created or organised in or under the laws of the United States, or organised under the laws of any political subdivision thereof, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, (iv) a trust if either (x) a court within the United States is able to exercise primary supervision over the administration of such trust and one or more U.S. Persons have the authority to control all substantial decisions of such trust or (y) the trust has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes or (v) any other person or entity that is treated for U.S. federal income tax purposes as if it were one of the foregoing.

Although there are no relevant authorities that directly address characterisation of the Series 2018 Notes or of an instrument substantially similar to the Series 2018 Notes for U.S. federal income tax purposes and the matter is not free from doubt, as noted above the Issuer intends to take the position that the Series 2018 Notes constitute equity interests in the Issuer for U.S. federal income tax purposes. Accordingly, if more than 25% of the Issuer's equity (e.g., its shares and the Series 2018 Notes) (by vote or value) are owned directly, indirectly through non-U.S. entities or constructively by 10% U.S. Shareholders, the Issuer will be characterised as a CFC and any 10% U.S. Shareholders with respect to the Issuer who own Notes directly or indirectly through non-U.S. entities on the last day of the Issuer's taxable year must include in their gross income for U.S. federal income tax purposes their *pro rata* share of the Issuer's subpart F income and global intangible low-taxed income (or subpart F insurance income if only the 25% trigger is met) for the year, subject to certain limitations. See "*Certain Tax Considerations—United States Taxation—United States Taxation of Noteholders—U.S. Holders—Treatment of Noteholders—Classification of the Issuer as a CFC.*"

Potential Application of the Related Person Insurance Income Rules

As noted above, the Issuer intends to treat the Issuer's income with respect to the Reinsurance Agreement as reinsurance premiums, although the matter is not free from doubt. If (i) the Issuer's related person insurance income ("**RPII**"), determined on a gross basis, is 20% or more of the Issuer's gross insurance income for a taxable year, (ii) direct and indirect insureds and persons related to such insureds, whether or not U.S. Persons, are treated as owning (directly or indirectly through entities) 20% or more of the voting power or 20% or more of the value of the Issuer's equity and (iii) U.S. Persons are treated as owning (directly, indirectly through non-U.S. entities or constructively) 25% or more of the Issuer's equity by vote or value, then a U.S. Person who owns any Series 2018 Notes (directly or indirectly through non-U.S. entities) on the last day of the taxable year on which the Issuer is a CFC under the RPII rules would be required to include in such U.S. Person's gross income for U.S. federal income tax purposes such person's *pro rata* share of the Issuer's RPII for the portion of the taxable year during which the Issuer was a CFC under the RPII rules, determined as if all such RPII were distributed proportionately only to U.S. Persons (that own equity directly or indirectly through non-U.S. entities) at that date, regardless of whether such income is distributed. RPII is any insurance income attributable to policies of insurance or reinsurance with respect to which the person (directly or indirectly) insured is a RPII shareholder or a related person to such RPII shareholder. The term "**RPII shareholder**" means any U.S. Person who owns (directly or indirectly through non-U.S. entities) any amount of the Issuer's equity. Generally, the term "related person" for this purpose means someone who controls or is controlled by the RPII

shareholder or someone who is controlled by the same person or persons which control the RPII shareholder. Control is measured by either more than 50% in value or more than 50% in voting power of stock applying certain constructive ownership principles. A non-U.S. corporation will be characterised as a CFC under the RPII rules if its equity is 25% or more owned (by vote or value) by U.S. Persons (directly, indirectly through non-U.S. entities or constructively) on any day during the taxable year of the non-U.S. corporation. See "*Certain Tax Considerations—United States Taxation—United States Taxation of Noteholders—U.S. Holders—Treatment of Noteholders—The RPII CFC Provisions.*"

Recharacterisation of Gain on Disposition

Code section 1248 provides that if a U.S. Person sells or exchanges shares in a non-U.S. corporation and such person owned, directly, indirectly through non-U.S. entities or constructively, 10% or more of the voting power of the corporation at any time during the five-year period ending on the date of disposition when the corporation was a CFC, any gain from the sale or exchange of the shares will be treated as a dividend to the extent of the CFC's earnings and profits (determined under U.S. federal income tax principles) during the period that the shareholder held the shares and while the corporation was a CFC (with certain adjustments, including reductions for previously taxed income).

Additionally, Code section 1248 in conjunction with the RPII rules provides that if a U.S. Person disposes of shares in a non-U.S. corporation that has insurance income (as determined for U.S. federal income tax purposes) in which U.S. Persons own 25% or more of the shares (even if the amount of gross RPII is less than 20% of the corporation's gross insurance income and the ownership of its shares by direct or indirect insureds and related persons is less than the 20% threshold), any gain from the disposition will generally be treated as a dividend to the extent of the holder's share of the corporation's undistributed earnings and profits that were accumulated during the period that the holder owned the shares (whether or not such earnings and profits are attributable to RPII). If U.S. Persons own (directly, indirectly through non-U.S. entities or constructively) 25% or more of the Issuer's equity, these RPII rules would apply to dispositions of Series 2018 Notes, in which case gain from the disposition earned by U.S. Persons holding Notes directly would be characterised as a dividend to the extent of the Issuer's earnings and profits attributable to the disposed of Series 2018 Notes. Noteholders that have made timely QEF elections should generally not be subject to such income recharacterisation with respect to their allocable share of the Issuer's earnings and profits previously subject to tax pursuant to such election. Potential investors are urged to consult their tax advisors. See "*Certain Tax Considerations—United States Taxation—United States Taxation of Noteholders—U.S. Holders—Treatment of Noteholders—Dispositions of Series 2018 Notes.*"

Unrelated Business Taxable Income

A U.S. tax-exempt organisation may recognise unrelated business taxable income if a portion of the Issuer's insurance income is allocated to the organisation. In general, insurance income will be allocated to a U.S. tax-exempt organisation if either the Issuer is a CFC and the tax-exempt Noteholder is a U.S. 10% Shareholder or there is RPII and certain exceptions do not apply. Recent U.S. federal income tax legislation has significantly expanded the circumstances under which a U.S. tax-exempt organisation may be treated as a 10% U.S. Shareholder of a non-U.S. corporation. Accordingly, U.S. tax-exempt organisations should be aware that they could recognise significant UBTI as a result of an investment in the Series 2018 Notes and should consult with their own tax advisors regarding the potential impact of this recent legislation on the tax consequences of an investment in the Series 2018 Notes. See "*Certain*

Tax Considerations—United States Taxation—United States Taxation of Noteholders—U.S. Holders—Treatment of Noteholders—Classification of the Issuer as a CFC" and "Certain Tax Considerations—United States Taxation— United States Taxation of Noteholders—U.S. Holders—Treatment of Noteholders—The RPII CFC Provisions." Potential U.S. tax-exempt investors are advised to consult their own tax advisers.

Changes in U.S. Federal Income Tax Law

The United States Congress recently enacted the Tax Cuts and Jobs Act (H.R. 1, the "TCJA"), which imposed significant changes on the U.S. federal income tax laws applicable to non-U.S. entities and entities engaged in insurance operations. Certain aspects of the TCJA are unclear, and it is expected that future guidance will clarify the application of the TCJA. Accordingly, it is possible that such future guidance could adversely impact the U.S. federal income taxation of the Issuer or Noteholders. Prospective investors should consult with their tax advisors regarding the potential impact of the TCJA on the tax consequences of investing in the Series 2018 Notes.

Furthermore, it is possible that additional legislation could be introduced and enacted by the current Congress or future Congresses that could have an adverse impact on the Issuer or the Noteholders.

Additionally, the U.S. federal income tax laws and interpretations regarding whether a company is a PFIC, or whether U.S. Persons would be required to include in their gross income the subpart F income or RPII of a CFC, are subject to change, possibly on a retroactive basis. New regulations or pronouncements interpreting or clarifying such rules may be forthcoming. The Issuer cannot be certain if, when or in what form such regulations or pronouncements may be provided and whether such guidance will have a retroactive effect. Prospective investors are urged to consult with their tax advisors.

English Law Legal Risks

Risk Relating to English Law Charges

The security over the Collateral Account, the Collateral Payment Account, the Expenses Account and the Excess Account under the applicable Deed of Charge will be structured as, a fixed charge. It is possible that in certain circumstances such fixed charge may be recharacterised as a floating charge. Under English law, whether or not security over these accounts takes effect as a fixed or a floating charge will depend on the circumstances of the case, and in particular whether the collateral-taker has the requisite degree of control over the secured assets. If any charges were held to take effect as a floating charge, the claims of the secured parties could, in an insolvency proceeding in an English court/ involving the Issuer, be subject to (i) avoidance or being set aside in certain circumstances, (ii) claims which may exist which are given priority over a floating charge by law, including certain prior floating charges, prior or subsequent mortgages or fixed charges, (iii) the claims of preferential creditors and/or (iv) set-off. Furthermore, if any such security interest was held to be floating, in the case of a proceeding before the English Courts, a "prescribed part" of the Issuer's "net property" could be required to be made available for the satisfaction of unsecured debts, if any, in priority of the claim of the secured parties. In addition, in an English liquidation or administration of the Issuer, the remuneration and expenses of the liquidator or administrator shall have priority over claims to property comprised in, or subject to, any floating charge created by the Issuer. In the event of the occurrence of any insolvency or similar proceedings involving the Trustee or the

Custodian or any intermediary or clearing system in, through or with which the Permitted Investments are held, the recovery by the Issuer (or the Trustee enforcing the Deed of Charge) of the Permitted Investments or the income relating thereto is dependent on the right against the entity the subject of such proceedings to deliver the Permitted Investments being recognised under all applicable laws as constituting a proprietary interest in the Permitted Investments and not merely a personal right, and on that entity having treated the Permitted Investments in a manner consistent with the existence of such a proprietary interest. A failure by the Issuer to recover the Permitted Investments or the income relating thereto in full or on time in such circumstances may render it unable to make payments of interest on, or repay the principal amount of the Series 2018 Notes.

Risks relating to the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA")

If the Issuer's assets are deemed to constitute ERISA "plan assets", certain transactions that the Issuer might enter into, or may have entered into, in the ordinary course of the Issuer's business might constitute non-exempt "prohibited transactions" under Section 406 of ERISA or Section 4975 of the Code and might have to be rescinded and may give rise to prohibited transaction excise taxes and fiduciary liability, as described above. In addition, if the Issuer's assets are deemed to be "plan assets" of an ERISA Plan, the management, as well as various providers of fiduciary or other services to the Issuer, and any other parties with authority or control with respect to the Issuer, may be considered fiduciaries under ERISA and Section 4975 of the Code, or otherwise parties in interest or disqualified persons by virtue of their provision of such services (and there could be an improper delegation of authority to such providers). Moreover, if the underlying assets of the Issuer were deemed to be assets constituting "plan assets," there are several other provisions of ERISA that could be implicated for an ERISA Plan if it were to acquire and hold Notes either directly or by investing in an entity whose underlying assets are deemed to be assets of the ERISA Plan.

USE OF PROCEEDS

On the Issuance Date, all of the proceeds paid to the Issuer from the sale of the Series 2018 Notes will be deposited into the Collateral Account established specifically for the Series 2018 Notes and will be invested in Permitted Investments. Such proceeds will be available to satisfy the obligations of the Issuer to the Ceding Insurer under the Reinsurance Agreement and, only after the fulfilment of such obligations and the termination of the Reinsurance Agreement in accordance with its terms, to make payments under the Trust Deed in respect of the Outstanding Principal Amount of the Series 2018 Notes

Following the purchase of the EBRD Notes and until one (1) Business Day prior to the Redemption Date, the Permitted Investments will consist solely of EBRD Notes, unless, among other circumstances described herein:

(i) an EBRD Put Event occurs that results in a redemption of EBRD Notes, in which case, unless the proceeds of such redemption are scheduled to be paid out within three (3) Business Days of being deposited in the Collateral Account, the proceeds of such redemption will be used to purchase Money Market Fund Shares to the extent that they are available and that the Money Market Fund satisfies the Money Market Fund Criteria;

(ii) the Ceding Insurer is required to make a Negative Loss Payment under the Reinsurance Agreement, in which case the related amounts will be used to purchase Money Market Fund Shares to the extent that they are available and if the Money Market Fund satisfies the Money Market Fund Criteria; or

(iii) the Reinsurance Agreement is extended beyond the Scheduled Termination Date, in which case on maturity of the EBRD Notes the proceeds of redemption shall be applied to purchase Money Market Fund Shares to the extent they are available and that the Money Market Fund satisfies the Money Market Fund Criteria.

As of the EBRD Notes Issuance Date and while the Series 2018 Notes are outstanding, the EBRD must have an issuer rating of at least "AA-" by S&P, at least "Aa3" by Moody's or at least "AA-" by Fitch. In the event that the Issuer or Custodian has actual knowledge that the EBRD is rated below "AA-" by S&P, below "Aa3" by Moody's or below "AA-" by Fitch, the Issuer shall cause the EBRD Notes to be redeemed on the earliest EBRD Put Date thereafter, and funds held in the Collateral Account will be invested in the Money Market Fund Shares, if available and if the Money Market Fund satisfies the Money Market Fund Criteria, or otherwise remain uninvested as a cash credit balance in the Collateral Account.

To the extent that Money Market Fund Shares are not available or the Money Market Fund does not satisfy the Money Market Fund Criteria, cash will remain uninvested as a cash credit balance in the Collateral Account.

The maturity date of the EBRD Notes will occur on June 6, 2022 (or if such day is not a Business Day, the next succeeding Business Day), and the EBRD Notes may be subject to early redemption as described further herein.

THE ISSUER

The Issuer, Atlas Capital UK 2018 PLC, is an insurance special purpose vehicle, incorporated under the Companies Act 2006 and is licensed as a transformer vehicle under the laws of England and Wales. The Issuer was incorporated on May 1, 2018 with company number 11340349 and LEI number 2138004C15XIARPKJZ24. As at the date of this Circular it has not conducted any business and its business in future will be limited to entry into the Reinsurance Agreement with the Ceding Insurer in respect of risks identified in this Circular. It will fund its obligations under the Reinsurance Agreement through the issue of the Series 2018 Notes.

The Issuer is expected to be authorised prior to the Issuance Date by the Prudential Regulation Authority in the United Kingdom as a transformer vehicle pursuant to Chapter 13A of the Financial Services and Markets Act (Regulated Activities) Order 2001 and is not licensed or authorised under any other securities, commodities, insurance or banking laws of any jurisdiction and has not applied (and does not expect to apply) for any other licenses or authorisations.

The Issuer's business consists and will consist solely of the issuance of the Series 2018 Notes and the entering into and performance of the Reinsurance Agreement and related agreements and activities, including the acquisition and holding of the Permitted Investments. The Issuer will not engage in other business, incur indebtedness for money borrowed (other than the Series 2018 Notes), pay dividends or make other distributions on its capital (other than a distribution upon liquidation of the Issuer) or enter into any risk transfer contracts other than the Reinsurance Agreement and related agreements.

The Issuer's registered office is located at 35 Great St. Helen's London, EC3A GAP, United Kingdom.

Regulation of the Issuer

The Issuer must be authorised by the PRA and the FCA to perform the activity of insurance risk transformation, the activity specified in article 13A of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) in accordance with the Financial Services and Markets Act 2000 ("FSMA"). Authorisation will only be granted where it can be shown that the Issuer satisfies, inter alia, the following conditions:

- (a) it assumes risks from a (re)insurance undertaking through reinsurance contracts or through similar arrangements;
- (b) the contractual arrangements relating to the transfer of risk from a (re)insurance undertaking ensure that the Issuer is at all times fully funded (as described in more detail below);
- (c) the transfer of risk to the Issuer is effective in all circumstances and the extent of the risk transfer is clearly defined and incontrovertible;
- (d) the claims of the Noteholders are at all times subordinate to the reinsurance obligations of the Issuer to the Ceding Insurer; no payments are made to the Noteholders if following those payments the Issuer would no longer be fully funded; the Noteholders

have no right of recourse to the assets of the Ceding Insurer; and the Noteholders have no rights to apply for the winding-up of the Issuer;

- (e) the persons that effectively run the Issuer are fit and proper to do so;
- (f) the qualifying shareholders of the Issuer are fit and proper;
- (g) the Issuer has an effective system of governance and has sound administrative and accounting procedures, adequate internal control mechanisms and risk-management requirements; and
- (h) the Issuer is capable of meeting the supervisory reporting requirements and solvency requirements as set out in the in the Solvency II Directive (Directive 2009/138/EC), the Delegated Regulation (Commission Delegated Regulation EU (2015/35)), the PRA Rulebook and the FCA Handbook (together "Issuer Regulations").

The Issuer is required, inter alia, to meet the fully funded requirement and satisfy its supervisory reporting and solvency obligations under the Issuer Regulations on an ongoing basis. In order to be "fully funded" the Issuer must at all times have assets the value of which is equal to or exceeds its Aggregate Maximum Risk Exposure and is able to pay the amounts it is liable for as they fall due.

The PRA and the FCA may, in certain circumstances, cancel the Issuer's authorisation for a failure to comply with its regulatory obligations and the requirements under the Issuer Regulations.

Share Capital

Atlas Capital UK 2018 PLC has an issued ordinary share capital of 50,000 ordinary shares of £1 each paid up as to one quarter.

Directors

The Issuer's board of directors (the "Board") consists of three directors, Clifford Pearce, Michael Baker and Malcolm Newman. Clifford Pearce is the Chairman of the Board and is an employee of the Corporate Services Provider. Michael Baker is the Chief Executive Officer and Chief Financial Officer of the Issuer and is an employee of the Insurance Manager. Malcolm Newman is a director of the Issuer and is Managing Director of SCOR's EMEA hub, which encompasses the operations of the Ceding Insurer.

<u>Name</u>	<u>Address</u>	<u>Title</u>
Clifford Pearce	Atlas Capital UK 2018 PLC c/o Intertrust Management Limited 35 Great St. Helen's London, EC3A 6AP	Chairman
Michael Baker	Atlas Capital UK 2018 PLC c/o Intertrust Management Limited 35 Great St. Helen's London, EC3A 6AP	Executive Officer and Chief Financial Officer

<u>Name</u>	<u>Address</u>	<u>Title</u>
Malcolm Newman	Atlas Capital UK 2018 PLC c/o Intertrust Management Limited 35 Great St. Helen's London, EC3A 6AP	Director

The following sets out certain biographical information with respect to the Issuer's directors:

<u>Name</u>	<u>Description/Biographical Information</u>
Clifford Pearce	Global Head of Capital Markets, Intertrust Group; Associate of the Chartered Institute of Bankers
Michael Baker	Vice-president, Insurance Management and Head of Office, Horseshoe ILS Services UK Ltd; Chartered Accountant (ACA)
Malcolm Newman	Managing Director of SCOR SE's EMEA hub; Chartered Accountant (FCA)

The Board has overall responsibility for the management and control of the Issuer. The Company Secretary of the Issuer is Intertrust Management Limited.

Independent Auditor

The Issuer's financial statements will be audited annually by an independent auditor (the "**Independent Auditor**"), and the Issuer intends to appoint Mazars, whose member offices currently act as the independent auditors of several members of the SCOR group of companies. The Issuer intends to prepare its annual financial statements in accordance with International Financial Reporting Standards ("**IFRS**"). The Independent Auditor has neither examined, reviewed nor compiled the accompanying historical, statistical or modeling data, and, accordingly, the Independent Auditor does not express an opinion or any other form of assurance with respect thereto.

Financial Information

The financial year-end of the Issuer is December 31 of each year. The first annual accounts will be prepared in respect of the period ending December 31, 2019, which will be filed with Companies House. No financial statements have been prepared by the Issuer as at the date of this Circular.

Ongoing Information regarding the Issuer

The Issuer is not subject to the informational requirements of the Exchange Act. The Issuer agrees that at any time while the Series 2018 Notes are outstanding, it will, upon request, furnish to the Holders or prospective purchasers (who are permitted transferees) of the Series 2018 Notes the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act (or any similar successor rule) to permit compliance with Rule 144A in connection with resales of the Series 2018 Notes ("**Rule 144A Information**").

In order to receive access to Available Information or Rule 144A Information, a Noteholder or prospective purchaser (who is a permitted transferee) of Series 2018 Notes must submit the Request for Access to Information Form attached to this Circular as Annex F (the "**Request for Access to Information Form**") to Atlas Capital UK 2018 PLC c/o Intertrust Management Limited, 35 Great St. Helen's, London, EC3A 6AP.

As a condition to access Available Information and Rule 144A Information, Noteholders and prospective purchasers must agree not to disclose any such information to third parties other than as required by applicable law, including U.S. federal and state securities laws or, in connection with the potential resale of Series 2018 Notes, to a prospective purchaser that is a permitted transferee. Any such information may not be used for any purpose other than an analysis of an investment in the Series 2018 Notes.

Expenses Account

The Issuer will maintain an account (the "**Expenses Account**") at a location outside of the United States in which amounts that are required to be paid to certain service providers of the Issuer, including the Insurance Manager, the Trustee, the Calculation Agent, the Notes Calculation Agent and other service providers of the Issuer, as well as certain other fees and expenses of the Issuer, including taxes, will be held. Amounts held in the Expenses Account will not be available to pay principal or interest on any Series 2018 Notes.

CAPITALISATION OF ISSUER

The following table illustrates the capitalisation of the Issuer, as of the date hereof and as adjusted as of the Closing Date to give effect to the issuance of the Series 2018 Notes. The total shareholders' equity of the Issuer is 50,000 shares of £1 each paid up as to one quarter of their nominal value. The total paid-up shareholders' equity of the Issuer is therefore £12,500.75 and has been converted into U.S. dollars using an exchange rate of USD1.3507 per £1.

	As of the date hereof (unaudited)	As adjusted for the issuance of the Notes (unaudited)
Debt:		
Series 2018 Notes	\$0	\$300,000,000
Total Debt:	\$0	\$300,000,000
Shareholder's equity:		
Paid up share capital (ordinary shares: one fully paid up and 49,999 paid up as to one quarter)	£12,500.75	£12,500.75
Unpaid share capital (ordinary shares: 49,999 paid up as to one quarter)	£37,499.25	£37,499.25
Total capitalisation:	\$67,535	\$300,067,535

PURPOSE OF OFFERING

The Issuer is issuing the Series 2018 Notes to collateralise and fund its obligations under the Reinsurance Agreement to make certain payments to the Ceding Insurer upon the occurrence of certain specified Covered Events during the Risk Period, as further described in this Circular.

THE CEDING INSURER

SCOR Global P&C SE (referred to as the Ceding Insurer), acting for itself and on behalf of any affiliate of SCOR SE. SCOR Global P&C SE is a member of the SCOR group of companies.

As of the date hereof, the Ceding Insurer's financial strength was rated "AA-" by S&P, "Aa3" by Moody's, "A+" by A.M. Best Europe Ratings Services Limited and "AA-" by Fitch Ratings Limited, each of which rating agencies is established in the European Union and is registered under Regulation (EC) No. 1060/2009

The offices of SCOR Global P&C SE and SCOR SE are located at 5, avenue Kléber, 75795 Paris Cedex 16, France.

As part of a planned intragroup reorganisation, it is intended that on 31 March 2019 (effective 1 January 2019), SCOR Global P&C SE will be merged into its parent, SCOR SE.

SUMMARY OF CERTAIN DOCUMENTS

The following describes certain terms of the documents to be entered into by the Issuer on or about the Issuance Date, including the Reinsurance Agreement, the Calculation Agent Agreement, the PCS License Agreement and the PERILS Trading License Agreement. These summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the specific documents including the definitions contained therein of certain terms. These documents may be obtained upon request to the Issuer by submitting a Request for Access to Information Form to the Issuer, substantially in the form attached hereto as Annex F. In addition, the Reinsurance Agreement and the Calculation Agent Agreement will also be available for review in draft form to prospective purchasers of the Series 2018 Notes prior to the Issuance Date via a secured password protected internet site online workspace maintained by the Workspace Administrator on behalf of the Issuer with IntraLinks. See "Available Information".

Reinsurance Agreement

General

On or about the Issuance Date, the Issuer will enter into a reinsurance agreement with the Ceding Insurer (the "**Reinsurance Agreement**") for the Series 2018 Notes.

The Reinsurance Agreement will cover, except in the case of the Supplemental Coverage Period (as described below), Named Storm Events, Earthquake Events and Europe Windstorm Events affecting the applicable Covered Area during the Risk Period, and, during the Supplemental Coverage Period, if applicable, any loss incurred by the Ceding Insurer in respect of any one, or series of, such kinds of disasters, accidents or losses occurring anywhere in the world.

The Risk Period will commence at 12:00:00 a.m (a) for Named Storm Events and Earthquake Events, Atlantic Standard Time; and (b) for Europe Windstorm Events, UTC, on June 1, 2018 (subject to a condition precedent that the Issuer is not on risk unless and until the Series 2018 Notes have been issued and the proceeds received by the Issuer) and continue up to and include the earliest of (i) 11:59:59 p.m., (a) for Named Storm Events and Earthquake Events, Hawaii Standard Time; and (b) for Europe Windstorm Events, UTC, on May 31, 2022 (the "**Scheduled Redemption Date**"), (ii) in the event of an Early Redemption Event (other than a Ceding Insurer Default Redemption Event) or Optional Redemption, 11:59:59 p.m., (a) for Named Storm Events and Earthquake Events, Hawaii Standard Time; and (b) for Europe Windstorm Events, UTC, on the tenth (10th) Business Day prior to the applicable Early Redemption Event or Optional Redemption Date and (iii) in the event of a Ceding Insurer Default Redemption Event, 11:59:59p.m., (a) for Named Storm Events and Earthquake Events, Hawaii Standard Time; and (b) for Europe Windstorm Events, UTC, on the last day of the related cure period.

In the event that there are assets standing to the credit of the Excess Account on the date the Reinsurance Agreement would otherwise terminate, the Ceding Insurer may elect for the Reinsurance Agreement to continue until all of the assets standing to the credit of the Excess Account have been depleted (the "**Supplemental Coverage Period**").

Issuer Payments

Subject to the Aggregate Limit, as of each Payment Date, if the Accrual Period Loss Payment Amount is greater than zero, the Reinsurance Agreement will require the Issuer to make a payment to the Ceding Insurer on such Payment Date in an amount equal to such Positive Accrual Period Loss Payment Amount adjusted (as and where applicable) by deducting any Excess Amount or adding any Deficit Payment as follows:

Excess Amount: If the Accrual Period Loss Payment Amount as of a Payment Date exceeds the sum of (i) the Aggregate UNL as of such Payment Date and (ii) the balance standing to the credit of the Excess Account immediately prior to such Payment Date, then a portion of the Issuer Payment corresponding to such excess (the "**Excess Amount**") will not be paid by the Issuer directly to the Ceding Insurer but will be transferred to the Excess Account.

Deficit Payment: If (i) the Aggregate UNL as of a Payment Date, *less* (ii) the aggregate amount of all the Issuer Payments received by the Ceding Insurer up to and including the immediately preceding Payment Date, is greater than the Positive Accrual Period Loss Payment Amount for the relevant Accrual Period (the difference between such amounts being the "**Deficit**"), and there is a positive balance in the Excess Account then on the Payment Date (and in addition to the Positive Accrual Period Loss Payment Amount) the Issuer is required to pay to the Ceding Insurer all amounts standing to the credit of the Excess Account up to a maximum amount equal to the amount of the Deficit (the "**Deficit Payment**").

In connection with an Issuer Payment to be paid on a Payment Date, the Issuer will deliver an EBRD Put Notice to the EBRD for the amount of the Issuer Payment not less than six (6) Business Days prior to the applicable EBRD Coupon Payment Date (except that no such EBRD Put Notice is required if all of the relevant EBRD Notes have already been redeemed or are to be redeemed on or before such Payment Date and any EBRD Put Notice required has already been provided to the EBRD).

Unless a MMF Negative Yield Event has occurred and is continuing, any interest payable on the EBRD Notes that is included in the cash proceeds of a redemption of the EBRD Notes will be part of the Permitted Investment Yield and, accordingly, will be included in the interest payable on the Series 2018 ISPV Notes and excluded from any Issuer Payment to the Ceding Insurer.

The Issuer is not required to gross up any Issuer Payments in order to account for any withholding or deductions which are required to be made in respect of Tax.

Negative Loss Payments

As of each Payment Date, if the Accrual Period Loss Payment Amount is less than zero, funds in an amount equal to the Negative Loss Payment will so far as available be transferred from the Excess Account to the Issuer on such Payment Date and shall be credited to the Collateral Account. If and to the extent that funds in the Excess Account are less than the Negative Loss Payment, the Ceding Insurer will make a payment in the amount of such shortfall to the Issuer on such Payment Date and such payment shall be credited to the Collateral Account.

Aggregate Maximum Risk Exposure Limit

The amount of any Issuer Payment to be made by the Issuer on any Payment Date together with the aggregate amount transferred by the Issuer to the Excess Account may not exceed the Outstanding Principal Amount on the immediately prior Payment Date (or the Issuance Date, in the case of the First Payment Date). The total amount of any Issuer Payments to be made by the Issuer to the Ceding Insurer shall not exceed the Original Principal Amount minus the aggregate amount of any Negative Loss Payments which have fallen due but not have not been paid to the Issuer at the relevant Payment Date. The obligations of the Issuer to make any Issuer Payment shall be a limited recourse obligation of the Issuer payable solely out of the Collateral and subject to the terms of the Trust Deed.

Periodic Payments

The Ceding Insurer will be obligated to make the following Periodic Payments to the Issuer pursuant to the Reinsurance Agreement on the Business Day immediately preceding each applicable Payment Date: (i) up to and including the earliest of the Early Redemption Date, the Optional Redemption Date and the Scheduled Redemption Date, as the case may be, an amount equal to the Interest Spread Amount payable by the Issuer on the Series 2018 Notes for the relevant Accrual Period; (ii) during an Extension Period, if any, an amount equal to the applicable Extension Spread Amount payable by the Issuer on the Series 2018 Notes for the relevant Accrual Period calculated on the basis of the actual number of days elapsed in the Accrual Period and a 360 day year, provided that if the conditions for two or more types of Extension Event are satisfied for an Accrual Period, the lowest applicable Extension Spread shall apply; (iii) the Residual Interest Amount if due on the Series 2018 Notes on such Payment Date; (iv) the Early Redemption Payment if due on the Series 2018 Notes on such Payment Date; and (v) the Optional Redemption Payment if due on the Series 2018 Notes on such Payment Date.

In the event that any withholding or deduction for or on account of any tax, including any excise tax, is required by law on any payment to be made by the Ceding Insurer to the Issuer under the Reinsurance Agreement, the Ceding Insurer will: (a) promptly notify the Issuer of such requirement; (b) make all such deductions and withholdings in respect of such tax; (c) pay the full amount deducted or withheld in respect of such tax (including the full amount required to be deducted or withheld from any additional amount paid under (e) below) to the relevant taxation authority or other governmental authority promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against; (d) as soon as practicable after the date of any payment of such tax to the relevant taxation authority or other governmental authority, furnish to the Issuer the official receipt or a certified copy thereof, evidencing payment thereof; and (e) pay to Issuer such additional amount as is necessary to ensure that the net amount received by the Issuer (free and clear of all Taxes) will equal the full amount the Issuer would have received had no such deduction or withholding in respect of Tax been required.

Event Notice

Following a potential Covered Event, the Ceding Insurer may provide an Event Notice to the Issuer and the Calculation Agent instructing the Calculation Agent to provide an Event Report for such potential Covered Event pursuant to and in accordance with the Calculation Agent Agreement.

UNL Notice

Following a Covered Event, the Ceding Insurer shall provide a UNL Notice to the Issuer and the Insurance Manager setting out the Ceding Insurer's initial calculation of the Ultimate Net Loss relating to such Covered Event, which, absent manifest error is conclusive for the purpose of calculating payments to be made to the Ceding Insurer and the Excess Account. The Ceding Insurer is permitted to deliver additional UNL Notices relating to any Covered Event from time to time as provided in the Reinsurance Agreement.

Reset

Annually, in accordance with the procedure set out in the Calculation Agent Agreement, the Reset Agent will reset the Attachment Level for each type of Covered Event, the Exhaustion Level for each type of Covered Event and, if the Ceding Insurer elects, the Interest Spread (as set out in further detail in the paragraph "Resets" of the summary of the Calculation Agent Agreement).

Early Redemption

The Ceding Insurer may give written notice to the Issuer with a copy to the Insurance Manager that it elects to trigger the termination of the Reinsurance Agreement following the occurrence of certain events described under "The Series 2018 Notes—Early Redemption", giving rise to a Clean-Up Call Redemption Event, a Data Provider Failure Redemption Event, a Service Provider Failure Redemption Event, a Change in Tax Law Redemption Event, a Change in Law Redemption Event, an EBRD Redemption Event, a Budget Exhaustion Redemption Event, or a Material Transaction Redemption Event, as the case may be.

In addition, the Reinsurance Agreement will terminate automatically upon the occurrence of a "**Ceding Insurer Default Termination Event**", which is a failure by the Ceding Insurer to make any Periodic Payment or Negative Loss Payment when due under the Reinsurance Agreement (where such default has not been cured within five (5) Business Days following the date on which the Issuer has provided a written notice of such default to the Ceding Insurer). The Issuer is required under the terms of the Reinsurance Agreement to promptly provide written notice to the Ceding Insurer (with a copy to the Insurance Manager) of any such failure by the Ceding Insurer to pay any Periodic Payment or Negative Loss Payment when due and payable.

An additional redemption amount will be payable on the Series 2018 Notes on the Early Redemption Date upon the occurrence of a Ceding Insurer Default Redemption Event prior to the Scheduled Redemption Date. If applicable, this additional Early Redemption Payment will be equal to the sum of the present values, discounted at Interest Spread in force at the time of the Ceding Insurer Default Redemption Event, of each of the scheduled Interest Spread payments calculated on the Outstanding Principal Amount, determined as of the Early Redemption Date, for each Accrual Period from the first day of the Accrual Period that begins on such Early Redemption Date up to the Scheduled Redemption Date. If the Early Redemption Date occurs on or after the Scheduled Redemption Date, the Early Redemption Payment will be zero.

In the event of any such early termination giving rise to a Ceding Insurer Default Redemption Event, the Ceding Insurer will be required to make a payment to the Issuer under the Reinsurance Agreement in an amount equal to the applicable Early Redemption Payment.

Optional Redemption

The Ceding Insurer may terminate the Reinsurance Agreement effective on any June Payment Date during the Risk Period and consequently the Issuer shall redeem all, but not less than all, of the Series 2018 Notes on the Optional Redemption Date, at a redemption price which will include the Optional Redemption Payment, by providing written notice of such election to the Issuer and the Insurance Manager at least thirty-five (35) calendar days prior to the applicable Optional Redemption Date.

Extension

The Reinsurance Agreement may be extended, and consequently the maturity of the Series 2018 Notes may be extended beyond the Scheduled Redemption Date, Early Redemption Date or Optional Redemption Date for the Series 2018 Notes for one or more Extension Periods as a result of the occurrence of an Extension Event or series of Extension Events, provided that the term of the Reinsurance Agreement, may not be extended beyond the earlier of: (i) the Final Extended Redemption Date; and (ii) the Extension Discontinuation Date.

If, as of any Extension Determination Date, an Optional Extension Event I, an Optional Extension Event II or a Mandatory Extension Event has occurred and is continuing, then the term of the Reinsurance Agreement, and the maturity of the Series 2018 Notes, will be extended automatically for an Extension Period, commencing on the Scheduled Redemption Date, Early Redemption Date, Optional Redemption Date or Extended Redemption Date, as the case may be, immediately following such Extension Determination Date where such Extension Determination Date is also an Extension Discontinuation Date; provided, however, that under no circumstances will the term of the Reinsurance Agreement and the maturity of the Series 2018 Notes, be extended to a date following the Final Extended Redemption Date. The occurrence of an Extension will not have the effect of extending the Risk Period under the Reinsurance Agreement.

The Ceding Insurer may also elect under the Reinsurance Agreement to extend the term of the Reinsurance Agreement, and consequently the maturity of the Series 2018 Notes, on the Redemption Date or any Extended Redemption Date, as applicable, only with respect to a portion of the Aggregate Limit. If such a Partial Extension is specified, the Issuer shall redeem the relevant portion of the Series 2018 Notes prior to the Final Extended Redemption Date and the remaining portion of the Series 2018 Notes shall remain outstanding until the earlier of (i) the last Extended Redemption Date; or (ii) the Final Extended Redemption Date.

Notwithstanding anything in this Circular to the contrary, in the event that (i) the Ceding Insurer has delivered a written notice to the Issuer under the Reinsurance Agreement triggering a Clean-Up Call Redemption Event, a Fall-Back Data Provider Failure Redemption Event, a Service Provider Failure Redemption Event, a Change in Tax Law Redemption Event, a Change in Law Redemption Event, an EBRD Redemption Event, a Budget Exhaustion Redemption Event, a Material Transaction Redemption Event or an Optional Redemption Event and (ii) a potential Covered Event has occurred subsequent to such written notice but prior to the end of the Risk Period, then the Ceding Insurer may effect an Optional Extension Event under the terms of the Reinsurance Agreement by delivering an Optional Extension Notice to the Issuer and the Insurance Manager prior to the applicable Extension Determination

Date. The Ceding Insurer may not elect an Extension in the case of a Ceding Insurer Default Termination Event.

Governing Law

The Reinsurance Agreement will be governed by and construed in accordance with the laws of England and Wales.

Calculation Agent Agreement

On or about the Issuance Date, the Issuer will enter into a Calculation Agent Agreement with AIR, pursuant to which AIR will provide certain services to the Issuer in connection with the Series 2018 Notes, including services relating to Resets and the provision of Event Reports and Optional Extension Verification Reports. The Issuer will indemnify the Calculation Agent in respect of certain claims, losses and expenses.

Event Reporting

Following receipt of an Event Notice in respect of a potential Covered Event, the Calculation Agent will issue an Event Report to the Issuer, the Insurance Manager and the Ceding Insurer stating the results of the procedures carried out by the Calculation Agent in determining whether such potential Covered Event is a Covered Event and, if a Covered Event, (i) the Event Index Value for such Covered Event, (ii) the Loss Period Index Value for the relevant Loss Period, (iii) the Loss Period Payment Amount, (iv) the Aggregate Loss Payment Amount; (v) the Accrual Period Loss Payment Amount; and (vi) the resulting Outstanding Principal Amount.

Pursuant to the terms of the Calculation Agent Agreement, the Calculation Agent will be required to submit an initial Event Report to the Issuer, the Ceding Insurer and the Insurance Manager at least seven (7) Business Days prior to the first Payment Date following the date on which the relevant Event Notice is issued (referred to herein as the "**Initial Event Reporting Date**"), using the latest Reporting Agency Report available as of five (5) Business Days prior to such Initial Event Reporting Date; *provided, however*, that if an Event Notice is issued less than twelve (12) Business Days prior to such first Payment Date, the Initial Event Reporting Date will be on the seventh (7th) Business Day prior to the next succeeding Payment Date; *provided, further*, that if no relevant Reporting Agency Report is available for the applicable Covered Event as of five (5) Business Days prior to such Initial Event Reporting Date, then the Initial Event Reporting Date will instead be seven (7) Business Days prior to the first Payment Date for which a relevant Reporting Agency Report is available for such Covered Event at least twelve (12) Business Days prior to such Payment Date. Thereafter, the Calculation Agent will continue to be required to issue an Event Report at least seven (7) Business Days prior to each subsequent Payment Date (the "**Subsequent Event Reporting Date**") until and including the Final Event Report for such Covered Event, in each case using the latest relevant Reporting Agency Report available as of five (5) Business Days prior to such Subsequent Event Reporting Date; *provided*, that in the case of the Final Extended Redemption Date, the Subsequent Event Reporting Date will be three (3) Business Days prior to the Final Extended Redemption Date.

For the Series 2018 Notes and each Covered Event, the Final Event Report shall be the Event Report issued on the earliest of (i) the Reporting Agency Report containing a final Resurvey Estimate for such Covered Event, (ii) if the Reporting Agency has ceased to exist or is unable to provide data necessary for the Calculation Agent to issue an updated version of an Event

Report, and no replacement reporting agency has been identified by the Calculation Agent, the most recent Reporting Agency Report for such Covered Event available on or immediately before the date when the Reporting Agency has ceased to exist or failed to deliver such data, and (iii) the most recent Reporting Agency Report available on or immediately before the date that occurs eight (8) Business Days prior to the Final Extended Redemption Date.

Resets

Pursuant to the terms of the Calculation Agent Agreement, annually beginning on each Reset Determination Date, the Reset Agent will use (i) the applicable Industry Exposure Database, (ii) the Factors or Updated Factors, as provided by the Ceding Insurer, if applicable, (iii) the updated Layer for each type of Covered Event as provided by the Ceding Insurer; and (iv) the Escrow Models, to reset the Attachment Level for each type of Covered Event, the Exhaustion Level for each type of Covered Event, and, if the Ceding Insurer elects a Variable Reset, the Updated One Year Expected Loss and the Updated Interest Spread; provided, that each Reset must satisfy the Reset Limitations, as verified by the Reset Agent in a Reset Report.

If any Reset does not meet the Reset Limitations, the Ceding Insurer will have the ability to amend the Updated Factors by providing the Reset Agent with an amended Factor Reset Notice, and the Reset Agent will use commercially reasonable efforts to perform a Reset meeting the Reset Limitations using such amended Updated Factors prior to the Reset Effective Date. If there has not been a Reset meeting the Reset Limitations by the Reset Effective Date, the Reset Agent will perform such Reset pursuant to the Calculation Agent Agreement applying the Factors as in effect prior to the relevant Reset Determination Date. Any such Reset will be deemed to be effective as of the relevant Reset Effective Date.

The Reset Agent will reset the Attachment Level for each type of Covered Event to the Preliminary Updated Attachment Level.

No later than May 1 preceding the applicable Reset Effective Date, if necessary (or if such day is not a Business Day, the next succeeding Business Day), the Reset Agent will also provide to the Ceding Insurer the calculations of the Preliminary Updated Attachment Level for each type of Covered Event and the corresponding updated Data File.

No later than May 15 preceding the applicable Reset Effective Date, the Ceding Insurer may elect a Variable Reset, by the delivery of a Variable Reset Notice (or if such day is not a Business Day, the next succeeding Business Day) to the Reset Agent, to update the Attachment Level for any type of Covered Event for the Series 2018 Notes. If the Ceding Insurer makes such election to update the Attachment Level for any type of Covered Event for the Series 2018 Notes, the Reset Agent will perform an Interest Spread Calculation. If the Ceding Insurer makes no such election for such type of Covered Event, the Updated Attachment Level for such type of Covered Event shall be set to the Preliminary Updated Attachment Level for such type of Covered Event and the Reset Agent shall not perform an Interest Spread Calculation.

If the Ceding Insurer elects a Variable Reset in connection with a Loss Period, the Reset Agent will use the Initial Interest Spread, the Initial One Year Expected Loss and the Updated One Year Expected Loss to calculate the Updated Interest Spread.

For each Reset, the Updated Exhaustion Level for a type of Covered Event for the Series 2018 Notes shall be set to an amount equal to the Updated Attachment Level for such type of

Covered Event plus the updated Layer for such type of Covered Event provided by the Ceding Insurer on the applicable Reset Determination Date.

Termination

The Calculation Agent Agreement may be terminated by the Calculation Agent at any time upon forty-five (45) calendar days' prior written notice (such notice specifying the date of termination) by the Calculation Agent to the Issuer with a copy to the Ceding Insurer and the Insurance Manager (such notice specifying the date of termination) if the Issuer fails to perform or commits a material breach of its obligations under the Calculation Agent Agreement beyond any applicable notice and cure period.

The appointment of the Calculation Agent may be terminated by the Issuer upon three (3) Business Days' written notice by the Issuer (such notice to specify the date of termination, which, in the discretion of the Issuer, may be effective immediately but not be later than six (6) months following such notice), to the Calculation Agent with a copy to Ceding Insurer, if (x) the Calculation Agent fails to perform or to observe in any material respect, or otherwise commits a material breach of, any provision of the Calculation Agent Agreement and such failure or breach has not been cured to the reasonable satisfaction of the Issuer beyond any notice and cure period after the Calculation Agent has received written notice thereof or the termination date in the termination notice from the Issuer, (y) the occurrence of a Bankruptcy Event (as defined in the Calculation Agent Agreement) in respect of the Calculation Agent, or (z) upon thirty (30) calendar days' written notice (such notice specifying the date of termination) to the Calculation Agent and the Ceding Insurer for any reason.

In the event of termination of the Calculation Agent Agreement, the Issuer will be required under the Reinsurance Agreement to use its reasonable best efforts, in cooperation with the Ceding Insurer, to engage a suitable replacement calculation agent. Any such replacement must (i) be an independent, internationally reputable modeling and engineering company or reinsurance broker experienced in performing services similar to those described in this Agreement, (ii) not be an affiliate of the Ceding Insurer or the Issuer, (iii) have a current, in-force license from AIR for the use of AIR's CATRADER applications and (iv) deliver a written acceptance of its appointment to the retiring Calculation Agent and to the Issuer, with copies to the Ceding Insurer and the Insurance Manager.

No termination of the Calculation Agent Agreement or other removal of the Calculation Agent, in each case by the Issuer, and no appointment of a successor calculation agent, shall become effective until the acceptance of appointment by the successor calculation agent pursuant to the Calculation Agent Agreement. Any successor calculation agent shall deliver a written acceptance of its appointment to the retiring Calculation Agent, the Ceding Insurer and the Issuer.

Insurance Management Agreement

On or about the Issuance Date, the Issuer will enter into a management agreement (“**Insurance Management Agreement**”) with Horseshoe ILS Services UK Ltd. Pursuant to the Insurance Management Agreement, the Insurance Manager is obligated to provide or procure, as applicable, such services as are necessary and appropriate for the Issuer’s business in the United Kingdom. Such services are directed to the administration of the Issuer’s business and include, among other things, general banking services, record keeping, certain corporate matters, filing and correspondence with any regulatory authorities, assist with reporting and invoicing,

correspondence relating to the Series 2018 Notes and the Reinsurance Agreement and assist with performing the Transaction Documents.

In consideration of such services, the Issuer is required to pay a fee to the Insurance Manager as specified in the Insurance Management Agreement. The Issuer is required to indemnify the Insurance Manager against liabilities and actions as specified in the Insurance Management Agreement. The Insurance Management Agreement may be terminated by the Insurance Manager at any time (i) upon ninety (90) calendar days prior written notice by the Insurance Manager to the Issuer and the Ceding Insurer if the Issuer fails to perform or commits a material breach of its obligations under the Insurance Management Agreement beyond any applicable notice and cure period; or (ii) upon prior written notice to the Issuer and the Ceding Insurer if the Issuer fails otherwise than as a result of the default of the Manager to make payment of any fees or expenses due under the Insurance Management Agreement beyond any applicable notice and cure period. The Insurance Management Agreement may be terminated by the Issuer at any time (i) upon written notice by the Issuer to the Insurance Manager (such notice to specify the date of termination, which may be effective immediately, but may not be later than six (6) months following such notice) if the Insurance Manager fails to perform or commits a material breach of its obligations under the Insurance Management Agreement which is not cured to the Issuer's satisfaction within ten (10) days of receipt of such written notice thereof or the termination date in such notice; or (ii) upon sixty (60) days written notice to the Insurance Manager and the Ceding Insurer for any reason.

In the event of termination of the Insurance Management Agreement, the Issuer shall immediately arrange for the return to the Issuer of all books and records and of any documents with confidential information provided to the Insurance Manager and in case of appointment of a new insurance manager, for the transfer to the succeeding insurance manager.

No termination of the Insurance Management Agreement or other removal of the Insurance Manager, in each case by the Issuer, and no appointment of a successor insurance manager, shall become effective until the acceptance of appointment by the successor insurance manager pursuant to the Insurance Management Agreement. Any successor insurance manager shall deliver a written acceptance of its appointment to the retiring Insurance Manager and the Issuer.

PCS License Agreement

On or about the Issuance Date, the Issuer will enter into a license agreement with ISO Services, Inc. ("**PCS License Agreement**"), relating to the use of PCS data by the Issuer. The Issuer will pay the licensing fees for the use of the PCS data in connection with the Series 2018 Notes. In addition, the Issuer and the Ceding Insurer have agreed to indemnify PCS for certain claims, liabilities and exposures arising out of the PCS License Agreement.

PERILS Trading License Agreement

On or about the Issuance Date, the Issuer will enter into a license agreement with PERILS AG ("**PERILS Trading License Agreement**"), relating to the use of PERILS data by the Issuer. The Issuer will pay the licensing fees for the use of the PERILS data in connection with the Series 2018 Notes. In addition, the Issuer and the Ceding Insurer have agreed to indemnify PCS for certain claims, liabilities and exposures arising out of the PERILS Trading License Agreement.

EBRD NOTES

Overview of EBRD

The following information was derived from publicly available information, as described below:

- Name:** European Bank for Reconstruction and Development
- Address:** One Exchange Square, London EC2A 2JN, United Kingdom
- Country of Incorporation:** Not applicable. The EBRD is an international organisation formed under the Agreement Establishing the European Bank for Reconstruction and Development dated May 29, 1990, as amended ("**EBRD Establishment Agreement**"), signed by 40 countries, together with the European Economic Community and the European Investment Bank. The EBRD is duly established under the EBRD Establishment Agreement. The EBRD has its headquarters in London. As of the date of this Circular, the EBRD has 68 members.
- Nature of Business:** The purpose of the EBRD is to foster the transition towards open market oriented economics and to promote private and entrepreneurial initiatives in its countries of operation which are committed to and applying the principles of multi party democracy, pluralism and market economics.
- Listing:** The EBRD Notes will not be listed or admitted to trading on any exchange.
- Credit Rating:** As of the date of this Circular, the EBRD has been assigned a credit rating of "AAA" by Standard & Poor's Credit Market Services Europe Limited, an "Aaa" credit rating by Moody's Investors Service Limited and an "AAA" credit rating by Fitch France S.A., each of which rating agencies is established in the European Union and is registered under Regulations (EC) No. 1060/2009 of the European Parliament and of the Council of September 2009 on credit rating agencies, as amended.

Further Information regarding EBRD and EBRD Notes

The information herein relating to EBRD and the EBRD Global Medium Term Note Programme was derived from and more information regarding EBRD and the EBRD's Global Medium Term Note Programme can be found on EBRD's official website <http://www.ebrd.com>. The extraction from this source has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that source, no facts have been omitted which would render the reproduced information inaccurate or misleading. None of the Issuer, the Ceding Insurer, the Initial Purchaser, the Trustee nor any of their affiliates has independently verified any of the information herein in respect of EBRD and the EBRD's Global Medium Term Note Programme or any of the information contained on such website or any materials contained therein for the purpose of this Circular, or any other materials prepared in relation to the Series 2018 Notes nor do they accept responsibility for such material or any errors or omissions contained in such information or materials. Any such information on such website or any materials contained therein is not incorporated herein by reference, and does not form part of this Circular or any other materials prepared in relation to the Series 2018 Notes.

The maturity date of the EBRD Note is June 6, 2022, and the EBRD Note may be subject to early redemption as further described herein. At the option of the Issuer, the EBRD Note may be wholly or partially redeemed at par (in minimum denominations of USD1,000) effective on any EBRD Coupon Payment Date upon delivery to the EBRD of a EBRD Put Notice not later than the sixth (6th) Business Day prior to such EBRD Coupon Payment Date. Any failure of the EBRD to redeem such EBRD Note in whole or in part upon the delivery of a EBRD Put Notice whether due to creditworthiness of the EBRD or for any other reason could result in the Issuer not having sufficient funds on the Redemption Date for the Series 2018 Notes to repay the applicable Outstanding Principal Amount.

Under the terms of the EBRD Note, interest at the EBRD Note Interest Rate on each EBRD Note in respect of each Payment Date for the Series 2018 Notes will accrue from, and including, the immediately preceding Payment Date (or, in the case of the First Payment Date, the date of issue of the EBRD Note) to, but excluding, such Payment Date, except that in connection with the redemption or partial redemption of the EBRD Note, interest from the EBRD to the Issuer with respect to the EBRD Note will be paid on such redemption date and will accrue up to, but excluding, such redemption date.

The EBRD has had no involvement in the preparation of this Circular. The EBRD does not make any representation on warranty, express or implied, as to the accuracy or completeness of any information set out in this Circular.

DESCRIPTION OF THE SERIES 2018 NOTES

The following contains a summary of certain provisions of the Series 2018 Notes, the Trust Deed and the Deed of Charge. These summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the specific documents including the definitions contained therein of certain terms. These documents may be obtained upon request to the Issuer by submitting a Request for Access to Information Form to the Issuer, substantially in the form attached to this Circular as Annex F. In addition, prior to the Issuance Date of the Series 2018 Notes, the Trust Deed, including the forms of certificates representing the Series 2018 Notes, will also be available for review in draft form to prospective purchasers of the Series 2018 Notes via a secured password protected internet site online workspace maintained by the Workspace Administrator on behalf of the Issuer with IntraLinks. See "Available Information" in this Circular.

General

The Series 2018 Notes have not been and will not be registered under the Securities Act or any U.S. state or foreign securities laws and are subject to substantial restrictions on transfer. See "Notice to Investors."

Holders of the Series 2018 Notes will have recourse only to the Collateral in the Collateral Account for the repayment of the Outstanding Principal Amount and will not have recourse to any other property or assets of the Issuer save for access to the assets in the Collateral Payment Account in relation to the payment of interest amounts in respect of the Series 2018 Notes. Holders of the Series 2018 Notes will rank *pari passu* with all other holders of the Series 2018 Notes and will be subordinated to the Issuer's Obligations to the Ceding Insurer and otherwise as provided in the Deed of Charge and the Trust Deed.

Neither the Ceding Insurer nor any of its affiliates is a guarantor of, or obligor on, the Series 2018 Notes. Noteholders will not have any recourse to or against the Ceding Insurer or any of its affiliates for any amounts due and payable by the Issuer to any Noteholder for any reason, including in the event of a default by the Issuer.

Redemption

Redemption Amount

On the Redemption Date, Holders of the Series 2018 Notes will receive, to the extent of the available funds therefor, the Redemption Amount plus any accrued but unpaid interest on the Series 2018 Notes. For the Series 2018 Notes, the Redemption Amount will equal 100% of the Outstanding Principal Amount of the Series 2018 Notes, determined as of the Redemption Date, plus, if applicable, an Early Redemption Payment or Optional Redemption Payment. See "Risk Factors—Limited Sources of Funds for Repayment of Principal."

Redemption Date

The Redemption Date will be (i) the earliest to occur of the Early Redemption Date, the Optional Redemption Date and the Scheduled Redemption Date, or (ii), following a Mandatory Extension Event or an Optional Extension Event, will be the earlier of the last Extended Redemption Date or the Final Extended Redemption Date.

Outstanding Principal Amount

Unless otherwise provided, as of any date of determination, the Outstanding Principal Amount of the Series 2018 Notes shall be equal to the Original Principal Amount (i) as reduced by the aggregate of all Principal Reductions made on all Payment Dates prior to and including such date and (ii) as increased by the aggregate of all Principal Increases made on all Payment Dates prior to and including such date; provided, that the Outstanding Principal Amount shall neither be less than zero nor greater than the Original Principal Amount for the Series 2018 Notes. Any such adjustment will be allocated *pro rata* among the holders of the applicable Series 2018 Notes.

Principal Reductions and Principal Increases

Principal Reductions and Principal Increases will be as specified in this Circular. The aggregate of all Principal Reductions (net of Principal Increases, if applicable) will not exceed the Original Principal Amount.

Early Redemption

If an Early Redemption Event has occurred, the Series 2018 Notes will be redeemed earlier than the Scheduled Redemption Date on the Early Redemption Date at a price equal to the Early Redemption Payment, subject to any Extension Event.

Optional Redemption

If an Optional Redemption Event has occurred, the Series 2018 Notes will be redeemed earlier than the Scheduled Redemption Date on the Optional Redemption Date at a price equal to the Optional Redemption Payment, subject to any Extension Event.

Extension of Maturity

Mandatory Extension

The maturity of the Series 2018 Notes may be extended beyond the Scheduled Redemption Date if, as of the Extension Determination Date immediately preceding the Scheduled Redemption Date, a Mandatory Extension Event has occurred and is continuing. If a Mandatory Extension Event occurs, the maturity of the Series 2018 Notes will be extended automatically beyond the Scheduled Redemption Date and the redemption date of the Series 2018 Notes shall instead be the earlier of the last Extended Redemption Date and the Final Extended Redemption Date. The occurrence of an Extension will not have the effect of extending the Risk Period under the Reinsurance Agreement.

Optional Extension

If an Early Redemption Date or an Optional Redemption Date has been determined but has not yet occurred, and an Optional Extension Notice has been delivered under the Reinsurance Agreement, the maturity of the Series 2018 Notes will be extended beyond the applicable Early Redemption Date or Optional Redemption Date (as applicable), and the redemption date of the Series 2018 Notes shall instead be extended to the earlier of the last Extended Redemption Date or the Final Extended Redemption Date.

Partial Extension

In connection with any Extension under the Reinsurance Agreement, the Ceding Insurer may, either at the time of the Mandatory Extension Event or the Optional Extension Event or at any time which the Extension Event is continuing under the Reinsurance Agreement, elect a "**Partial Extension**" only. If Partial Extension is specified in an Extension Notice or Optional Extension Notice, the Issuer shall redeem the relevant portion of the Series 2018 Notes (the "**Partial Redemption Amount**") on the Scheduled Redemption Date, the Early Redemption Date, the Optional Redemption Date or the Extended Redemption Date, as applicable, and the remaining portion of the Series 2018 Notes shall remain outstanding until the earlier of the last Extended Redemption Date and the Final Extended Redemption Date. Series 2018 Notes representing the Partial Redemption Amount will be redeemed on a pro rata basis on the Partial Extension Redemption Date specified in the Extension Notice or Optional Extension Notice (as applicable), as the case may be, at a redemption price equal to the applicable pro rata portion of the Partial Repayment Amount (in each case, subject to the procedures of the DTC).

Notification to the Clearing Systems

If an Extension Event occurs, the Principal Paying Agent will notify the applicable Clearing System(s), not later than two (2) Business Days prior to the Early Redemption Date, the Optional Redemption Date or the Scheduled Redemption Date, as the case may be, of the extension of the maturity of the Series 2018 Notes and shall further notify the Clearing Systems when the Redemption Date has been finally determined.

Determination of Extended Redemption Date

In order that the Redemption Date may be determined, the Issuer shall notify the Trustee, the Principal Paying Agent, the Note Calculation Agent and the Noteholders as to whether an Extension Event has occurred or is continuing under the Reinsurance Agreement as of such date and the type of such Extension Event and whether or not an Extension Discontinuation Date has occurred.

Interest

Payment of Interest

Interest for the Series 2018 Notes will accrue from the Issuance Date thereof, as calculated below, and will be payable quarterly (or following an Extension Event, monthly) in arrears on the dates specified in this Circular, ending on the earliest of the Early Redemption Date, the Optional Redemption Date and the Scheduled Redemption Date or, if a Mandatory Extension Event or an Optional Extension Event, the earlier of the last Extended Redemption Date and the Final Extended Redemption Date. See "*Risk Factors—Limited Sources of Funds for Payment of Interest.*"

If on any Payment Date the Issuer has insufficient funds to make any payment of interest on any Series 2018 Notes, such interest shall be deferred and the Issuer shall, on the next Payment Date following such deferral (and only to the extent there are funds available following payment of interest arising on such Payment Date), pay such deferred interest (plus interest on such deferred interest at the applicable Interest Spread, Extension Spread or Non-Risk Period Interest Spread, as the case may be, for the Accrual Period or part thereof). Any deferred Interest will be computed on the basis of the actual number of calendar days elapsed in the relevant Accrual Period during which the default occurred using a 360-day year.

Calculation of Interest

Notwithstanding anything in this Circular to the contrary, for each Accrual Period from and including the Issuance Date to, but excluding, the Redemption Date, interest on the Series 2018 Notes will be calculated by the Note Calculation Agent as the sum of:

- (i) the Permitted Investment Yield relating to such Accrual Period; *plus*
- (ii) the following amount (the sum of (a), (b), (c), (d) and (e)):
 - (a) for all calendar days during such Accrual Period that occur during the period from and including the Issuance Date to, but excluding the first day of the First Loss Period: interest accrued at the Non-Risk Period Interest Spread calculated on the Original Principal Amount;
 - (b) for all calendar days during such Accrual Period that occur during the period from and including the first day of the Risk Period to and including the last day of the First Loss Period: interest accrued at the Initial Interest Spread calculated on the Original Principal Amount; provided, that if the Outstanding Principal Amount is reduced to zero as a result of one or more Loss Payment Amounts on any of the Payment Dates prior to the end of the First Loss Period, the Residual Interest Amount will be paid on such Payment Date, in addition to the accrued interest for the prior Accrual Period, on such Payment Date and no further interest will be paid;
 - (c) for all calendar days during such Accrual Period that occur from and including the first day of the Second Loss Period to and including the last day of the Risk Period: the sum of interest accrued at the applicable Interest Spread calculated on the Outstanding Principal Amount as of the first day of the applicable Accrual Period;
 - (d) for all calendar days during such Accrual Period that occur from but excluding the last day of the Risk Period to but excluding such Early Redemption Date, the Optional Redemption Date or the Scheduled Redemption Date, as applicable, interest accrued at the Non-Risk Period Interest Spread calculated on the Outstanding Principal Amount as of the first day of the applicable Accrual Period; and
 - (e) for all calendar days during such Accrual Period that occur during the period from and including the Early Redemption Date, the Optional Redemption Date, or the Scheduled Redemption Date to but excluding the earlier of the last Extended Redemption Date and the Final Extended Redemption Date;

interest accrued at the applicable Extension Spread calculated on the Outstanding Principal Amount,

in each case, calculated in accordance with the Interest Calculation Convention.

Collateral and Security

Collateral Account

The Issuer will deposit an amount equal to the proceeds from the sale of the Series 2018 Notes into a Collateral Account established solely for the Series 2018 Notes in the name of the Issuer with the Custodian. The amounts credited to each Collateral Account will be invested in Permitted Investments.

Prior to the occurrence of an Event of Default with respect to the Series 2018 Notes, the principal portion of amounts standing to the credit of the Collateral Account for the Series 2018 Notes will be available to satisfy (in order of priority): (i) any obligations of the Issuer to the Ceding Insurer under the Reinsurance Agreement; and (ii) any obligations of the Issuer to holders of the Series 2018 Notes under the Trust Deed.

Permitted Investment Yield on the assets credited to the Collateral Account is the property of the Issuer and is not subject to any prior claim of the Ceding Insurer. Such Permitted Investment Yield is subject to a security interest in favour of the Trustee for the benefit of the Noteholders.

Collateral Payment Account

The Custodian will transfer the Permitted Investment Yield, if any, credited to the Collateral Account to the Collateral Payment Account for the Series 2018 Notes. The Issuer will also credit to the Collateral Payment Account the Periodic Payments received from the Ceding Insurer under the Reinsurance Agreement. The amounts standing to the credit of the Collateral Payment Account will be applied on each Payment Date to satisfy the payment obligations of the Issuer to the Noteholders under the Conditions of the Series 2018 Notes.

Deed of Charge

The Issuer will, pursuant to the Deed of Charge, charge to the Trustee for the benefit of each of those persons listed as entitled to payment in any of the Post Enforcement Priorities of Payments (as further described below (the "**Beneficiaries**") as security for the Issuer's obligations to such parties, all the Issuer's right, title, interest and benefit in, to and under: (i) the "**Collateral Account**" relating to the Series 2018 Notes and all amounts therein or credited thereto; (ii) the "**Collateral Payment Account**" and all amounts therein or credited thereto; (iii) the "**Expenses Account**" and all amounts therein or credited thereto; and (iv) the "**Excess Account**" and all amounts therein or credited thereto (together the "**Charged Accounts**").

Each account charged as part of the Collateral (each an "**Account**") will be held by the Issuer with the Custodian and/or the Account Bank in the United Kingdom.

The security interest over the Charged Accounts will be governed by and created under the respective Deed of Charge, which will be governed by English law.

Under the Deed of Charge, the Issuer will also assign absolutely to the Trustee for the benefit of the Beneficiaries, all of the Issuer's right, title, benefit and interest in, to and under the

Insurance Management Agreement, the Calculation Agreement, the Escrow Agreement, the Custody Agreement, the Agency Agreement and the Reinsurance Agreement (the "**Assigned Agreements**").

The assets and property charged in favour of the Trustee (on behalf of itself and the other Beneficiaries) under the Deed of Charge will collectively constitute the "**Collateral**" in connection with all amounts and liabilities of the Issuer in connection with the Reinsurance Agreement, the issue of the Series 2018 Notes and the related arrangements described herein (the "**Obligations**").

Events of Default and Enforcement

The Trust Deed will specify the following Events of Default in respect of the Series 2018 Notes:

- (a) a default for five (5) Business Days or more in the payment of any interest when due and payable under any Series 2018 Notes;
- (b) a default in the repayment of the Redemption Amount of any Series 2018 Notes when due and payable;
- (c) a default in the observance or performance of any covenant or agreement of the Issuer made in the Trust Deed in respect of the Series 2018 Notes, which default has a material adverse effect on the Holders of the Series 2018 Notes and such default shall continue and not be cured for a period of thirty (30) calendar days after there shall have been given to the Issuer by the Trustee or to the Issuer and the Trustee by Holders representing at least 25% of the Outstanding Principal Amount of the Series 2018 Notes, a written notice specifying such default;
- (d) any representation or warranty with respect to the Series 2018 Notes made by the Issuer in the Trust Deed or in any certificate or other writing delivered pursuant thereto or in connection therewith having been incorrect at the time when the same shall have been made; provided, however, such misrepresentation has a material adverse effect on the Holders of the Series 2018 Notes and shall not have been eliminated or otherwise cured, for a period of thirty (30) calendar days after there shall have been given, by registered or certified mail, to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders representing at least 25% of the Outstanding Principal Amount of the Series 2018 Notes, a written notice specifying such incorrect representation or warranty; and requiring it to be remedied and stating that such notice is a notice of default thereunder;
- (e) the occurrence of an Insolvency Event in relation to the Issuer

For the purposes of the above, "**Insolvency Event**" in respect of a company means:

- (a) such company is unable or admits its inability to pay its debts as they fall due (after taking into account any grace period or permitted deferral), or suspends making payments on any of its debts;
- (b) the value of the assets of such company is less than the amount of its liabilities;
- (c) a moratorium is declared in respect of any indebtedness of such company;

- (d) the commencement of negotiations with one or more creditors of such company with a view to rescheduling any indebtedness of such company other than in connection with any refinancing in the ordinary course of business;
- (e) any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - 1. the appointment of an Insolvency Official in relation to such company or in relation to the whole or any part of the undertaking or assets of such company except, in the case of the Issuer, the application to the Court under paragraph 12 or the filing of notice of intention to appoint an administrator under paragraph 26 of Schedule B1 to the Insolvency Act by the Issuer or its directors, or the appointment of an administrative receiver by the Trustee following any such application or notice; or
 - 2. an encumbrancer (excluding, in relation to the Issuer, the Trustee or any Receiver) taking possession of the whole or any part of the undertaking or assets of such company;
 - 3. the making of an arrangement, composition, or compromise (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditor of such company, a reorganisation of such company, a conveyance to or assignment for the creditors of such company generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such company generally other than in connection with any refinancing in the ordinary course of business; or
 - 4. any distress, execution, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of such company (excluding, in relation to the Issuer, by the Trustee or any Receiver); or
- (f) any procedure or step is taken, or any event occurs, analogous to those set out in (a) to (e) above, in any jurisdiction;

If an Event of Default specified in any of the clauses set forth above should occur and be continuing with respect to the Series 2018 Notes the Trustee (with the prior consent of the Ceding Insurer) may, and if so directed by at least 25% of the Outstanding Principal Amount of the Series 2018 Notes or an Extraordinary Resolution (and subject to the Trustee having been indemnified and/or secured to its satisfaction), shall deliver an Enforcement Notice to the Issuer declaring the Series 2018 Notes due and payable.

Following delivery of an Enforcement Notice, the Trustee (with the prior consent of the Ceding Insurer) may, and if so directed by at least 25% of the Outstanding Principal Amount of the Series 2018 Notes or an Extraordinary Resolution (and subject to the Trustee having been indemnified and/or secured to its satisfaction), shall institute such proceedings as it thinks fit to enforce its rights under the Trust Deed.

Neither the Trustee in its individual capacity, nor any of its owners, beneficiaries, agents, officers, directors, employees, affiliates, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of any amounts required to be

paid under the Series 2018 Notes or for the agreements of the Issuer contained in the Trust Deed.

Proceeds of Enforcement

Following enforcement of the security over the Collateral, the Trustee will apply the proceeds of enforcement over each Account in the following order of priority (the "**Post Enforcement Priorities of Payment**"):

in relation to the Collateral Account (excluding any amount of Permitted Investment Yield standing to the credit of the Collateral Account), the following order of priority:

- (i) first, to satisfy any unpaid obligations of the Issuer to the Trustee in each case to the extent not satisfied by application of monies from the Expenses Account in accordance with the Post-Enforcement Priorities of Payment applicable to the Expenses Account;
 - (ii) second, to satisfy, *pro rata and pari passu*, any unpaid obligations of the Issuer to the Custodian, the Account Bank and/or the Principal Paying Agent, in each of their respective capacities hereunder (individual or otherwise), in each case to the extent not satisfied by application of monies from the Expenses Account in accordance with the Post-Enforcement Priorities of Payment applicable to the Expenses Account;
 - (iii) third, to satisfy the obligations of the Issuer to the Ceding Insurer in respect of any amounts owed and unpaid under the Reinsurance Agreement (and provided that no further payments under any subsequent limb of this priority of payments shall be made unless the Ceding Insurer has confirmed in writing that payment of all present and future amounts payable under the Reinsurance Agreement are satisfied, such confirmation not to be unreasonably withheld, conditioned or delayed);
 - (iv) fourth, *pari passu and pro rata*, to satisfy the obligations of the Issuer to the Noteholders in respect of the aggregate Outstanding Principal Amount of the Series 2018 Notes; and
 - (v) fifth, *pari passu and pro rata*, to satisfy any other unpaid liabilities of the Issuer to any Transaction Party under the Transaction Documents, including any indemnification amounts payable by the Issuer, but only if (1) no Series 2018 Notes are outstanding and all amounts in respect thereto have been paid in full and (2), the Reinsurance Agreement has been terminated in accordance with its own terms and all obligations thereunder have been satisfied and only to the extent such liabilities have not been satisfied by application of monies from the Expenses Account in accordance with the Post-Enforcement Priorities of Payment applicable to the Expenses Account.
- (a) in respect of the Collateral Payment Account and any amount of Permitted Investment Yield standing to the credit of the Collateral account;
- (i) first, *pari passu and pro rata*, to satisfy the obligations of the Issuer to the Noteholders in respect of any amount of interest owed and unpaid on the Series 2018 Notes; and
 - (ii) second, the remainder, if any, to the Collateral Account.

- (b) in respect of the Excess Account, to pay to the Ceding Insurer amounts due from the Issuer to the Ceding Insurer pursuant to clause 9D of the Reinsurance Agreement.
- (c) in relation to the Expenses Account, the following order of priority:
 - (i) first, to satisfy, *pro rata and pari passu*, any unpaid obligations of the Issuer to the Trustee, the Custodian, the Note Calculation Agent, the Account Bank, Principal Paying Agent, the Insurance Manager, the Calculation Agent, the Corporate Services Provider and any other service provider appointed in accordance with the Transaction Documents; and
 - (ii) second, the remainder to the Ceding Insurer.

Any monies held by the receiver or the Trustee after application of monies received or recovered after delivery of an Enforcement Notice and not required for application in discharge of the Obligations in accordance with Post-Enforcement Priorities of Payment shall be paid by the Receiver or the Trustee to the Issuer for application in or towards meeting the obligations of the Issuer, which do not constitute Obligations, as such obligations fall due.

Payments

Record Date

The "**Record Date**" with respect to an Payment Date or Redemption Date shall be the Definitive Note Record Date or the Global Note Record Date, as applicable. The "**Definitive Note Record Date**" shall be, in the case of any payment in respect of a Definitive Note, the close of business on the fifteenth day (whether or not such fifteenth day is a Business Day) before the relevant due date for such payment. The "**Global Note Record Date**" shall be, in the case of any payment in respect of a Global Note, the last day on which each Clearing System for which the Global Note is being held is open for business immediately preceding the relevant due date for such payment.

The Trust Deed

General

On or about the Issuance Date, the Issuer entered into the Trust Deed with, among others, the Trustee, the Paying Agent, the Registrar and the Custodian.

The Trust Deed and the Series 2018 Notes will be governed by, and construed in accordance with, the laws of England and Wales.

Certain Covenants

For as long as any of the Series 2018 Notes remain outstanding, the Issuer will comply with the terms of the covenants set forth below:

Reinsurance Agreement. The Issuer will not substitute the related Reinsurance Agreement with any other reinsurance agreement or financial contract.

Records. The Issuer will maintain records to the extent required under applicable law.

Collateral. The Issuer will maintain the respective Collateral and the Trustee's security interest in the respective Collateral.

Maintenance of Existence. The Issuer will maintain its existence and comply with applicable regulatory requirements.

Delivery of Notice of Certain Payments. The Issuer will deliver to the Trustee notice of any Issuer Payment, Principal Reduction, Negative Loss Payment or Principal Increase applicable to the Series 2018 Notes.

Provision of Various Information. Upon submission of a Request for Information Form by a Noteholder or prospective purchaser, the Issuer will provide, or cause to be provided, to the Noteholders or prospective purchasers designated by such Noteholders the Rule 144A Information, the Available Information and any other information required by law.

Prohibition on Other Business Activities. The Issuer will not engage in any business other than as described herein or incidental or ancillary thereto.

Prohibition on Incurrence of Indebtedness. The Issuer will not incur any indebtedness for borrowed money (other than the Series 2018 Notes).

Prohibition on Consolidation or Merger. The Issuer may not consolidate or merge with or into any other person or dispose of all or substantially all of its assets.

Other Agreements. The Issuer may not enter into any reinsurance agreement or financial contract with respect to the Series 2018 Notes other than the Reinsurance Agreement.

Amendment of Basic Documents

Except as expressly provided in any of the Insurance Management Agreement, the Reinsurance Agreement, the Issuer's Memorandum and Articles of Association, the Deed of Charge, the Calculation Agent Agreement, the Escrow Agreement and any other agreements specified in this Circular, as the same may from time to time be amended, supplemented or otherwise modified and in effect (such agreements, together with the Trust Deed, the "**Basic Documents**"), the Basic Documents may be amended, with the consent of the relevant parties, by the mutual written consent of the applicable Ceding Insurer and the Issuer at any time without the consent of the Noteholders to correct any error, to address any unforeseen circumstance, to clarify any term or provision or for any other reason; **provided, however, that** no amendment can be made that would adversely affect the interest of the Noteholders of the Series 2018 Notes without the consent of the Noteholders representing a majority of the Outstanding Principal Amount of the Series 2018 Notes.

Modification of the Trust Deed

The Trustee may, at any time and from time to time, without the consent or sanction of the Noteholders or any other Beneficiaries (other than the Ceding Insurer) but with the prior consent of the Ceding Insurer, concur with the Issuer and any other relevant parties in making:

- (a) any modification to the Conditions, the Trust Documents (other than in certain circumstances specified under the Trust Deed (each a "**Reserved Matter**")), the Series 2018 Notes, the Reinsurance Agreement or the other Transaction Documents in relation to which its consent is required which, in the opinion of the Trustee, will not

- (i) have a material adverse impact on some or any of the Noteholders, and (ii) as evidenced by an opinion of counsel, have any material adverse impact on the U.S. federal income taxation of any Series 2018 Notes or any Noteholder; or
- (b) any modification to the Conditions, Trust Documents, the Series 2018 Notes, the Reinsurance Agreement or the other Transaction Documents, in relation to which its consent is required, if, in the opinion of the Trustee, such modification is of a formal, minor or technical nature, or is made to correct a manifest error.

Any modification in respect of a Reserved Matter shall require the prior consent of an affirmative vote of Noteholders representing not less than a three quarters of the Outstanding Principal Amount of the Series 2018 Notes affected thereby.

Modifications Without Ceding Insurer Consent

No term of the Trust Deed or any other Basic Document may be amended without the prior written consent of the applicable Ceding Insurer.

Events of Default and Remedies

No Petition

By its acquisition of a Note, each Noteholder will agree that neither it nor the Trustee on its behalf will institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, examination, insolvency, liquidation or similar proceeding with respect to the Issuer under any U.S. federal, U.S. state or foreign law. The Holders of the Series 2018 Notes will only have recourse to the Issuer's Collateral for the Series 2018 Notes as provided in the Deed of Charge and the Trust Deed.

Extinguishment of Obligations

All obligations of the Issuer under the Trust Deed and the Series 2018 Notes will be limited recourse obligations of the Issuer payable solely from the Collateral in the Collateral Account and the Collateral Payment Account and will be deemed extinguished if, at any time, such Collateral is exhausted (and there are no claims that may be asserted by the Issuer with respect to contractual obligations of third parties to the Issuer).

All obligations of the Issuer under the Reinsurance Agreement will be limited recourse obligations of the Issuer payable solely from the Collateral in the Collateral Account and the Collateral Payment Account and will be deemed extinguished if, at any time, such Collateral is exhausted (and there are no claims that may be asserted by the Issuer with respect to contractual obligations of third parties to the Issuer).

All obligations of the Issuer under each of the Insurance Management Agreement, the Calculation Agent Agreement, the Escrow Agreement, the PCS License Agreement and the PERILS Trading License Agreement will be limited recourse obligations of the Issuer payable solely from the Expenses Account and (if applicable) the Collateral Account but only when no Notes remain outstanding and the Reinsurance Agreement has been terminated in accordance with its terms and will be deemed extinguished if, at any time, the Expenses Account and the Collateral Account are exhausted (and there are no claims that may be asserted by the Issuer with respect to contractual obligations of third parties to the Issuer).

Neither the Ceding Insurer nor any of its affiliates is a guarantor of or obligor on the Series 2018 Notes, and Noteholders will not have any recourse against the Ceding Insurer or its affiliates in the event of a default by the Issuer.

In addition, claims for principal and interest in respect of the Series 2018 Notes shall become void unless the relevant Series 2018 Notes are presented for payment within two (2) years of the applicable Redemption Date.

Money for Payments to be Held by the Trustee and the Paying Agent

If the Trustee, with the approval of the Ceding Insurer, determines that (i) all of the Obligations and all other obligations secured by the Trust Documents have been fully and finally discharged and (ii) none of the Beneficiaries is under any commitment, obligation or liability (whether actual or contingent) to make advances or provide other financial accommodation to the Issuer pursuant to the Transaction Documents, the trusts set out in this Deed shall be wound up. At that time (the "**Final Discharge Date**") the Trustee shall release, without recourse or warranty, all of the Security then held by it and the rights of the Trustee under each of the Trust Documents, at which time each of the Parties hereto shall be released from its obligations under this Deed (save for those which arose prior to the winding-up). For the avoidance of doubt, if the Trustee (on the basis of legal advice received by it for this purpose) considers that an amount paid to it or any Beneficiary for application in or towards repayment of the Obligations is (having regard to the circumstances then existing) capable of being avoided or otherwise set aside on the liquidation or administration of the Issuer or otherwise, such amount shall not be considered to have been paid and such Obligations shall not be considered to have been discharged in full and the Trustee shall not be obliged to release the relevant Security.

Purchase of Series 2018 Notes by Issuer and Others

The Trust Deed, the Conditions and Memorandum and Articles of Association do not restrict the Issuer or the Ceding Insurer from purchasing the Series 2018 Notes.

Trustee

BNY Corporate Trustee Services Limited will be the Trustee under the Trust Deed.

The Trustee may resign at any time upon 60 calendar days' prior written notice to the Issuer or may be removed, with the consent of the Ceding Insurer, by the Issuer as directed by Noteholders representing a majority of the Outstanding Principal Amount of the Series 2018 Notes. The Issuer also has the right to remove the Trustee for ineligibility, bankruptcy, insolvency, receivership or other incapability to act. If the Trustee resigns or is removed, or if a vacancy occurs in the office of the trustee for any reason, a successor Trustee shall be appointed in accordance with the provisions of the Trust Deed. No such resignation or removal shall be effective until a successor Trustee has been appointed.

The Issuer will indemnify the Trustee with respect to certain matters relating to the Trust Deed.

Non-Permitted Noteholder

Upon notice that any Noteholder is either (a) not a resident of a Permitted U.S. Jurisdiction or Permitted Non-U.S. Jurisdiction or (b) not a Qualified Investor, Qualified Institutional Buyer and, if a U.S. Person, not a Qualified Purchaser at the time of acquiring Notes (a "**Non-Permitted Noteholder**"), then with respect to (a) above, after requiring such Noteholder (or

holder of a beneficial interest therein) to show proof of residency and based on written advice from counsel that such Noteholder is a Non-Permitted Noteholder due to (a) above, the transaction will be deemed null and void and of no effect and the Issuer may compel such Noteholder (or holder of a beneficial interest therein) to sell such Note (or beneficial interest therein) in accordance with the provisions below, or with respect to (b) above, based on written advice from counsel that such Noteholder is a Non-Permitted Noteholder due to (b) above, the Issuer may, in its discretion, regard the transaction as null and void and of no effect and the Issuer may require such Non-Permitted Noteholder to sell its interest in the Series 2018 Notes to a person who is a resident of a Permitted U.S. Jurisdiction or Permitted Non-U.S. Jurisdiction, a Qualified Investor, a Qualified Institutional Buyer and, if a U.S. Person, a Qualified Purchaser, within thirty (30) calendar days following notice thereof by the Issuer. If such Non-Permitted Noteholder fails to effect the sale within such 30-day period, the Issuer will have the right, without further notice to such Non- Permitted Noteholder, to sell such interest in the Series 2018 Notes to a purchaser selected by the Issuer who meets the aforementioned requirements on such terms as the Issuer may choose. The Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Series 2018 Notes, and selling the Series 2018 Notes to the highest such bidder. However, the Issuer may select a purchaser by any other means determined by it in its sole discretion. Each Noteholder, the Non-Permitted Noteholder and each other person in the chain of title from the new Noteholder to the Non-Permitted Noteholder, by its acceptance of an interest in the Series 2018 Notes, agrees to cooperate with the Issuer to effect such transfers. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to the Non-Permitted Noteholder. The terms and conditions of any sale shall be determined in the sole discretion of the Issuer and neither the Issuer nor the Trustee shall be liable to any Person having an interest in the Series 2018 Notes sold as a result of any such sale or the exercise of such discretion.

Book-Entry, Delivery and Form

The Series 2018 Notes will be represented by one or more fully registered global security certificates (each, a "**Global Note**") and will be available for purchase solely through the book-entry system provided by the applicable Clearing System, as specified in this Circular.

Unless and until Definitive Notes are issued under the limited circumstances described herein, no purchaser of an ownership interest in the Series 2018 Notes ("**Beneficial Owner**") will be entitled to receive a Definitive Note representing such Beneficial Owner's interest in such Note. Until such time, all references herein to actions by Holders of the Series 2018 Notes will refer to actions taken by the applicable Clearing System upon instructions from its participating organisations ("**Participants**"), and all references herein to distributions, notices, reports, and statements to such Clearing System or its nominee, as the registered holder of the Series 2018 Notes, for distribution to the appropriate Holders in accordance with such Clearing System's procedures. Interests in any Global Note or Definitive Notes for the Series 2018 Notes will be recorded only in permitted denominations as provided in this Circular.

The Series 2018 Notes have not been and will not be registered under the Securities Act and are subject to substantial restrictions on transfer. The Series 2018 Notes (including beneficial interests therein) are being offered only to investors ("**Eligible Purchasers**") that are (i) Qualified Investors and Qualified Institutional Buyers that, with respect to U.S. Persons, are also Qualified Purchasers, and (ii) residents of, and purchasing in, a Permitted U.S. Jurisdiction or Permitted Non-U.S. Jurisdiction (and meet the other requirements set forth under "*Notice to*

Investors", except as otherwise specified in this Circular). The Series 2018 Notes will bear a legend and may not be transferred except in compliance with the transfer restrictions set forth in the Series 2018 Notes and such legend. The Series 2018 Notes may be reoffered and sold only to Eligible Purchasers. See "*Notice to Investors*." Each purchaser of a Note will be deemed to have made the representations set forth in "*Notice to Investors — Representations of Purchasers*", except as otherwise specified in this Circular.

A Beneficial Owner's ownership of a Global Note will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (each, a "**Financial Intermediary**") that maintains the Beneficial Owner's account for such purpose. In turn, the Financial Intermediary's ownership of such Global Note will be recorded on the records of the relevant Clearing System (or of a Participant that acts as agent for the Financial Intermediary, whose interest will in turn be recorded on the records of the relevant Clearing System, if the Beneficial Owner's Financial Intermediary is not a Participant and on the records of the relevant Clearing System, as appropriate).

Beneficial Owners will receive all distributions allocable to the Global Notes from the Trustee through the applicable Clearing System and its Participants. While the Global Notes are outstanding (except under the circumstances described below), under the rules, regulations and procedures creating, governing and affecting the applicable Clearing System and its operations (in each case, the "**Rules**"), such Clearing System is required to make book-entry transfers among its Participants on whose behalf it acts with respect to the Series 2018 Notes. Each Clearing System is required to receive and transmit distributions allocable to the Series 2018 Notes. Participants and Financial Intermediaries with whom Beneficial Owners have accounts with respect to any Series 2018 Notes are similarly required to make book-entry transfers and receive and transmit such distributions on behalf of their respective Beneficial Owners. Accordingly, although Beneficial Owners will not possess physical certificates, the applicable Rules provide a mechanism by which Beneficial Owners will receive distributions and will be able to transfer their beneficial ownership interests in the Series 2018 Notes.

Beneficial Owners will not receive or be entitled to receive Definitive Notes, except under the limited circumstances described below. Unless and until Definitive Notes are issued, Beneficial Owners who are not Participants in a Clearing System may transfer ownership of Series 2018 Notes only through Participants and Financial Intermediaries by instructing such Participants and Financial Intermediaries to transfer beneficial ownership interests in the Series 2018 Notes by book-entry transfer through the applicable Clearing System for the account of the purchasers of the Series 2018 Notes, which account is maintained with their respective Participants or Financial Intermediaries. Under the Rules and in accordance with the applicable Clearing System's normal procedures, transfers of ownership of Series 2018 Notes will be executed through such Clearing System and the accounts of the respective Participants will be debited and credited. Similarly, the Participants and Financial Intermediaries will make debits or credits, as the case may be, on their records on behalf of the selling and purchasing Beneficial Owners.

No Clearing System has knowledge of the actual Beneficial Owners of the Series 2018 Notes held within such Clearing System and their records will reflect only the identity of the direct Participants to whose accounts such Global Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to direct Participants, by direct Participants to indirect Participants, and by direct Participants and indirect Participants to Beneficial Owners will be governed by

arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

DTC

The Depository Trust Company has advised that it is a New York-chartered limited purpose trust company that performs services for DTC Participants, some of which (and/or their representatives) own DTC. In accordance with its normal procedures, DTC is expected to record the positions held by each DTC participant in the Global Note for the Series 2018 Notes, whether held for its own account or as a nominee for another person. In general, beneficial ownership of Global Notes clearing through DTC will be subject to the DTC Rules as in effect from time to time.

Paying Agent; Registrar

The Issuer will appoint The Bank of New York (Luxembourg) S.A. as Paying Agent for the Series 2018 Notes. In such capacity, the Paying Agent will be responsible for, among other things, (i) ensuring that payments received from the Issuer or the Ceding Insurer by the Paying Agent are duly paid to the applicable Noteholders in accordance with the Trust Deed and (ii) transmitting to the Issuer any notices from the applicable Noteholders and any notices from the Issuer to the applicable Noteholders. Payment on the Series 2018 Notes will be made in accordance with the standard practices of the applicable Clearing System.

The Issuer will appoint The Bank of New York Mellon (Luxembourg), S.A. as Registrar for the Series 2018 Notes who in such capacity will be responsible for maintaining a register outside the United States and the United Kingdom in which the Issuer will provide for the registration of the Series 2018 Notes and registration of transfers of the Series 2018 Notes, and accepting applicable Series 2018 Notes for exchange and registration of transfer.

The Issuer may vary or terminate the appointment of the Paying Agent and the Registrar or appoint additional or other registrars or paying agents or approve any change in the office through which any registrar or paying agent acts; **provided, that** at all times any registrar for the Series 2018 Notes shall be located outside the United States and the United Kingdom. The Issuer will cause notice of any resignation, termination or appointment of any paying agent or registrar and of any change in the office through which any such agent will act to be provided to the appropriate Noteholders.

Notices

Notices to Noteholders will be sent by mail or email to the registered holders. Requests for Available Information may be made in writing to the Issuer.

Upon receipt of the Request for Access to Information Form, Available Information may be made available by the Issuer to the Noteholder via a secured internet site, by mail or by e-mail.

Definitive Notes

Form of Series 2018 Notes

Physical certificates representing the Series 2018 Notes (each, a "**Definitive Note**") will be issued to Beneficial Owners only upon the following events:

- (i) if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Global Note Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or if at any time DTC is no longer eligible to act as such, and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC;
- (ii) in any case, if any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Upon the occurrence of any of the events specified in the Trust Deed, the applicable Clearing System will be required to notify all of its Participants of the availability through such Clearing System of the applicable Definitive Notes. Upon surrender by such Clearing System of the applicable Global Notes and instruction for re-registration, the Trustee and the Issuer, as applicable, will issue certificates representing the applicable Notes in the form of Definitive Notes, and thereafter the Trustee and the Issuer will recognise the holders of such Definitive Notes as Noteholders. Thereafter, payments on the Series 2018 Notes will be made by the Trustee, directly to the appropriate Noteholders in accordance with the procedures set forth herein and in the Trust Deed. Distributions on each Payment Date will be made to Noteholders in whose name the applicable Definitive Notes were registered on the related Record Date. Distributions will be made by wire transfer or by check mailed to the address of such Noteholder as it appears on the register maintained by the Trustee. The final distribution with respect to any Definitive Note, however, will be made only upon presentation and surrender of such Definitive Note on the Redemption Date, at such office or agency as is specified in the notice of final payment to Noteholders. The Trustee will provide such notice to registered Noteholders mailed not later than the fifth day prior to the Redemption Date.

Definitive Notes will be transferable and exchangeable at the offices of the Trustee. No service charge will be imposed for any registration or transfer or exchange, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge imposed in connection therewith. The Trustee will not be required to register the transfer or exchange of Definitive Notes during any period of time from and excluding a Record Date through and including the related Payment Date.

Governing Law; Consent to Jurisdiction

The Trust Deed and the Series 2018 Notes will be governed by and construed in accordance with English law and the courts of England have exclusive jurisdiction, although the Trustee and the Noteholders may be able to take proceedings in other jurisdictions to the extent allowed by law.

PLAN OF DISTRIBUTION

The Series 2018 Notes will be sold and purchased subject to the terms and conditions set out in the purchase agreement ("Purchase Agreement") to be entered into between the Issuer and the Initial Purchaser (as set out in such Purchase Agreement) dated May 25, 2018.

The purchase price paid to the Issuer for the Series 2018 Notes will be set out in this Circular. After the Series 2018 Notes are released for sale, the Offering Price and other selling terms may from time to time be varied by the Initial Purchaser.

The Initial Purchaser may purchase Notes for its own account and for the accounts of its affiliates.

The Series 2018 Notes have not been and will not be registered under the Securities Act or any applicable U.S. state or foreign securities laws. The Initial Purchaser agrees that it will offer or sell the Series 2018 Notes only to investors who are, among other things, (i) Qualified Investors pursuant to the Risk Transformation Regulations 2017; (ii) Qualified Institutional Buyers that, with respect to U.S. Persons, are also Qualified Purchasers; and (iii) residents of, and purchasing in, and who will hold the Series 2018 Notes in, a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction and otherwise agree to be bound by the transfer restrictions described under "Notice to Investors." The Series 2018 Notes may be reoffered and sold only to investors who are (i) Qualified Investors pursuant to the Risk Transformation Regulations 2017; (ii) Qualified Institutional Buyers that, with respect to U.S. Persons, are also Qualified Purchasers; and (iii) residents of, and purchasing in, and who will hold the Series 2018 Notes in, a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction and otherwise agree to be bound by the transfer restrictions described under "Notice to Investors."

In connection with the applicable Offering, the Initial Purchaser may purchase and sell the Series 2018 Notes in a non-public transaction in accordance with the requirements of Rule 144A . These transactions may include short sales and stabilizing transactions and purchases to cover short positions created by the Initial Purchaser in connection with the Offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the Series 2018 Notes, and short positions created by the Initial Purchaser involve the sale by such Initial Purchaser of a greater number of Series 2018 Notes than they are required to purchase from the Issuer in the applicable Offering. The Initial Purchaser also may impose a penalty bid, whereby selling concessions allowed to broker-dealers in respect of the Series 2018 Notes sold in the applicable Offering may be reclaimed by such Initial Purchaser if the Series 2018 Notes are repurchased by such Initial Purchaser in stabilizing or covering transactions. These activities may stabilise, maintain or otherwise affect the market price of the Series 2018 Notes, which may be higher than the price that might otherwise prevail in the open market; and these activities, if commenced, may be discontinued at any time. These transactions may be effected in the over-the-counter market or otherwise. The Series 2018 Notes are a new issue of securities with no established trading market. The Initial Purchaser has advised the Issuer and the Ceding Insurer that they may make a market in the Series 2018 Notes but are not obligated to do so and may discontinue market-making at any time without notice. No assurance can be given as to the liquidity of the trading market for any of the Series 2018 Notes.

In connection with any Offering of the Series 2018 Notes, the Initial Purchaser ("**Stabilizing Manager**") (or persons acting on behalf of the Stabilizing Manager) may over-allot the Series 2018 Notes or effect transactions with a view to supporting the market price of the Series 2018

Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Series 2018 Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) days after the Issuance Date and sixty (60) days after the date of the allotment of the Series 2018 Notes. Any stabilisation action or over-allotment must be conducted by the Stabilizing Manager (or person(s) acting on behalf of any Stabilizing Manager) in accordance with all applicable laws and rules.

The Initial Purchaser agrees not to offer, sell or deliver any Series 2018 Notes in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws thereof and will comply with the selling restrictions specified on pages vii to xxix of this Circular .

The Issuer agrees that it will not, and will not permit any of its "affiliates" (as defined in Rule 144) to resell any Series 2018 Notes that constitute "restricted securities" under Rule 144 that may have been reacquired by any of them.

The Issuer and the Ceding Insurer will agree to indemnify the Initial Purchaser and certain other persons against certain liabilities, including liabilities under the Securities Act.

The Initial Purchaser and its affiliates are engaged in various activities, which may include insurance and reinsurance related brokerage, securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchaser and its affiliates have, from time to time, performed, and may in the future perform, various financial advisory investment banking and insurance and reinsurance related brokerage services for the Issuer or the Ceding Insurer, for which they received or will receive customary fees and expenses.

In the ordinary course of its various business activities, the Initial Purchaser and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer or the Ceding Insurer.

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Initial Purchaser will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Series 2018 Notes which are the subject of the offering contemplated by this Circular to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or

- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Series 2018 Notes shall require the Issuer or the Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression "an offer of Series 2018 Notes to the public" in relation to any Series 2018 Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Series 2018 Notes to be offered so as to enable an investor to decide to purchase or subscribe the Series 2018 Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

The Initial Purchaser has represented and agreed that: (A) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) received by it in connection with the issue or sale of the Series 2018 Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and (B) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Series 2018 Notes in, from or otherwise involving the United Kingdom.

CERTAIN TAX CONSIDERATIONS

United Kingdom Taxation

The following is a summary of certain material United Kingdom Tax considerations relating to the Issuer. It is based on current law and the practice of Her Majesty's Revenue and Customs, which may be subject to change, sometimes with retrospective effect. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to the Issuer or to an Investor or to an investor in the Series 2018 Notes. Prospective investors should consult their own professional advisers on the tax implications under the laws of the countries in which they may be liable to taxation of making an investment in, holding or disposing of Series 2018 Notes and the receipt interest payments on the Series 2018 Notes.

Tax Residence

It is the intention of the directors of the Issuer that the affairs of the Issuer will be managed such that the Issuer is resident solely in the United Kingdom for United Kingdom Tax purposes.

Insurance linked securities regime

The Tax Regulations set out a special tax regime for qualifying transformer vehicles and it is the intention of the directors of the Issuer that the Issuer will constitute a qualifying transformer vehicle for these purposes.

A transformer vehicle will be a qualifying transformer vehicle if it is a company limited by shares that (i) carries out the activity of insurance risk transformation where substantially all of that activity relates to business other than basic life assurance and general annuity and (ii) is authorised under Part 4A of the Financial Services and Markets Act 2000 to carry out insurance risk transformation.

The Tax Regulations provide that no liability to corporation tax arises in respect of the profits arising from the activity of insurance risk transformation carried out by a qualifying transformer vehicle.

Any profits arising from administrative or management activities or where profits arise as a result of holding investments in excess of the minimum amount reasonably required to satisfy the fully funded requirement in relation to the Issuer, as applicable, are not treated as arising from an activity of insurance risk transformation and so cannot benefit from the special tax treatment mentioned above.

The special tax treatment referred to above will not apply in relation to profits in the accounting period in which either of two conditions is met, or treated as met, or in any subsequent accounting period. Broadly the first condition will be met if the qualifying transformer vehicle is liable to certain penalties in relation to certain tax administrative matters and the second condition will be met, if, having regard to all the circumstances, it would be reasonable to conclude that the main purpose, or one of the main purposes, of the insurance risk transformation or of arrangements which the insurance risk transformation forms part of, is to secure a tax advantage for any person.

Withholding Taxes

The Issuer should not be required to withhold Tax when paying interest on the Series 2018 Notes, provided that it falls within the special tax regime referred to above.

In the event that the special tax regime were not to apply, Notes which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. Whilst the Series 2018 Notes are and continue to be quoted Eurobonds, payments of interest on the Series 2018 Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The Irish Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the Global Exchange Market of that Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

In all cases falling outside the exemptions described above, interest on the Series 2018 Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Stamp Taxes

The Issuer has been advised on the basis of a confirmation received from HMRC that the Series 2018 Notes should not be subject to stamp duty or stamp duty reserve tax.

United States Taxation

The following summary of the Issuer's taxation and the taxation of the Noteholders sets forth certain U.S. federal income tax considerations relating to the Issuer and the purchase, ownership and disposition of the Series 2018 Notes by the purchasers in this offering. This discussion (including and subject to the matters and qualifications set forth in such summary) of the material tax considerations under "*Certain Tax Considerations— United States Taxation*" is based upon the advice of Clifford Chance US LLP. The advice of such firm does not include any factual or accounting matters, determinations or conclusions or facts relating to the Issuer's business or activities and relies upon and is premised on the accuracy of the assumptions contained herein and the factual statements and representations (both oral and written) made by the Issuer, its representatives, the Initial Purchasers and the Ceding Insurer concerning the Issuer's business, properties, ownership, organisation, cash flows, source of income and manner of operations, including any forward looking statements, beliefs, intentions or expectations with respect to such. The discussion is based upon current law. Legislative, judicial or administrative changes or interpretations may be forthcoming that could be retroactive and

could affect the tax consequences to the Issuer or the Noteholders. There can be no assurances that the Internal Revenue Service or other taxing authority will not challenge one or more of the consequences discussed herein. The tax treatment of a holder of Series 2018 Notes, or of a person treated as a holder of Series 2018 Notes for U.S. federal income, state, local or non-U.S. tax purposes, may vary depending on the holder's particular tax situation. Statements contained herein as to the Issuer's beliefs, expectations, intended treatment and conditions represent the view of the Issuer's management and do not represent the opinions of counsel. For purposes of this section, "Noteholders" refers to holders of Series 2018 Notes that beneficially own the Series 2018 Notes for U.S. federal income tax purposes.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2018 NOTES IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES, AS WELL AS THE EFFECT AND APPLICABILITY OF ANY STATE, LOCAL OR NON-U.S. TAX LAWS.

United States Taxation of the Issuer

A non-U.S. corporation that is engaged in the conduct of a trade or business in the United States will be subject to U.S. federal income tax as described below, unless entitled to the benefits of an applicable tax treaty. Whether a trade or business is being conducted in the United States is an inherently factual determination. The Issuer intends to conduct substantially all of its operations outside the United States and limit its U.S. contacts so that the Issuer is not treated as engaged in the conduct of a trade or business in the United States. In this regard, the Issuer will receive the opinion of Clifford Chance US LLP, which opinion is based on certain assumptions and representations regarding this offering, the transactions related thereto and the Issuer's ongoing operations, that, although the matter is not free from doubt, the Issuer will not be treated as engaged in a trade or business within the United States. Opinions of counsel are not binding on the IRS or the courts. Because definitive identification of activities which constitute being engaged in a trade or business in the United States is not provided by regulations or court decisions, there can be no assurance that the IRS will not contend successfully that the Issuer is engaged in a trade or business in the United States for U.S. federal income tax purposes.

Under the income tax treaty between the United Kingdom and the United States (the "**U.K. Treaty**"), the Issuer, if entitled to the benefits of the U.K. Treaty, will not be subject to U.S. federal income tax on any income determined to be effectively connected with a U.S. trade or business unless that trade or business is conducted through a permanent establishment in the United States. A U.K. resident will generally be entitled to the benefits of the U.K. Treaty if, on at least half the days of the relevant taxable or chargeable period, certain qualified U.S. and U.K. persons own, directly or indirectly, shares or other beneficial interests representing at least 50 percent of the aggregate voting power and value of the resident and less than 50% of such company's gross income for the relevant taxable period is paid or accrued directly or indirectly to persons other than certain qualifying U.S. or U.K. residents in the form of payments that are deductible for U.K. income tax purposes, or if certain other tests are met. The Issuer does not expect to be eligible for U.K. Treaty benefits.

A non-U.S. corporation deemed to be engaged in a trade or business in the United States would be subject to U.S. federal income tax at regular corporate rates on its income which is treated as effectively connected with the conduct of that trade or business ("**ECI**") as well as to the branch profits tax on its dividend equivalent amount, generally, the ECI (with certain

adjustments) deemed withdrawn from the United States, unless the corporation is entitled to relief under the permanent establishment provision of an applicable income tax treaty, as discussed above.

Such income tax, if imposed, would be based on ECI computed in a manner generally analogous to that applied to the income of a U.S. corporation. Under the Code and current case law, a non-U.S. corporation is generally entitled to deductions and credits only if it files a U.S. federal income tax return. The Issuer does not intend to file protective U.S. federal income tax returns. The highest marginal federal income tax rates currently are 21% for a corporation's ECI and 30% for the additional "branch profits" tax.

Because the Code, regulations and court decisions fail to definitively identify activities that constitute being engaged in a trade or business in the United States, the Issuer cannot be certain that the IRS will not contend successfully that the Issuer is or will be engaged in a trade or business in the United States for U.S. federal income tax purposes. The imposition of a U.S. federal income tax liability on the Issuer would adversely affect its ability to make payments on the Series 2018 Notes and would substantially reduce the return to the Noteholders on their investment.

Non-U.S. corporations not engaged in a trade or business in the United States are nonetheless subject to a 30% U.S. federal income tax imposed by withholding (the "**Withholding Tax**") on certain "fixed or determinable annual or periodic gains, profits and income" ("**FDAP**") derived from sources within the United States (such as dividends and certain interest on investments), subject to exemption under the Code or reduction by applicable treaties. It is intended that the investments in the Collateral Account would not be subject to Withholding Tax, although no assurance can be provided in this regard.

Additionally, insurance and reinsurance premiums received by a non-U.S. insurer are generally subject to the U.S. federal insurance excise tax ("**FET**"). A recent court decision (and an IRS pronouncement acquiescing to the decision) held that the FET does not apply to reinsurance cessions or retrocession of risks between two non-U.S. reinsurers. Accordingly, the Issuer does not expect to be subject to FET. This decision and acquiescence has created some ambiguity in the law regarding whether Withholding Tax could apply to premiums paid to non-U.S. insurers with respect to risks of a U.S. entity or individual located wholly or partly within the U.S. and with respect to a non U.S. entity or individual engaged in trade or business in the U.S. risks located within the U.S. and on reinsurance premiums for any reinsurance policy covering any such risks ("**U.S. Situs Risks**"). Although the law is not entirely clear, the Issuer does not expect to be subject to Withholding Tax with respect to any amounts received as reinsurance premiums.

The U.S. Foreign Account Tax Compliance Act ("**FATCA**") provisions of the Hiring Incentives to Restore Employment Act of 2010, regulations issued thereunder and the intergovernmental agreement ("**IGA**") between the United Kingdom and the U.S. require certain FFIs (which may include the Issuer) to disclose to the Commissioners for Her Majesty's Revenue and Customs (for transmittal to the IRS) the name, address, tax identification number, and other specified information of certain U.S. and non-U.S. persons who own a direct or indirect interest in the FFI, or otherwise be subject to a 30% withholding tax with respect to certain U.S. source income (including interest and dividends) and, beginning in 2019, gross proceeds from any sale or other disposition of property that can produce U.S. source interest or dividends ("**withholdable payments**"). Additionally, beginning in 2019, if the Issuer is characterised as an FFI, a 30% withholding tax on certain "passthru" payments could be

imposed on Holders that do not provide the required information (without any gross-up) or, if the Holders are, themselves, FFIs, certification that they (a) have entered into their own agreements with the U.S. Treasury Department, (b) establish that an exemption applies or (c) are required to comply with FATCA under an applicable IGA. Further, if the Issuer is not characterised as an FFI, it may be characterised as a passive non-financial foreign entity, in which case it would appear to be subject to such 30% withholding tax on certain payments unless it either provides information to withholding agents with respect to its "substantial U.S. owners" or makes certain certifications. For the purposes of FATCA, an FFI is generally a non-U.S. entity that (i) accepts deposits in the ordinary course of a banking or similar business, (ii) holds financial assets for the accounts of others as a substantial portion of its business, (iii) is engaged primarily in the business of investing, reinvesting, or trading in securities, partnership interests, commodities, or any interest in such securities, partnership interests or commodities, (iv) is an insurance company that issues, or is obligated to make payments with respect to, a cash value insurance or annuity contract or (v) is an entity that is a holding company or treasury center that is part of an expanded affiliated group that includes a depository institution, custodial institution, insurance company, or certain other entities, or is formed in connection with or availed of by an investment vehicle established with an investment strategy of investing, reinvesting or trading in financial assets.

The Issuer may be subject to the requirements imposed on FFIs or passive non-financial foreign entities under FATCA and will use reasonable efforts to avoid the imposition of a withholding tax under FATCA, which may include reporting information to the Commissioners for Her Majesty's Revenue and Customs (for transmittal to the IRS)). In this event, Noteholders will be required to provide any information, tax documentation and waivers that the Issuer determines are necessary to avoid the imposition of such withholding tax. The Issuer's ability to satisfy such obligations will depend on each Noteholder providing, or causing to be provided, any information, tax documentation and waivers, including information concerning the direct or indirect owners of such Noteholder, that the Issuer determines are necessary to satisfy such obligations. If the Issuer is unable to comply with FATCA, the Issuer intends to liquidate its money market fund assets, if any, and hold cash in its place.

Holding cash instead of money market funds will reduce the amount available for Noteholders. Moreover, if the Issuer initially complies or intends to comply with FATCA but is subsequently unable to comply, or fails to comply, distributions from, and proceeds from the disposition of, its money market funds may be subject to a 30% withholding tax, in which case the Issuer will not have sufficient funds to make payments due under the Series 2018 Notes.

In the event any Noteholder fails to timely provide any information or tax documentation that the Issuer determines is necessary to satisfy any obligations that it may have under FATCA, or to the extent that the Noteholder's ownership otherwise would cause the Issuer to be subject to withholding tax under FATCA, (A) the Issuer (or its agents on its behalf) is authorised to withhold amounts otherwise distributable to the Noteholder as compensation for any amount withheld from payments to the Issuer as a result of such failure or such Noteholder's ownership, and (B) to the extent necessary to avoid an adverse effect on the Issuer or any other Noteholder as a result of such failure or such Noteholder's ownership, the Issuer will have the right to compel the Noteholder to sell its Series 2018 Notes and, if the Noteholder does not sell its Series 2018 Notes within 10 days after notice from the Issuer, to sell the Series 2018 Notes at a public or private sale called and conducted in any manner permitted by law, and to remit the net proceeds of such sale (taking into account any taxes and expenses incurred by the Issuer in connection with such sale) to the Noteholder as payment in full for the Series 2018 Notes. The

Issuer may also assign each such Note a separate CUSIP or ISIN number in the Issuer's sole discretion.

United States Taxation of Noteholders

General

Unless otherwise stated, this summary deals only with Noteholders that are U.S. Persons or U.S. Holders (each as defined below) who acquire their Notes pursuant to this offering at the initial offering price and who hold their Notes as capital assets within the meaning of section 1221 of the Code. The following discussion is only a discussion of the material U.S. federal income tax matters as described herein and does not purport to address all of the U.S. federal income tax consequences that may be relevant to a particular Noteholder in light of such Noteholder's specific circumstances. In addition, the following summary does not address the U.S. federal income tax consequences that may be relevant to special classes of Noteholders, such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, dealers or traders in securities, tax exempt organisations, expatriates, investors in pass through entities, persons whose functional currency is not the U.S. Dollar, persons for whom interest on the Series 2018 Notes is "business interest income", or persons who hold their Notes as part of a hedging or conversion transaction or as part of a short-sale or straddle, who may be subject to special rules or treatment under the Code. This discussion is based upon the Code, the Treasury Regulations promulgated thereunder and any relevant administrative rulings or pronouncements or judicial decisions, all as in effect on the date hereof and as currently interpreted, and does not take into account possible changes in such tax laws or interpretations thereof, which may apply retroactively. This discussion does not include any description of the tax laws of any state or local governments within the United States or of any non-U.S. government. Persons considering acquiring Notes should consult their own tax advisors concerning the application of the U.S. federal tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction prior to making such investment.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds the Series 2018 Notes, the tax treatment of the partners will generally depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding Notes, you should consult your tax advisor.

For purposes of this discussion, the term "**U.S. Person**" means: (i) a citizen or resident of the United States, (ii) a partnership or corporation created or organised in or under the laws of the United States or organised under the laws of any political subdivision thereof, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, (iv) a trust if either (x) a court within the United States is able to exercise primary supervision over the administration of such trust and one or more U.S. Persons have the authority to control all substantial decisions of such trust or (y) the trust has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes or (v) any other person or entity that is treated for U.S. federal income tax purposes as if it were one of the foregoing. A U.S. Person, other than an entity treated as a partnership or other pass through entity for U.S. federal income tax purposes, that is the Beneficial Owner of a Note may be referred to herein as a "**U.S. Holder**."

Classification of the Series 2018 Notes

Although there are no relevant authorities that directly address the Issuer's characterisation or the characterisation of the Series 2018 Notes or an instrument substantially similar to the Series 2018 Notes for U.S. federal income tax purposes, and the matter is not free from doubt, the Issuer intends to take the position that the Series 2018 Notes should be treated as equity of the Issuer for U.S. federal, state and local income and franchise tax purposes. This summary assumes such treatment, except as otherwise indicated. The Trust Deed requires the Noteholders to agree to take the position that the Series 2018 Notes constitute equity interests in the Issuer for U.S. federal, state and local income and franchise tax purposes. Moreover, each Noteholder, by its purchase of Series 2018 Notes, will acknowledge and agree to treat the Series 2018 Notes as equity interests in the Issuer described above and will covenant to take no action inconsistent with such treatment, unless required by law. Such an agreement is not binding on the courts or the IRS.

U.S. Holders—Alternative Characterisations

As indicated above, there are no relevant authorities that directly address the characterisation of the Series 2018 Notes or instruments substantially similar to the Series 2018 Notes for U.S. federal income tax purposes. Accordingly, characterisations other than that described above are possible. For example, the Series 2018 Notes may not be treated as equity interests in the Issuer but as debt obligations of the Issuer, in which case the contingent payment debt regulations may apply to the Series 2018 Notes.

If the IRS were successful in asserting that the Series 2018 Notes are contingent payment debt instruments, the timing and character of income thereon would be significantly affected. For example, a U.S. Holder would be required to include in income in each year an amount equal to the "comparable yield" of the Series 2018 Notes computed as of the Issuance Date utilizing a "projected payment schedule," which is generally equal to the yield at which the Issuer would issue a non-contingent debt instrument with terms and conditions similar to the Series 2018 Notes. This amount may differ from amounts actually distributed on the Series 2018 Notes for a taxable year. The amount includible in income by a Noteholder for each Accrual Period is determined by multiplying the "comparable yield" of the Series 2018 Notes (adjusted for the length of the Accrual Period) by the Series 2018 Notes' adjusted issue price at the beginning of the Accrual Period, determined in accordance with the rules, and subject to the adjustments, set forth in the contingent payment debt regulations. Furthermore, any gain realised on the maturity date or upon an earlier sale or exchange of the Series 2018 Notes would generally be treated as ordinary income, and any loss realised on the maturity date or upon a sale or other disposition of the Series 2018 Notes would generally be treated as ordinary loss to the extent of interest included as income in the current or previous taxable years by the U.S. Holder in respect of the Series 2018 Notes, and capital loss thereafter. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the Series 2018 Notes.

Additionally, as noted above the characterisation of the Reinsurance Agreement for U.S. federal income tax purposes is not entirely clear, although the Issuer intends to treat the Issuer's income from the Reinsurance Agreement as insurance income. For example, the Reinsurance Agreement could be treated as a notional principal contract or an option for U.S. federal income tax purposes, resulting in potentially different timing and character of income and loss with respect thereto.

U.S. Holders—Treatment of Noteholders

Passive Foreign Investment Companies.

In general, a non-U.S. corporation will be a PFIC during a given year if (i) 75% or more of its gross income constitutes "passive income" (the "**75% test**") or (ii) 50% or more of its assets produce (or are held for the production of) passive income (the "**50% test**"). For the above purposes, passive income generally includes interest, dividends, annuities, certain royalties and rents, notional principal contract income and other investment income. The PFIC rules provide that income derived in the active conduct of an insurance business by a qualifying insurance corporation is not treated as passive income. However, the Issuer does not expect to be treated as a "qualifying insurance corporation" for purposes of this rule. As a result, the Issuer expects to meet the 75% test and the 50% test and that the Issuer will be characterised as a PFIC for U.S. federal income tax purposes. In addition, non-U.S. domiciled money market funds are generally characterised as PFICs for U.S. federal income tax purposes.

In general, if a non-U.S. corporation is characterised as a PFIC during a given year, each U.S. Holder holding its equity directly, or in certain cases indirectly, would be subject to a penalty tax at the time of the sale at a gain of, or receipt of an "excess distribution" with respect to, its equity, unless such person (i) is a 10% U.S. Shareholder and the non-U.S. corporation is a CFC or (ii) made a timely and valid "QEF election." In addition, if a non-U.S. corporation were considered a PFIC, upon the death of any U.S. individual owning shares, such individual's heirs or estate would not be entitled to a "step-up" in the basis of their shares that might otherwise be available under U.S. federal income tax laws. Further, because a U.S. Person that is a direct (and in certain cases indirect) shareholder of a PFIC is deemed to own its proportionate share of interests in any lower tier PFIC, U.S. Persons holding Notes generally will be treated as holding indirect interests in lower-tier PFICs if amounts in the Collateral Account are invested in non-U.S. domiciled money market funds or other entities treated as PFICs. As a result, U.S. Persons holding Notes will likely be subject to the PFIC rules with respect to distributions to the Issuer from such non-U.S. domiciled money market funds and certain dispositions by the Issuer of such non-U.S. domiciled money market funds. It is possible these results may be mitigated by a QEF election with respect to the non-U.S. domiciled money market fund. However, if a QEF election is made by a U.S. Person with respect to an indirectly owned PFIC, such person could experience phantom income with respect to such election. In general, a shareholder receives an "excess distribution" if the amount of the distribution is more than 125% of the average distribution with respect to the shares during the three preceding taxable years (or shorter period during which the taxpayer held the shares). In general, the penalty tax is equivalent to an interest charge on taxes that are deemed due during the period the shareholder owned the shares, computed by assuming that the excess distribution or gain (in the case of a sale) with respect to the shares was taken in equal portion at the highest applicable tax rate on ordinary income throughout the shareholder's period of ownership. For these purposes, gifts, exchanges pursuant to corporate reorganisations, and use of the Series 2018 Notes as security for a loan may be treated as a taxable disposition. In many cases, the U.S. federal income tax on any gain on disposition and/or receipt of excess distributions with respect to Notes held by a U.S. Person is likely to be substantially greater than the U.S. federal income tax imposed on such U.S. Person with respect to the Series 2018 Notes if such person timely makes a QEF election.

THE ISSUER STRONGLY URGES EACH U.S. PERSON HOLDING NOTES TO CONSULT WITH ITS OWN TAX ADVISOR AND TO CONSIDER MAKING A TIMELY

AND VALID QEF ELECTION WITH RESPECT TO THE ISSUER FOR THE FIRST YEAR IN WHICH SUCH HOLDER OWNS NOTES.

If a U.S. Person holding Notes elects to have the Issuer treated as a QEF for the first taxable year in which the Issuer is a PFIC and such person held Notes, the PFIC tax rules described above with respect to excess distributions and gains will not apply to such Noteholder. A U.S. Person that makes a timely and valid QEF election with respect to a PFIC is currently taxable on its pro rata share of the ordinary earnings and net capital gain of such company during the years it is a PFIC (at ordinary income and capital gain rates, respectively), regardless of whether or not distributions were received. Consequently, a U.S. Person's pro rata share of the Issuer's ordinary earnings and net capital gain may exceed the amount distributed to such U.S. Person on the Series 2018 Notes, in which case the U.S. Person may be required to report taxable income in excess of the distributions payable to them in respect of such taxable years. See "— Phantom Income." In addition, any of the Issuer's losses for a taxable year will not be available to U.S. Holders and may not be carried back or forward in computing the Issuer's ordinary earnings and net capital gain in other taxable years. In general, such a U.S. Person's pro rata share of the Issuer's ordinary earnings and net capital gain should be equivalent to the interest earned on its Series 2018 Notes for the taxable year. A U.S. Holder's basis in the Series 2018 Notes would be increased to reflect taxed but undistributed income. Distributions of income that had previously been taxed would result in a corresponding reduction of basis in the Series 2018 Notes and would not be taxed again as a distribution to the U.S. Holder.

A U.S. Person wishing to make a QEF election must make such election on a timely filed Form 8621 for the first taxable year for which the U.S. Person holds the Series 2018 Notes and the Issuer is treated as a PFIC. In general, a U.S. Person must annually file with its U.S. federal income tax return a separate Form 8621 for each PFIC in which the person is a direct or indirect owner during the year. In certain cases in which a QEF does not distribute all of its earnings in a taxable year, a U.S. Person that makes a QEF election may also be permitted to elect to defer payment of some or all of the taxes on the QEF income, subject to a non-deductible interest charge on the deferred amount. The Issuer will provide to holders of Series 2018 Notes, upon request, the information and documentation that a U.S. Person making a QEF election is required to obtain for U.S. federal income tax purposes to make this election. It is unclear whether the non-U.S. domiciled money market funds that may be held in the Collateral Account will provide the information necessary for a U.S. Person to make a QEF election with respect to the non-U.S. domiciled money market fund. To the extent that a holder of Series 2018 Notes makes a QEF election other than in respect of the first taxable year, the holder of Series 2018 Notes generally will be subject to a combination of the excess distribution and the QEF rules, unless a "deemed dividend" or "deemed sale" election is made with respect to the holder's Notes.

For U.S. Persons that are 10% U.S. Shareholders (as defined below) of a non-U.S. corporation treated as a CFC, the CFC rules generally override those pertaining to a PFIC or a QEF. The time period in which this is the case constitutes the "qualified portion" of the U.S. Person's holding period for purposes of the PFIC rules. However, if such non-U.S. corporation subsequently ceases to be a CFC or such person ceases to be a 10% U.S. Shareholder with respect to the corporation, the PFIC rules or QEF regime (if a QEF election is or had been timely made) would be applicable. In order for a U.S. Person that was at all prior times a 10% U.S. Shareholder of a CFC to make a timely QEF election, such election must be made on a timely filed Form 8621 for the first taxable year after the "qualified portion" of the U.S. Person's holding period or for a prior taxable year. If for any period of time prior to such "qualified

portion" of a U.S. Person's holding period such person had held shares of the non-U.S. corporation while it was a PFIC and had not made a QEF election, the U.S. Person would generally not be able to make an election to treat the non-U.S. corporation as a QEF unless the U.S. Person makes a "deemed dividend" or "deemed sale" election to "purge" the PFIC taint. Such an election would require the U.S. Person to generally be currently subject to the PFIC taxation regime for the "non-qualified portion" of the U.S. Person's holding period.

Prospective investors in the Series 2018 Notes are urged to consult their tax advisors as to the application and effects of the PFIC rules, including the QEF regime.

Classification of the Issuer as a CFC. Each 10% U.S. Shareholder (as defined below) of a non-U.S. corporation that is a CFC at any time during a taxable year who owns shares in the non-U.S. corporation, directly or indirectly through non-U.S. entities, on the last day of the non-U.S. corporation's taxable year on which it is a CFC must include in its gross income for U.S. federal income tax purposes its pro rata share of the CFC's subpart F income, and global intangible low-taxed income, even if the subpart F income and global intangible low-taxed income is not distributed. For these purposes, subpart F income of a non-U.S. corporation typically includes foreign personal holding company income (such as dividends, interest, notional principal contract income and other passive income) as well as certain underwriting and investment income attributable to insurance operations. It is expected that substantially all of the Issuer's income will be subpart F income or global intangible low-tax income. A "**10% U.S. Shareholder**" is a U.S. Person who owns (directly, indirectly through non-U.S. entities or by attribution by application of the constructive ownership rules of section 958(b) of the Code (i.e., "constructively")) at least 10% of the total combined voting power of all classes of stock entitled to vote of a non-U.S. corporation or 10% or more of the total value of all classes of stock. A non-U.S. corporation is considered a CFC if 10% U.S. Shareholders own (directly, indirectly through non-U.S. entities or constructively) more than 50% of the total combined voting power of all classes of voting stock of such non-U.S. corporation, or more than 50% of the total value of all stock of such corporation.

As noted above, although there are no relevant authorities that directly address the characterisation of the Series 2018 Notes for these purposes and the matter is not free from doubt, the Issuer intends to take the position that the Series 2018 Notes constitute equity interests for U.S. federal income purposes. Accordingly, if more than 50% (by vote or value) of the Issuer's equity is owned directly, indirectly through non-U.S. entities or constructively by 10% U.S. Shareholders, the Issuer will be characterised as a CFC and any 10% U.S. Shareholders with respect to the Issuer who own Notes directly or indirectly through non-U.S. entities on the last day of the Issuer's taxable year must include in their gross income for U.S. federal income tax purposes their pro rata share of the Issuer's subpart F income and global intangible low-tax income for the year, subject to certain limitations. The amount of the Issuer's subpart F income attributable to the Series 2018 Notes (in order to determine each person's pro rata share) is the amount which bears the same ratio to the total subpart F income as the earnings and profits that would be distributed with respect to the Series 2018 Notes if all of the Issuer's earnings and profits were distributed on the last day of the Issuer's taxable year bear to the total earnings and profits of the Issuer for that taxable year. The amount of the Issuer's global intangible low-tax income attributable to the Series 2018 Notes is determined in an analogous manner.

Recent U.S. federal income tax legislation has significantly expanded the circumstances under which a U.S. Person is treated as a 10% U.S. Shareholder of a non-U.S. corporation.

Prospective investors should consult with their tax advisors regarding the impact of this recent legislation on the tax consequences of an investment in the Series 2018 Notes.

In addition, it is expected that some or all of the Issuer's income will be characterised as insurance income for purposes of section 953 of the Code, although the matter is not free from doubt. As a result, the Issuer will be characterised as a CFC for purposes of taking into account such income (including underwriting and investment income), which is a category of subpart F income, if more than 25% of the total combined voting power of all equity or more than 25% of the total value of such corporation is owned (directly, indirectly through non-U.S. entities or constructively) by 10% U.S. Shareholders on any day of its taxable year, if the gross amount of premiums or other consideration for the reinsurance or the issuing of insurance or annuity contracts (other than certain insurance or reinsurance related to same country risks written by certain insurance companies not applicable here) exceeds 75% of the gross amount of all premiums or other consideration in respect of all risks. As noted above, the Issuer intends to treat the Issuer's income with respect to the Reinsurance Agreement as reinsurance premiums, although the issue is not free from doubt. Accordingly, if more than 25% (by vote or value) of the Issuer's equity is owned directly, indirectly through non-U.S. entities or constructively by 10% U.S. Shareholders, any 10% U.S. Shareholders with respect to the Issuer who own Notes directly or indirectly through non-U.S. entities on the last day of the Issuer's taxable year must include in their gross income for U.S. federal income tax purposes their pro rata share of the Issuer's subpart F insurance income, subject to certain limitations.

Persons considering acquiring Notes should consult their own tax advisors concerning the application of the CFC rules to their particular situations.

The RPII CFC Provisions. As noted above, the Issuer intends to treat the Issuer's income with respect to the Reinsurance Agreement as reinsurance premiums for U.S. federal income tax purposes, although the issue is not free from doubt. As a result of such treatment, the special RPII CFC income inclusion rules could apply if (i) the Issuer's RPII, determined on a gross basis, is 20% or more of the Issuer's gross insurance income for a taxable year, (ii) direct and indirect insureds and persons related (as defined below) to such insureds, whether or not U.S. Persons, are treated as owning (directly or indirectly through entities) 20% or more of the voting power or 20% or more of the value of the Issuer's equity and (iii) RPII shareholders (as defined below) are treated as owning (directly, indirectly through non-U.S. entities or constructively) 25% or more of the Issuer's equity by vote or value.

RPII is any insurance income attributable to policies of insurance or reinsurance with respect to which the person (directly or indirectly) insured is a RPII shareholder or a related person to such RPII shareholder. The term "**RPII shareholder**" means any U.S. Person who owns (directly or indirectly through non-U.S. entities) any amount of the Issuer's equity. Generally, the term "related person" for this purpose means someone who controls or is controlled by the RPII shareholder or someone who is controlled by the same person or persons which control the RPII shareholder. Control is measured by either more than 50% in value or more than 50% in voting power of stock applying certain constructive ownership principles.

If the special RPII CFC income inclusion rules apply to the Issuer, each U.S. Person owning directly or indirectly through non-U.S. entities, any Series 2018 Notes on the last day of the Issuer's taxable year on which it is a CFC under the RPII rules will be required to include in its gross income for U.S. federal income tax purposes its share of the Issuer's RPII for the portion of the taxable year during which the Issuer was a CFC under the RPII provisions, determined as if all such RPII were distributed proportionately only to such U.S. Persons at that date, but

limited by each such U.S. Person's share of the Issuer's current-year earnings and profits as reduced by the U.S. Person's share, if any, of certain prior-year deficits in earnings and profits. Prospective investors are urged to consult their tax advisors concerning the application and effects of the RPII rules to their particular situation.

Information Reporting. Under certain circumstances, U.S. Persons that own (directly or indirectly) shares in a non-U.S. corporation are required to file IRS Form 5471 with their U.S. federal income tax returns. Generally, information reporting on IRS Form 5471 is required by (i) a 10% U.S. Shareholder of a non-U.S. corporation that is a CFC during any tax year of the non-U.S. corporation if the 10% U.S. Shareholder owned (directly or indirectly through non-U.S. entities) any stock in the non-U.S. corporation on the last day of that year and (ii) under certain circumstances, a U.S. Person who acquires stock in a non-U.S. corporation and as a result thereof owns 10% or more of the voting power or value of such non-U.S. corporation, whether or not such non-U.S. corporation is a CFC. Additionally, information reporting on Form 5471 is generally required if the RPII CFC rules apply. A U.S. Holder of Series 2018 Notes will be required to file an IRS Form 8621 (which is a form that is required to be filed by holders of equity in a PFIC) for each tax year that it holds Notes and the Issuer is characterised as a PFIC.

A U.S. Holder of Series 2018 Notes that acquires Notes from the Issuer will be required to file a Form 926 or a similar form with the IRS if (i) such person owns immediately after the transfer at least 10% by vote or value of the Issuer or (ii) the transfer, when aggregated with all related transfers under applicable regulations, exceeds USD100,000. In the event that a U.S. Holder that is required to file such form fails to do so, the U.S. Holder could be subject to a penalty of up to USD100,000 (equal to 10% of the cash transferred).

U.S. Persons holding Notes should consider their possible obligation to file a FinCEN Form 114—Foreign Bank and Financial Accounts Report—with respect to the Series 2018 Notes. Additionally, such U.S. Persons should consider their possible obligations to annually report certain information with respect to the Issuer with their U.S. federal income tax returns. Noteholders should consult their tax advisors with respect to these or any other reporting requirements which may apply with respect to their purchase, holding and/or sale of the Series 2018 Notes.

Phantom Income. The Issuer may recognise taxable income and gain for U.S. federal income tax purposes that exceeds the distributions paid to U.S. Persons holding Notes. Accordingly, U.S. Holders of Series 2018 Notes that have made a QEF election, or are subject to tax under the CFC rules, could recognise and be required to pay tax on, their pro rata portion of the Issuer's net taxable income, even if this income exceeds amounts received in any taxable year (i.e., U.S. Holders of the Series 2018 Notes may be subject to tax on "phantom income"). Prospective investors in the Series 2018 Notes should consult their tax advisors regarding phantom income with respect to the Series 2018 Notes.

Potential U.S. federal income inclusions with respect to the Collateral Contracts under the QEF or CFC rules. Each Collateral Contract could be treated for U.S. federal income tax purposes in a variety of ways, including as a loan, option, a notional principal contract characterised as including a contingent non-periodic payment or another financial instrument. U.S. Persons that have made a QEF election or are subject to the CFC rules may, accordingly, be required to accrue income in respect of the Collateral Contract prior to the receipt by the Issuer of payments on a Collateral Contract. Moreover, under certain proposed regulations, any

gain at maturity would be treated as ordinary income to the Issuer. U.S. Persons should consult their advisors as to their federal income tax treatment in respect of the Collateral Contracts.

Taxation of Distributions. If (i) a U.S. Person has made a timely QEF election, (ii) a U.S. Holder is characterised as a 10% U.S. Shareholder with respect to the Issuer and the Issuer is characterised as a CFC or (iii) the Issuer is characterised as a RPII CFC and certain exceptions do not apply, distributions should be allocated first to amounts previously taxed pursuant to the QEF election or pursuant to the CFC rules and to this extent will not be taxable to U.S. Holders. If the Issuer does not compute its earnings and profits using U.S. federal income tax principles, all distributions in excess of previously taxed amounts should be treated as dividends.

If a U.S. Person has not made a timely QEF election, then, except to the extent that distributions may be attributable to amounts previously taxed pursuant to the CFC rules, some or all of any distributions with respect to the Series 2018 Notes may constitute excess distributions, taxable as described above under the heading "*Passive Foreign Investment Companies.*" In that event, except to the extent that distributions may be attributable to amounts previously taxed to the U.S. Holder pursuant to the CFC rules or are treated as "excess distributions," distributions on the Series 2018 Notes generally would be treated as dividends to the extent paid out of the Issuer's current or accumulated earnings and profits not allocated to any "excess distributions," then as a nontaxable reduction to the U.S. Holder's tax basis for the Series 2018 Notes to the extent thereof and then as capital gain.

Distributions paid by the Issuer to non-corporate holders on the Series 2018 Notes will not be eligible for reduced rates of tax as qualified dividend income. In addition, distribution paid by the Issuer to corporate holders will not be eligible for the dividends received deduction. Distributions will be non-U.S. source income for purposes of the Code, unless the Issuer is determined to be engaged in a trade or business within the United States, in which case the distributions would be treated as arising from sources within the United States.

Dispositions of Series 2018 Notes. Subject to the discussion below relating to the potential application of the Code section 1248 rules and the discussion above relating to the application of the PFIC rules in circumstances in which a timely QEF election is not made, U.S. Holders of Series 2018 Notes generally should recognise capital gain or loss for U.S. federal income tax purposes on the sale, exchange or other disposition of Series 2018 Notes in the same manner as on the sale, exchange or other disposition of any other shares held as capital assets. In this regard, a U.S. Holder's tax basis will initially equal the amount paid for the Note. Such basis will be increased by amounts taxable to such U.S. Holder by reason of a QEF election, or by reason of the CFC rules, as applicable, and decreased by actual distributions from the Issuer that are deemed to consist of such previously taxed amounts or are treated as a nontaxable reduction to the U.S. Holder's tax basis for the Series 2018 Notes. Upon the sale, exchange or other disposition of a Note a U.S. Holder will recognise gain or loss equal to the difference between the amount received on the date of sale, exchange or other disposition and such U.S. Holder's adjusted tax basis. If the holding period for the Series 2018 Notes exceeds one year, any gain should be subject to tax at the marginal tax rate applicable to long term capital gains.

Code section 1248 provides that if a U.S. Person sells or exchanges equity in a non-U.S. corporation and such person owned, directly, indirectly through certain non-U.S. entities or constructively, 10% or more of the voting power of the corporation at any time during the five-year period ending on the date of disposition when the corporation was a CFC, any gain from the sale or exchange of the shares will be treated as a dividend to the extent of the CFC's earnings and profits (determined under U.S. federal income tax principles) during the period

that the shareholder held the shares and while the corporation was a CFC (with certain adjustments). In this regard, earnings and profits should not include any amounts previously taxed pursuant to a timely QEF election or pursuant to the CFC rules. Potential investors are urged to consult their tax advisors. Additionally, a 10% U.S. Shareholder may in certain circumstances be required to report a disposition of shares of a CFC by attaching IRS Form 5471 to the U.S. federal income tax or information return that it would normally file for the taxable year in which the disposition occurs. In the event this is determined necessary, the Issuer will provide the relevant information necessary to complete an IRS Form 5471.

Additionally, Code section 1248 in conjunction with the RPII rules provides that if a U.S. Person disposes of equity in a non-U.S. corporation that has insurance income (as determined for U.S. federal income tax purposes) in which U.S. Persons own 25% or more of the shares (even if the amount of gross RPII is less than 20% of the corporation's gross insurance income and the ownership of its shares by direct or indirect insureds and related persons is less than the 20% threshold), any gain from the disposition (excluding foreign currency gain) will generally be treated as a dividend to the extent of the holder's share of the corporation's undistributed earnings and profits that were accumulated during the period that the holder owned the shares (whether or not such earnings and profits are attributable to RPII). In addition, such a holder will be required to comply with certain reporting requirements, regardless of the amount of shares owned by the holder. The Issuer expects these RPII rules would apply to dispositions of Series 2018 Notes, because the Issuer expects U.S. Persons to own (directly, indirectly through non-U.S. entities or constructively) 25% or more of the Issuer's equity. If the RPII rules apply, gain from a disposition of Series 2018 Notes earned by U.S. Persons holding Notes directly should be characterised as a dividend to the extent of the Issuer's earnings and profits attributable to the disposed of Series 2018 Notes. In this regard, earnings and profits should not include any amounts previously taxed pursuant to a timely QEF election. Potential investors are urged to consult their tax advisors with respect to these rules.

Tax-exempt Noteholders. Tax-exempt entities will be required to treat certain subpart F insurance income, including RPII, that is includible in income by the tax-exempt entity as unrelated business taxable income. Prospective investors that are tax exempt entities are urged to consult their tax advisors as to the potential impact of the unrelated business taxable income provisions of the Code. A tax-exempt organisation that is treated as a 10% U.S. Shareholder or a RPII Shareholder also must file IRS Form 5471 in the circumstances described above. Recent U.S. federal income tax legislation has significantly expanded the circumstances under which a U.S. tax-exempt organisation may be treated as a 10% U.S. Shareholder of a non-U.S. corporation. Accordingly, U.S. tax-exempt organisations should be aware that they could recognise significant UBTI as a result of an investment in the Series 2018 Notes. Prospective investors that are tax exempt entities are urged to consult their tax advisors as to the potential impact of the unrelated business taxable income provisions of the Code.

Foreign Tax Credit. If U.S. Persons own a majority of the Series 2018 Notes, only a portion of the current income inclusions under the PFIC, CFC and RPII rules and of dividends (including for these purposes interest on the Series 2018 Notes) paid by the Issuer (including any gain from the sale of Series 2018 Notes that is treated as a dividend under section 1248 of the Code) will be treated as foreign source income for purposes of computing a U.S. Holder's U.S. foreign tax credit limitations. The Issuer will consider providing shareholders with information regarding the portion of such amounts constituting foreign source income to the extent such information is reasonably available. It is also likely that substantially all of the subpart F income, QEF inclusions and dividends that are foreign source income will constitute

either "passive" or "general" income for foreign tax credit limitation purposes. Thus, it may not be possible for most shareholders to utilise excess foreign tax credits to reduce U.S. tax on such income. Each U.S. Holder is urged to consult its own tax advisor concerning whether a foreign tax credit will be available.

3.8% Medicare Tax On "Net Investment Income." Certain U.S. Holders that are individuals, trusts and estates will be subject to an additional 3.8% Medicare tax on all or a portion of their "net investment income." Potential investors who are U.S. Holders should consult their advisors with respect to their consequences with respect to the 3.8% Medicare tax.

Receipt of Foreign Currency. Foreign currency received as payment on a Note or on a sale, exchange or other disposition of a Note will have a tax basis equal to its U.S. dollar value at the time such payment is received or at the time of such sale, exchange or other disposition, as the case may be. Any exchange gain or loss recognised on a sale or exchange of the foreign currency will generally be U.S. source ordinary income or loss.

Backup Withholding and Information Reporting on Distributions and Dispositions. Information returns may be filed with the IRS in connection with the receipt of Series 2018 Notes, distributions on the Series 2018 Notes and the proceeds from a sale or other disposition of the Series 2018 Notes unless the U.S. Holder of the Series 2018 Notes establishes an exemption from the information reporting rules. A U.S. Holder of Series 2018 Notes that does not establish such an exemption may be subject to U.S. backup withholding tax on these payments if the holder is not a corporation or fails to provide its taxpayer identification number or otherwise comply with the backup withholding rules. The amount of any backup withholding from a payment to a U.S. Holder should be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided, that the required information is furnished to the IRS.

Changes in U.S. Federal Income Tax Law. The United States Congress recently enacted the Tax Cuts and Jobs Act (H.R. 1, the "TCJA"), which imposed significant changes on the U.S. federal income tax laws applicable to non-U.S. entities and entities engaged in insurance operations. Certain aspects of the TCJA are unclear, and it is expected that future guidance will clarify the application of the TCJA. Accordingly, it is possible that such future guidance could adversely impact the U.S. federal income taxation of the Issuer or Noteholders. Prospective investors should consult with their tax advisors regarding the potential impact of the TCJA on the tax consequences of investing in the Series 2018 Notes.

Furthermore, it is possible that additional legislation could be introduced and enacted by the current Congress or future Congresses that could have an adverse impact on the Issuer or the Noteholders. Additionally, the U.S. federal income tax laws and interpretations regarding whether a company is a PFIC, or whether U.S. Persons would be required to include in their gross income the subpart F income or RPII of a CFC, are subject to change, possibly on a retroactive basis. New regulations or pronouncements interpreting or clarifying such rules may be forthcoming. The Issuer cannot be certain if, when or in what form such regulations or pronouncements may be provided and whether such guidance will have a retroactive effect. Prospective investors are urged to consult with their tax advisors.

Non-U.S. Holders of Series 2018 Notes

A "**non-U.S. Holder**" is a Beneficial Owner of a Note that is a nonresident alien individual or a corporation, estate or trust that is not a U.S. Holder.

Distributions with Respect to the Series 2018 Notes. In general (and subject to the discussion below under "*Information Reporting and Backup Withholding*"), Non-U.S. Holders generally should not be subject to U.S. federal income or withholding tax on dividend or interest payments with respect to the Series 2018 Notes, or any gain realized upon the sale, exchange or other disposition of Series 2018 Notes unless (i) such income is considered effectively connected with the Non-U.S. Holder's conduct of a United States trade or business (or if such holder is entitled to the benefits of an applicable income tax treaty, the income is attributable to a permanent establishment maintained in the United States) or (ii) in the case of gain, if such Non-U.S. Holder is an individual that is present in the United States for 183 days or more during the taxable year of the disposition and certain other conditions are met. In addition, if you are a corporate Non-U.S. Holder, any effectively connected income (subject to certain adjustments) may be subject to an additional branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty).

Information Reporting and Back-up Withholding. If the Series 2018 Notes are held by a non-U.S. Holder through a non-U.S. (and non-U.S. related) broker or financial institution, information reporting and backup withholding generally would not be required. Information reporting, and possibly backup withholding, may apply if the Series 2018 Notes are held by a non-U.S. Holder through a U.S. (or U.S. related) broker or financial institution and the non-U.S. Holder fails to provide appropriate information. Non-U.S. Holders should consult their tax advisors concerning the application of the information reporting and backup withholding rules.

The foregoing U.S. federal income tax discussion (including and subject to the matters and qualifications set forth in such summary) is based upon current law and is for general information only. The tax treatment of the Issuer and the Holders of the Series 2018 Notes for U.S. federal income, state, local or non-U.S. tax purposes may vary depending on the Issuer's and the holder's particular tax situation. Legislative, judicial or administrative changes or interpretations may be forthcoming that could be retroactive and could affect the tax consequences to the Issuer and the Holders of the Series 2018 Notes. Persons considering acquiring the Series 2018 Notes are urged to consult their own tax advisors concerning the federal, state, local and non-U.S. tax consequences to you of the purchase, ownership or disposition of the Series 2018 Notes.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase, holding and, to the extent relevant, disposition, of the Series 2018 Notes by (i) an employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), (ii) a plan described in and subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), including an individual retirement account ("**IRA**") and a Keogh plan, (iii) a plan, account or other arrangement subject to provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code (collectively, "**Similar Laws**") and (iv) any entity whose underlying assets include "plan assets" by reason of the investment in such entity by any such employee benefit or retirement plan described above (each of the foregoing described in clauses (i), (ii), (iii) and (iv) above, a "**Plan**").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "**ERISA Plan**") and prohibit certain transactions involving the assets of an ERISA Plan with its fiduciaries or other interested parties. In general, under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

Plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA or Section 4975(g)(3) of the Code) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Code but may be subject to similar prohibitions under applicable Similar Laws.

In considering the purchase, holding and, to the extent relevant, disposition of the Series 2018 Notes with a portion of the assets of a Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Prohibited Transaction Issues

Section 406 of ERISA prohibits ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of Section 3(14) of ERISA, and Section 4975 of the Code imposes an excise tax on certain "disqualified persons," within the meaning of Section 4975 of the Code, who engage in similar transactions, in each case, unless an exemption is available. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of an ERISA Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. In the case of an IRA, the occurrence of a prohibited transaction could cause the IRA to lose its tax-exempt status.

Because of their own activities and the activities of their affiliates, the Issuer, the Initial Purchaser, the Ceding Insurer, the Share Trustee and the Trustee may be or become a party-in-interest or disqualified person with respect to one or more Plans. Accordingly, the acquisition and holding of the Series 2018 Notes by a Plan could be deemed to constitute a transaction prohibited under Title I of ERISA or Section 4975 of the Code (e.g. the indirect transfer of the assets of a Plan to or use by a party-in-interest or disqualified person, the acquisition or disposition of property between a Plan and a party-in-interest or disqualified person, or the provision of services or an extension of credit between a Plan and a party-in-interest or disqualified person). Certain administrative and statutory exemptions may apply, however. The U.S. Department of Labor (the "**DOL**") has issued prohibited transaction class exemptions (each, a "**PTCE**") that may provide exemptive relief if required for direct or indirect prohibited transactions. Potentially applicable exemptions include PTCE 90-1 (respecting certain transactions involving insurance company pooled separate accounts), PTCE 95-60 (respecting certain transactions involving insurance company general accounts), PTCE 91-38 (respecting certain transactions involving bank collective investment funds), PTCE 84-14 (respecting certain transactions entered into on behalf of a Plan by a "qualified professional asset manager" or "**QPAM**") and PTCE 96-23 (respecting certain transactions entered into by or on behalf of a Plan by an "in-house" asset manager or "**INHAM**"). In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code each provides a limited exemption, commonly referred to as the "Service Provider Exemption," from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions between an ERISA Plan and a person that is a party in interest and/or a disqualified person (other than a fiduciary or an affiliate that, directly or indirectly, has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any ERISA Plan involved in the transaction) solely by reason of providing services to the Plan or by relationship to a service provider, provided that the ERISA Plan receives no less, nor pays no more, than adequate consideration. Any Plan fiduciary purchasing and holding Series 2018 Notes on behalf of a Plan in reliance on the Service Provider Exemption must make a determination that (x) the Plan is paying no more than, and is receiving no less than, adequate consideration in connection with the transaction and (y) neither the Issuer, Share Trustee, Trustee, Ceding Insurer, the Initial Purchaser nor any of their respective affiliates directly or indirectly exercises any discretionary authority or control or renders investment advice with respect to the assets of the ERISA Plan which such fiduciary is using to purchase Series 2018 Notes, both of which are necessary preconditions to utilizing this exemption. There can be no assurance that all of the conditions of any such exemptions will be satisfied at the time that the Series 2018 Notes are acquired by a purchaser, or thereafter, if the facts relied upon for utilizing a prohibited transaction exemption change.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Code; however, such plans may be subject to Similar Laws which affect their ability to invest in the Series 2018 Notes. Any fiduciary of such a governmental, church or foreign plan considering an investment in the Series 2018 Notes should determine the permissibility of investing in the Series 2018 Notes under Similar Laws, including the need for, and, if necessary, the availability of, any exemptive relief under such laws or regulations.

Plan Asset Regulation

Section 3(42) of ERISA and a regulation (29 C.F.R. Section 2510.3-101) issued by the DOL describe what constitutes the assets of an ERISA Plan (collectively, "**Plan Asset Regulation**"). The Plan Asset Regulation generally provides that when an ERISA Plan acquires an equity interest in an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the ERISA Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that less than 25% of the total value of each class of equity interest in the entity is held by "benefit plan investors" as defined in Section 3(42) of ERISA (the "**25% Test**") or that the entity is an "operating company," as defined in the Plan Asset Regulation.

It is not anticipated that (i) the Series 2018 Notes will constitute "publicly offered securities" for purposes of the Plan Asset Regulation, (ii) the Issuer will be an investment company registered under the Investment Company Act or (iii) the Issuer will qualify as an operating company within the meaning of the Plan Asset Regulation. In addition, there is no intent to monitor or take any other measures to assure satisfaction of the 25% Test.

The Plan Asset Regulation defines an "equity interest" as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. The DOL has stated in the Preamble to the Plan Asset Regulation (the "**Preamble**") that the reference to local law provides an initial frame of reference for determinations whether an interest is indebtedness and the question of which law applies for purposes of determining whether an instrument is treated as equity or indebtedness should be made under the law governing questions regarding interpretation of the instrument. Moreover, the DOL stated in the Preamble that the determination of whether any particular investment has substantial equity features is an inherently factual question that must be resolved on a case-by-case basis but that it would be appropriate, in the DOL's view, to take into account whether the equity features of an instrument are such that an ERISA Plan's investment in the instrument would be a practical vehicle for the indirect provision of investment management services. Although there are no relevant authorities that directly address the characterization of the Series 2018 Notes for these purposes and the matter is not free from doubt, in part because the Issuer intends to take the position that the Series 2018 Notes should be treated as equity of the Issuer for U.S. federal, state and local income and franchise tax purposes, it is reasonable to expect that the Series 2018 Notes will be treated as "equity interests" for purposes of the Plan Asset Regulation. In addition, there can be no assurance that any of the exceptions set forth in the Plan Asset Regulation will apply to the Series 2018 Notes.

Under the terms of the Plan Asset Regulation, if the Issuer were deemed to hold "plan assets" by reason of an ERISA Plan's investment in the Series 2018 Notes, such "plan assets" would include an undivided interest in the assets held by the Issuer, including the Issuer's interest in the respective Reinsurance Agreement and Collateral Contract and the Permitted Investments (and, perhaps, the assets of Money Market Funds included in the Permitted Investments). In such event, the persons with discretionary authority (if any) with respect to such assets (including, perhaps, persons with discretionary authority, if any, over the assets of Money Market Funds included in the Permitted Investments) may be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Code with respect to transactions involving such assets. Moreover, certain actions taken with respect to such assets could be deemed to constitute prohibited transactions under ERISA or the Code. In addition, ERISA generally provides that discretionary authority with respect to the management or disposition of a Plan's assets may be

delegated only to certain "investment managers" who acknowledge in writing that they are fiduciaries of the Plan. The persons responsible for investing the assets of the Issuer in any Permitted Investments (and, perhaps, the assets of Money Market Funds included in the Permitted Investments, if any) might not be "investment managers" within the meaning of ERISA and the investment in the Issuer and/or Permitted Investments by a Plan could constitute an improper delegation of investment authority by the fiduciary of such Plan, who would remain liable for such investment activities.

Potential investors are encouraged to consult with their own independent legal advisors concerning the effect of the possible application of the Plan Asset Regulation. In addition, Permitted Investments will be purchased with funds deposited in a Collateral Account pursuant to investment guidelines set forth in the Trust Deed. Such investment guidelines, to the maximum extent possible, are intended to eliminate discretion with respect to the choice of Permitted Investments. Investors are encouraged to consult with their independent legal advisors.

In addition, ERISA provides that an ERISA Plan fiduciary must maintain the indicia of ownership of "plan assets" within the jurisdiction of the district courts of the U.S. ("**U.S. Indicia Requirements**") unless, among other conditions, such assets are under the management and control of certain types of fiduciaries, including a fiduciary that is a U.S. bank that meets certain financial conditions. Each fiduciary considering a purchase of Series 2018 Notes for an ERISA Plan subject to the U.S. Indicia Requirements should note that the Issuer is an English public company. Copies of the Trust Deed, the Deed of Charge and the Reinsurance Agreement will be available in accordance with pages 1-2 of this Circular. Each fiduciary considering a purchase of Series 2018 Notes for an ERISA Plan subject to the U.S. Indicia Requirements must make its own determination as to whether such requirements will be met if it proceeds to make such a purchase.

In order to avoid potential violations, each investing Plan, by purchasing the Series 2018 Notes, will be deemed to have (i) directed that the applicable assets of the Issuer be invested in the Permitted Investments, including the EBRD Notes and the Money Market Fund Shares, as applicable, and directed the Issuer to enter into the respective Reinsurance Agreement, the Trust Deed and the respective Deed of Charge, and (ii) represented and warranted that one or more statutory or administrative exceptions from the prohibited transaction rule of ERISA and Section 4975 of the Code applies such that the acquisition, holding and subsequent disposition of the Series 2018 Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Laws. Each investing Plan, by purchasing Series 2018 Notes, will be deemed to approve of the rights retained by the Ceding Insurer, the Issuer and the Insurance Manager acting as agent of the Issuer with respect to the management or disposition of Permitted Investments. Each investing Plan, by purchasing Series 2018 Notes, will also be deemed to have agreed with the Ceding Insurer, the Issuer, or the Insurance Manager acting as agent of the Issuer that it does not consider the Ceding Insurer, the Issuer and the Insurance Manager acting as agent of the Issuer or any other person with authority or control respecting the management or disposition of Permitted Investments, if any, as a fiduciary for purposes of ERISA, Section 4975 of the Code or Similar Laws with respect to the assets of any investing Plans. If the Purchaser is making the representations set forth in clause (ii), above, the person making the decision to purchase such Series 2018 Notes is making such representations on behalf of such Purchaser both in their individual capacity as well as their fiduciary capacity, and further represents that in connection with such purchase, such person has determined that

the Purchaser will receive no less, and pay no more, than adequate consideration as provided in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code.

The sale of the Series 2018 Notes is in no respect a representation by the Issuer, the Ceding Insurer or the Initial Purchaser that such an investment meets all relevant legal requirements with respect to investments by Plans generally or that such an investment is appropriate for any particular Plan. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the Series 2018 Notes on behalf of or with "plan assets" of any Plan (under ERISA, the Code or Similar Laws) consult with their counsel regarding the potential consequences if the assets of the Issuer were deemed to be "plan assets" and the availability of exemptive relief under the PTCEs or statutory exemption mentioned above or any other applicable exemption.

Special Considerations For Insurance Companies

An insurance company considering an investment in the Series 2018 Notes should consider whether its general account may be deemed to include assets of the ERISA Plans investing in the general account, for example, through the purchase of an annuity contract. In *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank*, 510 U.S. 86 (1993), the U.S. Supreme Court held that assets held in an insurance company's general account may be deemed to be "plan assets" under certain circumstances. In that event, the insurance company might be treated as a fiduciary with respect to such Plans. However, PTCE 95-60 may exempt some or all of the transactions that could occur as the result of the acquisition and holding of the Series 2018 Notes by an insurance company general account. Therefore, insurance company investors should analyze whether *John Hancock* and PTCE 95-60 or any other exemption may have an impact with respect to their purchase of the Series 2018 Notes.

In addition, pursuant to Section 401(c) of ERISA, which relates to the status of the assets of insurance company general accounts under ERISA and Section 4975 of the Code, the DOL issued general account regulations with respect to insurance policies issued on or before December 31, 1998 that are supported by an insurer's general account. As a result of these regulations, assets of an insurance company general account will not be treated as "plan assets" for purposes of the fiduciary responsibility provisions of ERISA and Section 4975 of the Code to the extent such assets relate to contracts issued to ERISA Plans on or before December 31, 1998 and the insurer satisfies various conditions. The "plan asset" status of insurance company separate accounts is unaffected by Section 401(c) of ERISA, and separate account assets continue to be treated as the "plan assets" of any such ERISA Plan invested in a separate account.

General Investment Considerations

Any Plan fiduciary that proposes to cause a Plan to purchase the Series 2018 Notes should consult with its counsel with respect to the potential applicability of ERISA, the Code and Similar Laws to such investment.

Moreover each Plan fiduciary should determine whether under the general fiduciary standards of investment prudence and diversification, an investment in the Series 2018 Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio.

The discussion herein of ERISA, the Code and relevant DOL regulations is general in nature and is not intended to be complete. Any fiduciary of a Plan, governmental plan, church plan or a foreign plan considering an investment in the Series 2018 Notes should consult with its legal advisors regarding the consequences and advisability of such investment.

NOTICE TO INVESTORS

Because of the following restrictions, investors are advised to consult legal counsel before making any offer, resale, pledge or other transfer of the Series 2018 Notes.

The Series 2018 Notes have not been and will not be registered under the Securities Act or any applicable U.S. state or foreign securities laws and may not be sold or otherwise transferred unless an exemption from registration is available. Notwithstanding the availability of an exemption from the registration requirements under the Securities Act, the Series 2018 Notes are being offered and sold only to, and may be reoffered, sold or otherwise transferred only to, investors who (i) are Qualified Investors and Qualified Institutional Buyers that, with respect to U.S. Persons, are also Qualified Purchasers; (ii) are residents of, and purchasing in, and will hold the Series 2018 Notes in, a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction.

Each purchaser of the Series 2018 Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Circular or any part thereof and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Series 2018 Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and none of the Issuer, the Ceding Insurer, the Initial Purchaser, the Trustee or any of their respective agents or affiliates shall have any responsibility therefor.

Investment Company Act and Insurance Laws

In reliance on Section 3(c)(7) under the Investment Company Act, the Issuer has not registered as an investment company pursuant to the Investment Company Act. To rely on Section 3(c)(7), the Issuer must have a "reasonable belief" that all purchasers of the Series 2018 Notes which are U.S. Persons (including the Initial Purchaser and subsequent transferees) are Qualified Purchasers, at the time of their purchase of the related Notes. In addition, because the Series 2018 Notes may be categorised as risk-linked securities, it is possible that in some jurisdictions, purchasers of the Series 2018 Notes may become subject to regulation as providers of insurance or reinsurance. The Issuer will establish a reasonable belief for purposes of 3(c)(7) and ensure that purchasers are aware of the insurance-related risks involved in investing in the Series 2018 Notes based upon the representations deemed made by the purchasers of the Series 2018 Notes as set forth under "*Representations of Purchasers*" and the covenants and undertakings of the Issuer referred to below.

Reminder Notices

Whenever the Issuer sends an annual report or other periodic report to the Noteholders, it will send a reminder notice (each, a "**Reminder Notice**") to the holder of the Series 2018 Notes. Each Reminder Notice will state that (1) each holder of a Note (or an interest in a Note) that is a U.S. Person must be able to make the representations set forth below in paragraph 3(ii) under "*Notice to Investors -Representations of Purchasers*" (the "**3(c)(7) Representations**"); (2) the Series 2018 Notes (or interests in the Series 2018 Notes) are transferable only to purchasers deemed to have made the 3(c)(7) Representations and satisfy the other transfer restrictions applicable to the Series 2018 Notes; (3) each holder of a Note (or an interest in a Note) must be able to make the representations set forth below in paragraph 3(iii) under "*Notice to Investors—Representations of Purchasers*" (the "**Rule 4.7 Representations**"); (4) the Series 2018 Notes (or interests in the Series 2018 Notes) are transferable only to purchasers deemed

to have made the Rule 4.7 Representations and satisfy the other transfer restrictions applicable to the Series 2018 Notes; (5) each holder of a Note (or an interest in a Note) must be able to make the representations with respect to Permitted U.S. Jurisdictions or Permitted Non-U.S. Jurisdictions set forth below in paragraph 3(iii) under "*Notice to Investors — Representations of Purchasers*" (the "**Risk-Linked Notes Representations**"); (6) the Series 2018 Notes (or interests in the Series 2018 Notes) are transferable only to purchasers deemed to have made the Risk-Linked Notes Representations; and (7) if any holder of a Note (or an interest in a Note) is determined not to have been a Qualified Investor and a Qualified Institutional Buyer and, if a U.S. Person, also a Qualified Purchaser at the time of acquisition thereof, then the transfer will be regarded as null and void and of no effect; (8) if any holder of a Note (or an interest in a Note) is determined not to be a resident of or not to have purchased in a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction or not to have been a Qualified Investor and a Qualified Institutional Buyer and, if a U.S. Person, also a Qualified Purchaser at the time of acquisition thereof, then the Issuer will have the right (exercisable in its sole discretion) to treat the transfer to such purchaser as null and void and require such purchaser to sell all of its Series 2018 Notes (and all interests therein) to a transferee designated by the Issuer.

The Issuer will send a copy of each annual or other periodic report (and each Reminder Notice) to the applicable Clearing System with a request that Participants pass them along to the Beneficial Owners.

DTC Actions with Respect to the Series 2018 Notes available through the book-entry system provided by DTC

In connection with the Series 2018 Notes available through the book-entry system provided by DTC, the Issuer will direct DTC to take the following steps in connection with the respective Global Note:

1. to include the "3c7" marker and, in lieu of the "GABS" marker or otherwise, the "GRLS" marker in the DTC 20-character security descriptors and the 48 character additional descriptor for the Global Note in order to indicate that sales are limited to (i) Qualified Investors pursuant to the Risk Transformation Regulations 2017; (ii) with respect to U.S. Persons, Qualified Institutional Buyers that are Qualified Purchasers and (iii) purchasers who are residents of and purchasing in Permitted U.S. Jurisdictions and Permitted Non-U.S. Jurisdictions.
2. to cause (i) each physical DTC delivery order ticket delivered by DTC to purchasers to contain the 20-character security descriptors and (ii) each DTC delivery order ticket delivered by DTC to purchasers in electronic form to contain the "3c7" and "GRLS" indicators and the related user manual for DTC Participants which will contain a description of the relevant transfer restrictions.
3. to send on or prior to the Issuance Date an "Important Notice" to all DTC Participants in connection with the offering of the Series 2018 Notes. The "Important Notice" will be in substantially the form of an exhibit to the Trust Deed and will notify DTC's Participants that the Series 2018 Notes are Section 3(c)(7) securities and risk-linked securities. The Issuer may instruct DTC from time to time (but not less than annually) to reissue the Important Notice.
4. the Issuer will from time to time make a request to DTC to deliver to the Issuer a list of all DTC Participants holding an interest in the Series 2018 Notes.

Bloomberg Screens, Etc.

The Issuer will from time to time request all third-party vendors to include on screens maintained by such vendors appropriate legends regarding Rule 144A, Section 3(c)(7) and risk-linked securities restrictions on the Global Notes. Without limiting the foregoing, the Initial Purchaser will request that Bloomberg, L.P include the following on each Bloomberg screen containing information about the Series 2018 Notes:

1. The bottom of the "Security Display" page describing the Global Notes should state "Iss'd under 144A/3c7" and "GRLS"
2. The "Security Display" page should have a flashing red indicator stating "See Additional Note Pg."
3. Such indicator should link to an "Additional Security Information" page, which should state that the Global Notes are being offered in reliance on the exemption from registration under Rule 144A of the Securities Act of 1933, as amended (the "**Securities Act**") to persons that are (1) "qualified investors" as defined in Regulation 10 of the Risk Transformation Regulations 2017; (2) with respect to U.S. Persons, "qualified purchasers" as defined under Section 3(c)(7) of the Investment Company Act of 1940, as amended; and (3) that are residents of, and purchasing in jurisdictions ("**Permitted U.S. Jurisdictions**" and "**Permitted Non-U.S. Jurisdictions**") that would not, as a result of such residence or purchase, result in the purchasers' being subject to regulation as insurers or reinsurers'. The page should also set forth those jurisdictions that the Issuer considers to be "Permitted U.S. Jurisdictions" and "Permitted Non-U.S. Jurisdictions. "

CUSIPS

The Issuer will cause each "CUSIP" number obtained for a Global Note to have an attached "fixed field" that contains "3c7", "144A" and "GRLS" indicators.

Legends

The Issuer will not remove the legend set forth in "Notice to Investors — Representations of Purchasers" at any time.

Representations of Purchasers

Each purchaser (including subsequent transferees) of Series 2018 Notes (or a beneficial interest therein) will be deemed to have represented, warranted, acknowledged and covenanted to the Issuer as follows:

1. The purchaser is purchasing the Series 2018 Notes for its own account or for a Beneficial Owner for which such person is acting as fiduciary or agent with complete investment discretion and with authority to bind such other person (the purchaser, and each such Beneficial Owner, collectively, the "**Purchaser**"), and not with a view to any public resale or distribution thereof.
2. The Purchaser understands and acknowledges that the Series 2018 Notes have not been registered under the Securities Act or any other applicable securities law, and may not be offered, sold or otherwise transferred except pursuant to an exemption from registration. Notwithstanding the availability of an exemption from the registration requirements under the Securities Act, the Series 2018 Notes may not be resold or

transferred except to "qualified investor" pursuant to the Risk Transformation Regulations 2017 ("Qualified Investor") and a "qualified institutional buyer" ("Qualified Institutional Buyer") (within the meaning of Rule 144A under the Securities Act) pursuant to Rule 144A that (i), in the case of a purchaser that is a U.S. Person (as defined in Rule 902(k) under the Securities Act), is also a "qualified purchaser" ("Qualified Purchaser") (as defined in Section 2(a)(51) of the Investment Company Act and the rules and regulations thereunder) in reliance on the exception from the registration thereunder provided by Section 3(c)(7), and (ii) is a resident of, and purchasing in, and will hold the Series 2018 Notes in a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction.

3. The Purchaser is (i) a Qualified Investor and a Qualified Institutional Buyer and, (ii) if a U.S. Person, a Qualified Purchaser; and (iii) a resident of, and purchasing in, and will hold the Series 2018 Notes in, a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction, and is aware (and any other person for whom such purchaser is purchasing is aware) that any sale of the Series 2018 Notes to it will be made in reliance on Rule 144A and, if a U.S. Person, the exception from registration provided in Section 3(c)(7) of the Investment Company Act, and such acquisition will be for its own account or for the account of another Qualified Institutional Buyer and Qualified Purchaser (if a U.S. Person) who is also aware that the sale to it is being made in reliance on Rule 144A and, if a U.S. Person, the exception from registration provided in Section 3(c)(7) of the Investment Company Act.
4. The Purchaser (if a U.S. Person) is not a broker-dealer which owns and invests on a discretionary basis less than USD25,000,000 in securities of Issuers unaffiliated with such broker-dealer.
5. The Purchaser (if a U.S. Person) is not a participant-directed employee plan, such as a 401(k) plan, or a trust holding the assets of such plan, unless the investment decisions with respect to such plan are made solely by the fiduciary, trustee or sponsor of such plan.
6. The Purchaser and each account for which it is purchasing or otherwise acquiring the Series 2018 Notes (or beneficial interests therein), will purchase, hold or transfer at least USD250,000 of the Series 2018 Notes (or beneficial interests therein).
7. The Purchaser (if a U.S. Person) was not formed, reformed or recapitalised for the specific purpose of investing in the Series 2018 Notes and/or other securities of the Issuer (unless all of the Beneficial Owners of such entity's securities are Qualified Investors, Qualified Institutional Buyers and Qualified Purchasers).
8. If the Purchaser is an investment company excepted from the Investment Company Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof (or a foreign investment company under Section 7(d) thereof relying on Section 3(c)(1) or 3(c)(7) with respect to its holders that are U.S. Persons) and was formed on or before April 30, 1996, it has received the consent of its Beneficial Owners who acquired their interests on or before April 30, 1996, with respect to its treatment as a Qualified Purchaser in the manner required by Section 2(a)(51)(C) of the Investment Company Act and the rules promulgated thereunder.
9. The Purchaser (if a U.S. Person) is not a partnership; common trust fund; or corporation, special trust, pension fund or retirement plan, or other entity, in which the partners,

beneficiaries, Beneficial Owners, participants, shareholders or other equity owners, as the case may be, may designate the particular investment to be made, or the allocation thereof, unless all such partners, beneficiaries, Beneficial Owners, participants, shareholders or other equity owners are both Qualified Investors, Qualified Institutional Buyers and Qualified Purchasers.

10. The Purchaser (if a U.S. Person) has not invested more than 40% of its assets in the Series 2018 Notes (or beneficial interests therein) and/or other securities of the Issuer after giving effect to the purchase of the Series 2018 Notes (or beneficial interests therein) (unless all of the Beneficial Owners of such entity's securities are both Qualified Investors, Qualified Institutional Buyers and Qualified Purchasers).
11. The Purchaser (if a U.S. Person) agrees that the Issuer shall be entitled to require any holder of the Series 2018 Notes (or a beneficial interest therein) that is determined not to have been a Qualified Investors, Qualified Institutional Buyer, and a Qualified Purchaser (and to have met the other requirements set forth in paragraphs 1 through 14) at the time of acquisition of the Series 2018 Notes (or such beneficial interest) to sell the Series 2018 Notes (or such beneficial interest) in accordance with the provisions described below.
12. The Purchaser understands that the Issuer may receive a list of the Participants from the applicable Clearing System or any other depositary holding beneficial interests in the Series 2018 Notes.
13. The Purchaser and each person for which it is acting understands that any sale or transfer of any Note (or beneficial interest therein) to a person that does not comply with the requirements set forth in paragraphs 1 through 14 relating to Qualified Investors, Qualified Institutional Buyers, and Qualified Purchasers will be void and of no effect.
14. The Purchaser will provide notice of these transfer restrictions to any subsequent transferees and agrees not to act as a swap counterparty or other type of intermediary whereby any other party will acquire an economic or beneficial interest in the Series 2018 Notes acquired or reoffer, resell, pledge or otherwise transfer the Series 2018 Notes (or any beneficial interests therein), to any person except to a person that (x) meets all of the requirements in paragraphs 1 through this paragraph 14 and (y) agrees not to subsequently transfer the Series 2018 Notes or any beneficial interest therein except in accordance with these transfer restrictions.

The Issuer may require a holder of the Series 2018 Notes (or any owner of a beneficial interest therein) to provide the Issuer with an opinion of counsel addressed to and satisfactory to the Issuer to the effect that such reoffer, resale, exchange, pledge or other transfer will not require the Issuer to register as an investment company under the Investment Company Act. If any person acquiring a Note (or a beneficial interest therein) is not, at the time of acquisition thereof, a Qualified Investors, a Qualified Institutional Buyer and, in the case of a U.S. Person, is not a Qualified Purchaser (or fails to meet the other requirements), the Issuer may regard the transaction as null and void and of no effect. If the Purchaser or any subsequent purchaser or transferee of a Note (or a beneficial interest therein) is determined not to reside or hold such interest in a Permitted U.S. Jurisdiction or Permitted Non-U.S. Jurisdiction or not to have been, at the time it acquired the Series 2018 Notes (or such beneficial interest), a Qualified Investors, a Qualified Institutional Buyer and, if a U.S. Person, a Qualified Purchaser (and to have met the other requirements set forth in this section headed "*Notice to*

Investors—Representations of Purchasers"), the Issuer may compel such person to sell the Series 2018 Notes (or such beneficial interest) (within 30 calendar days after notice of the sale requirement is given) to a person that is (i) a Qualified Investor, (ii) a Qualified Institutional Buyer, (iii) if a U.S. Person, a Qualified Purchaser and (iv) is a resident of, and purchasing in, and will hold the Series 2018 Notes in, a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction (and meets the other requirements set forth in this section headed "*Notice to Investors—Representations of Purchasers*"). If such holder (or Beneficial Owner) fails to effect the sale within such 30-day period, the Issuer has the right to sell the Series 2018 Notes (or such beneficial interest) to a purchaser selected by the Issuer who meets the requirements set forth in this section headed "*Notice to Investors—Representations of Purchasers*") on such terms as the Issuer may choose. The Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Series 2018 Notes, and selling the Series 2018 Notes to the highest such bidder. However, the Issuer may select a purchaser by any other means determined by it in its sole discretion.

The Purchaser understands that the certificates representing the Series 2018 Notes will bear a legend substantially to the effect set forth below:

NEITHER THIS NOTE NOR ANY BENEFICIAL INTEREST IN THIS NOTE HAS BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR UNDER ANY U.S. STATE OR FOREIGN SECURITIES LAWS AND ATLAS CAPITAL UK 2018 PLC (THE "ISSUER") HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"). INTERESTS IN THIS NOTE MAY BE OFFERED, REOFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (I) TO "QUALIFIED INVESTORS" PURSUANT TO REGULATION 10 OF THE RISK TRANSFORMATION REGULATIONS 2017; (II) TO "QUALIFIED INSTITUTIONAL BUYERS" ("**QUALIFIED INSTITUTIONAL BUYERS**") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, (III) THAT IN EACH CASE (A) WITH RESPECT TO "U.S. PERSONS" AS DEFINED IN RULE 902(k) UNDER THE SECURITIES ACT ("**U.S. PERSONS**"), ARE "QUALIFIED PURCHASERS" ("**QUALIFIED PURCHASERS**") FOR PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT AND (B) A RESIDENT OF AND PURCHASING IN, AND WILL HOLD THE SERIES 2018 NOTES IN, A PERMITTED U.S. JURISDICTION OR A PERMITTED NON-U.S. JURISDICTION, AND (IV) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES, ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION. EACH PURCHASER OR HOLDER OF AN INTEREST IN THIS NOTE AND EACH SUBSEQUENT HOLDER OF AN INTEREST IN THIS NOTE IS REQUIRED TO NOTIFY ANY PURCHASER OF AN INTEREST IN THIS NOTE OF THE ABOVE TRANSFER RESTRICTIONS.

ANY PERSON WHO HOLDS ANY INTEREST IN THE SERIES 2018 NOTES, WHO DOES NOT RESIDE AND HOLD SUCH INTEREST IN A PERMITTED U.S. JURISDICTION OR A PERMITTED NON-U.S. JURISDICTION, MAY BE FORCED TO TRANSFER SUCH INTEREST TO A PERSON IN A PERMITTED U.S. JURISDICTION OR PERMITTED NON-U.S. JURISDICTION.

EACH PURCHASER (INCLUDING SUBSEQUENT TRANSFEREES) OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED, ACKNOWLEDGED AND AGREED THAT: (1) THE PURCHASER IS PURCHASING THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) FOR ITS OWN ACCOUNT OR FOR A BENEFICIAL OWNER FOR WHICH SUCH PERSON IS ACTING AS FIDUCIARY OR AGENT WITH COMPLETE INVESTMENT DISCRETION AND WITH AUTHORITY TO BIND SUCH OTHER PERSON (THE PURCHASER, AND EACH SUCH BENEFICIAL OWNER, COLLECTIVELY, THE "PURCHASER"), AND NOT WITH A VIEW TO ANY PUBLIC RESALE OR DISTRIBUTION THEREOF; (2) THE PURCHASER UNDERSTANDS AND ACKNOWLEDGES THAT THIS NOTE AND ANY BENEFICIAL INTEREST HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR ANY OTHER APPLICABLE SECURITIES LAW, AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION. NOTWITHSTANDING THE AVAILABILITY OF AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT, THIS NOTE MAY NOT BE RESOLD OR TRANSFERRED EXCEPT TO A QUALIFIED INVESTOR (PURSUANT TO REGULATION 10 OF THE RISK TRANSFORMATION REGULATIONS 2017), A QUALIFIED INSTITUTIONAL BUYER (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) PURSUANT TO RULE 144A THAT, (I) IN THE CASE OF A PURCHASER THAT IS A U.S. PERSON (AS DEFINED IN RULE 902(k) UNDER THE SECURITIES ACT), IS ALSO A QUALIFIED PURCHASER (AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT AND THE RULES AND REGULATIONS THEREUNDER) IN RELIANCE ON THE EXCEPTION FROM THE REGISTRATION THEREUNDER PROVIDED BY SECTION 3(C)(7), AND (II) IS A RESIDENT OF, AND PURCHASING IN, AND WILL HOLD THE SERIES 2018 NOTES IN, A PERMITTED U.S. JURISDICTION OR A PERMITTED NON-U.S. JURISDICTION; (3) THE PURCHASER IS (I) A QUALIFIED INVESTOR PURSUANT TO THE RISK TRANSFORMATION REGULATIONS 2017 (II) A QUALIFIED INSTITUTIONAL BUYER, (III) IF A U.S. PERSON, A QUALIFIED PURCHASER, AND (IV) A RESIDENT OF, AND PURCHASING IN, AND WILL HOLD THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) IN, A PERMITTED U.S. JURISDICTION OR A PERMITTED NON-U.S. JURISDICTION, AND IS AWARE (AND ANY OTHER PERSON FOR WHOM SUCH PURCHASER IS PURCHASING IS AWARE) THAT ANY SALE OF THIS NOTE (OR BENEFICIAL INTEREST HEREIN) TO IT WILL BE MADE IN RELIANCE ON RULE 144A AND, IF A U.S. PERSON, THE EXCEPTION FROM REGISTRATION PROVIDED IN SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT, AND SUCH ACQUISITION WILL BE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INVESTOR, QUALIFIED INSTITUTIONAL BUYER AND QUALIFIED PURCHASER (IF A U.S. PERSON) WHO IS ALSO AWARE THAT THE SALE TO IT IS BEING MADE IN RELIANCE ON RULE 144A AND, IF A U.S. PERSON, THE EXCEPTION FROM REGISTRATION PROVIDED IN SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT; (4) THE PURCHASER (IF A U.S. PERSON) IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN USD25,000,000 IN SECURITIES OF ISSUERS UNAFFILIATED WITH SUCH BROKER- DEALER; (5) THE PURCHASER (IF A U.S. PERSON) IS NOT A

PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(k) PLAN, OR A TRUST HOLDING THE ASSETS OF SUCH PLAN, UNLESS THE INVESTMENT DECISIONS WITH RESPECT TO SUCH PLAN ARE MADE SOLELY BY THE FIDUCIARY, TRUSTEE OR SPONSOR OF SUCH PLAN; (6) THE PURCHASER AND EACH ACCOUNT FOR WHICH IT IS PURCHASING OR OTHERWISE ACQUIRING THIS NOTE (OR BENEFICIAL INTERESTS HEREIN), WILL PURCHASE, HOLD OR TRANSFER AT LEAST THE MINIMUM DENOMINATION OF THE SERIES 2018 NOTES (OR BENEFICIAL INTERESTS THEREIN) SPECIFIED IN THIS CIRCULAR; (7) THE PURCHASER (IF A U.S. PERSON) WAS NOT FORMED, REFORMED OR RECAPITALISED FOR THE SPECIFIC PURPOSE OF INVESTING IN THE SERIES 2018 NOTES AND/OR OTHER SECURITIES OF THE ISSUER (UNLESS ALL OF THE BENEFICIAL OWNERS OF SUCH ENTITY'S SECURITIES ARE QUALIFIED INVESTORS, QUALIFIED INSTITUTIONAL BUYERS AND QUALIFIED PURCHASERS); (8) IF THE PURCHASER IS AN INVESTMENT COMPANY EXCEPTED FROM THE INVESTMENT COMPANY ACT PURSUANT TO SECTION 3(c)(1) OR SECTION 3(c)(7) THEREOF (OR A FOREIGN INVESTMENT COMPANY UNDER SECTION 7(d) THEREOF RELYING ON SECTION 3(c)(1) OR 3(c)(7) WITH RESPECT TO ITS HOLDERS THAT ARE U.S. PERSONS) AND WAS FORMED ON OR BEFORE APRIL 30, 1996, IT HAS RECEIVED THE CONSENT OF ITS BENEFICIAL OWNERS WHO ACQUIRED THEIR INTERESTS ON OR BEFORE APRIL 30, 1996, WITH RESPECT TO ITS TREATMENT AS A QUALIFIED PURCHASER IN THE MANNER REQUIRED BY SECTION 2(a)(51)(C) OF THE INVESTMENT COMPANY ACT AND THE RULES PROMULGATED THEREUNDER; (9) THE PURCHASER (IF A U.S. PERSON) IS NOT A PARTNERSHIP, COMMON TRUST FUND, OR CORPORATION, SPECIAL TRUST, PENSION FUND OR RETIREMENT PLAN, OR OTHER ENTITY, IN WHICH THE PARTNERS, BENEFICIARIES, BENEFICIAL OWNERS, PARTICIPANTS, SHAREHOLDERS OR OTHER EQUITY OWNERS, AS THE CASE MAY BE, MAY DESIGNATE THE PARTICULAR INVESTMENT TO BE MADE, OR THE ALLOCATION THEREOF, UNLESS ALL SUCH PARTNERS, BENEFICIARIES, BENEFICIAL OWNERS, PARTICIPANTS, SHAREHOLDERS OR OTHER EQUITY OWNERS ARE QUALIFIED INVESTORS, QUALIFIED INSTITUTIONAL BUYERS AND QUALIFIED PURCHASERS; (10) THE PURCHASER (IF A U.S. PERSON) HAS NOT INVESTED MORE THAN 40% OF ITS ASSETS IN THE SERIES 2018 NOTES (OR BENEFICIAL INTERESTS THEREIN) AND/OR OTHER SECURITIES OF THE ISSUER AFTER GIVING EFFECT TO THE PURCHASE OF THE SERIES 2018 NOTES (OR BENEFICIAL INTERESTS THEREIN) (UNLESS ALL OF THE BENEFICIAL OWNERS OF SUCH ENTITY'S SECURITIES ARE QUALIFIED INVESTORS, QUALIFIED INSTITUTIONAL BUYERS AND QUALIFIED PURCHASERS); (11) THE PURCHASER (IF A U.S. PERSON) AGREES THAT THE ISSUER SHALL BE ENTITLED TO REQUIRE ANY HOLDER OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) THAT IS DETERMINED NOT TO HAVE BEEN A QUALIFIED INVESTOR, A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER (AND TO HAVE MET THE OTHER REQUIREMENTS SET FORTH IN (1)-(14) AT THE TIME OF ACQUISITION OF SUCH NOTE (OR SUCH BENEFICIAL INTEREST) TO SELL THE SERIES 2018 NOTES (OR SUCH BENEFICIAL INTEREST) IN ACCORDANCE WITH THE PROVISIONS DESCRIBED BELOW; (12) THE PURCHASER UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF THE PARTICIPANTS FROM THE

APPLICABLE CLEARING SYSTEM OR ANY OTHER DEPOSITARY HOLDING BENEFICIAL INTERESTS IN THE SERIES 2018 NOTES; (13) THE PURCHASER AND EACH PERSON FOR WHICH IT IS ACTING UNDERSTANDS THAT ANY SALE OR TRANSFER TO A PERSON THAT DOES NOT COMPLY WITH THE REQUIREMENTS SET FORTH IN (1)-(14) RELATING TO QUALIFIED INVESTORS, QUALIFIED INSTITUTIONAL BUYERS AND QUALIFIED PURCHASERS WILL BE VOID AND OF NO EFFECT; (14) THE PURCHASER WILL PROVIDE NOTICE OF THESE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREES AND AGREES NOT TO ACT AS A SWAP COUNTERPARTY OR OTHER TYPE OF INTERMEDIARY WHEREBY ANY OTHER PARTY WILL ACQUIRE AN ECONOMIC OR BENEFICIAL INTEREST IN THE SERIES 2018 NOTES ACQUIRED OR REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THE SERIES 2018 NOTES (OR ANY BENEFICIAL INTERESTS THEREIN), TO ANY PERSON EXCEPT TO A PERSON THAT (X) MEETS ALL OF THE REQUIREMENTS IN (1)-(14) AND (Y) AGREES NOT TO SUBSEQUENTLY TRANSFER THE SERIES 2018 NOTES OR ANY BENEFICIAL INTEREST THEREIN EXCEPT IN ACCORDANCE WITH THESE TRANSFER RESTRICTIONS.

THE ISSUER MAY REQUIRE THE HOLDER OF THIS NOTE (OR ANY OWNER OF A BENEFICIAL INTEREST THEREIN) TO PROVIDE THE ISSUER WITH AN OPINION OF COUNSEL ADDRESSED TO AND SATISFACTORY TO THE ISSUER TO THE EFFECT THAT SUCH REOFFER, RESALE, EXCHANGE, PLEDGE OR OTHER TRANSFER WILL NOT REQUIRE THE ISSUER TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT.

IF THE PURCHASER OR ANY SUBSEQUENT PURCHASER OR TRANSFEREE OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) IS DETERMINED NOT TO HAVE BEEN, AT THE TIME IT ACQUIRED THIS NOTE (OR SUCH BENEFICIAL INTEREST), A QUALIFIED INVESTOR, A QUALIFIED INSTITUTIONAL BUYER AND, IF A U.S. PERSON, A QUALIFIED PURCHASER, SUCH ACQUISITION WILL BE REGARDED AS NULL AND VOID AND OF NO EFFECT. IF ANY PERSON WHO HOLDS ANY INTEREST IN THIS NOTE, DOES NOT RESIDE AND HOLD SUCH INTEREST IN A PERMITTED U.S. JURISDICTION OR PERMITTED NON-U.S. JURISDICTION OR WAS NOT, AT THE TIME IT ACQUIRED THIS NOTE (OR SUCH BENEFICIAL INTEREST), A QUALIFIED INVESTOR, A QUALIFIED INSTITUTIONAL BUYER AND, IF A U.S. PERSON, AND A QUALIFIED PURCHASER, THE ISSUER MAY COMPEL SUCH PERSON TO SELL THIS NOTE (OR SUCH BENEFICIAL INTEREST), WITHIN 30 CALENDAR DAYS AFTER NOTICE OF THE SALE REQUIREMENT IS GIVEN, TO A PERSON THAT MEETS THE FOREGOING REQUIREMENTS. IF SUCH HOLDER (OR BENEFICIAL OWNER) FAILS TO EFFECT THE SALE WITHIN SUCH 30-DAY PERIOD, THE ISSUER HAS THE RIGHT TO SELL THIS NOTE (OR SUCH BENEFICIAL INTEREST) TO A PURCHASER SELECTED BY THE ISSUER WHO MEETS THE REQUIREMENTS SET FORTH HEREIN ON SUCH TERMS AS THE ISSUER MAY CHOOSE AS PROVIDED IN THE TRUST DEED. THE ISSUER MAY SELECT THE PURCHASER BY SOLICITING ONE OR MORE BIDS FROM ONE OR MORE BROKERS OR OTHER MARKET PROFESSIONALS THAT REGULARLY DEAL IN SECURITIES SIMILAR TO

THIS NOTE, AND SELLING THE SERIES 2018 NOTES TO THE HIGHEST SUCH BIDDER. HOWEVER, THE ISSUER MAY SELECT A PURCHASER BY ANY OTHER MEANS DETERMINED BY IT IN ITS SOLE DISCRETION.

THE PURCHASER OR OTHER HOLDER OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (C) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLANS' OR PLAN'S INVESTMENT IN THE ENTITY (COLLECTIVELY "**PLANS**"), OR (D) ANOTHER PLAN THAT IS SUBJECT TO ANY U.S. FEDERAL, U.S. STATE, LOCAL OR NON-U.S. FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA OR PROHIBITED TRANSACTION LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW", SUCH A PLAN, A "SIMILAR PLAN") AND IS NOT PURCHASING THIS NOTE OR ANY BENEFICIAL INTEREST THEREIN ON BEHALF OF, OR WITH "PLAN ASSETS" OF, ANY SUCH PLAN OR SIMILAR PLAN;

ANY INFORMATION PROVIDED TO A PURCHASER OR A PROSPECTIVE TRANSFEREE SHALL BE FOR THE SOLE PURPOSE OF ASSESSING THE INVESTMENT. AS A CONDITION OF ACCESS TO SUCH INFORMATION, EACH PURCHASER AGREES THAT NEITHER IT NOR ANY PROSPECTIVE TRANSFEREE MAY DISCLOSE ANY SUCH INFORMATION TO THIRD PARTIES OTHER THAN AS REQUIRED BY APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS, NOR USE THE INFORMATION FOR ANY PURPOSE OTHER THAN INVESTMENT ANALYSIS.

15. The Purchaser has had access to such financial and other information concerning the Issuer and the Series 2018 Notes as it has deemed necessary in connection with its decision to purchase the Series 2018 Notes. The Purchaser (i) has been given the opportunity to ask questions of and receive answers from the Issuer concerning the terms and conditions of the Offering and other matters pertaining to an investment in the Series 2018 Notes, (ii) has been given the opportunity to request and review such additional information necessary to evaluate the merits and risks of a purchase of the Series 2018 Notes and to verify the accuracy of or to supplement the information contained in the Circular and (iii) has received all documents and information reasonably necessary to make an investment decision, subject to contractual restrictions on the Issuer's ability to disclose confidential information. The Purchaser understands the terms, conditions and risks of the Series 2018 Notes and that the Series 2018 Notes involve a high degree of risk as described in the Circular and this Circular including possible loss of the Purchaser's entire investment. The Purchaser has not relied upon any advice or recommendation of the Issuer, the Initial Purchaser or the applicable Ceding Insurer or any of their affiliates, and is making its own investment decision based upon its own judgment and upon the advice of such professional advisors, either employed or independently retained by the Purchaser, as it has deemed necessary to

consult. It has not relied on any other version of the Circular and this Circular other than the final version thereof in making its investment decision with respect to the Series 2018 Notes. The Purchaser acknowledges that no person has been authorised to give any information or to make any representations concerning the Issuer or the Series 2018 Notes other than those contained in the Circular and this Circular and, if given or made, such other information or representations have not been relied upon. The Purchaser acknowledges that it has reviewed this Circular, including the "Risk Factors" and the legends in the forward part of this Circular. The Purchaser has determined that it has the legal power, authority and right to purchase the Series 2018 Notes. The Purchaser understands that there is no assurance that a secondary market for the Series 2018 Notes will develop, the fair market value of the Series 2018 Notes may reflect a substantial discount from the Purchaser's initial investment and substantial volatility in light of certain events under the respective Reinsurance Agreement, and that the Series 2018 Notes may trade at a value other than that which may be inferred from the current levels of interest rates, due to other factors including, but not limited to, expectations of the future levels of interest rates and the occurrence of certain Covered Events.

16. The Purchaser understands that the Issuer may require the Purchaser to provide certification or information acceptable to the Issuer which is necessary for the Issuer (i) to prevent withholding or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Issuer receives Periodic Payments or other payments on its assets, (ii) to make payments of principal and interest on the Series 2018 Notes without, or at a reduced rate of, withholding or backup withholding in any jurisdiction, or (iii) to enable the Issuer or its agents to satisfy reporting and other obligations under the Code and Treasury Regulations, and to update or replace such form or certification in accordance with its terms or its subsequent amendments. The Purchaser agrees to provide any such certification or information that is requested by the Issuer.
17. The Purchaser or other holder of a Note (or a beneficial interest therein is not (i) an "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), that is subject to Title I of ERISA, (ii) a "plan" as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the "**Code**"), that is subject to Section 4975 of the Code, (iii) an entity whose underlying assets include "plan assets" by reason of any such employee benefit plans' or plan's investment in the entity (collectively "**Plans**"), or (iv) another plan that is subject to any U.S. federal, U.S. state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**", such a Plan, a "**Similar Plan**") and is not purchasing the Series 2018 Notes or any beneficial interest therein) on behalf of, or with "plan assets" of, any such Plan or Similar Plan.
18. The Purchaser agrees, for federal income tax purposes, to treat the Series 2018 Notes as evidencing equity interests in the Issuer.
19. The Purchaser agrees, prior to the sale by such Purchaser of any Series 2018 Notes, to provide any potential purchaser that is a permitted transferee the opportunity to review any Available Information and Rule 144A Information received by the Purchaser prior to the date of such sale.

20. The Purchaser agrees, represents and warrants that it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the issue of any Series 2018 Notes otherwise than in conformity with applicable law, including without limitation, applicable law in Ireland, the United Kingdom, and the U.S.
21. The Purchaser (if other than the Initial Purchaser) acknowledges that the Issuer, each Initial Purchaser and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of an interest in Series 2018 Notes are no longer accurate, it will promptly notify the Issuer and each Initial Purchaser.

Investors are strongly urged to have these representations and agreements reviewed by their counsel prior to making any decision to invest in the Series 2018 Notes.

EXPERTS

The statistical data, risk modeling and explanations thereof included in the "AIR Expert Risk Analysis" report attached as Annex A, in the "AIR Expert Risk Analysis Results" report attached as Annex B and in the AIR Data File information referred to in Annex C and accompanying this Circular are included and made available in reliance upon AIR as an expert in modeling techniques and the analysis of risks associated with Named Storms in the Named Storm Covered Area, Earthquakes in the Earthquake Covered Area and Europe Windstorms in the Europe Windstorm Covered Area.

LEGAL MATTERS

Certain legal matters relating to the Series 2018 Notes will be passed upon for the Issuer by Clifford Chance LLP and by Clifford Chance US LLP. Clifford Chance LLP will rely, without independent investigation, on the opinions of in-house counsel of the Ceding Insurer as to matters of French law. Clifford Chance LLP and Clifford Chance US LLP have advised the Issuer and the Ceding Insurer as to various legal matters, including as to English law and certain matters to New York law and U.S. federal, tax and securities law matters. Mayer Brown LLP has advised the Initial Purchaser as to certain legal matters including securities law matters.

ANNEX A

AIR EXPERT RISK ANALYSIS

Introduction to AIR / Overview of Analysis

The Issuer has engaged AIR Worldwide Corporation (“AIR”), an independent consultant, as the modeling firm to perform certain risk assessment analyses with respect to Named Storm Events, Earthquake Events, and Europe Windstorm Events, and to estimate the probability of various levels of insured property loss arising therefrom. AIR’s work has included (i) producing a modeled distribution of losses caused by Named Storms, Earthquakes, and Europe Windstorms affecting AIR’s database of industry insured exposures in the Named Storm Covered Area, Earthquake Covered Area, and Europe Windstorm Covered Area as a proxy for PCS and PERILS reported industry insured losses; and (ii) determining the probabilities of attachment, exhaustion, and expected losses to the Series 2018 Notes; and the other modeled information included herein.

AIR, established in 1987, is an independent software and consulting firm that develops catastrophe risk assessment and management methodologies and techniques. AIR has provided catastrophe loss analysis services for numerous insurance and reinsurance companies. Many of them utilize AIR catastrophe risk assessment and management methodologies and software on an ongoing basis. In addition, AIR catastrophe models have been used in a number of previous insurance-linked capital markets transactions. AIR is a wholly-owned subsidiary of Insurance Services Office, Inc.

To estimate the probability distribution of losses from any Named Storms affecting the Named Storm Covered Area, Earthquakes affecting the Earthquake Covered Area, and Europe Windstorms affecting the Europe Windstorm Covered Area, AIR has developed probabilistic simulation models that generate potential events in accordance with their estimated relative probability of occurrence. The AIR Expert Risk Analysis was prepared using version 19.0 of the AIR Hurricane Model for the United States (the “**AIR Hurricane Model for the United States**”), version 4.1 of the AIR Tropical Cyclone Model for Hawaii (the “**AIR Tropical Cyclone Model for Hawaii**”), version 13.0 of the AIR Tropical Cyclone Model for the Caribbean (the “**AIR Tropical Cyclone Model for the Caribbean**”), together with the AIR Hurricane Model for the United States and the AIR Tropical Cyclone Model for Hawaii, the “**AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models**”), version 10.0 of the AIR Earthquake Model for the United States and Canada (the “**AIR Earthquake Model for the United States and Canada**”), version 1.10 of the AIR Earthquake Model for Alaska (the “**AIR Earthquake Model for Alaska**”), version 2.1 of the AIR Earthquake Model for Hawaii (the “**AIR Earthquake Model for Hawaii**”), version 2.2 of the AIR Earthquake Model for the Caribbean (“**AIR Earthquake Model for the Caribbean**”) (collectively, the “**AIR Earthquake Models**”), and version 5.1 of the AIR Extratropical Cyclone Model for Europe (the “**AIR Europe Windstorm Model**”), each as implemented in Touchstone 5.1.4 and CATRADER 19.1.0 (each, an “**AIR Model**” and collectively, the “**AIR Models**”). The AIR Models generate thousands of simulated events and apply the associated event characteristics to the industry insurable exposure in the Named Storm Covered Area, Earthquake Covered Area, and Europe Windstorm Covered Area in order to estimate the insured damages that would result from each of the simulated events.

For the avoidance of doubt, the AIR Models, other than with respect to Hawaii, do not model the probability of losses resulting from (i) tropical storms that at no point are classified as a hurricane or (ii) hurricanes that degrade to tropical storm force and subsequently make landfall in the United States as a tropical storm or (iii) storms that never make landfall in the United States, and that fail to cause winds of greater than or equal to 40 miles per hour (“**mph**”) over any point in the United States while causing winds of greater than or equal to 74 mph offshore. In addition, the AIR Models do not model the probability of losses resulting from: tropical cyclones formed within the Pacific Basin (other than those affecting Hawaii) or affecting areas outside of Alabama, Arkansas, Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia, and West Virginia; fire following; storm surge in Hawaii; or the removal of debris following a Covered Event.

This AIR Expert Risk Analysis sets forth a description of the methods utilized by AIR on behalf of the Issuer in calculating the estimated distribution of losses. The modeled loss results and model methodology included herein as well as the Initial Data File provided with this Offering Circular have been prepared by AIR as experts in such matters. AIR will also serve as the Calculation Agent and Reset Agent for the Series 2018 Notes.

AIR Modeling Approach

Standard actuarial techniques utilized by insurers and reinsurers typically rely on past losses to project future losses. However, the scarcity of historical loss data resulting from the relative infrequency of catastrophe events makes exclusive reliance on standard actuarial techniques of loss estimation inappropriate for the estimation of potential catastrophe losses. Furthermore, the usefulness of the loss data that does exist is limited because of the constantly changing landscape of insured properties. Property values change, along with the costs of repair and replacement. Building materials and designs change, and new structures may be more or less vulnerable to catastrophe events than were the old ones. New properties continue to be built in areas of high hazard. Therefore, the limited loss information that is available is not suitable for directly estimating future losses.

Because of these limitations on the exclusive use of historical loss information to estimate future loss potential, AIR has developed an alternative loss-estimation methodology based on statistical simulation techniques. This approach involves the construction of computer programs that incorporate fundamental physical characteristics of catastrophic perils. The programs give mathematical representation to the physical phenomena of catastrophe events in order to evaluate the potential damage and insured losses that can occur. The modeling is performed on a “probabilistic” basis, meaning that the results of the modeling are expressed in terms of probabilities. A set of results is expressed in terms of a probability distribution, also known as a “loss distribution” which, given specific insurance exposures under policies in force, provides a distribution of possible losses and the relative likelihood of occurrence of various levels of loss. The loss distribution is not a prediction of future losses. It is solely intended to be illustrative of the range of possible losses from loss-causing events and the likelihood of occurrence of such losses. A loss of any particular magnitude could occur in any year.

As indicated below, the AIR Models and their modeling approach are subject to important limitations, uncertainties, and special considerations.

Limitations of AIR Expert Risk Analysis Included Herein

The results of AIR’s analyses are not to be viewed as facts or forecasts of future Covered Events, and should not be relied upon as a representation of the future values of the Series 2018 Notes. Actual loss experience can materially differ from that generated by the AIR Models. No model of catastrophe events is, or can be, an exact representation of reality. The loss distributions and other analyses generated by AIR are based on assumptions relating to environmental, demographic, and cost factors, many of which represent subjective judgments, are inherently uncertain, and are beyond the control of AIR. Accordingly, the loss estimates produced by the AIR Models are subject to uncertainty. The assumptions and methodologies used by AIR may not constitute the exclusive set of reasonable assumptions and methodologies, and the use of alternative assumptions and/or methodologies could yield results materially different from those generated by AIR.

In its loss estimation models for hurricanes, earthquakes, and Europe windstorms, and in the development of the various risk parameters used in the AIR Models, AIR has relied on published technical papers, historical catalogs of past events, scientific theory published in refereed journals, and other data and analyses that it believes represent current and credible scientific opinion as of their respective release dates. AIR has not reviewed, however, the authenticity of all the data in the historical catalogs as to the dates, locations, or severities of the catastrophe events. Further uncertainties arise from insufficient data, limited scientific knowledge, alternative theories governing empirical relationships, and the random nature of hurricanes, earthquakes, and Europe windstorms.

AIR reviews its modeling assumptions from time to time in light of new meteorological, seismological, engineering, and other data and information, and refines the loss estimates as such information becomes available. Such refinements may materially alter, and have in the past materially altered, the loss estimates generated by the AIR Models.

AIR’s modeling reflects the use of a function to account for the effects of temporary inflation that can result from increased demand for materials and services to repair and rebuild damaged property after a major catastrophe event (“**Demand Surge**”). The Demand Surge function is calculated based on very few historical data points, collected solely from historical events in the United States, and is also highly subjective. As a result, the loss estimates presented herein may understate the impact of Demand Surge on losses, possibly materially.

The loss probabilities generated by the AIR Models are not predictive of future catastrophic events, or of the magnitude of losses that may occur in the event of an actual catastrophic event. AIR has not made any effort, nor does it have the ability, to predict such catastrophes. Actual frequency of Named Storm Events, Earthquake Events, and Europe Windstorm Events and their attendant losses could materially differ from those estimated by AIR. Potential investors in the Series 2018 Notes should not view the loss probabilities generated by the AIR Models as, in any way, predicting the likelihood of the occurrence, during the Risk Period, of any sequence of events that will result in a loss under the Reinsurance Agreement relating the Series 2018 Notes and a corresponding reduction in the amount available to make distributions to the Holders of the Series 2018 Notes. See “Risk Factors” in the Offering Circular.

U.S. AND CARIBBEAN HURRICANES

Introduction to U.S. and Caribbean Hurricanes

Hurricanes, or more generally tropical cyclones, begin to form when warm ocean water evaporates, is further warmed by the sun, and rises to create a high, thick layer of humid air. This rising of warm, dense air creates an area of low pressure, technically known as a depression, near the ocean's surface. Surface winds converge and, due to the earth's Coriolis force, display a clear cyclonic circulation.

Air flows from areas of relative high pressure to relative low pressure. The greater the difference between peripheral and central pressures, the faster the inflow. The inward rush of peripheral surface winds toward the central area of low pressure, the rise of warm humid air in the center, and the subsequent outflow away from the system at high altitude, can combine to create a self-sustaining heat engine. The warmer the water temperature, the faster the air in the center of the system rises. The faster this air rises, the greater will be the difference between the surface air pressures inside and outside the vortex. When circulating wind speeds reach 40 mph, the depression reaches tropical storm status. When wind speeds reach 74 mph, the storm is designated a hurricane. For details, please refer to "Measuring Hurricane Intensity" below.

Hurricanes form where there is a convergence of the necessary conditions. Hurricane formation is precluded in areas in close proximity to the earth's equator because of the absence of the Coriolis force, which is required for the spiraling circulation of surface winds. Conversely, at great distances from the equator, water temperatures will not be sufficiently warm for cyclonic formation. Generally, water temperatures must be at least 80 degrees Fahrenheit for the process to begin. There must also be a relative absence of "vertical shear," or winds that change appreciably in either magnitude or direction over the water, thus "shearing off" the cyclonic outflow at high altitudes. As their name suggests, tropical cyclones, and therefore hurricanes, typically form in the tropical regions of the earth's ocean basins. The occurrence of tropical cyclones tends to be seasonal¹, with most activity occurring from July to October in the U.S. Gulf and East Coasts.

In addition to warm water temperature and the absence of vertical shear winds, various climate signals have been identified that may affect hurricane activity. Climate signals are measurements of the natural feedback systems of the earth in its effort to maintain ocean-atmosphere equilibrium and are typically presented as a measurement of anomalies. For example, the Atlantic multi-decadal oscillation is a climate signal measuring the long term change in the sea surface temperature. The El-Niño Southern Oscillation ("ENSO") measures sea surface temperature anomalies in the Pacific Ocean off the coast of Peru which alternate over an approximate three- to eight-year cycle with an opposite cold phase known as "La Niña." The Quasi-Biennial Oscillation ("QBO") is a signal tracking the direction of the equatorial winds in the stratosphere, and the North Atlantic Oscillation ("NAO") is a pressure system over the North Atlantic that scientists have observed to steer North Atlantic tropical cyclones in a characteristic pattern to the west and eventually to the north. The AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models includes the effects of these climate signals to the extent that they are embodied in the historical data on the frequency and intensity of hurricanes, which are used in AIR's modeling. However, the analysis results of the AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models represents a long run view of the probabilities of losses of different sizes and not a forecast or prediction of loss for any specific year. There can be no assurance that modeling specifically for such factors would not materially affect the modeled results. (See "Sensitivity Analysis on Hurricane Frequency.")

Measuring Hurricane Intensity

The severity of a hurricane is often measured by the Saffir-Simpson ("S.S.") scale. This scale comprises five categories of hurricanes, with category five being the most severe. The table below summarizes the characteristics of storms in each of the five categories of the S.S. scale, adapted from information published by the National Hurricane Center ("NHC"). Wind measurements refer to 1-minute average sustained winds.

¹ For details please refer to Table 4: Modeled Frequency of Hurricanes by Month

Table 1: Saffir-Simpson Hurricane Wind Scale⁽¹⁾

<u>S.S. Category</u>	<u>Sustained Winds</u>	<u>Types of Damage Due to Hurricane Winds</u>
1	74-95 mph 64-82 kt 119-153 km/h	Very dangerous winds will produce some damage: Well-constructed frame homes could have damage to roof, shingles, vinyl siding and gutters. Large branches of trees will snap and shallowly rooted trees may be toppled. Extensive damage to power lines and poles likely will result in power outages that could last a few to several days.
2	96-110 mph 83-95 kt 154-177 km/h	Extremely dangerous winds will cause extensive damage: Well-constructed frame homes could sustain major roof and siding damage. Many shallowly rooted trees will be snapped or uprooted and block numerous roads. Near-total power loss is expected with outages that could last from several days to weeks.
3	111-129 mph 96-112 kt 178-208 km/h	Devastating damage will occur: Well-built framed homes may incur major damage or removal of roof decking and gable ends. Many trees will be snapped or uprooted, blocking numerous roads. Electricity and water will be unavailable for several days to weeks after the storm passes.
4	130-156 mph 113-136 kt 209-251 km/h	Catastrophic damage will occur: Well-built framed homes can sustain severe damage with loss of most of the roof structure and/or some exterior walls. Most trees will be snapped or uprooted and power poles downed. Fallen trees and power poles will isolate residential areas. Power outages will last weeks to possibly months. Most of the area will be uninhabitable for weeks or months.
5	157 mph or higher 137 kt or higher 252 km/h or higher	Catastrophic damage will occur: A high percentage of framed homes will be destroyed, with total roof failure and wall collapse. Fallen trees and power poles will isolate residential areas. Power outages will last for weeks to possibly months. Most of the area will be uninhabitable for weeks or months.

(1) Source: NHC.

AIR categorizes storms based on the official Saffir-Simpson categories, which are assigned on the basis of peak 1-minute, 10-meter sustained wind speed, as reported by the NHC, a branch of the Tropical Prediction Center of the National Oceanic and Atmospheric Administration (“NOAA”). Formerly, central pressure and storm surge were also used as potential intensity measures. In some cases, the assigned Saffir-Simpson category could differ depending on which measurement is used. Also, if a hurricane's central barometric pressure falls on the boundary between two categories, the hurricane may be assigned to the higher category. This may account for differences between the tables herein and other published meteorological information. Since the Saffir-Simpson category is not used in the AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models for loss estimation, the differences in categorization methods do not affect the loss estimates generated by the AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models.

Overview of AIR’s Hurricane Modeling Methodology

The loss estimation methodology employed by AIR is based on established scientific theory in meteorology and wind engineering. In order to estimate the probability distribution of hurricane losses (by region, state, or county), the AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models simulate thousands of hypothetical hurricanes, both landfalling and bypassing, and estimates the property damage that would result from each such hurricane.

AIR employs Monte Carlo simulation, a well-known statistical technique, to generate simulated storms. Monte Carlo simulation involves an iterative process using, in each simulation, a set of values stochastically drawn from the probability distributions governing each of the random variables being analyzed. In the AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models, the random variables being analyzed are landfall location and hurricane frequency (described below), as well as the primary meteorological parameters of each simulated storm. Theoretical probability distributions are fitted to the historical data using statistical estimation methods and validated using goodness-of-fit tests along with meteorological expertise. By repeating the simulation process, a sample of many thousands of storms is generated, each corresponding to a different set of random values assigned to the storm

parameters. A sample from a Monte Carlo simulation can be analyzed in ways similar to the ways in which a sample of experimental observations can be analyzed. In particular, a sample from a Monte Carlo simulation can be analyzed statistically to generate probability distributions of simulated losses for individual buildings or portfolios of buildings, given the characteristics of each simulated event.

The modeled hurricane loss potential to the Named Storm Covered Area was simulated by generating 10,000 annual scenarios of potential hurricane experience. The first step of the AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models is to generate the number of hurricanes estimated to affect properties in the Named Storm Covered Area in the simulated year. For each simulated hurricane, the model assigns values for each of the modeled meteorological characteristics. It then estimates the potential property damage on the basis of a time profile of wind speeds at each location affected by each simulated storm. The model estimates the wind field for each storm using the following meteorological parameters: central barometric pressure, radius of maximum winds, forward speed, and storm track, each of which is described more fully below. In addition, the AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models take into account the estimated local site conditions in estimating wind speeds for specific geographical areas. AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models also estimate losses from storms that bypass the coast without making landfall.

The AIR Hurricane Model for the United States does not model the probability of losses resulting from (i) tropical storms that at no point are classified as a hurricane or (ii) hurricanes that degrade to tropical storm force and subsequently make landfall in the United States as a tropical storm or (iii), for storms that never make landfall in the United States, that fail to cause winds of greater than or equal to 40 mph over any point in the United States, while causing winds of greater than or equal to 74 mph offshore.

The AIR Tropical Cyclone Model for Hawaii models the probability of losses resulting from (i) hurricanes and (ii) tropical storms.

Data Sources and Data Analysis

The meteorological sources used to develop the AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models include databases, information, and publications available from various agencies and departments of the U.S. government, including the NHC, National Weather Service (“NWS”), NOAA, the U.S. Army Corps of Engineers, and the U.S. Department of Commerce. Many of these agencies gather original data on historical hurricanes from such sources as barograph traces from land stations and ships, actual wind records from NWS stations, aircraft reconnaissance flight data, radar data, and other pressure and wind reports. This original data can be conflicting and is not necessarily consistent. NWS scientists analyze this raw data and use it, along with their professional judgment, to synthesize databases of the primary meteorological characteristics of each historical storm. It is this final synthesized data that AIR uses in the development of the AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models. AIR makes no independent verification or analysis of the meteorological data.

AIR then uses statistical estimation techniques to fit various probability distributions to the available meteorological data on historical hurricanes. AIR uses standard goodness-of-fit tests to quantify the quality of the fitted distributions. The distributions employed by the AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models are standard statistical distributions that are representative of the underlying historical distributions of meteorological data. It is not likely, however, that the fitted distributions will exactly duplicate the true underlying distribution of the meteorological data.

The AIR Hurricane Model for the United States – Gulf and East Coasts

The first step in the creation of the AIR Hurricane Model for the United States’ Gulf and East coasts component is to generate the number of hurricanes estimated to make landfall or bypass sufficiently close to cause hurricane force winds over land in the simulated year. A storm is deemed to have made landfall in the model when the simulated eye of the storm crosses land.

Storm Characteristics and Associated Probabilities

Annual Frequency. The number of hurricanes for each year of a simulation is generated from an annual frequency distribution. The parameters of this distribution are estimated using the actual hurricane occurrences for 115 years spanning the period 1900 to 2014 (HURDAT2). The historical catalog includes all landfalling and all relevant bypassing hurricanes during the stated period.

Table 2: Frequency of Hurricanes by Location of Landfall for 1900-2014⁽¹⁾⁽²⁾

Landfall Location ⁽³⁾	S.S. Category ⁽⁴⁾					Total
	1	2	3	4	5	
Northeast						
Connecticut	0	0	0	0	0	0
Maine	1	0	1	0	0	2
Massachusetts	1	0	1	0	0	2
New Hampshire	0	0	0	0	0	0
Rhode Island	0	1	1	0	0	2
New York	2	2	1	0	0	5
Mid-Atlantic						
Delaware	0	0	0	0	0	0
Maryland	0	0	0	0	0	0
New Jersey	2	0	0	0	0	2
Virginia	0	0	0	0	0	0
Southeast						
Florida	31	17	15	5	3	71
Georgia	0	2	0	0	0	2
North Carolina	16	7	3	1	0	27
South Carolina	9	3	0	1	0	13
Gulf						
Alabama	2	1	2	0	0	5
Louisiana	15	4	7	5	1	32
Mississippi	3	1	2	0	0	6
Texas	18	7	7	5	0	37
Mexico	4	1	2	1	0	8
Total	104	46	42	18	4	214

- (1) Source: AIR.
- (2) Multiple landfalls for the same hurricane are counted as the same Named Storm for the purposes of the Reinsurance Agreement relating to the Series 2018 Notes. Similarly, a hurricane making multiple landfalls is treated as a single hurricane in the model. However, for the purpose of this table, a single hurricane with multiple landfalls appears multiple times. For example, Hurricane Andrew made two landfalls, one in Florida as a S.S. category 5 hurricane, and the second in Louisiana as a S.S. category 3 hurricane. In the table above, Hurricane Andrew would be represented both as a Florida and as a Louisiana event.
- (3) The regions defined in this table do not necessarily correspond to the Named Storm Covered Area defined for the purpose of this transaction.
- (4) The S.S. categories in this table are based on wind speed. They can be different if based on central barometric pressure. For example, Hurricane Katrina would be a category 5 hurricane if classified by central pressure in Louisiana. Since the Saffir-Simpson category is not used in the AIR Hurricane Model for the United States for loss estimation, the differences in categorization methods do not affect the loss estimates generated by the AIR Hurricane Model for the United States.

Table 3: Multiple U.S. Landfalling Storms for 1900-2014⁽¹⁾⁽²⁾

<u>Hurricane</u>	<u>State</u>	<u>S.S. Category</u>
NoName4 (1901)	Louisiana	1
	Mississippi	1
NoName3 (1903)	Florida	1
	Florida	1
NoName2 (1904)	South Carolina	1
	Rhode Island	1
NoName4 (1925)	Florida	1
	North Carolina	1
NoName6 (1926)	Florida	4
	Alabama	2
NoName4 (1928)	Florida	4
	South Carolina	2
NoName2 (1929)	Florida	3
	Florida	1
NoName5 (1933)	Florida	1
	Mexico	2
NoName2 (1935)	Florida	5
	Florida	1
NoName2 (1939)	Florida	1
	Florida	1
NoName5 (1941)	Florida	2
	Florida	1
NoName7 (1944)	North Carolina	3
	New York	1
NoName4 (1947)	Florida	4
	Louisiana	1
NoName8 (1947)	Florida	1
	Georgia	2
Carol (1954)	North Carolina	3
	New York	2
Edna (1954)	Massachusetts	3
	Maine	1
Flossy (1956)	Louisiana	2
	Florida	1
Donna (1960)	Florida	4
	North Carolina	2
	New York	2
Betsy (1965)	Florida	3
	Louisiana	3
David (1979)	Florida	2
	Georgia	1
Gloria (1985)	North Carolina	2
	New York	1
Andrew (1992)	Florida	5
	Louisiana	3
Erin (1995)	Florida	1
	Florida	2
Danny (1997)	Louisiana	1
	Alabama	1
Charley (2004)	Florida	4
	South Carolina	1
Katrina (2005)	Florida	1
	Louisiana	3

(1) Source: AIR.

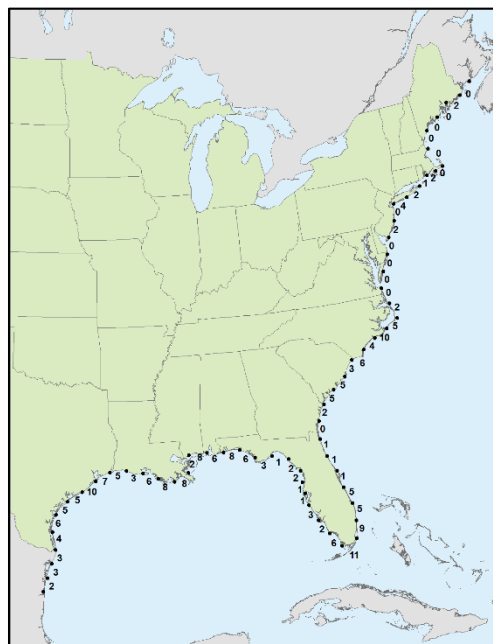
(2) The S.S. categories in this table are based on wind speed. They can be different if based on central barometric pressure, as noted earlier. For example, Hurricane Andrew is a Category 4 hurricane if classified by central pressure in Florida. Since the S.S. category is not used in the AIR Hurricane Model for the United States for loss estimation, the differences in categorization methods do not affect the loss estimates generated by the AIR Hurricane Model for the United States.

Landfall Location. Because the values of property exposures vary along the coast, loss estimates can also vary greatly depending on where a hurricane makes landfall. The AIR Hurricane Model for the United States' Gulf and East coasts component identifies sixty-two 50 nautical mile segments of coastline in order to develop a cumulative probability distribution of landfall locations. After tabulating the actual number of historical hurricanes for each 50 nautical mile segment, the actual number of occurrences for each segment is smoothed using a statistical smoothing method derived from NOAA Technical Report NWS 23. The smoothing is needed because of the relative scarcity of historical data, which can result in discontinuities between adjacent segments that have no meteorological explanation. Meteorological judgment is then applied to adjust the smoothing because, in some locations, there may be legitimate geographic and climatological explanations for the discontinuities. For these segments, therefore, some modification to the smoothing algorithm is required to preserve legitimate discontinuities.

The figure below shows the number of hurricanes that have made landfall at each of the sixty-two 50 nautical mile segments along the Gulf and East coasts for the period 1900-2014. Note that the first three landfall segments are in northern Mexico, and half of the last segment is located in Canada. The smoothed frequency distribution ensures that each coastal segment has a non-zero probability of hurricane occurrence. Therefore, the fact that no hurricane has made landfall at a particular segment in the past does not mean that the AIR Hurricane Model for the United States will not simulate any hurricanes for such a segment.

Accordingly, the AIR Hurricane Model for the United States allows for the possibility of a hurricane making landfall anywhere along the U.S. Gulf and East coasts.

Figure 1: Number of Hurricanes Making Landfall along the U.S. Gulf and East Coasts, 1900-2014⁽¹⁾



(1) Source: AIR.

Once a landfall location is generated for the simulated storm, values are generated for each of the storm's key meteorological characteristics at landfall. For purposes of estimating the probability distributions of these other variables, the coastline from Texas to Maine has been divided into thirty-one 100 nautical mile segments, and each geographic segment has a distinct distribution associated with each variable. The parameters associated with these probability distributions are estimated from the historical storm data corresponding to each of these segments (along with adjacent segments). These distributions are then used to generate values for each of the simulated storm's key meteorological characteristics, which are as follows:

Central Barometric Pressure. This variable is the lowest sea level barometric pressure at the center of the hurricane. It is the primary determinant of hurricane wind speed. Wind speeds typically increase as the central

barometric pressure decreases or, more precisely, as the difference between central pressure and peripheral pressure increases.

Radius of Maximum Winds. The strongest winds in a hurricane are typically found at some distance from the center of the storm. This distance is known as the “radius of maximum winds,” and it can range from 5 to over 50 nautical miles. Very intense storms typically have a small radius of maximum winds. A storm making landfall at higher latitudes will typically have a larger radius of maximum winds than one making landfall at lower latitudes.

Forward Speed. This is the rate at which a hurricane moves from point to point. Faster moving storms typically go further inland and are therefore likely to result in losses over a larger area. On the other hand, a faster moving storm will subject any given building to high wind speeds for a shorter duration. In some areas, particularly along the coast, this can lead to lower losses than might otherwise be the case. Both effects are taken into account in the AIR Hurricane Model for the United States.

Storm Track. This is the path the storm takes before and after landfall. The post-landfall track is important in determining the properties and structures that will be affected by a hurricane. AIR has developed a methodology to generate simulated storm tracks that involve the use of conditional probability matrices to model changes in track direction. The tracks generated using this procedure are realistic and closely resemble the curving and recurving tracks that have been observed historically.

Multiple Landfalling Hurricanes

The simulation process for the AIR Hurricane Model for the United States generates a sample of over 19,000 events, over a 10,000 year period, each one related to a single landfall and incorporating stochastic values for the meteorological parameters noted above. In order to accurately model the behavior and effects of hurricanes that make multiple landfalls, the AIR Hurricane Model for the United States selects a subset of storm tracks based on relative values of certain storm parameters and joins them statistically. As a result, the total number of simulated hurricanes, counting multiple landfalling storms only once, is about 17,000 hurricanes.

Bypassing Hurricanes

In addition to landfalling hurricanes, the AIR Hurricane Model for the United States also accounts for bypassing hurricanes that may cause property damage even though they do not make landfall. Simulated bypassing hurricanes are generated in accordance with the location and frequency of bypassing storms in the historical record from 1900 to 2014.

Seasonality

The Atlantic hurricane season is typically described as lasting from June 1st through November 30th for a calendar year. The AIR Hurricane Model for the United States further captures the effect of seasonality within the season, as illustrated in the table below.

Table 4: Modeled Frequency of Hurricanes in the Atlantic and Gulf by Month⁽¹⁾

Calendar Month	Frequency (%)
January	0.0
February	0.0
March	0.0
April	0.0
May	0.3
June	3.6
July	12.5
August	28.7
September	34.6
October	18.3
November	2.0
December	<0.1
Total⁽²⁾	100.0

(1) Source: AIR.

(2) Total may not add due to rounding.

Wind Speed Estimation

Once the AIR Hurricane Model for the United States generates the storm characteristics and point of landfall, it propagates the simulated storm along a path characterized by the track direction and forward speed. As the storm moves inland at the forward speed generated as described above, wind speeds begin to diminish due to filling (see “Filling Equations” below) and surface terrain effects. In order to estimate the property losses resulting from the simulated storms, the AIR Hurricane Model for the United States first generates a time profile of wind speeds at each location affected by the storm.

Wind field generation requires the following steps:

Maximum Wind Speed. The maximum 1-minute, 10-meter over-water sustained wind speed is calculated for each simulated hurricane.

Asymmetry Factor. An asymmetry factor, which results from the combined effects of the counter-clockwise motion of hurricane winds and the storm's forward speed, is added to the winds on the right of the hurricane track, and subtracted from the winds on the left of the track.

Filling Equations. After a hurricane makes landfall, the pressure in the eye of the storm begins to increase, or “fill,” causing wind speeds to dissipate. The filling equations in the AIR Hurricane Model for the United States are a function of geographic region, distance from the coast, and time since landfall. The wind speed at the eye of the storm at any point in time is dependent upon the number of hours since landfall.

Adjustment of Wind Speeds for Surface Friction. Each location is assigned an adjustment factor, or friction coefficient, to account for the effects of the local terrain. The horizontal drag force of the earth’s surface reduces wind speeds. The addition of obstacles such as buildings further degrades winds. Friction coefficients are based on digital land use/land cover data and directionality.

The AIR Tropical Cyclone Model for the Caribbean

The first component of the AIR Tropical Cyclone Model for the Caribbean governs the generation of simulated storms. The model simulates tropical cyclones ranging from tropical storms (40 to 73 mph) to hurricanes (74 mph and greater).

Many thousands of scenario years are generated to produce a range of potential annual experience of storm activity. For each scenario year, the model generates the fundamental characteristics of each simulated storm. The primary variables are listed below.

Storm Characteristics and Associated Probabilities

Annual Frequency. The modeled frequency is constructed based in part on meteorological and track information on more than 600 tropical cyclones available in the North Atlantic storm database (HURDAT2) for the period from 1950 to 2012.

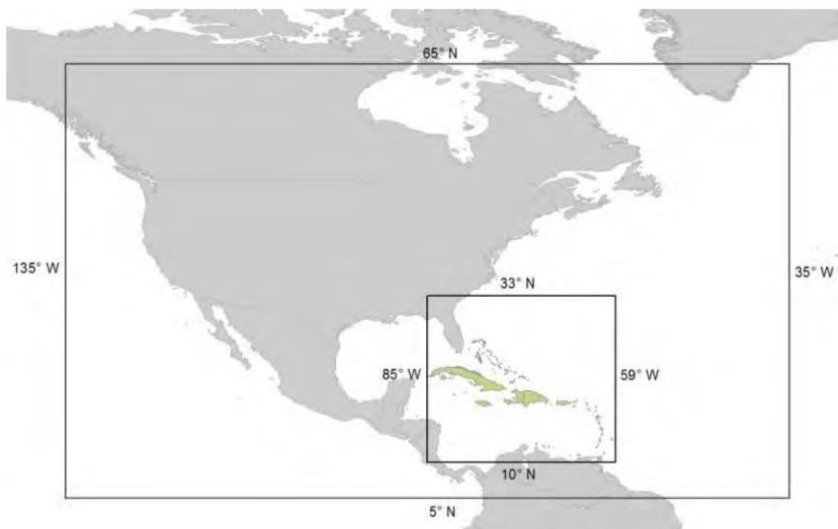
The risk of tropical cyclone formation varies geographically both from one basin to another and within basins. Looking at the North Atlantic on an intra-basin level, the Caribbean region has a higher potential exposure to tropical cyclones than the top of South America, all of Central America, and all of the United States, except for the state of Florida. Even within the Caribbean region, some island countries and territories are more at risk than others.

The islands located in the middle of the Caribbean Sea, a region nicknamed the “Caribbean belt,” have a higher potential exposure to tropical cyclones than those outside of it. The following modeled islands are located within the belt: Anguilla, Antigua and Barbuda, Bahamas, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Cuba, Dominica, Dominican Republic, Grenada, Guadeloupe, Haiti, Jamaica, Martinique, Montserrat, half of the Netherlands Antilles (Saba and St. Eustatius), Puerto Rico, St. Barthélemy, St. Kitts and Nevis, St. Lucia, St. Martin, St. Vincent and the Grenadines, St. Maarten, Turks and Caicos Islands, and the U.S. Virgin Islands.

Modeled frequency, and meteorological and track data are analyzed on a gridded geographical domain that extends from 35° to 135° West longitude and from 5° to 65° North latitude, as shown in the larger box in the figure below. Thus, tropical cyclones in this model may track into the United States, Mexico, Central America, and the northern tip of South America.

However, the AIR Tropical Cyclone Model for the Caribbean only determines losses for properties in the Caribbean region, which has a geographical domain that extends from 59° to 85° West longitude and from 10° to 33° North latitude. This domain is shown in the smaller box in the figure below.

Figure 2: Caribbean Model Domain⁽¹⁾



(1) Source: AIR

Landfall Location. Storms in the Caribbean region can weave between islands and bypass sufficiently close to land to cause significant damage without making an actual landfall. Because the land masses involved are small

relative to the surrounding ocean waters, a significant proportion of damaging storms never make an actual landfall. Also, a single storm may affect multiple islands at different intensities. As such, landfall characteristics, such as landfall location and track angle at landfall, are not explicitly modeled in the Caribbean region and the concept of “landfall characteristics” is not used in the modeling of Caribbean hurricanes and tropical storms.

Forward Speed. Forward, or translational, speed is the rate at which a tropical cyclone moves from point to point along its track. In general, the higher the latitude of a tropical cyclone, the faster the forward speed. Forward speed varies along the storm path, and the values observed at each time step are again correlated with the values observed at previous time periods. An analysis of the auto-correlation function for historical storms shows that the dependence in forward speed can be represented by a first-order autoregressive model. To capture the spatial variation in forward speed, the model domain is divided into thirteen 5° latitude bands, with the parameters α_0 and α_1 being estimated for each latitude band.

Central Barometric Pressure. Central pressure is the primary determinant of tropical cyclone wind intensity. To develop a procedure for simulating central pressure along the storm path, AIR has performed a time-series analysis of all historical storms to determine the dependence structure present in the data between consecutive six-hour time intervals. This dependence was measured by computing the auto-correlation function for each storm. To capture the spatial variation in the coefficients, the parameters were estimated for each 2.5° x 2.5° grid cell in the model domain.

Radius of Maximum Winds. The radius of maximum winds (RMax) is the distance from the storm’s center, or eye, to where the strongest winds are found. On average, the radius of maximum winds tends to be larger at latitudes farther from the equator and smaller for more intense storms. These relationships are explicitly accounted for in the model. While a smaller radius of maximum winds can correspond to greater storm intensity, it does not necessarily follow that losses will be greater. This is because a smaller radius usually results in a smaller affected area. In the AIR Tropical Cyclone Model for the Caribbean, RMax is calculated by a regression relationship dependent on central pressure and latitude, with serial correlation.

Wind Speed Estimation. Once the model probabilistically generates the tropical cyclone’s meteorological characteristics, it propagates the simulated storm along its track and develops a complete time profile of wind speeds for each location affected by the storm.

Peak Rainfall Intensity. The computation of rainfall in the AIR Tropical Cyclone Model for the Caribbean is based on several variables. The peak rainfall rate for a given hour of the storm track is determined using an empirical relationship that is a function of the central pressure. This relationship is based on published studies of satellite-derived estimates of tropical cyclone rainfall distributions correlated to storm intensity.

For a given time step, the spatial precipitation pattern is computed by applying a radial decay function to the peak rainfall amount that results in the highest rainfall near the eye and decreases outward to a distance called the rainfall radius.

Lastly, the hourly rainfall pattern is adjusted to account for terrain influences. In locations where wind flows sharply upslope (such as in along a mountain range), the enhanced vertical motion causes higher rainfall amounts. Conversely, a reduction in rainfall results occurs where the wind is flowing down-slope. The slope information is determined in eight compass directions for each location based on high resolution digital elevation data, which is used to determine a rainfall adjustment based on the terrain-induced vertical motion.

The Atlantic Basinwide Hurricane Catalog

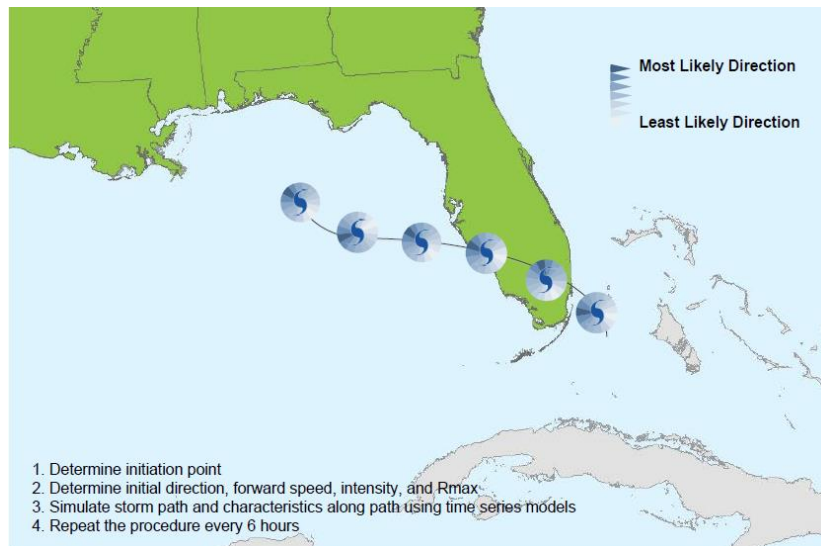
In order to capture the realistic path of hurricanes as they progress through the Caribbean Sea and into the Atlantic Ocean, the AIR Hurricane Model for the United States’ Gulf and East coasts components and the AIR Caribbean tropical cyclone model share a basin-wide catalog in which a simulated hurricane event is able to potentially impact each of the models along its course. The key components of the storm’s path are the storm genesis location and the storm track.

Storm Genesis Location. For each simulated storm, a corresponding historical event is drawn at random from a record of all Atlantic storms since 1950. All genesis aspects of the simulated storm, such as storm day, starting location, track angle, forward speed, and central pressure are determined by stochastically perturbing the

corresponding historical variables of the historical storm that was drawn. The perturbation is achieved by adding Gaussian “noise” to each historical value.

Storm Tracks. The storm track is the path the storm takes before and after landfall. The post-landfall track is important in determining the properties and structures that will be affected by a hurricane. AIR has developed a methodology to generate simulated storm tracks that involve the use of conditional probability matrices to model changes in track direction. The tracks generated using this procedure are realistic and closely resemble the curving and recurving tracks that have been observed historically. Track direction at any given point in time is a function of storm track direction at previous times. The dependence from one time period to the next can be measured by computing the auto-correlation function for historical storms. The analysis indicates that a random walk model describes the dependence well. That is, the next storm track direction equals the current storm track direction plus a random perturbation drawn from a probability distribution that is allowed to vary spatially over the model domain.

Figure 3: AIR Storm Track Generation⁽¹⁾



(1) Source: AIR.

The AIR Tropical Cyclone Model for Hawaii

The AIR Tropical Cyclone Model for Hawaii simulates tropical cyclones ranging from tropical storms (40 to 73 mph) to hurricanes (74 mph and greater). Given the unique topography of the Hawaiian Islands, sustained winds of tropical storm strength can undergo amplification and result in damage to buildings. Accordingly, the AIR Tropical Cyclone Model for Hawaii models losses from tropical storms, as well as hurricanes.

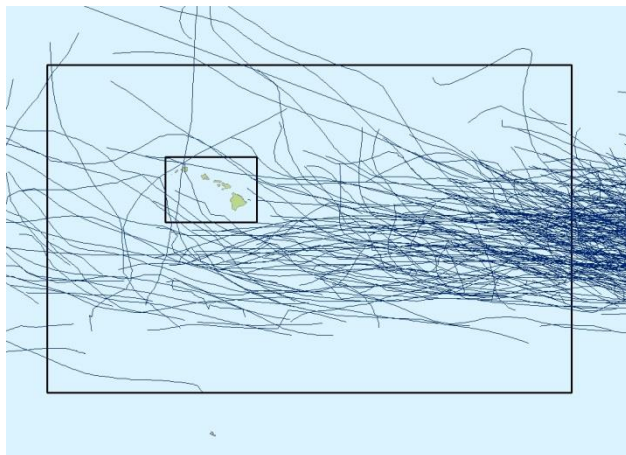
Many thousands of scenario years are generated to produce a range of potential annual experience of storm activity. For each scenario year, the model generates the fundamental characteristics of each simulated storm. The primary variables are listed below.

Storm Characteristics and Associated Probabilities

Annual Frequency. Most Central Pacific hurricanes originate off the southwest coast of Mexico or the northwest coast of Central America. Because of the direction of winds over the tropics, these storms usually travel from east to west or northwest. Most die off before they reach the Hawaii region, and many of those that do find their way to Hawaii lose much of their intensity by the time they arrive. Occasionally, storms form closer to the Hawaiian archipelago. Still others form to the southwest, begin a northwesterly track, and subsequently recurve to the north and east toward Hawaii.

The AIR Tropical Cyclone Model for Hawaii model domain is a region in the Central Pacific, between 7.5 degrees and 30 degrees North latitude and between 132.5 degrees and 170 degrees West longitude. The model domain is specified such that storms occurring within this region can cause losses to the Hawaiian Islands. The figure below illustrates the extent of the model domain and the variety of storm paths that tropical cyclones in this region can take.

Figure 4: Historical Storm Tracks in the Hawaii Model Domain, 1949-2010⁽¹⁾



(1) Source: AIR.

Since 1949, more than 190 tropical cyclones have formed in, or entered into, the model domain, and roughly 80 of those storms obtained hurricane intensity at some point within the model domain. Generally, the relatively cool waters surrounding the Hawaiian Islands, as well as the strong upper level winds common to this region of the Pacific Ocean, make the occurrence of devastating storms that have direct impact on Hawaii infrequent.

Table 5: Frequency of S.S. Category 1 to 5 Hurricanes Landfalling in or Bypassing Hawaii For the Period 1949-2010⁽¹⁾⁽²⁾

S.S. Category ⁽³⁾⁽⁴⁾					
Category 1	Category 2	Category 3	Category 4	Category 5	Total
2	0	1	1	0	4

(1) Source: AIR.

(2) Prior to 1949, there were no reliable measurements of the intensity of hurricanes in the Hawaii region.

(3) The S.S. categories in this table are based on minimum central barometric pressure. They can be different if based on wind speed, as noted earlier. Since the S.S. category is not used in the AIR Tropical Cyclone Model for Hawaii for loss estimation, the differences in categorization methods do not affect the loss estimates generated by the AIR Tropical Cyclone Model for Hawaii for the Series 2018 Notes.

(4) The S.S. category shown for each hurricane in the table above is the highest category during the time the hurricane caused losses to property in Hawaii.

AIR meteorologists evaluated the full historical data set for Hawaii storms and used the full catalog beginning in 1949 for estimating all storm parameters, except annual frequency of occurrence. For the purposes of estimating annual frequency of occurrence, the model uses historical data from 1980 to 2010. It has only been since the 1980s that full satellite coverage has been extended to the central Pacific. Data from earlier decades is less reliable due to underreporting and, therefore, is not used.

Table 6: Modeled Frequency of Tropical Cyclones by Month for Hawaii⁽¹⁾

Calendar Month	Frequency (%)
January	0.0
February	0.0
March	0.0
April	0.0
May	0.1
June	2.8
July	13.8
August	58.1
September	16.1
October	5.8
November	2.2
December	0.9
Total⁽²⁾	100.0

(1) Source: AIR

(2) Total may not add due to rounding.

Landfall Location. Landfall characteristics, such as landfall location and track angle at landfall, are not explicitly modeled in the Hawaii region. Storms here can weave between islands and bypass sufficiently close to land to cause significant damage without making an actual landfall. Because the land masses involved are small relative to the surrounding ocean waters, a significant proportion of damaging storms never make an actual landfall. Also, a single storm may affect multiple islands at different intensities. Therefore, the concept of “landfall characteristics” is not used in the modeling of Hawaiian hurricanes and tropical storms.

Storm Track. For purposes of initializing hurricane tracks, the AIR Tropical Cyclone Model for Hawaii domain is divided into 0.5 degree x 0.5 degree grid cells. The frequency with which simulated hurricanes are initiated in each grid cell is determined from the smoothed historical frequency distributions.

Once a track is initiated for a hypothetical simulated storm, values are generated for the remaining meteorological variables, including barometric pressure, radius of maximum winds and forward speed. The modeling of these variables is similar to the approach used for the AIR Hurricane Model for the United States’ Gulf and East coasts with the following exceptions:

Central Barometric Pressure. The AIR Tropical Cyclone Model for Hawaii simulates events down to the intensity of a tropical depression and allows for changes in intensity along a storm's track. Just as with an actual storm, the simulated event may intensify, weaken and re-intensify before it has run its course, so that multiple islands can be affected with different intensities.

The remaining modeled meteorological variables, radius of maximum winds and forward speed, are modeled in the same manner as they are for the AIR Hurricane Model for the United States. Radius of maximum winds is a function of both central pressure and latitude; forward speed is a function of latitude.

Wind Speed Estimation. Estimating wind speeds at the local level begins with a calculation of maximum over-water wind speeds. Adjustments are then made for asymmetry effects, surface friction, and in the case of the AIR Tropical Cyclone Model for Hawaii, topographical effects. Since the concept of landfall characteristics is not used for Hawaiian tropical cyclones, the model does not make use of filling equations, as described in the AIR Hurricane Model for the United States.

Topographical Effects. In addition to the effects of storm asymmetry and surface friction on local intensity, the AIR Tropical Cyclone Model for Hawaii accounts for the unique volcanic topography of the Hawaiian Islands. Wind speeds increase on the windward slopes of mountains, hills and escarpments, and acceleration is accentuated on steeper hills. In the case of downhill winds, the leeward slope provides protection. To account for such topographical effects, the AIR Tropical Cyclone Model for Hawaii uses high-resolution elevation data. For each 1 km x 1 km grid cell, gust, friction, and elevation values are calculated. The slope angle is computed and a wind modification factor is assigned.

Calculation of Hurricane Damages before Storm Surge

Once the peak wind speeds and duration are estimated for each location, damages are estimated for various distinct construction, occupancy, and height classifications. Deductibles and other policy information are also factored into the damage calculation.

To estimate damages, mathematical relationships are utilized that incorporate the engineering relationships between wind speed, duration, and property damage. As wind speeds increase, the damage rate accelerates. Minor damage begins to occur when wind speeds exceed 40 mph. At wind speeds of 75 mph, damage is still typically relatively minor to most types of properties. As wind speeds approach 100 mph, damage becomes extensive, and as wind speeds exceed 150 mph, damage to most types of residential properties is likely severe.

The effects of duration are also relevant to the estimates of damages in that the longer a property experiences severe wind speeds, the greater the damage that is likely to result.

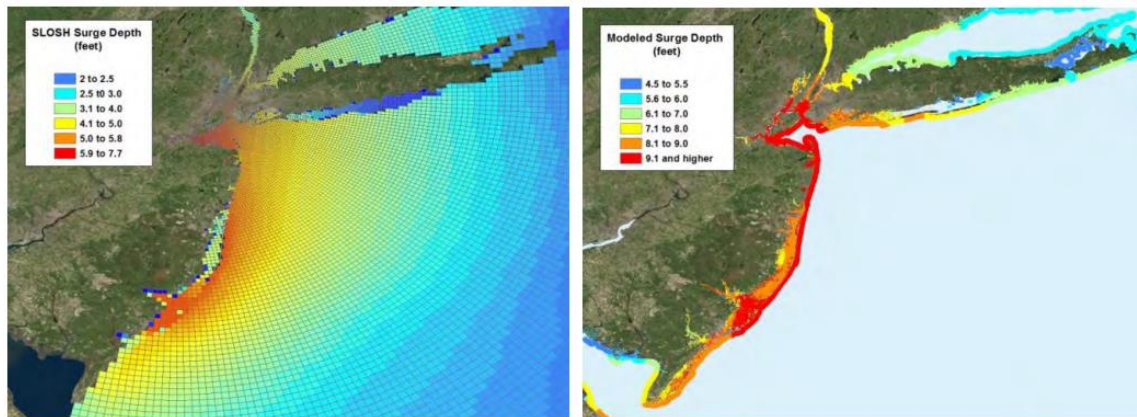
The hurricane damageability relationships contained in the AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models are unique and have been derived and refined over a period of close to 20 years. Damageability relationships (also called vulnerability relationships) reflect construction types and practices unique to the respective regions. They incorporate engineering studies published by wind engineers and other experts both within and outside of AIR. These damageability relationships are validated and calibrated using the results of post-hurricane field surveys performed by AIR and other structural engineers as well as detailed analyses of actual loss data provided by AIR's client companies. AIR also attempts to account for the effectiveness of the local building codes in the damage estimation process.

Storm Surge of Hurricanes

Storm surges are rises in sea level that accompany low-pressure weather systems, including hurricanes. Virtually every hurricane is accompanied by storm surge of some magnitude and extreme storm surges are capable of causing catastrophic property damage. In the AIR Hurricane Model for the United States, storm surges are modeled hydrodynamically, at high-resolution at a regional level. Storm surge is not explicitly modeled in the AIR Tropical Cyclone Model for Hawaii.

The AIR storm surge module is a fully probabilistic component of the AIR Hurricane Model for the United States and incorporates many aspects of the Sea, Lake, and Overland Surges from Hurricanes ("SLOSH") model. The SLOSH model accounts for hurricane parameters, coastal geography, coastline features, inland rivers, and flood defenses. The data provided with SLOSH is customizable, and AIR researchers were able to greatly extend its capabilities to produce surge inundation estimates that are appropriate for high resolution catastrophe modeling. AIR researchers reduced the variations in the resolution of the SLOSH basins by mapping the SLOSH surge results to a 30m resolution topographic data set to obtain a high-resolution view of surge depth.

Figure 5: Storm surge generated by Post-Tropical Cyclone Sandy from NOAA’s Sea, Lake, and Overland Surges from Hurricanes (SLOSH) model (left) and the AIR model (right)⁽¹⁾



(1) Source: AIR.

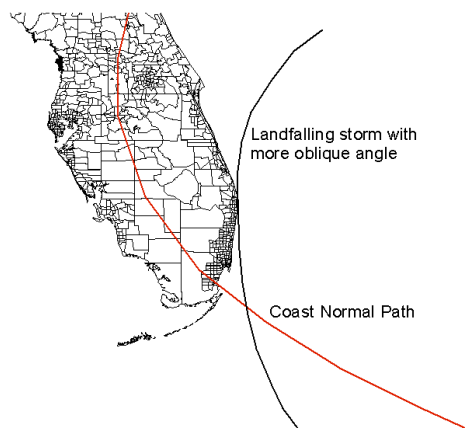
Hurricane Parameters that Affect Storm Surge

The AIR Hurricane Model for the United States considers relevant hurricane parameters when generating storm surge to include their effects on the surge inundation. These include the storm’s central pressure, the radius of maximum winds, the forward speed of the storm, its wind speed, and the track angle at landfall.

As a hurricane moves over water, the rise in water elevation is caused by a combination of low barometric pressure and by winds interacting with the ocean’s surface, generating currents. As the hurricane moves forward, its winds rotate counterclockwise (in the Northern Hemisphere), resulting in higher wind speeds, and thus higher storm surges, on the right-hand side of the storm track. The faster the forward speed of the storm, the more pronounced this effect will be.

Hurricanes that make landfall perpendicular to the coastline (coast-normal) cause greater inland surges than those that make landfall at more oblique angles or skirt along the coast. A coast-normal track brings this enormous volume of water onshore. A track parallel to the east coast exposes the coast to the weaker side of the storm system and the effects of storm surge are thus diminished.

Figure 6: A “coast-normal” track, subjects the coast to the full brunt of the stronger, right-hand side of the storm and its accompanying storm surge⁽¹⁾



(1) Source: AIR.

Geographical Features that Affect Storm Surge

The physical geographic features of the land and ocean can significantly affect the potential for a destructive storm surge at a particular location along the coast. One of these features is the bathymetry of the ocean floor near the coastline. In general, shallow water enhances surge height, a phenomenon sometimes referred to as shoaling. As the surge enters shallow water, the friction along the ocean floor slows its forward velocity, causing the water to “pile up.” Water depth in the model is obtained from bathymetry data obtained from the SLOSH model.

Storm surge simulation in the AIR Hurricane Model for the United States includes the effects of its high-resolution geographic and topographic features, which include bays and estuaries, on storm surge height. The model accounts for the effects of the asymmetry of the hurricane wind field; the amplification is larger when the bay lies to the right of the storm track and smaller when it is to the left.

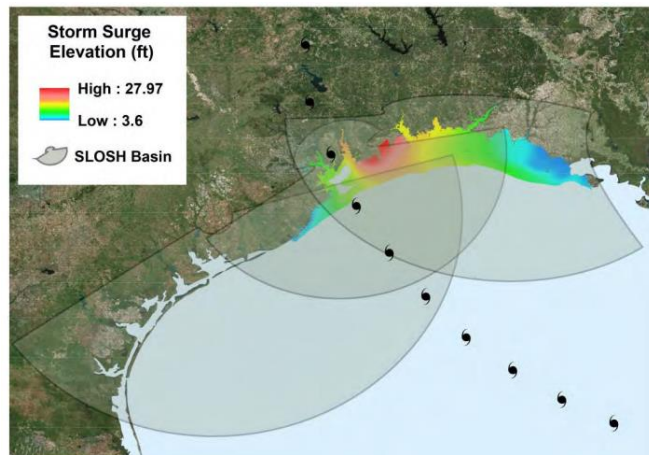
Tidal Effects

The surge elevation can be greatly exacerbated by the astronomical tide; the combination of the two is also known as storm tide. The higher the tide, the greater is the surge elevation. This is one reason why some relatively minor hurricanes have been accompanied by high storm surges. The AIR Hurricane Model for the United States incorporates the cyclical nature of tides.

Using Spatial Integration to Generate Storm Surge Footprints

The AIR Hurricane Model for the United States associates storm surges with specific events in accordance with those generated by the SLOSH model, using the same basins that are used for SLOSH. Once an event is associated with a surge, the surge’s maximum surge height and maximum currents are determined using AIR hurricane parameters. For areas that are covered by multiple SLOSH basins, the results are blended using a smoothing algorithm to avoid discontinuities between the SLOSH basin boundaries.

Figure 7: The modeled storm surge footprint from Hurricane Ike incorporated simulations over three SLOSH basins⁽¹⁾



(1) Source: AIR.

Storm Surge Attenuation

The AIR Hurricane Model for the United States accounts for variations in surge attenuation by incorporating the local terrain and land cover data in the SLOSH model. As a storm surge moves inland, its progress is impeded by the friction it experiences from the local terrain. The resistance of a smooth surface such as pavement, or even the sand or rock surface of a riverbed is much lower than the heavily-vegetated surface. The slope of the land also affects the rate of attenuation.

The variables above determine the modeled maximum storm surge height (elevation) and maximum currents generated from the hurricane. The variables below are used to calculate the local intensity, the parameter used in the damage calculation.

Effective Inundation Depth

After generating the surge footprint, the AIR Hurricane Model for the United States can determine the local intensity at given points within that footprint. AIR researchers accommodate the effect of the water on a building from both the water's depth (the hydrostatic force) and the additional force from the water's forward velocity (the hydrodynamic force). The combination of these forces, used as the local intensity parameter for storm surge, is the effective inundation depth, in feet, at a given location. Effective inundation depth is the amount of still water that would have the same amount of force as a lesser amount of water that is moving forward at some velocity.

It is important to note the difference between storm surge elevation and storm surge depth. Storm surge elevation is the level of the water above normal sea level while storm surge depth is the level of the water above the ground at a specific point inland from the coast. Storm surge depth is computed by subtracting the elevation of the ground at that point from the surge elevation.

Using Downscaling to Determine Local Intensity within the Surge Footprint

The water depth at a location depends on the land elevation. Therefore, it is critical to use highly detailed elevation data in order to determine local intensity with great accuracy, for any given location. While the AIR Hurricane Model for the United States uses a resolution of 240 meters for all areas affected by the storm surge, AIR researchers use a higher resolution for areas at higher risk to storm surge. Therefore, to model areas at risk to storm surge, AIR researchers used a downscaling technique to incorporate the 1 arc-second resolution (~30 meter) National Elevation Dataset (NED) from the United States Geological Survey (USGS) into the model. AIR researchers were thus able to generate a high-resolution footprint of the effective inundation depth, with detail at the 30-meter level for locations within five miles of the coastline.

Probabilistic Flood Defense Failure in New Orleans

The AIR Hurricane Model for the United States includes probabilistic flood defense failure for the levees that protect New Orleans, the only major U.S. city with polders, or areas that are fully enclosed by flood defenses. The failure of flood defenses is modeled probabilistically using fragility curves, which indicate the probability of failure given an intensity of loading. For each surge event in New Orleans, fragility curves are used to determine whether a flood defense fails along a coastal levee. Flood severity at a given point is indicated by the return period of the water elevation at that point. Within each area protected by a flood defense, the probability curves are used to determine if and when a defense fails, and if it does fail, then losses are calculated for the event, using the modeled depths.

Damage Calculation

The AIR Hurricane Model for the United States employs storm surge damage functions that vary by primary building characteristics such as occupancy, construction, and height, as well as year built and region. Also, individual risk features (secondary risk characteristics) can be used to further modify the surge damage functions. While the intensity parameter used in the storm surge component of the AIR Hurricane Model for the United States is effective surge depth, the nature of damage from storm surge is quite different from the damage caused by standing water due to both the forward velocity of the storm surge water and its salt content. Therefore, the AIR Hurricane Model for the United States damage functions take into account damage due to the momentum of the water, as well as damage due to the ponding of the water. Observation data available from the Federal Emergency Management Agency (FEMA)

and the U.S. Army Corps of Engineers was used in the development of the model's surge damage functions. The damage functions have been validated through findings from AIR's post-disaster surveys and loss experience data.

AIR's estimates of industry insured losses in the United States (excluding Hawaii) include 5% of separately modeled storm surge losses for residential exposure, small commercial exposure, and industrial exposure (replacement value \leq USD 10 million) to account for the potential for inclusion of surge damage during claim settlement for wind losses, 100% of separately modeled storm surge losses to large commercial and industrial exposure (replacement value \geq USD 10 million) to account for an assumed take-up rate for flood coverage, and 100% of separately modeled storm surge for automobiles.

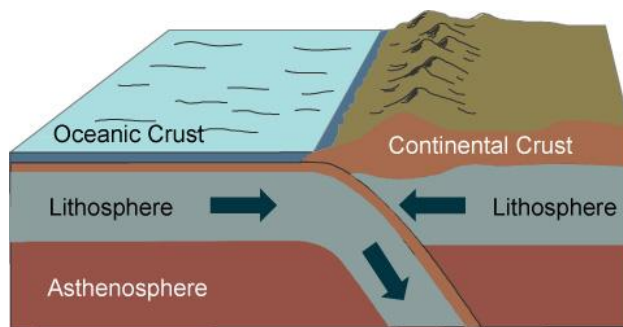
EARTHQUAKES

Introduction to Earthquakes

An earthquake is the rapid relative displacement of the rock on either side of a fracture, or fault, in the interior of the solid earth. The energy released by a sudden slip along a fault plane produces seismic waves that radiate outward in all directions from the initial point of rupture and that cause the ground to shake at the earth's surface. Surface ground motion can range from barely perceptible trembling to violent shaking.

The geological understanding of earthquakes was revolutionized in the second half of the twentieth century by the theory of plate tectonics. In broad terms, the theory describes the earth's lithosphere — which extends from the earth's surface down to approximately 100-200 kilometers — as consisting of several large and fairly stable slabs of rigid rock called plates. These plates are in motion relative to each other above the asthenosphere — the underlying region of hotter and less rigid materials. Over time the asthenosphere materials behave as a viscous fluid, transferring heat from the interior to the surface of the earth. This convection of materials in the asthenosphere causes the plates of the lithosphere to move. Plates come into contact with each other at their edges, leading to enormous tectonic forces that cause physical deformation of the earth's surface. Most of the earth's seismic energy is released at these plate boundaries.

Figure 8: The Earth's Layers at a Subduction Zone⁽¹⁾



(1) Source: AIR.

There are three types of plate boundaries. The first is known as the convergent type, in which plates move toward one another. An example of a convergent plate boundary is the continent-continent collision zone between the Indian Subcontinent and Asia, which has resulted in the formation of the Himalayan Mountains. The most common manifestation of this type of boundary, however, is the subduction zone (see figure above), where oceanic and continental crusts collide and the oceanic plate is thrust under the continental plate, due to the oceanic plate's higher density. More than 90% of the earth's seismic energy is released along these zones.

The second type of plate boundary is known as the transform type. In this case, plates slide past one another through strike-slip faulting. A well-known example of this type of plate boundary is the San Andreas Fault in California.

The third type is known as the divergent plate boundary, along which plates move away from one another. Examples are the Mid-Atlantic Ridge and the East-Pacific Rise. In this type of plate boundary, volcanic processes create new oceanic crust, and the insertion of this new crust causes the plates to diverge, or move away from one another. These plate boundaries occur almost exclusively deep in the ocean, and therefore present a negligible seismic hazard with respect to earthquake damage.

While some faults rupture the surface of the earth creating visible scars such as the San Andreas Fault in California and the ones caused by the 1995 Southern Hyogo Prefecture earthquake in Japan, many do not rupture the surface and can only be identified through their seismic activity or by using subsurface sounding techniques. Still other faults are only inferred from historical seismicity and it is likely that other, as yet unknown, faults exist throughout the world.

While the majority of earthquakes occur where plate boundaries converge, they also can occur within the interior of plates. Geologists believe that such areas are characterized by traces of ancient geological deformations or by variations in temperature and strength of the lithosphere. Earthquakes that occur in such areas are referred to as “intraplate” earthquakes. Examples of areas where intraplate earthquakes are a hazard in the United States include the New Madrid Seismic Zone in the central United States, the Intermountain Region of the western United States, and the Northeast.

Measuring Earthquake Severity

The severity of an earthquake can be measured in a variety of ways. An earthquake’s *magnitude* represents earthquake strength in terms of maximum ground motion, energy released, or other measures of the amplitude of the seismic wave of the earthquake. Several measures of earthquake magnitude have been defined, among them: moment magnitude, or “ M_w ,” Richter magnitude, or “ M_L ,” body wave magnitude, or “ M_b ,” and surface wave magnitude, or “ M_s .” Moment magnitude is a widely used measure and is uniformly applicable to all sizes of earthquakes in all locations. The moment magnitude scale is based on seismic moment, which is equal to the product of the average relative displacement (slip), the rupture area and the stiffness of the surrounding material. Magnitude scales, in general, are logarithmic, which means that an increase of one point represents an approximately 10-fold increase in the amplitude of the seismic waves. That, in turn, corresponds to a more than 30-fold increase in the amount of energy released. The largest earthquake ever recorded occurred in Chile, in 1960, and was a 9.5 M_w event.

Earthquake intensity, on the other hand, represents the earthquake’s potential for damaging the infrastructure, as well as residential, commercial, and industrial structures, at the location of such structures. An earthquake will have one unique magnitude of a particular type, but its intensity is dependent upon the location at which the observations are being made, and will vary according to distance from the rupture, local soil conditions, local construction and other factors.

Earthquake Modeling and Loss Estimation

The AIR earthquake modeling technology uses stochastic modeling techniques to estimate the probability distribution of losses resulting from earthquakes. The earthquake occurrence module uses simulation techniques to generate a synthetic catalog of earthquake events that is generally consistent with the historical record and other geological and paleoseismic information. The shake damage module uses numerical techniques to calculate the distribution of losses for typical buildings of different kinds and portfolios of buildings, given the characteristics of each simulated event. Together, these techniques allow AIR to estimate a wide range of information about potential earthquake losses in the United States.

Data from various sources were analyzed and synthesized in the development of the AIR Earthquake Models. What follows are brief discussions of modeling procedures and the data sources used for the analysis.

Data Sources

Data on historical earthquakes is relied upon for modeling the important earthquake characteristics. Historical earthquake catalogs may include events from hundreds or perhaps thousands of years ago. The consistency of reporting, however, varies by magnitude. Data on large magnitude events are usually complete for longer time periods because they are more likely to have been noticed and documented. On the other hand, the sensitivity to and recording of smaller earthquakes has improved significantly during the twentieth century through the introduction of better and more extensive instrumentation. The completeness of the historical catalogs, therefore, is a function of time and magnitude, since larger earthquakes are more likely to be included earlier in the historical record. One of the primary tasks of AIR seismologists is to test each of the available historical catalogs for statistical completeness. Only the complete portions of the catalog for each magnitude range is used for statistical modeling in order to prevent bias in parameter estimates.

For the U.S. component of the AIR U.S. and Canada Earthquake Model, the most important data source is the United States Geological Survey (“**USGS**”). Other sources include the Third California Earthquake Rupture Forecast model (“**UCERF3**”) published by the Working Group on California Earthquake Probabilities, the National Geophysical Data Center (“**NGDC**”), the Southern California Earthquake Center (“**SCEC**”), the Multidisciplinary Center for Earthquake Engineering Research (“**MCEER**”), the California Department of Mines and Geology

(“**CDMG**”), and the Seismological Society of America (“**SSA**”). For the Canada component of the AIR U.S. and Canada Earthquake Models, the primary data sources are the Geological Survey of Canada and the USGS. For the Caribbean component of the AIR U.S. and Canada Earthquake Models, the primary source is the Global Seismic Hazard Assessment Program (**GSHAP**), the National Geophysical Data Center (**NGDC**) Regional Catalog for the Caribbean Sea, and USGS. For the region along the border between the U.S. and Canada, data from USGS was merged with data obtained from the Geological Survey of Canada (“**GSC**”) to account for transboundary events that affect losses on both sides of the U.S.-Canada border. For induced seismicity, the most important data source is the 2016 USGS One-Year Seismic Hazard Model for the Central and Eastern United States from Induced and Natural Earthquakes, as described in the USGS Open-File Report 2016-1035.

Seismicity Components of the AIR Earthquake Models

The first step of the AIR Earthquake Models is to generate the frequency, magnitude, and spatial distribution of simulated earthquakes. This section provides a general description of these and other seismological components, or parameters, of the AIR Earthquake Models. A region-specific discussion of how seismicity is modeled in the continental United States, Canada, Alaska, Hawaii, and the Caribbean follows in a subsequent section.

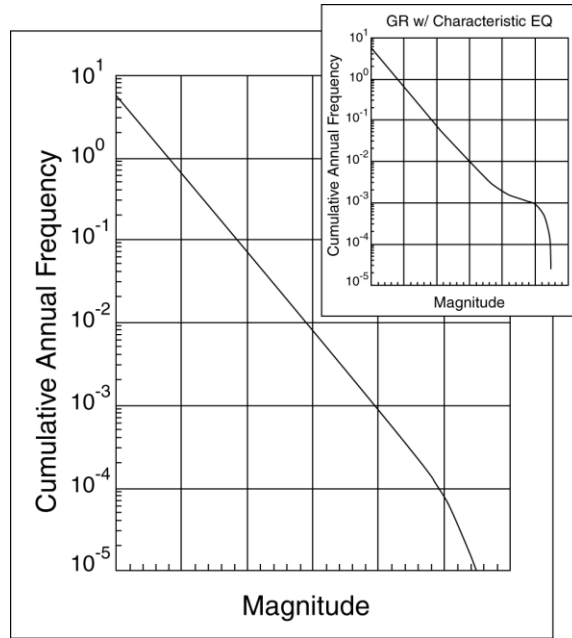
Depending on the region and the extent of scientific knowledge about the seismicity in the region, seismic sources are modeled as a combination of faults, area sources, and/or gridded background seismicity, all of which are described below.

Frequency-Magnitude Distribution. Seismologists typically fit historical data on the frequency and magnitude of earthquakes to an exponential distribution called the Gutenberg-Richter (“**GR**”) relationship. The GR relationship applies globally and allows an extrapolation from the limited historical record to estimate a more complete picture of seismicity in an area.

The AIR Earthquake Models simulate earthquakes of magnitude 5.0 and greater because damage is very unlikely for smaller events. Even moment magnitude 5.0 earthquakes usually cause only minimal damage. However for model development purposes, particularly for fitting GR frequency-magnitude distributions, smaller magnitude events are used to provide more data for parameter estimation.

The GR relationship holds over a wide range of magnitudes and can be described by two parameters: an occurrence rate of earthquakes of magnitude greater than or equal to some reference magnitude, characterized by the so-called “a-value” (the y-intercept in the graph below); and a “b-value” representing the rate at which the log of the cumulative annual frequency of earthquakes decreases as the magnitude increases (the slope). Scientists usually truncate this relationship at a limiting magnitude above which the probability of occurrence is zero. Each of these three parameters depends upon the geology of the seismic zone under consideration.

Figure 9: A Sample Gutenberg-Richter Distribution⁽¹⁾



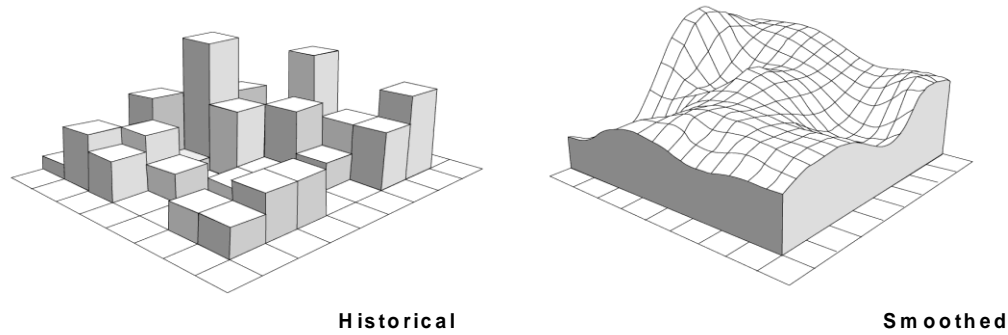
(1) Source: AIR.

Characteristic Earthquakes. While the GR relationship holds on a regional or global scale, it may not hold for individual faults. For some seismic zones, there exists evidence that earthquakes of a certain magnitude occur with a frequency that is not consistent with the rate predicted by the GR relationship. Scientists now believe that many faults tend to produce repeated earthquakes of a size that is “characteristic” of that particular fault or fault segment. It is from both the GR distribution and the estimated recurrence rate of characteristic earthquakes that the number of earthquakes that occur in each simulated year and their magnitudes are modeled.

Smoothed Gridded Seismicity. The AIR Earthquake Models combine a fault-based model with smoothed, gridded seismicity. In so doing, the model allows earthquakes to occur, with some probability, in locations other than on known faults and where they have occurred previously.

This smoothing begins by analyzing the historical earthquake catalog data on a grid (measuring 0.1-degree by 0.1-degree latitude/longitude in the U.S.). The corresponding event rates are spatially smoothed using two-dimensional Gaussian probability distributions. This formulation assumes a positive correlation between the spatial distribution of past and future earthquakes. That is, the spatial distribution of the gridded seismicity generally reflects the historical distribution of earthquake epicenters. However, by smoothing the historical distribution, the model allows future earthquakes to occur at locations where they have not been observed in the past. The result is a smoothed, but non-uniform distribution of seismicity based on the historical record. Parameters of the GR relationship are estimated for each grid cell based on this smoothed distribution.

Figure 10: Historical and Smoothed Gridded Distributions⁽¹⁾



(1) Source: AIR.

Uniform Background Zones. In contrast to the smoothed gridded seismicity, which results in a non-uniform distribution of historically-based seismicity, background zones distribute seismicity uniformly across broad regions defined based on geological or geodetic criteria. Background zones provide a hazard “floor” and account for the possibility that future earthquakes will occur in areas with little or no historical seismicity.

It should be noted that depending on the extent of scientific knowledge about individual faults, the AIR Earthquake Models may incorporate time-dependent rupture probabilities. Time-independent models do not attempt to adjust annual earthquake occurrence probabilities on individual faults based on the time elapsed since the last such earthquake. That is, they only consider the annual probability of occurrence for a given seismic source, without adjustment for the timing of the last rupture on that fault. Conversely, time-dependent models assume that the annual probability of occurrence of an earthquake on a given fault or source zone increases with the time elapsed since the occurrence of the previous earthquake on that fault or zone.

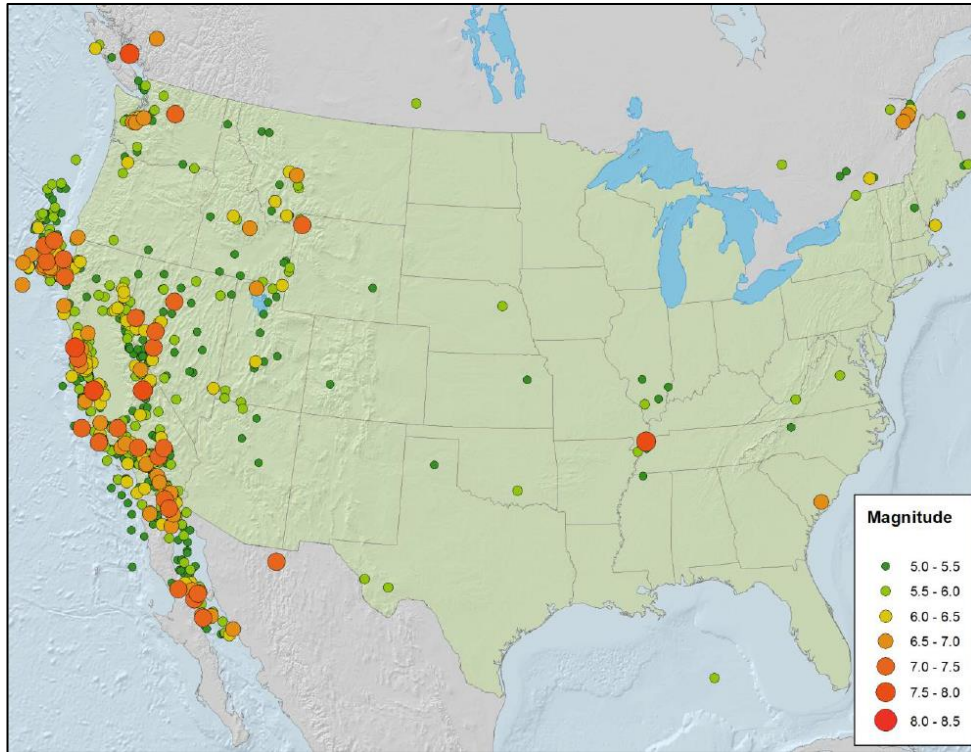
Estimating time-dependent rupture probabilities for individual faults requires good information on such things as the historical recurrence rates of characteristic earthquakes, and information on the specific fault, such as fault slip rate, the mean recurrence interval and its variance, and the elapsed time since the last occurrence.

For the analysis included herein, time-dependent rupture probabilities are incorporated in the AIR Earthquake Models for those faults in California, Washington, and Oregon for which such information is available. The probabilities are based on the UCERF3 model published in 2013 by the Working Group on California Earthquake Probabilities, a multidisciplinary group organized by the USGS and the SCEC. For all other states, no assumptions are made with respect to time dependence. That is, the AIR Earthquake Models estimate long-term probabilities of occurrence, irrespective of when previous earthquakes occurred.

Seismicity Components of the AIR Earthquake Model for the United States and Canada - Continental United States

The figure below shows the locations of earthquakes of moment magnitude greater than 5.0 in the continental United States from the USGS historical catalog. This catalog dates back to before the 1800s, and the map shows events of magnitude 5.0 and greater, as measured by the moment-magnitude scale discussed above. It should be noted that the USGS catalog is not complete for the entire historical record. Before the introduction of seismographic instruments, many earthquakes, particularly low-magnitude events, were not reported.

Figure 11: Historical Seismicity in the Continental United States, from 1769-2012 for the Western U.S. and 1568-2012 for the Central and Eastern U.S. ($M_w \geq 5.0$)⁽¹⁾



(1) Source: USGS.

As the figure indicates, most of the seismicity occurs along the West Coast of the United States, at the transform and subduction-zone boundaries between the North American and Pacific plates. However, intraplate seismicity is also evident in the New Madrid Seismic Zone of the central United States, the region around Charleston, South Carolina, and the Northeast.

Table 7 lists the moment magnitude 5.0 and greater earthquakes that have occurred in the United States during the period from 1769 to 2012 for the Western United States and 1568 to 2012 for the Central and Eastern United States.

Table 7: Earthquakes of Moment Magnitude 5.0 or Greater Occurring in the Continental United States, from 1769 to 2012 for the Western United States and 1568 to 2012 for the Central and Eastern United States⁽¹⁾

Region ⁽²⁾	Moment Magnitude (M _w) Range									Total
	5.0 to 5.5	5.6 to 6.0	6.1 to 6.5	6.6 to 7.0	7.1 to 7.5	7.6 to 8.0	8.1 to 8.5	8.6 to 9.0	9.1 to 9.5	
Northern California	118	60	40	14	5	2	0	0	0	239
Southern California	104	51	24	10	8	1	0	0	0	198
Pacific Northwest	59	24	4	6	2	0	0	0	0	95
Intermountain	125	41	18	12	8	0	0	0	0	204
New Madrid ⁽³⁾	7	3	0	0	0	1	0	0	0	11
South Carolina	0	0	0	1	0	0	0	0	0	1
Other	13	11	4	2	0	0	0	0	0	30
Total	426	190	90	45	23	4	0	0	0	778

(1) Source: USGS 2014 Earthquake catalog.

(2) Regions: Northern California comprises the counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Yolo, and Yuba.

Southern California comprises the counties of Imperial, Inyo, Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, and Ventura.

The Pacific Northwest region comprises the States of Oregon and Washington.

The Intermountain region comprises the States of Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming.

New Madrid comprises the States of Arkansas, Illinois, Indiana, Kentucky, Louisiana, Missouri, Mississippi, and Tennessee.

The Other region comprises the remainder of the continental United States not listed in the previous regions, namely: Alabama, Connecticut, Delaware, Florida, Georgia, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Dakota, Texas, Vermont, Virginia, West Virginia, Wisconsin, and the District of Columbia.

(3) The New Madrid Earthquake sequence of 1811-1812 consisted of three earthquakes, the magnitudes of which are a matter of scientific debate, ranging approximately from 7.1 to 8.0. In this table the 1811-1812 earthquake sequence is represented by a single earthquake with a moment magnitude corresponding to the estimated total energy released by the three. However, it should be noted that, in accordance with the USGS's 2008 update of the National Seismic Hazard Maps, the AIR Earthquake Model for the United States and Canada also considers future scenarios in which the New Madrid seismic zone ruptures in sequences of three earthquakes, as it did in 1811-1812.

For purposes of modeling seismic risk in the continental United States, the country is divided into two broad regions based on geological criteria. These two regions can be roughly categorized as corresponding to the plate boundary zone of the western United States (which, of the regions defined in the table above, includes northern and southern California, and the Pacific Northwest and Intermountain regions) and the intraplate zone of the central and eastern United States (which includes New Madrid and South Carolina). To determine the frequency-magnitude distributions for earthquakes in different seismic zones, AIR scientists use all available information for each specific region. This includes historical earthquake catalogs and auxiliary geological data such as fault slip rates, paleoseismic data, geophysically derived moment rates, and tsunami records.

Western United States

For the western United States, historical events of moment magnitude 3.5 and greater are used to parameterize the model, along with information on more than 550 faults. This fault data is available from the USGS's Documentation for the 2014 Update of the National Seismic Hazard Maps: USGS Open-File Report 2014-1091 and from the WGCEP. The extent of the fault data varies by fault, but may include slip rate and/or recurrence rates, fault length, dip angle, the expected magnitude of characteristic events, and the amount of displacement from characteristic events.

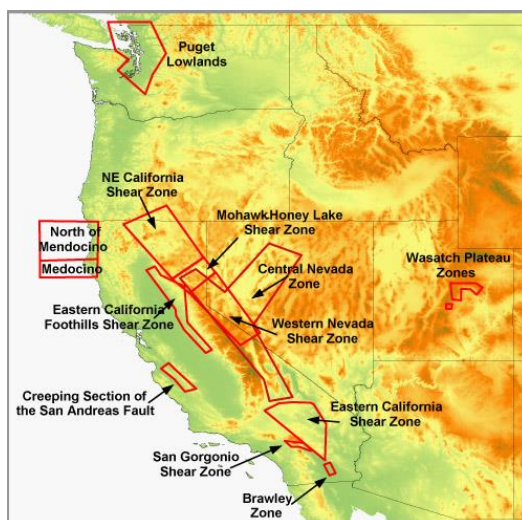
The modeling methodology implemented for the western United States generally follows the framework embodied by reports including the 2014 USGS Open-File Report referenced above, along with the WGCEP's report titled Uniform California Earthquake Rupture Forecast, Version 3 (UCERF 3): USGS Open-File Report 2015-3009. The USGS reports explicitly recognize that different interpretations of the available data can lead to different, but still reasonable views of how the earth's crust is deforming. These multiple views are accounted for by incorporating

various possible scenarios that represent different combinations of characteristic magnitude and recurrence interval, but weighted according to their probability of occurrence. The AIR Earthquake Model for the United States and Canada adopts this approach in accordance with USGS recommendations.

The AIR Earthquake Model for the United States and Canada also incorporates the most recent information from the USGS on the propensity of faults in California to rupture in “cascades.” Faults cascade when two or more adjacent fault segments rupture as one unit, resulting in earthquakes with larger magnitudes and longer rupture lengths than would be expected from the rupture of single segments. The impact on loss estimates of allowing fault segments to rupture in cascades is to increase the frequency of larger-magnitude earthquakes and lower the overall frequency of earthquakes generated by the separate segments.

Apart from fault sources in the western United States, smoothed gridded seismicity is employed to account for the potential for earthquakes to occur in locations other than on known faults. In addition, several special source zones are defined based on variations in catalog completeness, maximum magnitude, and b-value. For each, simulated earthquakes are generated from truncated GR distributions, the parameters of which are zone-specific.

Figure 12: Special Seismic Zones in the Western United States⁽¹⁾



(1) Source: USGS.

Finally, five uniform background zones are defined based on geologic and seismic characteristics to allow future earthquakes to occur where there has been little or no historical seismicity.

Central and Eastern United States

The source of seismicity in the intraplate regions of the central and eastern United States is less well understood. Scientists now believe that such areas are characterized by traces of ancient geological deformations. For example, scientists define the New Madrid Seismic Zone, an area of significant seismic activity in the central United States, as that region coincident with the Reelfoot Rift, a relic from the Precambrian Era representing the failed attempt, more than 600 million years ago, of the North American plate to split apart.

The modeling methodology implemented for the central and eastern United States generally follows the framework embodied in the Documentation for the 2014 Update of the National Seismic Hazard Maps: USGS Open-File Report 2014-1091.

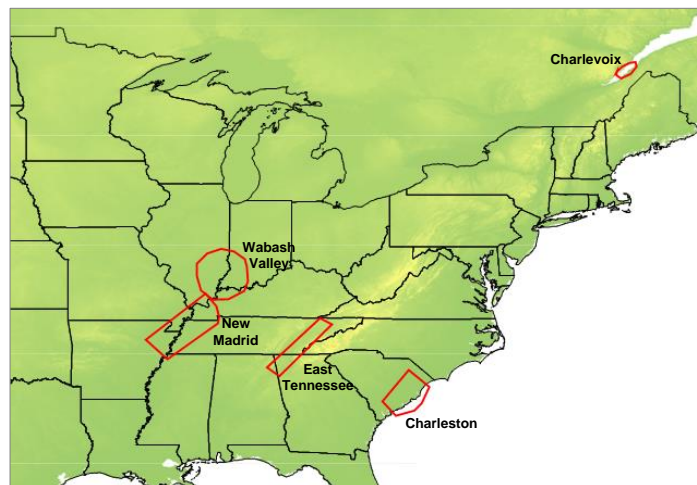
There is very little surface expression of causative faults in the region and the locations of faults can therefore only be inferred from recorded historical seismicity. The USGS identifies four fault sources in the central and eastern United States. In estimating the return times and magnitudes for characteristic events for fault sources in the central and eastern United States, scientists rely on auxiliary data including evidence from exhumed liquefaction sites left by

prehistoric earthquakes (“**paleoliquefaction**”). See “Local Intensity Estimation” for a discussion of liquefaction. Assigning magnitudes to prehistoric events requires locating contemporaneous paleoliquefaction sites, estimating the total liquefied area, and converting this area to a magnitude. USGS estimates of the magnitude of these events have been incorporated into the AIR Earthquake Model for the United States and Canada.

It should be noted that in the latest National Seismic Hazard Maps, the USGS conducted a major review of the fault sources within the New Madrid Seismic Zone and accordingly introduced important changes to the formulation of the seismicity for this zone based on the earthquakes of 1811-1812. The New Madrid Earthquake sequence of 1811-1812 consisted of three earthquakes, the magnitudes of which ranged approximately from 7.1 to 8.0. In the past, the USGS has treated these three earthquakes as a single event with a moment magnitude corresponding to the estimated total energy released by the three. Based on new research, however, which shows evidence that prehistoric earthquakes in this zone have also occurred in sequences of three as they did in 1811-1812, the USGS now considers scenarios in which clusters of three large earthquakes occur in close temporal proximity. In accordance with the USGS, the AIR Earthquake Model for the United States and Canada also includes such scenarios.

Apart from fault sources in the central and eastern United States, smoothed gridded seismicity is employed to account for the potential for earthquakes to occur in locations other than on known faults. In addition, several special source zones are defined based on variations in catalog completeness, maximum magnitude, and b-value. These include the New Madrid Seismic Zone surrounding the fault sources discussed above, the nearby Wabash Valley Seismic Zone; Charleston, South Carolina; eastern Tennessee; and the Charlevoix zone in eastern Canada. For each, simulated earthquakes are generated from truncated GR distributions, the parameters of which are zone-specific.

Figure 13: Special Seismic Zones in the Central and Eastern United States⁽¹⁾



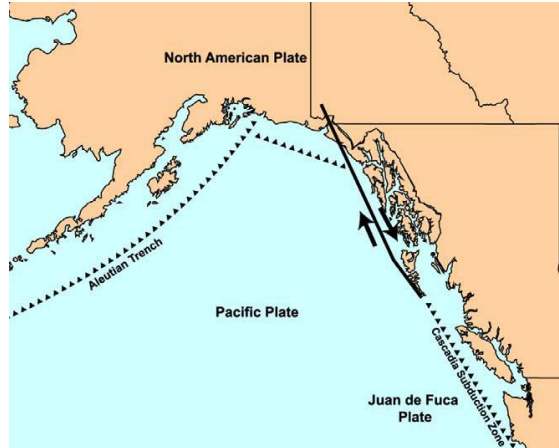
(1) Source: USGS.

Finally, four uniform background zones are defined based on geologic and seismic characteristics to allow future earthquakes to occur where there has been little or no historical seismicity.

Seismicity Components of the AIR Earthquake Model for the United States and Canada - Canada

Seismicity on the west coast of Canada is characterized by the actions of several tectonic plates and three different types of plate movements. Earthquakes in this region occur along faults in the offshore region, within the subducting ocean plate, and within the continental crust.

Figure 14: Tectonic Setting of Western Canada⁽¹⁾

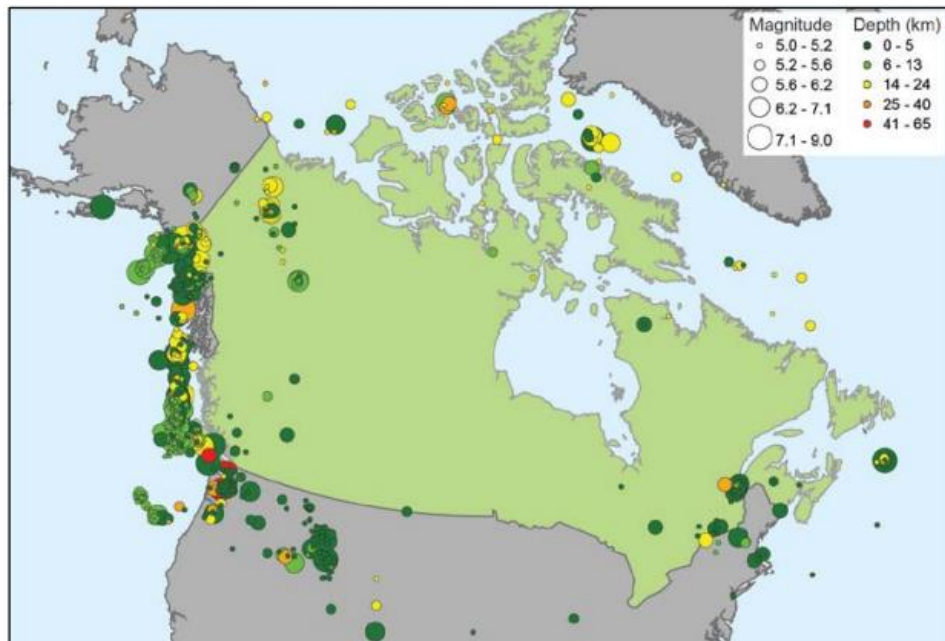


(1) Source: AIR

Off the west coast of Vancouver Island, the Juan de Fuca plate and the Pacific plate are diverging, or spreading apart, along the Juan de Fuca ridge. Further east, the Juan de Fuca plate is converging with and subducting beneath the North American plate creating the Cascadia subduction zone. There is paleoseismic evidence that the Juan de Fuca plate and the North American plates are currently locked, causing strain to build up within the earth's crust.

Seismicity in eastern Canada is very different than that in western Canada. Unlike plate boundary regions where the rate and size of seismic activity can be directly correlated with plate interaction, eastern Canada is located in a stable continental region within the North American Plate. As a consequence, Eastern Canada has a relatively low rate of earthquake activity, yet large and damaging earthquakes have occurred in this region in the past. Seismic activity in this region seems to be related to regional stress fields, with earthquakes concentrated in regions of crustal weakness.

Figure 15: Historical Seismicity in Canada since 1700 ($M \geq 5.0$)⁽¹⁾

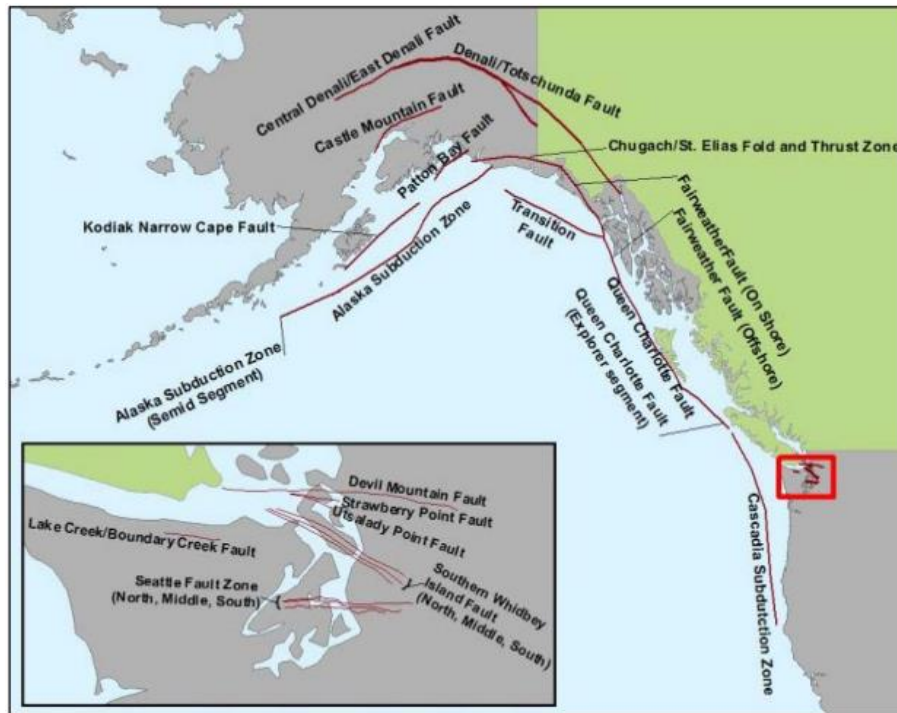


(1) Source: AIR

The westernmost zones correspond to the boundary between the Pacific and North American plates. This region dominates seismicity for the whole of Canada. It is here for which the only detailed fault data is available. Information

on fault slip rates, for faults such as those in the figure below, has been used to quantify a fault's potential for generating earthquakes.

Figure 16: Faults with Known Slip Rates Affecting Seismicity in Western Canada⁽¹⁾



(1) Source: AIR

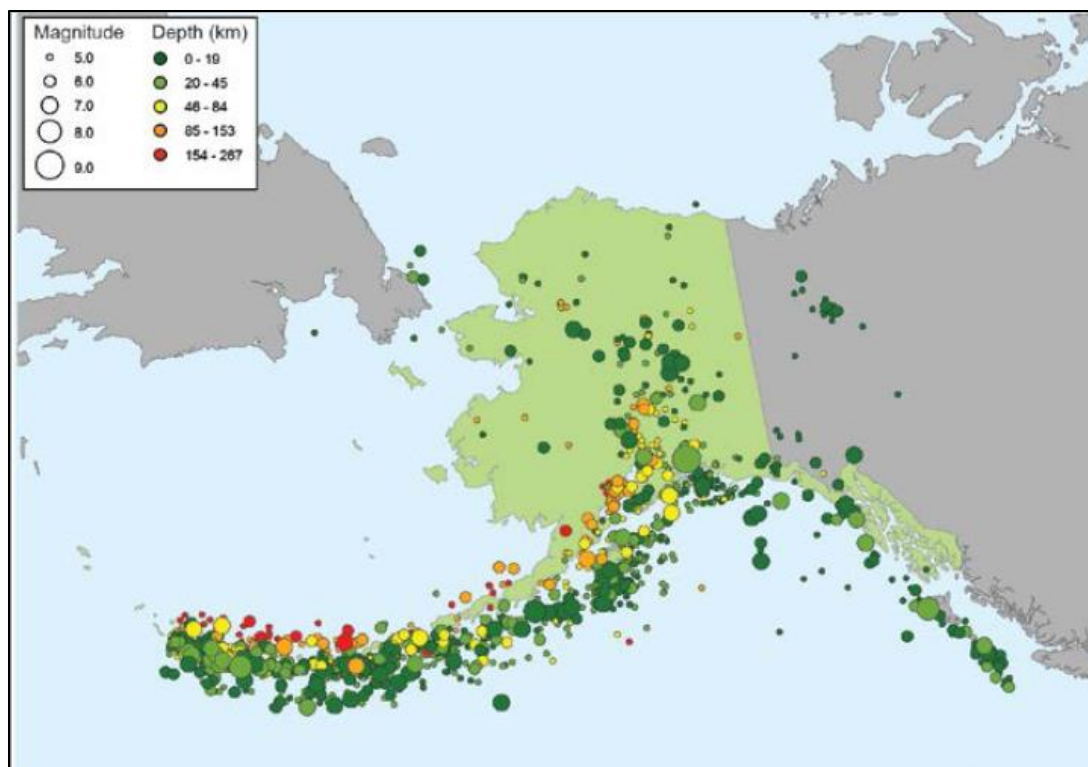
Seismicity Components of the AIR Earthquake Model for Alaska

Alaska is the most seismically active state in the United States. The Alaskan subduction zone represents an active segment of the circum-Pacific seismic zone. Two tectonic plates, the Pacific plate and the North American plate, contribute to the tectonic framework of the area. The Pacific plate is moving northwestward as it is subducted beneath the North American plate, creating the Aleutian Trench and giving rise to the Aleutian Islands.

The majority of earthquakes in Alaska are associated with the Alaska-Aleutian megathrust fault extending eastward along the Aleutian Islands arc and into southcentral Alaska. Significant seismicity also occurs along a system of right-lateral strike-slip faults extending southeastward and offshore through the panhandle of southeastern Alaska. Major earthquakes also occur throughout much of the interior of Alaska as a result of stresses generated at the Pacific and North American plate boundary.

The second largest earthquake ever recorded by instruments occurred in 1964 on the Alaska-Aleutian megathrust fault in the area of Prince William Sound. This subduction-zone earthquake had a moment magnitude of 9.2. It is also of note that since 1900 almost this entire plate boundary, from the westernmost Aleutian Islands to the Queen Charlotte Islands off the coast of British Columbia, has ruptured in large earthquakes. The exceptions are the gap areas in the vicinity of the Shumagin Islands and near Cape Yakataga (see figure below).

Figure 17: Historical Earthquakes in Alaska from 1900 to 2002 ($M_w \geq 5.0$), by Moment Magnitude and Depth⁽¹⁾



(1) Source: AIR.

The table below lists the moment magnitude 6.0 and greater earthquakes that have occurred in Alaska during the period from 1880 to 2002.

Table 8: Frequency of Moment Magnitude 6.0 or Greater Earthquakes in Alaska, 1880-2002⁽¹⁾

Region ⁽²⁾	Magnitude Ranges							Total
	6.0 to 6.4	6.5 to 6.9	7.0 to 7.4	7.5 to 7.9	8.0 to 8.4	8.5 to 8.9	9.0 to 9.5	
Far North.....	1	2	0	0	0	0	0	3
Interior	8	1	4	0	0	0	0	13
Southcentral	23	12	6	0	0	1	1	43
Southeast.....	28	8	6	4	4	0	0	50
Southwest.....	114	85	37	11	1	2	0	250
Total.....	174	108	53	15	5	3	1	359

(1) Source: USGS.

(2) Regions: Far North comprises the boroughs (counties) of North Slope, Northwest Arctic, and Nome.

Interior comprises the boroughs of Yukon-Koyukuk, Fairbanks North Star, and Denali.

Southcentral comprises the boroughs of Kenai Peninsula, Matanuska-Susitna, Anchorage, and Valdez-Cordova.

Southeast comprises the boroughs of Yakutat, Haines, Skagway-Hoonah-Angoon, Sitka, Juneau, Wrangell-Petersburg, Prince of Wales—Outer Ketchikan, and Ketchikan Gateway.

Southwest comprises the boroughs of Wade-Hampton, Bethel, Dillingham, Kodiak Island, Lake and Peninsula, Bristol Bay, Aleutians East, and Aleutians West.

AIR seismologists model seismicity in Alaska according to three categories: plate-margin or subduction-zone earthquakes, crustal earthquakes, and depth-dependent smoothed background seismicity.

To determine the frequency-magnitude distributions for earthquakes in Alaska, AIR seismologists use data from the historical catalogs and auxiliary geological data on slip rates. The auxiliary data gives insight into the frequency and magnitude of earthquakes that occurred before the development of modern seismographic instruments and is particularly valuable for estimating recurrence intervals for large-magnitude events.

Plate-margin earthquakes associated with the subduction zone are modeled using a GR distribution, the parameters of which were calculated separately for different magnitude bins as recommended by the USGS, and characteristic earthquakes.

The frequency-magnitude distribution of active crustal faults in Alaska is modeled either as purely characteristic earthquakes in the case of faults for which sufficient data regarding fault segmentation is available, or as a weighted combination of characteristic earthquakes and a GR magnitude distribution. AIR seismologists have applied a Gaussian distribution around the characteristic magnitude in both cases.

In many areas of Alaska there is little or no surface expression of faults. While seismic activity suggests their presence, the exact location of many faults remains unknown. In light of this uncertainty, the AIR Earthquake Model for Alaska incorporates a smoothed, or gridded, background seismicity. For background seismicity in Alaska, the frequency-magnitude distribution was deduced from the earthquake catalog data. AIR seismologists analyzed the historical data for Alaska on a grid for each of three depth ranges, namely 0 to 50 km, 50 to 80 km, and 80 to 120 km. For each grid cell and depth range the event rates were spatially smoothed using two-dimensional Gaussian probability distributions.

The AIR Earthquake Model for Alaska does not simulate losses from fire following earthquakes in Alaska.

Seismicity Components of the AIR Earthquake Model for Hawaii

Unlike the western United States and Alaska where seismicity is the result of plate tectonics, the primary source of seismicity in Hawaii is related to volcanoes. The Hawaiian Islands are the southeastern-most end of a chain of volcanoes (the Emperor Seamounts) that began to form over 70 million years ago. The age trend of the volcanoes—older islands to the northwest and younger islands to the southeast—is indicative of the way in which the islands were formed on the moving sea floor.

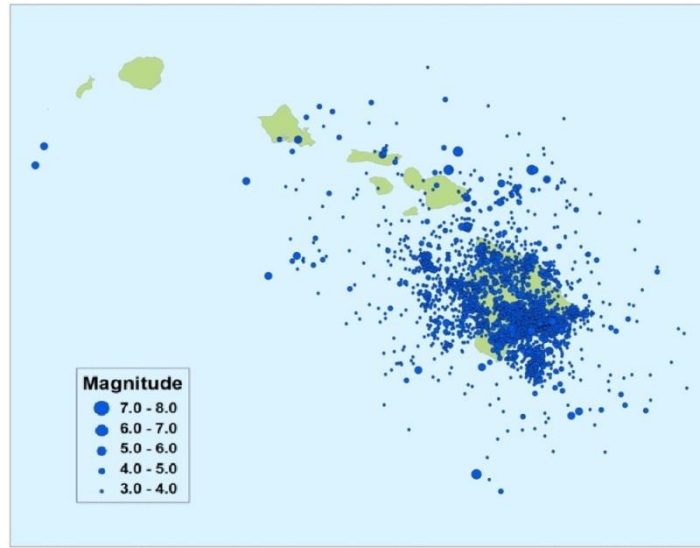
The central Pacific Ocean is primarily composed of a single tectonic plate, the Pacific plate, which is moving over the earth's asthenosphere. The islands are formed when hot solid rocks, with lower density, rise through the earth's upper mantle, melt due to lower pressure at shallower depths, and form magma. Driven by buoyancy and gas pressure, the molten rock, which is lighter than the surrounding solid rock, forces its way upward and ultimately breaks through a zone of weakness—or hot spot—in the plate. The result is an eruption.

The tectonic plate moves relative to the hot spot. The hot spot is presently located under the Island of Hawaii, the youngest and most seismically active. The older islands, once located above the hotspot, were carried away from it as the Pacific plate drifted northwest. A new island is already forming to the southeast of the main island.

Each Hawaiian Island is made up of at least one primary volcano, although some islands are composites of more than one. Hawaii Island is constructed of five major volcanoes, Kilauea, Mauna Loa, Mauna Kea, Hualalai, and Kohala. Mauna Loa is the largest volcano on the earth, measuring 30,000 feet from the seafloor. Along with Kilauea, it is also one of the most active volcanoes on the planet.

The highest rates of seismicity occur on the south side of the main island, under the flanks of Mauna Loa and Kilauea. Earthquakes directly associated with the movement of magma are concentrated beneath Kilauea and Mauna Loa. Very shallow earthquakes frequently precede or accompany an eruption. Swarms of these small earthquakes commonly occur over a period of several hours or days as magma forces its way into a new area. Once an eruption begins, the earthquakes diminish.

Figure 18: Historical Seismicity in the Hawaiian Islands, 1868-2010⁽¹⁾



(1) Source: USGS.

The table below lists the moment magnitude 6.0 and greater earthquakes that have occurred in Hawaii during the period 1868 - 2010.

Table 9: Frequency of Moment Magnitude 6.0 or Greater Earthquakes in Hawaii, 1868-2010⁽¹⁾

Region	Magnitude Ranges				Total
	6.0 to 6.4	6.5 to 6.9	7.0 to 7.4	7.5 to 7.9	
Island of Hawaii	6	8	2	1	17
Maui	2	0	0	0	2
Molokai	1	0	0	0	1
Hawaii Offshore	2	0	0	0	2
Pacific Ocean	3	2	0	0	5
Total	14	10	2	1	27

(1) Source: USGS.

Other earthquakes beneath the active volcanoes are generated by the pressure exerted by magma that never reaches the surface. This is typical of Kilauea’s east rift zone that is continually wedged apart by the injection of new magma. The northern flank of Kilauea is immobilized by Mauna Loa, while the southern flank, which faces the ocean, periodically shifts seaward to release the pressure, causing small to large earthquakes. This was the site, in 1975, of the moment magnitude 7.2 Kalapana earthquake, the largest earthquake in Hawaii in the twentieth century. The southwestern and southeastern flanks of Mauna Loa behave similarly.

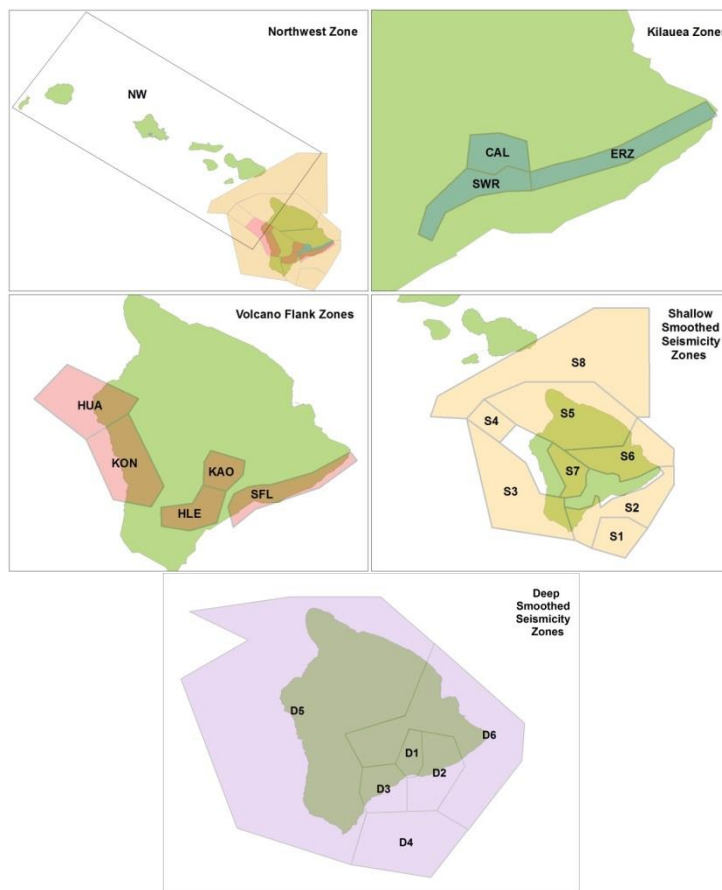
The largest Hawaiian earthquake in recorded history occurred in 1868 on the southeastern flank of Mauna Loa. This earthquake had an estimated moment magnitude between 7.5 and 8.1 and caused damage across the entire island. Large earthquakes can also occur in the area between Kilauea and Mauna Loa. Other earthquakes on the main island are thought to be associated with the island’s third most active (and third youngest) volcano, Hualalai, including the 1929, 1950, and 1951 earthquakes.

Following USGS, AIR seismologists model seismicity in Hawaii according to four types of seismic sources: the flanks of active volcanoes on the Island of Hawaii, the Kilauea caldera and rift zones, depth-dependent smoothed background seismicity, and a northwest source zone (from Maui to west of Kauai). To determine the frequency-

magnitude distributions for earthquakes in Hawaii, AIR seismologists use data from the historical catalogs and auxiliary geological data.

These sources are captured by area source zones based on the 1998 USGS probabilistic hazard model, as illustrated below.

Figure 19: Seismic Source Zones as Defined by USGS and Implemented in the AIR Earthquake Model for Hawaii⁽¹⁾



(1) Source: AIR.

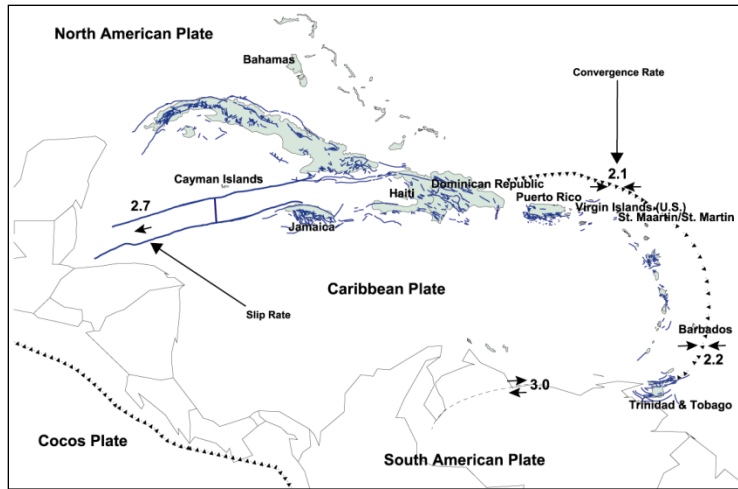
AIR scientists analyzed the historical data for Hawaii on a grid for each of two focal depth ranges, less than or equal to 20 km and greater than 20 km. For each grid cell and focal-depth range, the data was spatially smoothed using two-dimensional Gaussian probability distributions, the parameters of which partially depend on the spatial and temporal distribution of the historical events.

The AIR Earthquake Model for Hawaii does not simulate losses from fire following earthquakes in Hawaii.

Seismicity Components of the AIR Earthquake Model for the Caribbean

The tectonic setting of the Caribbean is shown in Figure 20. To the west, the Cocos Plate is subducting beneath the Caribbean Plate. The Caribbean Plate is moving to the east, while the South American Plate is moving westward. The dominant mechanism producing earthquakes in the Greater Antilles are transform faults and normal faults, which define the boundary between the Caribbean Plate and the North American Plate.

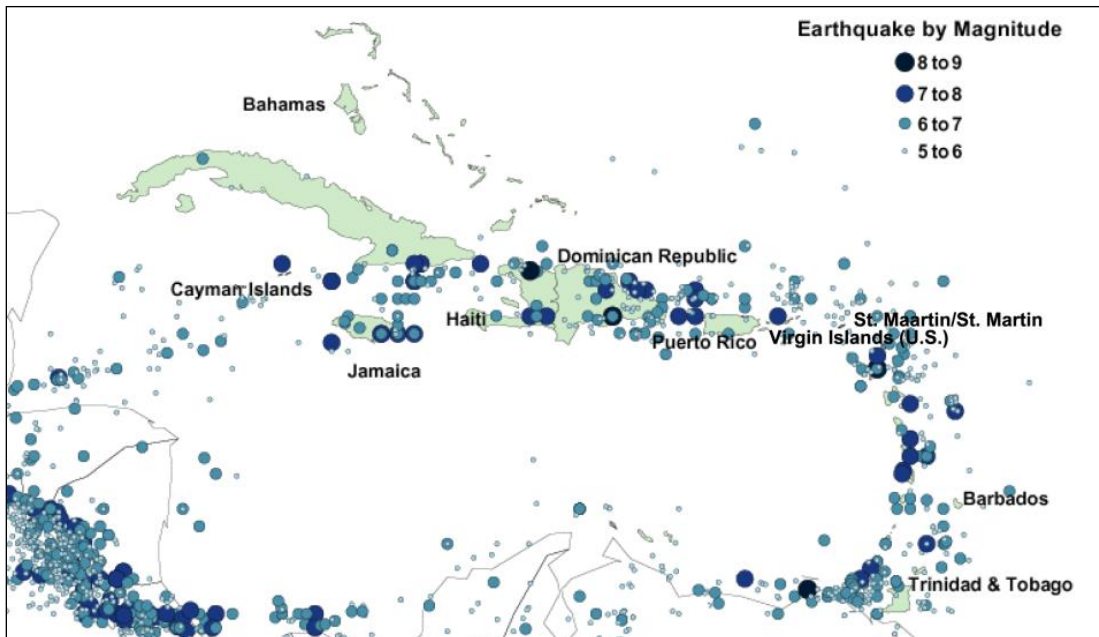
Figure 20: Tectonic Setting of the Dominican Republic and the Caribbean⁽¹⁾



(1) Source: AIR.

In addition to the deep and intermediate depth events associated with these subduction zones, shallow crustal earthquakes occur throughout the region as well. The historical earthquakes of magnitude M_w 5.0 and greater that have been recorded in the region between 1690 and 1995 along with the 2003 event are displayed in Figure 23. Note that for certain magnitudes the historical record illustrated here is not complete. The larger the magnitude, the more complete the record because larger events are felt over a wider area and they are therefore more likely to have been reported than smaller magnitude events.

Figure 21: Historical Seismicity in the Dominican Republic and Caribbean⁽¹⁾



(1) Source: AIR.

The historical catalog was created by merging several regional catalogs, including the CERESIS, GSHAP Latin America catalog, as well as the ISC, NOAA and Puerto Rico Seismic Network catalogs. The combined catalog was reviewed in order to remove foreshocks and aftershocks and to establish the completeness times for earthquakes of different magnitude ranges.

Other Parameters Used in the AIR Earthquake Models

Hypocenter. The place in the earth where rock first breaks or slips at the time of an earthquake. The hypocenter is a single point on the surface of a ruptured fault. The epicenter is the location on the surface of the earth directly above the hypocenter.

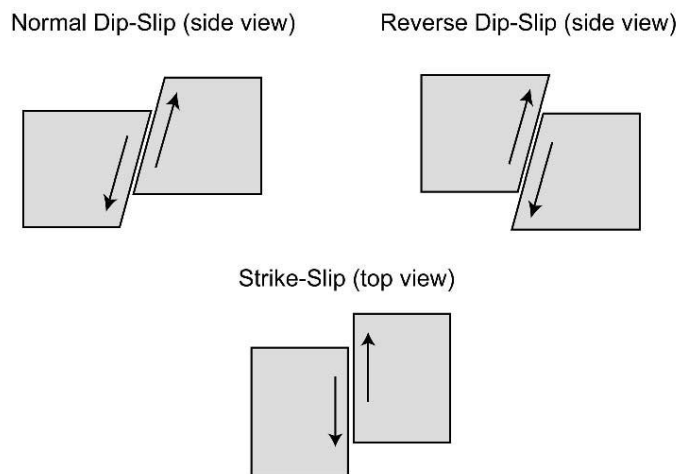
Focal Depth. This is the depth below the surface of the earth at which the rupture originates. It is generally measured relative to mean sea level. Because seismic waves are attenuated as they travel through the crust, deeper earthquakes typically cause less damage because there is more crust through which the waves must travel. Parameters of the distribution governing focal depth are functions of earthquake magnitude and the thickness of the seismogenic zone of the individual regions. The seismogenic zone is the brittle upper crust within which earthquakes occur, and can vary considerably in depth from one region to another.

Rupture Length. This is the length of the fault segment that ruptures during an earthquake. Rupture length is modeled as a function of the magnitude and type of the event. The relationship between rupture length and magnitude has been determined using empirical equations.

Azimuth and Dip Angle. These are parameters that define the geometry of a fault. The azimuth is the clockwise angle from true north to the line that represents the intersection between an extension of the rupture plane and the surface of the earth. The dip angle is the angle between the horizontal and the surface of the fault, or the rupture plane.

Fault Type. There are three types of faults, normal dip-slip, reverse dip-slip, and strike slip, as shown in the figure below. The type of fault affects the radiation of seismic waves and thus the amplitude of ground motion.

Figure 22: Three Types of Fault Mechanism⁽¹⁾



(1) Source: AIR.

Local Intensity Estimation

After the model generates the source parameters of each simulated earthquake according to the seismic hazard module, it calculates the shaking intensity at each location affected by the event. This ground motion depends on the

magnitude of the event, distance from the rupture, geological characteristics of the region, and local site conditions. The AIR Earthquake Models use relationships called attenuation functions to model shaking intensity. An attenuation equation describes earthquake ground motion in terms of magnitude, source-to-site distance, faulting mechanism and site condition. The attenuation characteristics of different regions can vary significantly, thereby having a significant effect on loss estimates.

Local Intensity Estimation in the AIR Earthquake Model for the United States and Canada – Continental United States

Attenuation in the western United States is much higher than in the central and eastern United States because of, among other things, the younger and more fractured rock in that region. Therefore, although the western United States is more seismically active, the seismic energy from earthquakes dissipates more rapidly compared to the seismic energy from earthquakes in the central and eastern United States. An earthquake of a given magnitude will, accordingly, affect a smaller area in the western United States compared to an equivalent earthquake in the central and eastern United States. The model incorporates attenuation relationships that are appropriate for each region. Namely, in the western United States, the AIR Earthquake Model for the United States and Canada uses the NGA-West2 attenuation relationships database. In the central and eastern United States, the attenuation equations are based on stochastic numerical simulations that integrate observations with the latest scientific knowledge of the earthquake rupture process.

Local Intensity Estimation in the AIR Earthquake Model for the United States and Canada – Canada

The AIR U.S. and Canada Earthquake Models use a different suite of GMPEs for Eastern Canada, Western Canada, and the Cascadia subduction zone, in accordance with Atkinson and Boore's (2011) proposed interim updated seismic hazard model for Canada, and in accordance with the latest set of GMPEs recommended by the United States Geological Survey (USGS). Indeed, the GMPEs recommended for regions of Canada by Atkinson and Boore (2011) are very similar to those used in the USGS 2008 update to the United States seismic hazard map.

Calculations of local shaking intensity are modified to reflect local site conditions, which were developed from detailed geological data and geotechnical studies in metropolitan cities. Most of the geological data was collected from Natural Resources Canada. The geotechnical results were compiled from published literature and report, including the widely used soil classification scheme established by the National Earthquake Hazard Reduction Program of USGS.

Local Intensity Estimation in the AIR Earthquake Model for Alaska

The AIR Earthquake Model for Alaska calculates ground motion using a weighted combination of Ground Motion Prediction Equations (“GMPEs”). These GMPEs are appropriate for a variety of focal depths, magnitudes, rupture mechanisms, and rupture distances. For crustal earthquakes, the AIR Earthquake Model for Alaska uses a weighted combination of the GMPEs of Boore et al. (1997) and Sadigh et al. (1993), with each GMPE given equal weighting. For subduction zones, a weighted combination of the GMPEs of Youngs et al. (1997) and Sadigh et al. (1993) is used for events with a magnitude of less than 8.3, if the exposure site is less than 75 km from the rupture plane. For events that do not meet these criteria, ground motion is calculated using the Youngs et al. (1997) GMPE alone.

Local Intensity Estimation in the AIR Earthquake Model for Hawaii

The AIR Earthquake Model for Hawaii incorporates a weighted combination of GMPEs for shallow source-zone (depth < 20 km) and deep source-zone (depth ≥ 20 km) events. For shallow source-zone events, the model utilizes a weighted combination of Atkinson (2010), and the Next Generation of Ground Motion Attenuation Models (NGA) of Abrahamson and Silva (2008), Campbell and Bozorgnia (2008), and Chiou and Youngs (2008). For deep source-zone events, the model utilizes a weighted combination of Atkinson (2010), Atkinson and Boore (2003), and Youngs et al. (1997). The soil maps in the model are sourced from the USGS and the Hawaii Commission on Water Resource Management.

Local Intensity Estimation in the AIR Earthquake Model for the Caribbean

The AIR Earthquake Model for the Caribbean incorporates a weighted combination of attenuation relationships that are appropriate for different focal depths, distances, and rupture mechanisms. For Jamaica and the Dominican Republic the Abrahamson and Silva (1997) and Sadigh (1997) attenuation functions were used. The attenuation functions of Gregor, et al. (2001) and Youngs (1997) were used for the subduction zone segments of the Lesser Antilles.

Damage Estimation

Once the AIR Earthquake Models estimate the ground motion intensity at each location, it generates damage estimates for the exposed assets.

Shake Damage

Buildings are damaged when they undergo intense relative deformation caused by ground shaking. The response of a building to ground shaking varies dramatically, however, depending on its structural configuration and its natural period, or the time it takes the building to complete an entire cycle of motion.

The AIR Earthquake Models use nonlinear dynamic analysis to quantify the response of structural and nonstructural building components to the combined effects of the natural period of the building and the frequency content of seismic waves.

In nonlinear dynamic analysis, computer representations of buildings are subjected to large numbers of historical ground motion records of varying intensities that are input into the software. These computer representations, or “virtual” buildings, are then mathematically shaken just as under actual earthquake conditions. Building deformation at each story is computed.

For purposes of estimating building damage, the AIR Earthquake Models use spectral displacement as a measure of shaking intensity. Spectral displacement is a measure of the maximum horizontal displacement (relative to the ground) experienced by a building during an earthquake. When displacement occurs, that is, when a building begins to move, it and its component parts become deformed; it is this deformation that causes damage. The mean damage ratio of individual components is calculated and, around each mean, a complete probability distribution is estimated.

Damage functions for structural, nonstructural, and MEP (mechanical, electrical, plumbing) components are developed based on experimental data as documented in published reports. Using these damage functions, component damage ratios are estimated for each level of intensity.

Just as physical damage is estimated at the component level, so too are monetary damages. The AIR Earthquake Models employ cost models based on regional price indices, construction practices, and appropriate repair strategies to estimate the repair cost of each damaged component given its damage ratio. Estimates of the monetary damage to each individual component are probabilistically combined to achieve an estimate of the monetary damage, or cost of repair, to the building as a whole. The AIR damage functions have been calibrated to and validated against both experimental and actual loss data, and have been peer reviewed.

Contents damage is based on the spectral acceleration of each floor and on building damage as determined by spectral displacement. Contents damage is also a function of occupancy class. Different occupancy classes are associated with different kinds of typical contents with, in turn, different vulnerabilities to shake damage. Time-element damage is derived from building damage. Modeled business-interruption losses include both direct losses from building damage and indirect losses that may result from actions taken by civil authorities, loss of business income from dependent properties, utility service interruption or damage to transportation infrastructure.

The damage functions used in the AIR Earthquake Model for Alaska and the AIR Earthquake Model for Hawaii earthquake models are based on those in the earthquake model for the continental United States, then modified through an objective analysis of differences in building codes and construction practices.

For the AIR Earthquake Model for the Caribbean, AIR engineers have developed damage functions to describe the relationship between buildings’ damageability (or vulnerability) and the intensity to which they are exposed. In this model, the level of earthquake intensity is defined based on the Modified Mercalli Intensity scale (“MMI”), a well-known measure of earthquake intensity in which the scales are defined based on different stages of damage for various structures. Separate damage functions have been developed for 42 different construction types, and for

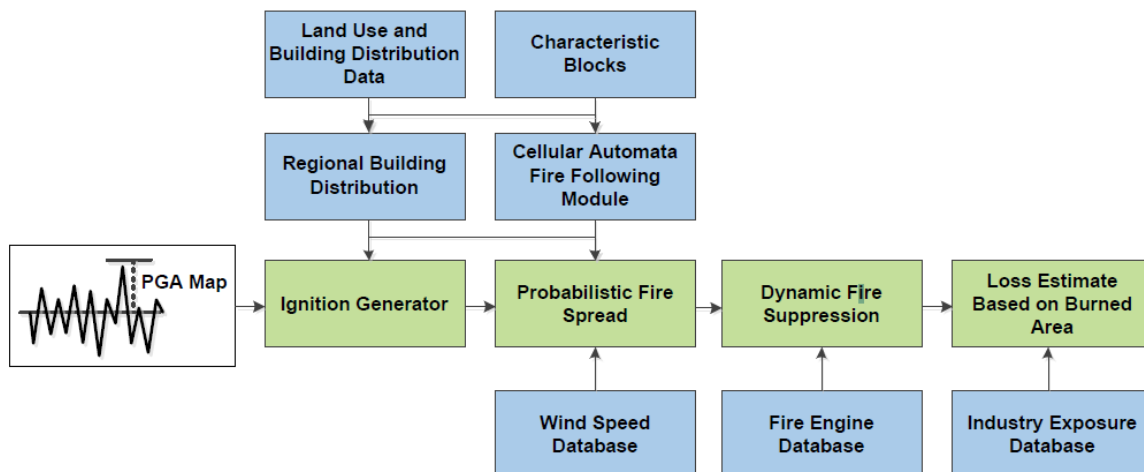
different regions. For each region, each construction type and each MMI, the damage function calculates a damage ratio. Contents damage is then calculated as a function of the building damage ratio. Contents are assumed to undergo a certain level of damage given the level of damage to the building within which they are housed.

In order to take into account of each country’s damageability in the Caribbean region, AIR engineers look carefully at each country’s building design code. Historically, the Caribbean Building Code (CUBiC) was developed to provide appropriate building standards for the Caribbean region. It would be inadequate and inaccurate, however, to impose a uniform code in all countries, since each is faced with a different degree of hazard and therefore risk. Many countries are trying to develop their own design codes.

Fire Following Earthquake

A separate dynamic simulation is used to estimate losses from fires following earthquakes derived in the AIR Earthquake Model for the United States and Canada. AIR does not model fire following earthquake in the AIR Earthquake Model for Hawaii, the AIR Earthquake Model for Alaska, or the AIR Earthquake Model for the Caribbean. The components of this damage-estimation module are illustrated in the figure below.

Figure 23: Primary Model Components in Fire Damage Estimation⁽¹⁾



Source: AIR.

Fire Ignition

The AIR Earthquake Model for the United States and Canada features a completely stochastic fire ignition algorithm, which has been developed based on historical fire-following ignition data from a variety of sources.

Fire ignitions are typically caused by the overturning and breakage of building contents (ignitions due to open flame or chemical reactions, for example), structural deflections resulting in damage and short-circuiting of electrical wiring, and ruptured gas lines. As such, there is a generally positive correlation between the number of ignitions and earthquake intensity. Higher levels of ground motion tend to produce higher ignition rates. Thus, the ignition rate, in ignitions per million square feet of building floor area, is a function of PGA.

Adjustments are made to account for the observation that different fire classes exhibit noticeably different ignition rates. For example, there is a lower probability of fire ignition in a million square feet of commercial high-rise property

than there is in a million square feet of single-family residential property. Commercial high-rise buildings typically adhere to more stringent building codes.

To accurately simulate the built environment of any location in the United States, AIR researchers developed 21 characteristic city blocks based on actual city blocks in the United States. These 21 blocks represent different configurations of building density and occupancy classes that include single family homes, apartments, commercial buildings, and mobile homes. Each 1-km grid cell in the model contains 32 city blocks which are a combination of the 21 characteristic block types.

Fire Spread and Fire Suppression

Each post-earthquake ignition within a 1-km grid cell is assigned to a random city block within that grid cell. For each type of city block, the growth of a fire within the block is simulated using the results of the cellular automata model. This model calculates the fire behavior within a given block type based on the type and configuration of buildings on the block.

The cellular automata model uses a grid consisting of 3-m wide cells to model fire spread on each city block. The final resolution allows a realistic determination of the fire's spread rate, spread pattern, and duration. Fire spread in the cellular automata model can occur by direct flame contact, spontaneous ignition, spark-based piloted ignition, and branding. The probabilities of spark-based and flying brand ignition depend on the wind speed and direction, and building spacing. For each characteristic block type, the cellular automata model is run 1,000 times with varying ignition locations within the block. Wind speed and wind direction are also varied. The simulations capture the variability of the fire behavior within each block type resulting in functions which describe the fire behavior.

The AIR Earthquake Model for the United States and Canada accounts for fire spreading across streets or alleys to adjacent blocks of buildings. The probability of spread across firebreaks depends on wind speed, wind direction, fire suppression, and firebreak width.

Finally, fire response and suppression are simulated. The AIR Earthquake Model for the United States and Canada incorporates distributions of fire discovery and report times that are based on historical data. Discovery time in occupied buildings (which account for 85% of fire ignitions) is, on average, five minutes. In unoccupied buildings, the time it takes for a fire to be discovered ranges between three and 10 minutes. Forty percent of fires are reported within one minute of their discovery, 50 percent between one and five minutes, and 10 percent between five and 20 minutes. Report time generally increases as intensity increases, as a result of, among other things, interruptions in telephone service.

Fire suppression is modeled as a dynamic process. Each fire is probabilistically assigned a discovery and report time and one or more fire engines are assigned to the fire. The engine arrival time is also computed for each engine, taking into account reduced accessibility following larger earthquakes. The time it takes to suppress the fire is a function of the size of the fire and the number of engines undertaking suppression activities at the site. As fires are suppressed, engines are rerouted to other fires.

Fire Damage Estimation

Once all fires in the model have burned out completely, the final burned floor area in each fire class in each grid cell is obtained by summing the burned floor areas on the blocks within the grid cell. The total burned floor areas are then divided by the total floor areas in the grid cell to determine the mean damage ratios for each fire class in the grid cell. For a given earthquake, the fire following module is typically run 50 times, and the final mean damage ratios output by the module are obtained by averaging the results over multiple simulations. The resulting mean fire damage ratios can then be applied to exposure portfolios to get the corresponding fire following losses for each fire class within each grid cell. The losses from all grid cells are combined to obtain the total event loss.

In the Canada component, fire losses are computed for each event by dividing the total burned floor areas by the total floor areas in each grid cell of the cellular automata model to determine the mean damage ratios for each fire class in the grid cell. For a given earthquake, the fire following model is typically run 50 times, and the final mean

damage ratios outputted by the model are obtained by averaging the results over the multiple simulations. The mean fire damage ratios can then be applied to exposure portfolios to get the corresponding fire following losses for each fire class within each grid cell. The loss from all grid cells is combined to calculate the total event loss.

Earthquake-triggered Landslide

The AIR Earthquake Model for the United States and Canada also includes a landslide module covering all of North America at a regional scale. Input data for the landslide module includes Digital Elevation Model (“**DEM**”) data, surficial and bedrock geological maps, and seasonal precipitation data. DEM information is used to create slope maps, while surficial and bedrock geological maps are used to classify geological units based on their material strength. Precipitation data is used to estimate seasonal fluctuations in water saturation of soils which affects the stability of slopes. By combining the slope map with the geological maps, landslide susceptibility maps for wet and dry seasons were produced. Landslides are not explicitly modeled in the AIR Earthquake Model for Alaska, or the AIR Earthquake Model for Hawaii.

The earthquake-triggered landslide module relies upon the mechanics of slope failure and employs models of seismic slope stability to assess the deformation of the slope following an earthquake. The PGD due to landslides is calculated using an empirical relationship between critical acceleration values related to landslide susceptibility and Arias intensity (a measure of total ground motion shaking intensity). To develop the damage functions for landslide, AIR engineers incorporated a process published by HAZUS (FEMA 2012) to determine the probability of damage due to PGD. Landslide damage to buildings, contents, and automobiles is assessed.

EUROPE WINDSTORMS

Introduction to Europe Windstorms

Extratropical cyclones in Europe, also known as Europe Windstorms, are atmospheric disturbances, often severe, that form in the mid-northern latitudes when several different meteorological conditions interact. Extratropical cyclones originate in the jet stream through a process called cyclogenesis, which is fueled by the interaction between the cold air masses from the poles and the warmer air masses that are influenced by temperatures at the equator. When these two air masses come into contact cold-center low-pressure disturbances are created along the fronts (gradients in temperature, pressure, and dew point) that form between them. The interaction between the cold and warm air masses pushes the lighter, warm air flow northwards where it comes into contact with even more cold air, thereby creating additional disturbances. The continuing reaction between the two air masses causes the pressure to decrease further, and the surrounding air flow is pulled more vigorously into the area of low pressure.

As the air continues to flow into the low pressure area, the Coriolis force caused by the earth's rotation deflects this flow, establishing a counterclockwise air movement around the low pressure disturbance. If the warm air flowing into this depression is moist, it condenses as it mixes with colder air, releasing a tremendous amount of energy that pushes the air masses higher and further decreases the pressure at the initial disturbance. As a result, air flows more rapidly towards the center of the low pressure area, potentially developing into a powerful extratropical cyclone. As the storm continues to develop, the cold front moves faster than the warm front and eventually merges with it to create an occluded front. At this point the warm air mass is lifted above the heavier cold air mass, and extratropical cyclone reaches its maximum intensity due to the ensuing low pressure center.

Extratropical cyclones typically do not achieve the high wind speeds of tropical cyclones; however, an extratropical cyclone can affect tens of thousands of square kilometers as it moves across a region. Individual locations can be struck by several extratropical cyclones in rapid succession and often experience relentless gale-force winds for several days. The wind footprint of an extratropical cyclone, which can extend over a large area, is affected by a number of factors. Downdrafts and the drag on airflow associated with rainfall can enhance wind speeds at lower elevations. The size of the footprint also depends heavily on the atmospheric conditions at the time the storm strikes land.

To capture the structural complexity of extratropical cyclones, AIR's modeling of Europe Windstorms incorporates Numerical Weather Prediction ("NWP") models with detailed wind observations. NWP models at the regional scale, also known as mesoscale models, utilize global four dimensional (three spatial and one temporal) environmental data including sea surface temperatures, air temperature, wind speed, water content and pressure. Using the known physical laws of the atmosphere translated into mathematical equations, the regional NWP model uses NCEP/NCAR reanalysis data from the National Centers for Environmental Protection ("NCEP") and the National Center for Atmospheric Research ("NCAR") as initial and boundary conditions to model the evolution of complex circulation patterns over Europe at a finer scale (spatially and temporally) than the underlying reanalysis data. The resulting higher resolution output from the NWP model (i.e., a refined version of the reanalysis data set) can then be used as the basis for identifying storms over Europe. Regional mesoscale models are therefore an ideal tool for obtaining a complete set of historical storms that are a true representation of the storm patterns that affect Europe.

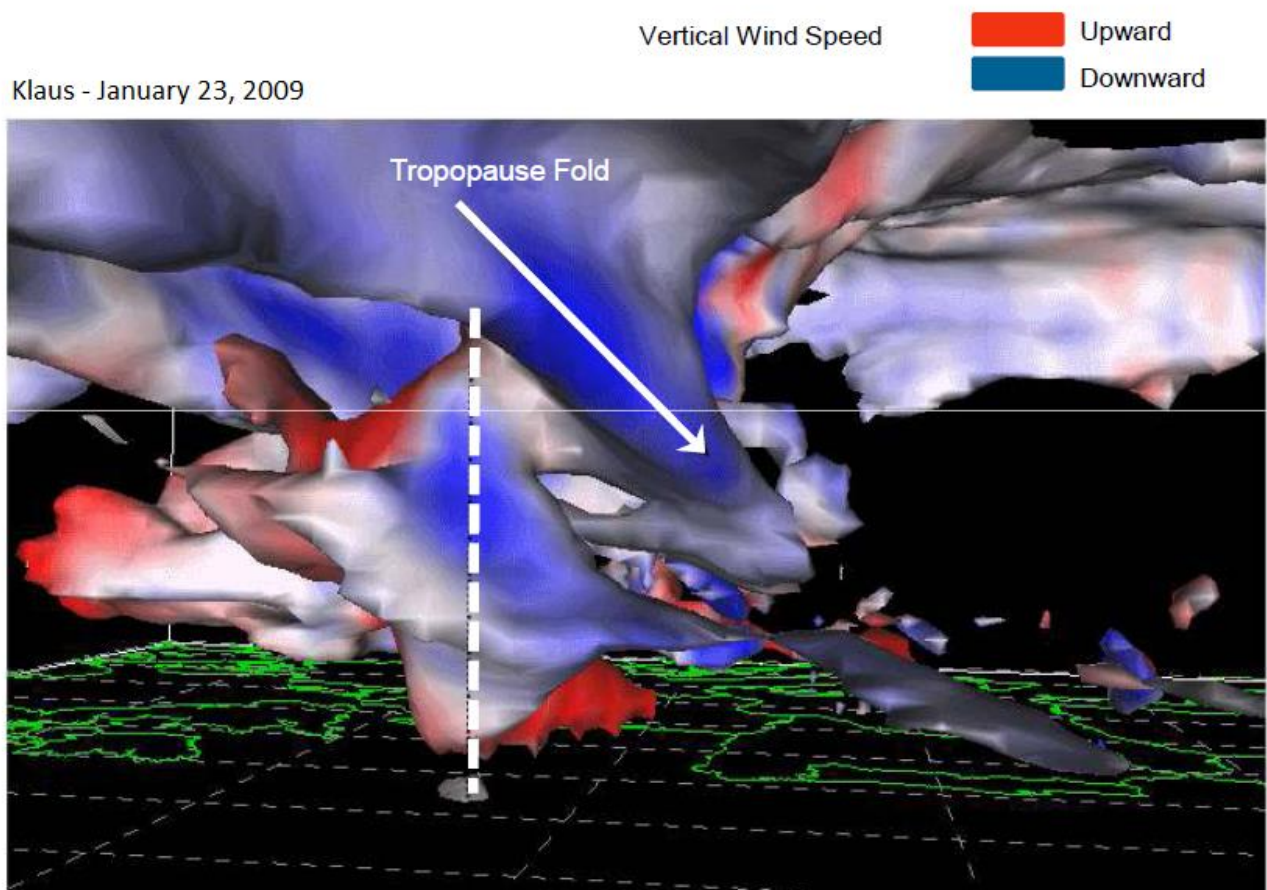
NWP techniques and models have been developed by government meteorological offices over the last 50 years. The equivalent of billions of U.S. dollars have been invested in this development, which has included satellites, radar facilities and other computational and research expenses, and the rate of investment is increasing. NWP has become the core operational forecasting technology for meteorological offices worldwide.

Tropical Cyclone and Extratropical Cyclone Comparison

Extratropical cyclones are more complex than tropical cyclones, which derive their energy from warm ocean water and are characterized by large but contained areas of relatively constant pressure displayed in a clear cyclonic circulation. In contrast, the conditions that cause extratropical cyclones are numerous and varied; again, there is an area of low pressure, but also a high pressure ridge, a low pressure trough, constantly interacting warm and cold fronts, and a strong upper-level jet stream. Within the storm, air flows both up and down, and surface winds can be enhanced by a number of substructures, including sting jets (damaging winds that are created when rapidly descending cool dry air comes into contact with warmer moist air) and gravity waves (disturbances that occur when gravity restores air

that is vertically displaced causing localized changes in weather conditions such as heavy precipitation and strong winds). The figure below shows an example of such complexity for Klaus.

Figure 24: Structural Complexity of Klaus⁽¹⁾



(1) Source: www.ukweatherworld.co.uk

The table below illustrates some of the key differences between tropical cyclones and extratropical cyclones.

Table 10: Windstorm Comparisons⁽¹⁾

Characteristic	Tropical Cyclones	Extratropical Cyclones
Genesis (initiation) Location	Over warm ocean water, tropical latitudes	Middle and high latitudes over land or water
Seasons	Late summer and autumn	All year (typically strongest between the late fall and early spring). Often called winterstorms for this reason.
Energy Source	Heat and moisture transfer from ocean water	Three-dimensional pole-to-equator atmospheric temperature contrast
Intensity Over Land	Dissipates over land	Can maintain strength or even intensify over land
Footprint (Size)	250 to 1,000 square kilometers	2,500 to >10,000 square kilometers
Shape	Large, circular and contained system of damaging winds that forms a spiral shape around a central core known as the “eye.” The system is somewhat symmetrical around a vertical line extending through the eye.	Complex pattern, where the most damaging winds usually occur to the right (south) of the track. The shape varies and shifts around the center of low pressure.
Observed Peak Gusts	Typically 350 kilometers/hour (217.5 miles/hour)	Typically 200 kilometers/hour (“ km/h ”)
AIR Modeling Technique	Set of parameters varied statistically to produce stochastic catalog of potential storms	Numerical Weather Prediction (NWP) technology scientifically evolves each simulated storm in three-dimensional space over time

(1) Source: AIR.

Windstorms in Europe

On average about seventy or more storms affect Europe each year during the winter months, although most are too weak to cause widespread damage. Out of these storms, approximately five on average are powerful enough to retain enough force to pose a significant risk to property as they move across Europe. Storm clusters may also occur when two or more powerful storms ravage the area in close succession. During the winters of 1990 and 1999, several deadly storms of comparable intensity struck the same regions of Europe within days of each other, collectively causing enormous amounts of damage.

Notable Historical Storms

Capella (1976)

During January 2–4, 1976, winter storm Capella struck several countries in Europe, particularly those that border the North Sea. Capella was the result of a very strong temperature gradient that began to form during the last days of December, between the 20° and 50° northern latitudes. Temperatures were 16° C in the Azores and met air masses coming from the southeast of Greenland with temperatures of -24° C. Early on January 2, the central pressure of the disturbance was slightly below 1,000 millibars (“**mb**”) and by evening of that day, when the system passed over Scotland, it had dropped to 972 mb and powerful winds began to sweep southwards along the east coast of Great Britain. The strongest wind gusts were seen at Birmingham Airport on January 2 and were reported as high as 133 km/h. In eastern England, at Wittering Airfield, winds were measured at nearly 170 km/h.

By January 3, the storm had reached Denmark with a central pressure of 968 mb. In Højer, Denmark, the tide reached nearly 5 m above normal and at Vlissingen, Netherlands, waters were 4 m above normal levels. Later that day

the storm reached Berlin where strong winds remained for over 17 hours, with gusts measured at about 97 km/h. Massive flooding occurred in many areas, including Germany where 10,000 people along the Bight coastland and Elbe River had to be evacuated from their homes.

The amount of damage from this storm is comparable to the storm clusters of 1990 and 1999. The entire eastern coastline of the North Sea was not put on alert again until 2007 when a series of storms struck Europe including Britta, Hanno (Per), Franz, and Kyrill.

The Great Storm of 1987

The Great Storm of 1987 (sometimes called 87J) impacted southern England, northern France, Norway, and Denmark from October 15–16 of that year. It originated in the Bay of Biscay and by noon on October 15, the central pressure was at 970 mb. On October 16, the storm reached the island of Ushant, France with a pressure of 948 mb, causing waves to reach as high as 16 meters. Wind speeds at Brest were recorded at 148 km/h and, as the storm crossed Brittany, gusts of 187 km/h were recorded at Quimper, 200 km/h at Ouessant, and 220 km/h at la pointe de Penmarch.

Shortly after it left the coast of northern France, the storm reached Cornwall where it made landfall with a central pressure of 953 mb. From there it moved along a northeasterly path towards the Midlands and went out to sea from England's east coast, at the Wash. It continued to move northeastward alongside the western coastal countries and up the entire length of Norway's coast.

As the storm traveled across England, wind gusts of 190 km/h were recorded in the Essex and Kent regions of southern England, and the highest recorded wind speed of 196 km/h was recorded at Gorleston in Norfolk.

By the evening of October 16, the storm had reached southern Norway where it impacted the southern and western areas of the country, including Oslo, with violent winds and also drenched the area with 11 cm of rain, which fell in just 48 hours.

Daria (1990)

Daria, which hit Europe from January 25–26, struck the area after a series of storms had already passed through, and was itself followed in February by storms Herta, Wiebke, and Vivian. By itself, Daria caused significant damage in six countries. Most of the damage was in the United Kingdom (where the storm is also known as the Burns' Day storm).

Daria formed out of a cold front over the northern Atlantic on January 23 and within 24 hours had a central pressure of 992 mb. After making landfall in Northern Ireland on January 25, the storm moved towards Ayrshire, Scotland and by the time it reached Edinburgh, it had its lowest pressure of 949 mb.

As the storm moved across the Netherlands and Belgium towards Denmark, it caused major property damage, mostly due to strong winds, which reached 110–120 km/h, with gusts of 170 km/h. However severe flooding also occurred, particularly in England and western Germany.

Vivian and Wiebke (1990)

During February 26–28, 1990, Vivian and Wiebke both struck Europe as the last of the series of storms that affected Europe that year. These two storms alone, which arrived in Europe just four weeks after Daria, created an amount of damage that was greater than the damage seen by Lothar and Martin nearly a decade later. Homes, automobiles, and many forests in the Alpine regions of Germany, Switzerland, and Austria were particularly hard hit by Wiebke.

On February 25, 1990, Vivian formed over the Atlantic as a very deep low-pressure system. By the following day, the pressure was at 949 mb and Vivian was moving over Ireland, the United Kingdom, and was active in the North Sea, affecting much of the coastline. Meanwhile, Wiebke had developed off the southeastern coast of Iceland and on February 28, reached Ireland with a central pressure of 984 mb. Wiebke continued to move across central England and the North Sea, and by March 1 had reached Germany where it continued through the following day.

Throughout these areas, and particularly in Germany, fallen trees damaged many transmission wires which disrupted electricity and communication. Due to its large footprint, Wiebke caused more damage in Germany than was seen nine years later when Lothar hit the region. Industrial properties and greenhouses in the Netherlands were also hit hard.

Anatol (1999)

Anatol hit northern Europe on December 3, and was followed a few weeks later by Lothar and Martin. This storm cluster paralyzed much of Europe. Anatol (known in Denmark as Adam) had wind gusts of up to 185 km/h when it reached the German Bight and southern Denmark.

Anatol developed rapidly over the northeastern Atlantic on December 3 and, as it approached Great Britain, its pressure was measured at 990 mb. The pressure dropped steeply as extremely cold air between Greenland and Norway mixed with warmer air to the south. When the storm reached the North Sea the pressure was at 957 mb, dropping to 955 mb as it moved towards Denmark. The lowest pressure was recorded in Jutland, Denmark, at 953 mb. The storm regained pressure (i.e., weakened) very slowly and was at 970 mb when it reached Latvia.

The storm was particularly damaging in Denmark, southern Sweden, and northern Germany, but strong winds were also felt throughout Ireland, northern England, Wales, and the coastal areas of southern England.

Lothar and Martin (1999)

On December 26, the storm Lothar, which had formed over the northern Atlantic the day before, hit the Brittany coast and just nine hours later had created a path of destruction across northern France. The storm continued on to cause even more damage in southern Germany and Switzerland.

Lothar's winds attained their maximum velocities along the French coast and sustained their speed as the storm moved farther inland. Wind gusts at Orly airport and in Paris were recorded at 170-180 km/h, and gusts of 215 km/h were recorded at the top of the Eiffel Tower. The storm traveled in a semicircular path, moving across the English Channel, through Paris, and continued into Alsace, Germany's Black Forest, and northern Switzerland, before finally weakening as it moved into Austria. In Switzerland, gusts of 50–100 km/h were recorded in the flatlands, while they reached 200 km/h at the Jungfrau peak.

On December 27, one day after Lothar tore through Europe, areas about 200 km south of Lothar's path were struck by Martin, which battered areas near Bordeaux, Biarritz, and Toulouse. Martin was larger and somewhat weaker than Lothar; however, Martin's wind speeds reached 140 km/h in Carcassonne, 160 km/h in Vichy, and 130 km/h in northern Spain. The damage caused by Lothar and Martin added to significant damage already sustained from Anatol. France in particular was hit very hard and heavy damage also occurred in northern Spain, northern Italy, parts of Switzerland, and Corsica.

Erwin (2005)

The storm Erwin (known in Norway as Gudrun) struck northern Europe during January 7–9, 2005, packing sustained wind speeds of 126 km/h. In Hanstholm, Denmark, wind gusts as high as 165 km/h were reported. From Ireland to Russia, severe flooding and damaging winds from this storm caused severe property damage, disrupted all modes of transportation, and disrupted power for more than 500,000 people.

Erwin formed in the Atlantic just west of Ireland and on January 7, its central pressure was around 995 mb. Over the next twelve hours, as the storm moved across Ireland and the United Kingdom, the pressure dropped nearly 25 mb as the cold air mass from Greenland collided with the warmer and very moist air farther south. As a result, damaging winds accompanied by downpours swept across the entire British Isles.

When the storm reached Norway around noon on January 8, the pressure had dropped to 960 mb and the dramatic fall in pressure formed a sting jet, which was responsible for much of the damage done to Denmark and southern Sweden. Particularly hard hit among the Scandinavian countries was the forest industry in southern Sweden, which lost over 75 million cubic meters of trees creating the world's largest stockpile of lumber.

Kyrill (2007)

The winter of 2006–2007 had an unusually large number of strong extratropical cyclones including Britta, Karla, Lotte, Hanno (also known as Per), and Franz. The worst storm during this season, in terms of wind speed and damage, was Kyrill, which made landfall on January 18 four (4) days after Hanno struck Sweden. Kyrill's minimum central pressure was 965 mb as it approached the United Kingdom. As the storm moved across England and the North Sea into Denmark it showed maximum wind gusts of 137 km/h, which were lower than Lothar's but affected an unusually large area for a single storm. Significant damage was sustained in Germany and the United Kingdom, while the Netherlands, Belgium, Austria, and the Republic of Ireland were also severely affected.

Flooding and wind damage was severe in many parts of Germany, including Berlin. Windows and walls were damaged due to flying debris, sometimes including tree limbs and billboards. Railway service throughout Germany was delayed or shut down altogether. Power was shut off to 100,000 homes in northern France, 15,000 in Austria,

and to millions of homes in Germany and the United Kingdom. The German states of Brandenburg and Saxony were especially hard hit and the Siegen-Wittgenstein district was put under a state of emergency due to blocked roads and power outages.

Klaus (2009)

Klaus made landfall on January 24, 2009, in the Bordeaux region in southwestern France, from where it proceeded across the southern part of the country. The storm formed two (2) days earlier in an area west of the Azores Islands and strengthened rapidly, exhibiting explosive cyclogenesis. Its central pressure was about 1,000 mb on the evening of January 22, and by January 24 it had decreased to 967 mb.

Klaus caused a notable amount of damage in southwestern France and northern Spain. Winds at 161 km/h were recorded in Bordeaux when the storm made landfall, although damage in that area was minimal. A few buildings in the city center suffered some damage due to falling trees while in the residential areas the damage was mostly limited to roof tiles and chimneys.

Southwest of Bordeaux however, in Gujan-Mestras, and farther south at Saguinet, the damage to buildings was much worse due to falling trees, most of which were uprooted due to water-saturated soils; very few were snapped or broken from the wind. Along the Aquitaine coast, older buildings suffered more damage than newer ones. Churches in particular were vulnerable to wind damage due to their age, height, and slender structure.

Wind speeds up to 177 km/h were recorded at Saint-Paul de Fenouillet, which is on top of a hill in the Pyrénées. As a result, the damage in this area was higher with more severe roof damage, which occurred on several commercial buildings. High winds were also recorded near Perpignan; however, only minimal damage was incurred there due to well-maintained buildings in this popular tourist town.

Undine, Wera, and Xynthia (2010)

During February 2010, Europe was struck by a cluster of three storms, Undine, Wera, and Xynthia, which reached Europe within a few days of each other. Xynthia, which reached the northern areas of Spain and Portugal on February 27, moved northeast over the Biscayan Sea into France, causing damage to parts of France, Belgium, and Germany, as well as to parts of Spain. Xynthia's track was farther south than those of Undine and Wera, and therefore made contact with warmer air and unseasonably warm sea surface temperatures of 14°C, enhancing the amount of moisture for the storm.

The hardest hit country was France, where a national catastrophe was declared. Xynthia's wind speeds, which were comparable to those of Herta (1990), were strong enough to cause considerable damage to buildings in the affected areas of France, many of which are unreinforced masonry. Damage to roofs, chimneys and windows was widespread and some buildings showed structural damage as well. The storm also uprooted trees and damaged roofs in Germany, particularly in Düsseldorf and Cologne as well as in large parts of Rheinland-Pfalz and Baden-Württemberg.

Xynthia struck during high tide and France's aging sea walls, including those near the Île de Ré, could not hold up against the sea level. The sea rose over a meter above normal, generating waves up to 8m in the Vendée and Charente-Maritime areas. At the coastal village of L'Aiguillon-sur-Mer, a sea wall that was several hundred years old collapsed and devastated a mobile home park that was situated nearby. The damage to sea walls caused many areas to remain vulnerable to sea surge even after the storm had subsided.

The AIR Europe Windstorm Model

The AIR Europe Windstorm Model creates a catalog of simulated, stochastic events derived from historical seed storms, calculates the wind field produced by each event and determines damages at each affected location.

Data Sources and Analysis

The AIR Europe Windstorm Model uses a physical model based on Numerical Weather Prediction (“NWP”) in combination with detailed wind observations to establish a database of historical storms.

The primary sources of data for this model include:

- World Meteorological Organization (WMO)
- National Climate Data Center (NCDC)
- U.S. National Center for Atmospheric Research (NCAR)
- U.S. National Centers for Environmental Prediction (NCEP)
- UK Meteorological Office (UKMO)
- Risø Laboratory, Copenhagen, Denmark
- Building Research Establishment (BRE)
- Météo France
- Swiss Federal Office of Meteorology and Climatology (Meteo Swiss)
- MDA Federal, Incorporated
- Deutscher Wetterdienst (DWD) (German Weather Service)
- Danish Meteorological Institute (DMI)
- Royal Netherlands Meteorological Institute (KNMI)

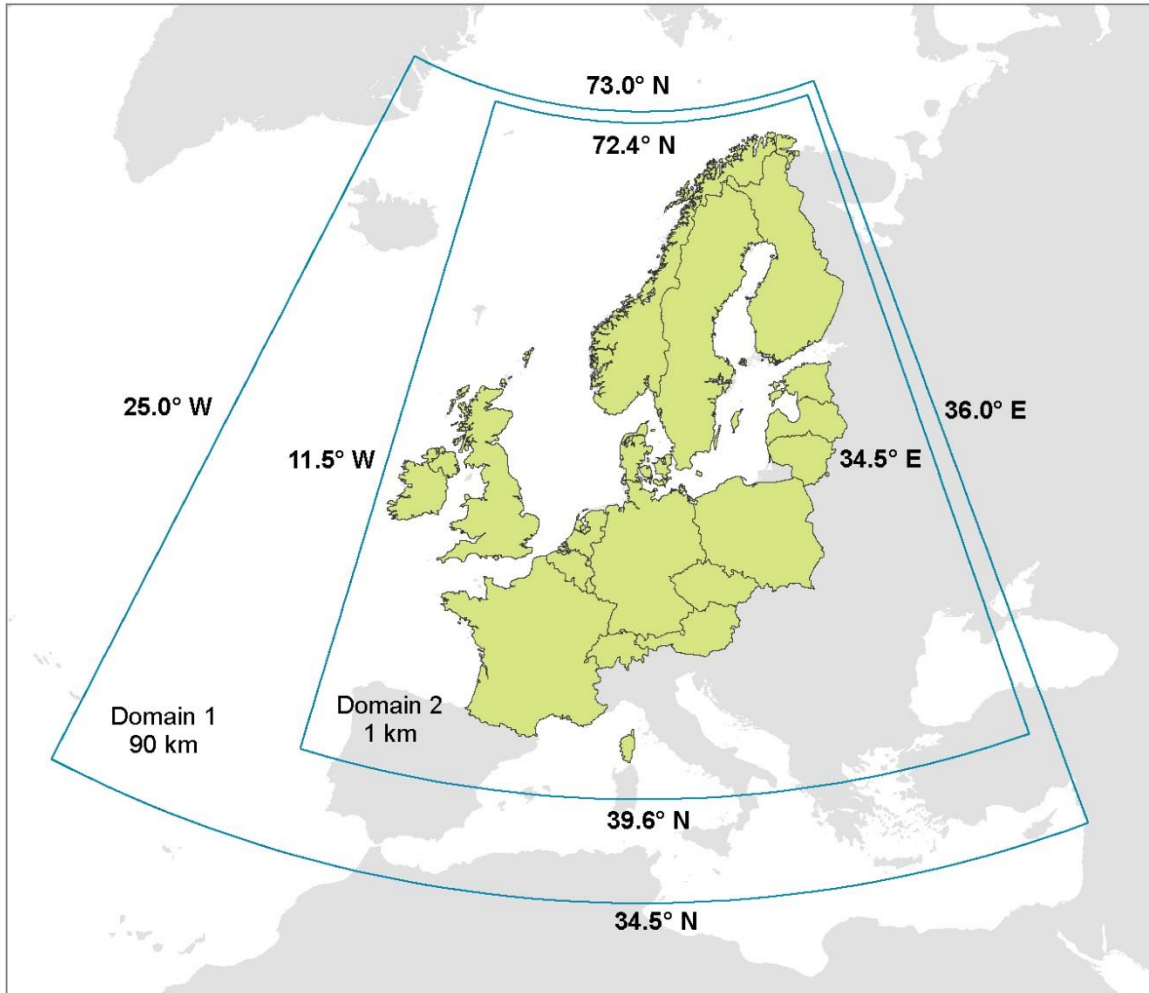
Using the known physical laws of the atmosphere translated into mathematical equations, the regional NWP model uses NCEP/NCAR reanalysis as initial and boundary conditions to model the evolution of complex circulation patterns over Europe at a finer scale (spatially and temporally) than the underlying reanalysis data.

The NCEP/NCAR reanalysis data provides a complete four-dimensional representation of the atmosphere from 1948 to the present. It should be noted that AIR’s storm tracking starts with the year 1958. The time period from 1948 and 1957 is not used due to fact that the reporting times of observational data was different during that time period and the process resulted in a loss of precision.

Model Domain

The AIR Europe Windstorm Model is contained within two domains, shown in the figure below. Domain 1 is used for storm detection. It uses global reanalysis data refined to hourly intervals and to a resolution of 90 km, with a mesoscale model developed by Pennsylvania State University and NCAR, known as MM5. Domain 2 defines the area where detailed analysis of individual storms and potential damage is conducted using a resolution of 1 km x 1 km.

Figure 25: Domains of the AIR Europe Windstorm Model⁽¹⁾



(1) Source: AIR.

Identifying Historical Storms and Storm Clusters

Due to the complex structure of the wind field, separate storms occurring in close proximity to one another may appear to function as one very large storm. In recent years, new techniques have been developed that allow scientists to make a more accurate distinction between separate storms that may be temporally and spatially clustered rather than treating them as a single large system. This new method of identifying storms allows scientists to analyze the behavior of each storm separately and therefore provide a more detailed analysis on their potential effects, both as separate storms and the cumulative effect as a cluster.

The refined output of the MM5 model was used to identify storms by determining locations of each storm's vortex center. The paths of these vortex centers were tracked to locate any number of vortices that form within the model domain during any winter season between 1958 and 2009. Each vortex is treated as a separate storm. By using this tracking method, approximately 4,000 events that occurred between the 1958-1959 winter season and the 2008-2009 winter season were identified. This set of historical storms varies in intensity and location, and therefore provides a basis for generating stochastic catalog events. The set accurately reflects records of historical events including reported temporal storm clusters, which occur when multiple storms affect a given area within a short time period.

Stochastic Catalog Generation

To generate the stochastic event set, AIR researchers applied perturbation techniques to the wind field and track parameters of these 4,000 historical seed storms. Using storm energy and track perturbation from historical data, AIR

researchers were able to capture the complete range of potential annual extratropical cyclones for each area. In addition, this technique ensures full spatial coverage, ultimately producing realistic and accurate loss estimates.

Stochastic Wind Field Generation

Wind fields for stochastic storms are generated from the seed storms. To obtain a stochastic perturbation from a historical storm, AIR meteorologists generate a perturbed hourly wind field of a historical event that is similar to, but still distinct from, the wind field of the original historical event. Restrictions are applied to the storm factor modifications to account for inherent physical limits. By accounting for these restrictions, the AIR Europe Windstorm Model generates physically realistic events with corresponding intensities that evolve over time. From this time evolution of the intensity, the final footprint of a storm is computed by finding the maximum wind speed at any location during the storm's time window.

A reasonable number of these storms are of moderate intensity and a few represent the "perfect" storms that are the result of a simultaneous combination of extremes in storm intensity, vertical transfer of energy, and the strength and position of the jet stream. Some events are more extreme than any that have occurred historically; yet each is realistic and physically possible. The representation of these extreme storms in the stochastic catalog is in accordance with their probability of occurrence according to AIR's expert view. As observed in the historical record, most of the simulated storms in the catalog are of minimal intensity and cause little damage. After researchers eliminated the events that do not reach damage potential, they produced the final 10,000-year stochastic catalog, which contains 53,046 simulated storms.

Stochastic Storm Track Generation

In addition to determining the evolution of intensity for stochastic storms from historical seed storms, the paths of the new stochastic storms are generated using the historical track properties. The historical storm tracks were used to create a continuous background of storm track acceleration values. This background covers the entire modeled region, with the simulated track exhibiting the appropriate forward speed and direction of storm center for that region.

Annual and Intra-Seasonal Storm Frequency – Block Bootstrapping

The final part of the stochastic catalog generation involves the temporal placement of newly created storms within a simulated season. This is done using block bootstrapping, a method to model the frequency of storm occurrence by building off the frequency of historical storms. In addition to providing a realistic storm occurrence pattern, block bootstrapping also allows the model to maintain the annual and intra-seasonal frequency of storms observed historically.

Although these storms can occur at any time during the year, the most significant and damaging ones usually take place between the late fall and early spring, and tend to be most frequent during the winter months when the temperature contrast between the air masses is greatest. In light of this, the AIR stochastic catalog captures windstorm risk in the months of October through March, as seen in the table below.

Table 11: Modeled Frequency of Europe Windstorms by Month⁽¹⁾

Calendar Month	Frequency (%)
January	25.9
February	16.6
March	11.6
April	0.0
May	0.0
June	0.0
July	0.0
August	0.0
September	0.0
October	10.9
November	13.9
December	21.1
TOTAL	100.0

(1) Source: AIR.

Local Wind Intensity Calculation

The AIR Europe Windstorm Model takes into account the characteristics of the land in the vicinity as well as the generated properties of the storm to determine the local wind intensity for given locations. In the AIR Europe Windstorm Model, the measure of intensity is 10-meters above ground, 3-second wind gusts.

Land use/Land cover. The AIR Europe Windstorm Model uses land cover data at 1 km x 1 km resolution to incorporate the detailed effects of the land on wind flow, such as the transition from a rural to an urban environment or those of the sea to land. This includes ridging, which is the acceleration of wind speed produced by mountain ridges, typically beginning halfway up the slope; sheltering, which is the reduction of wind speed on the lee side of a mountain slope; and channeling, which is the acceleration of wind speed on entering a narrowing channel and deceleration of wind speed on entering a widening channel.

Gustiness Effects on Surface Winds. Just as surface roughness exerts a frictional drag on winds, so too can it enhance gustiness, which is a measure of how the wind speed near the earth's surface varies as a function of time. Winds near the surface generally undergo oscillations due to eddies, which are generated from different types of land use and land cover. These eddies are of different sizes and can cause temporary changes in the strength and duration of wind gusts. Wind gusts range from the very extreme, which last only several seconds, to weaker ones which may last several minutes. Typically, very rough surfaces can increase gustiness, while smooth surfaces are associated with low levels of gustiness. Scientists at AIR have accounted for the gustiness effects on winds not only across different types of surfaces, but also from different directions across those surfaces.

Downscaling. The downscaling process allows the AIR Europe Windstorm Model to determine wind speeds at the surface (a height of 10 meters) based on winds aloft. Nearer to the ground, wind flow becomes impeded due to roughness in the terrain (which results from different types of land use and land cover, including buildings), which exerts horizontal drag forces. The properties of the land that alter the wind flow and speed are captured in the downscaling process. The process includes the effects of elevation and terrain roughness on wind speed, allowing for higher wind speeds at the tops of hills and accounts for terrain roughness at a resolution that is finer than can be achieved by NWP alone.

Vulnerability

The vulnerability module of the AIR Europe Windstorm Model estimates damage caused by wind to residential, commercial, and industrial assets as well as automobiles, agricultural buildings, greenhouses (building and non-plant contents), and, in Scandinavian countries, forestry (trees). Further, the model supports distinct combinations of building construction classes and occupancy types. Building height is also accounted for.

The variation in wind and climate that exists throughout Europe contributes to varying building practices and, consequently, to differences in building vulnerability in different areas. Over time, each of the modeled countries has developed its own construction techniques and building practices that reflect the different hazard levels experienced in each region. This regional variability in building vulnerability is reflected in the AIR Europe Windstorm Model.

To ensure that buildings meet certain safety requirements and set minimum standards for performance when subjected to damaging events, the European Committee for Standardization has developed Eurocodes, which are structural design codes developed for each country in the European Union. Under the Eurocode directive, design wind loads are based on winds with an annual probability of exceedance of 2%; that is, they correspond to winds with a return period of 50 years, on average. However, each country is responsible for its own basic design wind speed map. AIR engineers used these design wind speeds from each country when determining the regional vulnerability within each of the modeled countries.

A wind damage function is a relationship between the intensity of the wind and the percentage of the replacement cost of the asset that is needed to repair the damage. This fraction is known as the mean damage ratio. Separate damage functions exist for buildings with different characteristics (construction class, occupancy type and height), as well as for different coverages, that is, building, contents and time element. Damage function for a given building type and coverage provides estimates of the mean, or expected, damage ratio, however, due to the uncertainty in the underlying hazard intensity as well as the uncertainty in building's resistance based on factors such as workmanship, construction practices, aging, etc., the damage ratio is not a deterministic quantity given the hazard intensity. Accordingly, the AIR Europe Windstorm Model uses a probability distribution to fully characterize the damage ratio with the mean provided from the underlying damage function. This distribution changes by building characteristics as well as hazard intensity.

Damage to Buildings. Construction type is a primary feature that affects a building's vulnerability. Masonry buildings perform well when exposed to heavy wind loads and windborne debris, especially in comparison with wood frame buildings. However, for residential buildings, reinforced concrete generally performs better than masonry structures when exposed to heavy wind loads. Reinforced concrete also generally performs better than steel when used for commercial structures, while light metal is the least wind resistant of any of these materials. For any structure, the ability to withstand high winds is also affected greatly by other parameters such as building height and occupancy type. High-rise buildings are generally well engineered and perform better than low-rise buildings. For the same height and construction type, apartment buildings generally sustain more damage as compared to commercial buildings due to structural characteristics such as balconies, soffits and over-hangs.

Damage to Contents. In the AIR Europe Windstorm Model, contents damageability is modeled as a function of building damage and occupancy class. Higher building damage gives rise to higher content damage. The type of occupancy can be used to determine what contents are most likely to be present, and their potential vulnerability. Office buildings for instance usually have a large amount of electronic equipment and can incur heavy losses if window breakage allows rain to enter the interior.

Business Interruption. Similar to contents damage, the AIR Europe Windstorm Model estimates business interruption losses based on building damage and occupancy class. Downtime, or the number of days before a business can return to full operation, is the primary parameter for estimating business interruption (BI) losses. The methodology used for estimating BI losses utilizes an event tree approach, incorporating the latest research and findings from an extensive analysis of claims data. For each step, a probability is assigned to two possible outcomes: continued operations or cessation of operations at the location. If operations cannot continue at the location, a probability is assigned to whether the company will relocate. These probabilities vary by occupancy.

ANNEX B

AIR EXPERT RISK ANALYSIS RESULTS

This “AIR Expert Risk Analysis Results” is subject to the disclaimers and “Additional Risk Factors” section set forth in this Offering Circular, regarding the Series 2018 ISPV 1 Principal At-Risk Variable Rate Notes issued by Atlas Capital UK 2018 PLC and the “Risk Factors” section set forth in the Offering Circular. For the purposes of this “AIR Expert Risk Analysis Results” section, all capitalized terms used herein shall have the same meaning as set forth in this Offering Circular, unless otherwise specified in this “AIR Expert Risk Analysis Results” section.

AIR loss files consist of estimates of the Named Storm State PCS Losses, Named Storm County PCS Losses, Earthquake State PCS Losses, Earthquake County PCS Losses, Earthquake Province PCS Losses, and Europe Windstorm Loss Amounts resulting from the events simulated within the AIR Models. To create the loss file for a given peril, the AIR Models estimate the impact of the peril by applying event characteristics to industry-wide exposure data (as opposed to data for a specific insurer). AIR’s Industry Exposure Database in the United States, Puerto Rico, U.S. Virgin Islands, and Canada for residential, commercial, and auto lines in the respective Named Storm Covered Area and Earthquake Covered Area, and the Augmented PERILS Industry Exposure Database for residential, commercial, industrial, and agricultural lines in the Europe Windstorm Initial Covered Area, and thousands of years of potential event activity are simulated. For the analysis reflected herein, 10,000 such years were simulated. For each year of the simulation, a set of events is generated and an estimated Named Storm State PCS Loss, Named Storm County PCS Loss, Earthquake State PCS Loss, Earthquake County PCS Loss, Earthquake Province PCS Loss, and Europe Windstorm Loss Amounts as applicable, are modeled. These analyses produce loss files which consist of the modeled losses for each type of exposure, for each simulated event, and for each year of simulated events.

AIR’s Industry Exposure Database

AIR has developed databases of estimated numbers, types and values of properties for various lines of business in all regions of the world for which it develops models. These databases have been constructed from a wide range of data sources and reflect the estimated total replacement cost of property exposures. They are used to estimate total insurable property losses. Industry insurable loss estimates are based on assumptions as to the level of deductibles and how many of the total properties are insurable. Assumptions specifically regarding insurance policies and trends are based on insurance industry sources, including clients, industry organizations, and government studies. Industry insured loss estimates are derived from the insurable industry exposures through the application of area- and peril-specific insurance take-up rates. The property value databases are developed, maintained, and enhanced through an ongoing process of data collection, synthesis, and analysis.

The AIR Industry Exposure Database in the United States, Puerto Rico, U.S. Virgin Islands, and Canada is modeled as a proxy for the PCS lines of personal (made up of residential and mobile home exposure), commercial (made up of commercial and industrial exposure), and automobiles. Much of the information required to develop the estimated values is acquired each year from governmental statistical agencies and private firms that specialize in this type of information. For example, primary data sources in the United States include the U.S. Census Bureau, Nielsen, ISO, the Insurance Information Institute, and Xactware. Primary data sources in Canada include Geografx, Verisk-360Value[®], Colliers International, NASA, and the North American Land Change Monitoring System. The AIR Industry Exposure Database in the U.S. is as of December 31, 2016, in Puerto Rico and U.S. Virgin Islands is as of December 31, 2014, and in Canada is as of December 31, 2015.

Many data sources supply updated information on a regular basis. While such data sources contain extensive information, AIR has developed internal procedures that select and transform collected data into the required exposure data estimates. These procedures include combining the data from multiple sources and performing appropriate allocations or aggregations of data. AIR, however, makes no representation as to the accuracy of these data sources and has not conducted any independent investigation as to their accuracy. These sources sometimes change their methodologies and these changes may materially impact the resulting estimates.

Tables 1 through 6 summarize the industry insured exposure in AIR's Initial Industry Exposure Database for the United States, Puerto Rico, U.S. Virgin Islands, and Canada, by AIR's definition of line of business, in the respective Named Storm Covered Area and Earthquake Covered Area. Note that values are rounded.

Table 1: Summary of the AIR Initial Industry Exposure Database for the United States, Puerto Rico, and U.S. Virgin Islands in the Named Storm Covered Area with Respect to Named Storm as of December 31, 2016 for the United States and December 31, 2014 for Puerto Rico and U.S. Virgin Islands
(USD billions)

State ⁽¹⁾	Residential	Mobile Home	Commercial	Automobile	Total ⁽²⁾
Alabama	521	20	488	49	1,079
Arkansas	287	11	296	30	624
Connecticut	589	1	483	27	1,100
Delaware	127	3	117	9	256
District of Columbia	86	<1	257	3	346
Florida	2,209	58	1,944	174	4,385
Georgia	1,211	26	1,031	99	2,367
Hawaii	202	<1	178	11	391
Illinois	1,668	9	1,796	111	3,585
Indiana	926	10	692	67	1,694
Kentucky	440	16	429	47	932
Louisiana	403	18	499	45	964
Maine	187	4	144	13	348
Maryland	831	3	697	51	1,582
Massachusetts	989	2	868	54	1,913
Mississippi	255	13	272	29	569
Missouri	756	12	715	67	1,550
New Hampshire	196	2	147	13	359
New Jersey	1,320	2	1,200	66	2,588
New York	2,567	13	3,230	118	5,928
North Carolina	1,107	40	937	110	2,194
Ohio	1,631	13	1,344	103	3,092
Oklahoma	424	11	380	43	857
Pennsylvania	1,877	15	1,512	111	3,516
Puerto Rico	71	0	191	19	282
Rhode Island	131	<1	119	9	260
South Carolina	485	25	452	47	1,008
Tennessee	749	18	679	61	1,507
Texas	2,830	53	2,712	273	5,867
Vermont	102	1	76	7	187
Virgin Islands, U.S.	3	0	7	1	11
Virginia	1,193	12	954	84	2,243
West Virginia	192	9	158	18	377
Total⁽²⁾	26,565	419	25,007	1,969	53,961

(1) States listed are those in the Named Storm Covered Area in the model domain of the AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models.

(2) Totals may not add due to rounding.

Table 2: Summary of the AIR Initial Industry Exposure Database for the United States in the Earthquake Covered Area with Respect to Earthquake Shake as of December 31, 2016 for the United States and December 31, 2014 for Puerto Rico (USD billions)

State	Residential	Mobile Home	Commercial	Automobile	Total⁽¹⁾
Alabama	49	2	45	49	146
Alaska	20	<1	14	7	41
Arizona	40	2	24	57	123
Arkansas	94	4	97	30	225
California	810	5	1,047	336	2,197
Colorado	28	<1	19	57	103
Connecticut	20	<1	16	27	63
Delaware	4	<1	4	9	17
District of Columbia	2	<1	5	3	10
Florida	73	3	56	174	306
Georgia	49	1	42	99	192
Hawaii	20	<1	18	11	49
Idaho	9	<1	7	22	39
Illinois	297	4	275	111	687
Indiana	332	4	256	67	658
Iowa	37	<1	37	41	115
Kansas	58	<1	45	38	142
Kentucky	254	8	245	47	554
Louisiana	10	1	12	45	67
Maine	8	<1	6	13	28
Maryland	23	<1	19	51	93
Massachusetts	114	<1	121	54	289
Michigan	27	<1	19	88	135
Minnesota	11	<1	9	59	79
Mississippi	103	5	109	29	246
Missouri	452	7	425	67	952
Montana	7	<1	6	17	30
Nebraska	16	<1	14	26	56
Nevada	29	1	26	27	83
New Hampshire	9	<1	7	13	30
New Jersey	15	<1	13	66	94
New Mexico	14	1	13	24	51
New York	65	1	154	118	338
North Carolina	34	1	29	110	174
North Dakota	4	<1	5	15	24
Ohio	212	2	178	103	495
Oklahoma	21	1	19	43	84
Oregon	192	3	180	40	414
Pennsylvania	74	1	61	111	247
Puerto Rico	71	0	191	19	282
Rhode Island	6	<1	5	9	19
South Carolina	91	4	85	47	227
South Dakota	5	<1	6	14	26
Tennessee	225	5	205	61	496
Texas	75	2	72	273	422
Utah	50	<1	39	28	117
Vermont	4	<1	3	7	14
Virginia	32	<1	27	84	143
Washington	251	3	186	74	514
West Virginia	8	<1	7	18	33
Wisconsin	21	<1	18	59	98
Wyoming	7	<1	6	9	22
Total⁽¹⁾	4,484	73	4,527	3,005	12,089

(1) Totals may not add due to rounding.

Table 3: Summary of the AIR Initial Industry Exposure Database for the United States in the Earthquake Covered Area with Respect to Fire Following Earthquake as of December 31, 2016
(USD billions)

State	Residential	Mobile Home	Commercial	Automobile	Total ⁽¹⁾
Alabama	521	20	488	49	1,079
Arizona	836	21	535	57	1,450
Arkansas	287	11	296	30	624
California	5,160	36	3,880	336	9,411
Colorado	880	6	616	57	1,559
Connecticut	589	1	483	27	1,100
Delaware	127	3	117	9	256
District of Columbia	86	<1	257	3	346
Florida	2,209	58	1,944	174	4,385
Georgia	1,211	26	1,031	99	2,367
Idaho	202	4	157	22	385
Illinois	1,668	9	1,796	111	3,585
Indiana	926	10	692	67	1,694
Iowa	388	4	376	41	810
Kansas	385	4	332	38	759
Kentucky	440	16	429	47	932
Louisiana	403	18	499	45	964
Maine	187	4	144	13	348
Maryland	831	3	697	51	1,582
Massachusetts	989	2	868	54	1,913
Michigan	1,420	17	1,024	88	2,549
Minnesota	782	6	645	59	1,492
Mississippi	255	13	272	29	569
Missouri	756	12	715	67	1,550
Montana	137	4	121	17	279
Nebraska	252	2	227	26	508
Nevada	354	5	327	27	712
New Hampshire	196	2	147	13	359
New Jersey	1,320	2	1,200	66	2,588
New Mexico	245	10	223	24	501
New York	2,567	13	3,230	118	5,928
North Carolina	1,107	40	937	110	2,194
North Dakota	91	2	115	15	223
Ohio	1,631	13	1,344	103	3,092
Oklahoma	424	11	380	43	857
Oregon	472	10	443	40	964
Pennsylvania	1,877	15	1,512	111	3,516
Rhode Island	131	<1	119	9	260
South Carolina	485	25	452	47	1,008
South Dakota	99	2	105	14	221
Tennessee	749	18	679	61	1,507
Texas	2,830	53	2,712	273	5,867
Utah	333	3	255	28	619
Vermont	102	1	76	7	187
Virginia	1,193	12	954	84	2,243
Washington	996	14	738	74	1,822
West Virginia	192	9	158	18	377
Wisconsin	737	7	687	59	1,489
Wyoming	70	2	67	9	147
Total⁽¹⁾	40,128	578	35,505	2,968	79,179

(1) Totals may not add due to rounding.

Table 4: Summary of the AIR Initial Industry Exposure Database for Canada in the Earthquake Covered Area with Respect to Earthquake Shake as of December 31, 2015
(USD billions)⁽¹⁾

Province	Residential	Mobile Home	Commercial	Automobile	Total ⁽²⁾
Alberta	7	<1	456	45	508
British Columbia	377	2	630	42	1,052
Manitoba	2	<1	73	11	85
New Brunswick	1	<1	53	8	61
Newfoundland	1	<1	36	5	41
North West Territories	<1	<1	4	<1	5
Nova Scotia	1	<1	66	9	76
Nunavut	<1	<1	2	<1	2
Ontario	57	<1	1,288	113	1,458
Prince Edward Island	<1	<1	10	1	11
Quebec	33	<1	839	72	944
Saskatchewan	2	<1	102	13	117
Yukon	<1	<1	4	1	4
Total⁽²⁾	481	2	3,562	319	4,365

- (1) The Canada FX Conversion Factor presented in Table 7 was applied to local currency amounts to calculate the US dollar equivalent.
(2) Totals may not add due to rounding.

Table 5: Summary of the AIR Initial Industry Exposure Database for Canada in the Earthquake Covered Area with Respect to Fire Following Earthquake as of December 31, 2015
(USD billions)⁽¹⁾

Province	Residential	Mobile Home	Commercial	Automobile	Total ⁽²⁾
Alberta	686	5	911	45	1,647
British Columbia	768	5	741	42	1,557
Manitoba	167	1	182	11	361
New Brunswick	105	1	105	8	219
Newfoundland	80	<1	65	5	150
North West Territories	8	<1	10	<1	19
Nova Scotia	128	2	132	9	271
Nunavut	5	<1	4	<1	9
Ontario	1,885	2	2,147	113	4,147
Prince Edward Island	18	<1	19	1	39
Quebec	998	3	1,399	72	2,471
Saskatchewan	177	1	204	13	395
Yukon	6	<1	7	1	14
Total⁽²⁾	5,030	20	5,928	319	11,297

- (1) The Canadian FX Conversion Factor presented in Table 7 was applied to local currency amounts to calculate the US dollar equivalent.
(2) Totals may not add due to rounding.

Modeling the PERILS Industry Exposure Database

PERILS publishes total sums insured data by building value, contents value, and business interruption value, for each CRESTA and line of business in the following countries: Austria; Belgium; Denmark (including Jutland, Sjælland, Fyn, Lolland, and Bornholm, and the Faroe Islands); mainland metropolitan France and Corsica (excluding Départements d’Outre Mer and Territoires d’Outre Mer); Germany; the Republic of Ireland; Luxembourg; The Netherlands (excluding Aruba and The Netherlands Antilles); Sweden; Switzerland; and the United Kingdom (Great Britain and Northern Ireland, excluding overseas dependencies but including the Isle of Man and Channel Islands); In Norway (excluding Jan Mayen and Svalbard) PERILS publishes total sums insured data by building value, contents value, and business interruption value, for each fylke (called “counties”) and line of business. Fylke are referenced by ISO 3166-2 codes. The sums insured for Norway are allocated to each CRESTA and line of business. Please refer to www.cresta.org¹ for more information on CRESTA zones.

Table 6 summarizes the Initial Augmented PERILS Industry Exposure Database by each country of the Europe Windstorm Initial Covered Area.

Table 6: Summary of the Initial Augmented PERILS Industry Exposure Database in the Europe Windstorm Initial Covered Area as of January 1, 2017⁽¹⁾
(EUR billions)

Country	Total⁽²⁾
Austria	2,416
Belgium	1,983
Denmark	1,697
France	11,933
Germany	14,580
Ireland	749
Luxembourg	189
The Netherlands	3,044
Norway	2,001
Sweden	2,476
Switzerland	3,834
United Kingdom	9,292
Total⁽²⁾	54,193

(1) The Europe FX Conversion Factors presented in Table 7 were applied to local currency amounts to calculate the EUR equivalent.

(2) Totals may not add due to rounding.

In order to perform a detailed modeling of the PERILS Industry Exposure Database, the total insured values within each CRESTA Zone and line of business must be attributed to the specific mix of construction, occupancy, and height characteristic of that CRESTA Zone and line of business. Accounting for the specifics of the building stock and local construction practices allows for a better simulation of the vulnerability of the exposure within each CRESTA Zone. Because CRESTA Zones can cover large geographical areas with an uneven geographical distribution of built-up areas and, within each built-up area, an uneven distribution of exposure between lines of business, the exposure must also be distributed geographically within each CRESTA Zone, in line with the distribution of exposure specific to each line of business. Both the building stock (construction, occupancy, height) and geographical distributions of the PERILS exposure within each CRESTA Zone and line of business are performed by mirroring such distributions within AIR’s industry exposure databases in Europe. For some countries, the PERILS exposure is broken out into residential, commercial, industrial, and agriculture lines of business, whereas in other countries the exposure may be aggregated into only two or three lines of business.

Loss distributions developed based on modeling catastrophic events are highly dependent on the environment in which the exposure is located and the exposure’s physical characteristics. To accurately assess the risk from catastrophic events, it is important to model the most detailed exposure available. To create the Augmented PERILS Industry Exposure Database necessary to perform detailed modeling, AIR disaggregated the PERILS Industry

¹ The contents of this website are not incorporated by reference into this Offering Circular and should not be relied upon in connection with any decision to invest in the Series 2018 Notes.

Exposure Database using AIR's proprietary database of industry insured exposure in Europe. The paragraphs that follow detail the disaggregation methodology. **It is important to note that the disaggregation methodology did not alter the total CRESTA Zone sums insured originally provided by PERILS.**

In some instances, PERILS grouped multiple lines of business together following the prevailing granularity of exposure information available from the data-providing insurance companies. In the case of the Austria, United Kingdom, Ireland, Luxembourg, the PERILS "Commercial" line of business grouped together commercial, industrial, and agriculture exposure. In Denmark, the "Commercial" line of business includes both commercial and industrial exposure. In Germany, the "Commercial" line of business includes both commercial and agriculture exposure. In these instances of grouped exposure, AIR used its industry exposure database in each respective CRESTA to distribute the exposure to each individual lines of business. For instance, if PERILS states that the combined "Commercial/Industrial/Agriculture" exposure in a given CRESTA has a value of €10 billion, and AIR's industry insured exposure database shows that the exposure is split 50% commercial, 30% industrial, and 20% agriculture in that CRESTA, €5 billion of exposure will be assigned to commercial, €3 billion to industrial, and €2 billion to agriculture.

Once the PERILS exposure was distributed to each of the residential, commercial, industrial, and agriculture lines of business in each CRESTA, AIR used its industry insured exposure database to distribute the exposure in each CRESTA and line of business by its relative distribution of construction/occupancy/height combination. For instance, if PERILS states that commercial buildings in a given CRESTA have a value of €5 billion and AIR's industry insured exposure database shows that commercial insured values in that CRESTA are split evenly between reinforced concrete and steel construction, then the PERILS data is split evenly, €2.5 billion in both reinforced concrete and steel for the purpose of modeling. This is then further split to reflect the mix of occupancies associated with each construction, and further by height within each construction/occupancy combination.

Once the PERILS exposure has been distributed to each construction/occupancy/height mix within each CRESTA and line of business, AIR used its industry insured exposure database to distribute the exposure to 1 km x 1 km gridpoints within each CRESTA, to respect the relative geographical distribution of each construction/occupancy/height mix within a CRESTA. For instance, if a given CRESTA has an area of heavy concentration of residential exposure (such as a city) and another area with heavy concentration of industrial exposure (such as an industrial park), this relative distribution will be respected, allowing for the exposure to be realistically distributed within each CRESTA. The AIR Europe Windstorm Model supports disaggregation of CRESTA-level exposure to 1 km x 1 km gridpoints and do not support the disaggregation of fylke exposure to 1 km x 1 km gridpoints. In Norway, allocating exposure from fylke to CRESTA enables disaggregation of exposure to 1 km x 1 km gridpoints.

There are two situations when PERILS provides sums insured data where AIR's database of industry insured exposure does not have exposure data. The first situation is residential additional living expense exposure. To determine the breakdown of residential business interruption exposure by construction/occupancy/height combination, AIR applied a breakdown based on the sum of buildings value and contents value. Second, PERILS provides agricultural data in three urban CRESTA Zones where AIR does not: Paris (France), 'S-Graven (The Netherlands), and Leeuwarde (The Netherlands). In each case, the countrywide agricultural breakdown by construction was used to disaggregate the PERILS value.

For Europe, PERILS data also includes a range of possible deductible percentage, as well as a "best estimate" deductible percentage of average total sums insured by CRESTA and line of business. AIR modeled the "best estimate" deductible as a site percentage, which covers all coverage types, including buildings value, contents value, and business interruption value.

For Europe Windstorm, AIR modeled losses to the Augmented PERILS Industry Exposure Database in excess of €200 million in all simulated lines of business are used as a proxy for potential Europe Windstorm Loss Amounts. See *Risk Factors – Risks Related to the AIR Expert Risk Analysis Reports.*"

Modeling Europe Windstorm Storm Surge

The Europe Windstorm Loss Amount is inclusive of all losses resulting from wind and ensuing perils, following the coverage of the underlying property policies. This can include losses caused by storm surge. AIR currently models storm surge losses in the United Kingdom only. AIR uses a hydrodynamic model to simulate fluid flow in time and space. The AIR Europe Windstorm model incorporates detailed offshore bathymetry (water depth) and coastal topography (land elevation) to estimate flood volumes over land.

The AIR United Kingdom storm surge model accepts CRESTA-level insured exposure values by line of business. Modeled loss estimates for United Kingdom storm surge were generated using CRESTA and line of business-specific

insured exposure provided by PERILS, and deductible assumptions present in the AIR industry database for the United Kingdom.

The AIR United Kingdom storm surge model is distinct from the AIR Europe Windstorm model. In order to estimate the combined wind and surge damage from individual Europe Windstorm Events, AIR identified Europe Windstorms whose track and associated wind field were capable of forcing water against the eastern coast of the United Kingdom and causing storm surge damage (such events may or may not also cause substantial wind damage on land). AIR then identified United Kingdom storm surge events occurring within the same time period.

Storm surge losses were not modeled for historical storms.

Data Used For Analysis

The initial exposures modeled for this analysis consisted of personal (including mobile homes), commercial, and automobile values from the AIR Initial Industry Exposure Database for the United States, Puerto Rico, U.S. Virgin Islands, and Canada, as of December 31, 2016 for the United States, as of December 31, 2014 for Puerto Rico and U.S. Virgin Islands, and as of December 31, 2015 for Canada in the respective Named Storm Covered Area and Earthquake Covered Area, and residential, commercial (including industrial), and agriculture values from the Initial Augmented PERILS Industry Exposure Database in the Europe Windstorm Initial Covered Area as of January 1, 2017 (based on the PERILS Industry Exposure Database released by PERILS on April 1, 2017). After modeling the Initial Industry Exposure Database, the Initial Named Storm Payout Factors, the Initial Earthquake Payout Factors, and the Initial Europe Windstorm Payout Factors were then applied.

Table 7: Canada FX Conversion Factor and Europe FX Conversion Factors

Currency	Exchange Rate versus USD	Currency	Exchange Rate versus USD
CAD	0.76195	GBP	1.25572
CHF	0.99947	NOK	0.11988
DKK	0.14435	SEK	0.11306
EUR	1.07340		

Results of AIR’s Modeling

The information presented below represents AIR’s modeling results based on the AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models, the AIR Earthquake Models and the AIR Europe Windstorm Model and input data regarding the Initial Industry Exposure Database as described above.

The Escrow Models generate large samples (10,000 annual scenarios of potential events), which provide an estimate of the underlying probability distribution of estimated losses. The results of AIR’s modeling are subject to limitations and qualifications set forth under “Limitations of AIR Analysis Included Herein.”

Table 8 provides the estimated annual loss to the Series 2018 Notes (Initial Modeled One Year Expected Loss), with corresponding probabilities of having a non-zero loss level (Initial Modeled One Year Attachment Probability) and having a full principal payout amount (Initial modeled one year exhaustion probability) for the Series 2018 Notes.

Table 8: Modeled Annual Statistics for the Series 2018 Notes⁽¹⁾

Initial Modeled One Year Attachment Probability	3.98%
Initial Modeled One Year Expected Loss	3.24%
Initial one year exhaustion probability	2.63%

(1) The initial modeled statistics are generated using AIR’s standard hurricane catalog.

Tables 9 and 10 provide a summary of the loss analysis by region for the Series 2018 Notes. The statistics shown in Tables 9 and 10 were calculated independently for North America and Europe, and therefore attachment probabilities, expected losses and exhaustion points do not add up to the corresponding figures from Table 8 due to the combined limit used in Table 8’s risk metric calculations.

Table 9: Modeled Annual Statistics for North America⁽¹⁾

Initial North America Attachment Level	1,700 index points
Initial North America Exhaustion Level	2,000 index points
Modeled one year attachment probability	2.23%
Modeled one year expected loss	1.93%
Modeled one year exhaustion probability	1.71%

(1) The modeled statistics are generated using AIR’s standard hurricane catalog.

Table 10: Modeled Annual Statistics for Europe

Initial European Attachment Level	850 index points
Initial European Exhaustion Level	1,130 index points
Modeled one year attachment probability	1.79%
Modeled one year expected loss	1.33%
Modeled one year exhaustion probability	0.92%

Table 11 details a sample of the annual aggregate loss distribution for the Series 2018 Notes. The losses presented in the table represent estimates for aggregate modeled Named Storm Index Values and Earthquake Index Values, as well as the associated modeled annual exceedance probability, the corresponding modeled Loss Period Index Value and modeled Principal Reduction to the Series 2018 Notes. The AIR Data File includes additional information relating to the annual aggregate loss distribution for the Series 2018 Notes. See Annex F and “AIR Data File Information”.

Table 11: Aggregate Modeled Results for Illustrative Probabilistic Simulation Years for North America

	Modeled Annual Exceedance Probability ⁽¹⁾ (%)	Peril ⁽²⁾	Landfall(s) / Epicenter ⁽³⁾	Saffir-Simpson Category / Moment Magnitude (Mw)	Modeled Total Industry Insured Loss in the Covered Area (\$ billions) ⁽⁴⁾	Modeled Event Index Value (index points) ⁽⁵⁾	Modeled Loss Period Index Value (index points) ⁽⁵⁾	Series 2018 Notes Modeled Cumulative Principal Reduction (%)
Initial North America Exhaustion Level	1.60	NS	TX	4	156.6	2,072.1	2,072.1	100.0
	1.70	NS	FL	5	289.1	2,008.8	2,008.8	100.0
	1.71	NS	FL, SC ⁽⁶⁾	3, 2	9.2	56.4	56.4	0.0
		EQ	Alameda, CA	6.8	59.7	1,944.2	2,000.6	100.0
	1.72	NS	MS	3	8.2	48.1	48.1	0.0
		NS	SC	4	27.8	383.3	431.4	0.0
	1.80	NS	PR, SC ⁽⁶⁾	3, 4	104.0	1,556.4	1,987.8	95.9
		NS	PR, TX ⁽⁶⁾	1, 4	34.3	430.9	430.9	0.0
	1.90	NS	NJ	3	90.7	1,472.6	1,903.5	67.8
		NS	PR, NC, RI ⁽⁶⁾	4, 3, 1	82.7	1,798.6	1,798.6	32.9
2.00	EQ	Los Angeles, CA	6.4	3.0	66.6	1,865.3	55.1	
	NS	PR, Virgin Islands (US)	2, 3	6.7	95.4	95.4	0.0	
2.10	NS	TX	4	6.2	38.9	134.3	0.0	
	NS	FL	4	34.4	188.2	322.5	0.0	
	EQ	Mendocino, CA	7.9	41.8	1,464.0	1,786.6	28.9	
	EQ	San Bernardino, CA	7.6	1.7	21.7	1,808.3	36.1	
2.20	NS	HI	4	101.5	1,760.1	1,760.1	20.0	
	NS	PR, FL ⁽⁶⁾	4, 1	58.3	1,278.2	1,278.2	0.0	
2.22	NS	PR, NC ⁽⁶⁾	2, 4	19.2	228.4	1,506.6	0.0	
	EQ	Santa Barbara, CA	7.3	6.7	209.8	1,716.4	5.5	
Initial North America Attachment Level	2.23	NS	PR	2	6.1	75.2	75.2	0.0
		NS	FL	3	7.3	13.7	89.0	0.0
	EQ	Santa Clara, CA	6.8	49.8	1,616.6	1,705.5	1.8	
2.24	NS	FL, SC ⁽⁶⁾	4, 2	22.5	192.0	192.0	0.0	
	NS	NY	3	95.9	1,510.6	1,702.6	0.9	
2.35	NS	PR, FL ⁽⁶⁾	2, 4	6.4	59.2	59.2	0.0	
	NS	TX	4	40.2	490.4	549.6	0.0	
	NS	TX	5	78.8	1,143.7	1,693.3	0.0	
2.40	NS	FL, FL ⁽⁶⁾	5, 4	228.8	1,612.4	1,612.4	0.0	
	EQ	Orange, CA	5.9	2.2	25.4	1,637.7	0.0	
2.40	NS	FL	4	39.0	242.2	242.2	0.0	
	EQ	Alameda, CA	6.9	42.8	1,382.7	1,625.0	0.0	

- (1) The modeled annual exceedance probability is an estimate of the likelihood that the level of losses associated with a given event or aggregation of events will be exceeded in any given simulated year.
- (2) Peril abbreviations: NS = Named Storm, EQ = Earthquake.
- (3) "Landfall(s)" pertains to the perils of Named Storm. "Epicenter" pertains to the perils of Earthquake.
- (4) Modeled total industry insured loss is provided prior to the application of the Initial Named Storm Payout Factors, Initial Earthquake Payout Factors, and the applicable Initial Index Event Deductible.
- (5) Modeled Event Index Value is after application of the applicable Initial Index Event Deductible and after the application of the Initial Named Storm Payout Factors and Initial Earthquake Payout Factors. Modeled Loss Period Index Value is the sum of estimated losses for all events in any given simulated year.
- (6) Multiple landfalling event.

Table 12 details a sample of the annual aggregate loss distribution for the Series 2018 Notes. The losses presented in the table represent estimates for aggregate modeled Europe Windstorm Index Value, as well as the associated modeled annual exceedance probability, the corresponding modeled Loss Period Index Value and modeled Principal Reduction to the Series 2018 Notes. The AIR Data File includes additional information relating to the annual aggregate loss distribution for the Series 2018 Notes. See Annex F and “AIR Data File Information”.

Table 12: Aggregate Modeled Results for Illustrative Probabilistic Simulation Years for Europe

	Modeled Annual Exceedance Probability ⁽¹⁾ (%)	Affected Countries ⁽²⁾	Modeled	Modeled Event Index Value (index points) ⁽⁴⁾	Modeled Loss	Series 2018 Notes
			Total Industry Insured Loss in the Covered Area (EUR billions) ⁽³⁾		Period Index Value (index points) ⁽⁴⁾	Modeled Cumulative Principal Reduction (%)
Initial European Exhaustion Level	0.73	FR, BE, SE, FI, DK	19.0	1,118.1	1,118.1	95.7
	0.92	DE, FR, UK, NL, AT	3.7	92.5	1,210.5	100.0
		DE, NL, FR, BE, LU	3.1	41.9	41.9	0.0
		FR, UK, IE, DE, NL	0.8	3.8	45.7	0.0
		SE, DK, NO, DE, UK	2.9	71.6	117.3	0.0
		SE, DE, FR, CH, DK	6.7	268.3	385.6	0.0
	UK, IE, NO, FR, BE	4.1	144.5	530.1	0.0	
	NL, DE, BE, UK, NO	17.7	553.5	1,083.6	83.4	
	DE, FI, AT, CZ, UK	2.8	49.8	1,133.5	100.0	
	Initial European Attachment Level	1.09	FR, UK, NO, BE, IE	5.4	272.0	272.0
DE, NL, FR, BE, DK			10.7	370.1	642.1	0.0
1.24		FR, UK, NL, DE, BE	8.8	439.8	1,081.8	82.8
		UK, NL, DE, IE, FR	1.5	23.1	23.1	0.0
1.67		UK, FR, NL, DE, DK	21.2	1,004.0	1,027.0	63.2
		DE, DK, SE, NL, BE	28.9	885.5	885.5	12.7
1.79		FR, UK, IE, NL, NO	0.9	17.2	17.2	0.0
		FR, UK, CH, BE, NL	6.0	334.0	351.2	0.0
		DE, SE, UK, DK, IE	1.4	3.9	355.1	0.0
		UK, DE, PL, DK, AT	1.7	20.6	375.7	0.0
	FR, UK, IE, DE, BE	0.7	0.1	375.7	0.0	
	DE, UK, FR, NL, IE	1.4	12.1	387.8	0.0	
FR, BE, NL, DE, UK	9.9	465.7	853.5	1.3		
Initial European Exhaustion Level	1.81	UK, IE, FR, NO	17.1	808.9	808.9	0.0
	1.99	DE, FR, CH, AT, IE	2.5	36.7	845.5	0.0
		UK, DK, IE, DE, SE	18.3	815.3	815.3	0.0

(1) The modeled annual exceedance probability is an estimate of the likelihood that the level of losses associated with a given event or aggregation of events will be exceeded in any given simulated year.

(2) “Affected Countries” pertains to the peril of Europe Windstorm. Country abbreviations: AT = Austria, BE = Belgium, CH = Switzerland, CZ = Czech Republic, DE = Germany, DK = Denmark, FI = Finland, FR = France, IE = Ireland, LU = Luxembourg, NL = The Netherlands, NO = Norway, PL = Poland, SE = Sweden, , UK = United Kingdom. “Affected Countries” with largest impact based on AIR modeled industry insured losses.

- (3) Modeled total industry insured loss is provided prior to the application of the Initial Europe Windstorm Payout Factors and applicable Initial Index Event Deductible.
- (4) Modeled Event Index Value is after application of the applicable Initial Index Event Deductible and after the application of the Initial Europe Windstorm Payout Factors. Modeled Loss Period Index Value is the sum of estimated losses for all events in any given simulated year.

Contribution Analysis

Table 13 provides a detailed breakdown of the modeled one year expected loss for North America by peril, region (country, state or province) and line of business to the Series 2018 Notes from modeled Named Storm Events and Earthquake Events resulting in losses to the 2018 Notes arising in the 10,000 annual scenarios of potential Named Storm and Earthquake activity that were simulated. All contribution exhibits are based on a full calendar year.

Table 13: Modeled Contribution to Modeled One Year Expected Loss for North America by Peril, Region and Line of Business

Peril/State	Personal	Commercial	Auto	Total⁽¹⁾
Named Storm	27.1%	22.3%	1.9%	51.3%
Florida	7.7%	5.2%	0.8%	13.7%
Texas	3.7%	2.6%	0.3%	6.6%
Hawaii	4.0%	2.4%	<0.1%	6.5%
Puerto Rico	1.2%	5.2%	0.1%	6.5%
New York	3.3%	2.5%	0.2%	6.0%
New Jersey	1.4%	1.1%	<0.1%	2.5%
North Carolina	1.1%	0.5%	<0.1%	1.6%
Connecticut	1.0%	0.5%	<0.1%	1.5%
Louisiana	0.6%	0.8%	0.1%	1.5%
South Carolina	0.8%	0.4%	<0.1%	1.3%
Massachusetts	0.7%	0.3%	<0.1%	1.0%
Virginia	0.3%	0.1%	<0.1%	0.5%
Pennsylvania	0.3%	0.1%	<0.1%	0.5%
Mississippi	0.2%	0.1%	<0.1%	0.4%
Virgin Islands (US)	<0.1%	0.1%	<0.1%	0.2%
Other ⁽²⁾	0.7%	0.3%	<0.1%	1.0%
Earthquake	15.8%	32.0%	0.9%	48.7%
California	10.3%	21.6%	0.8%	32.7%
British Columbia	2.5%	6.1%	<0.1%	8.6%
Oregon	0.6%	1.2%	<0.1%	1.9%
Tennessee	0.7%	0.9%	<0.1%	1.6%
Washington	0.4%	0.6%	<0.1%	1.0%
Missouri	0.3%	0.4%	<0.1%	0.7%
Arkansas	0.3%	0.3%	<0.1%	0.6%
South Carolina	0.3%	0.2%	<0.1%	0.5%
Mississippi	0.1%	0.2%	<0.1%	0.3%
Illinois	0.1%	0.2%	<0.1%	0.3%
Kentucky	0.1%	0.1%	<0.1%	0.2%
Indiana	<0.1%	<0.1%	<0.1%	0.1%
Alabama	<0.1%	<0.1%	<0.1%	<0.1%
Utah	<0.1%	<0.1%	<0.1%	<0.1%
Georgia	<0.1%	<0.1%	<0.1%	<0.1%
Other ⁽²⁾	<0.1%	<0.1%	<0.1%	<0.1%
Total⁽¹⁾	42.9%	54.3%	2.8%	100.0%

(1) Totals may not add due to rounding.

(2) Other includes the states, provinces, and countries in the applicable covered areas not explicitly mentioned here.

Table 14 provides a detailed breakdown of the contribution to modeled one year expected loss for Europe by country and line of business to the Series 2018 Notes from modeled Covered Events resulting in losses to the 2018 Notes arising in the 10,000 annual scenarios of potential Europe Windstorm activity that were simulated. All contribution exhibits are based on a full one year.

Table 14: Modeled Contribution to Modeled One Year Expected Loss for Europe by Country and Line of Business⁽¹⁾

Country	Personal	Commercial	Auto	Total⁽²⁾
France	18.5%	12.3%	0.0%	30.8%
United Kingdom	14.0%	15.9%	0.0%	29.9%
Switzerland	6.4%	4.2%	0.0%	10.6%
Germany	5.4%	3.5%	0.0%	8.8%
Belgium	5.7%	2.6%	0.0%	8.2%
Netherlands	3.9%	1.4%	0.0%	5.3%
Denmark	1.4%	1.3%	0.0%	2.7%
Sweden	0.6%	0.3%	0.0%	0.9%
Luxembourg	0.6%	0.2%	0.0%	0.8%
Ireland	0.4%	0.4%	0.0%	0.7%
Austria	0.5%	0.2%	0.0%	0.7%
Norway	0.3%	0.2%	0.0%	0.6%
Total⁽²⁾	57.7%	42.3%	0.0%	100.0%

- (1) The “Modeling the PERILS Industry Exposure Database” section contains information regarding lines of business in the Europe Windstorm Initial Covered Area. For the Europe Windstorm Initial Covered Area, Commercial includes commercial, industrial and agricultural losses as applicable.
- (2) Totals may not add due to rounding.

Table 15 provides a detailed breakdown of the contribution to modeled one year expected loss to the Series 2018 Notes by Saffir-Simpson category arising in the 10,000 annual scenarios of potential Named Storm activity that were simulated.

**Table 15: Modeled Contribution to the Named Storm
Modeled One Year Expected Loss by Saffir-Simpson Category**

Saffir-Simpson Category⁽¹⁾	Named Storm Modeled One Year Expected Loss
Category 1	1.7%
Category 2	1.0%
Category 3	20.6%
Category 4	46.5%
Category 5	30.2%
Total⁽²⁾	100.0%

- (1) Saffir-Simpson category is determined by the event's maximum Saffir-Simpson category at landfall over all landfalls in the Named Storm Covered Area. In case of events that do not make landfall in the Named Storm Covered Area, Saffir-Simpson category is determined by the Saffir-Simpson category at nearest bypass to the Named Storm Covered Area or the Saffir-Simpson category at the closest landfall to the Named Storm Covered Area.
- (2) Totals may not add due to rounding.

Table 16 provides a detailed breakdown of the contribution to modeled one year expected loss by earthquake moment magnitude within the Series 2018 Notes from modeled Earthquake Events arising in the 10,000 annual scenarios of potential Earthquake activity that were simulated.

**Table 16: Modeled Contribution to the Earthquake
Modeled One Year Expected Loss by Earthquake Moment Magnitude (M_w)**

Earthquake Moment Magnitude (M_w)	Earthquake Modeled One Year Expected Loss
$M_w < 6.0$	1.1%
$6.0 \leq M_w < 6.5$	3.9%
$6.5 \leq M_w < 7.0$	12.8%
$7.0 \leq M_w < 7.5$	29.5%
$7.5 \leq M_w < 8.0$	30.0%
$M_w \geq 8.0$	22.8%
Total⁽¹⁾	100.0%

- (1) Totals may not add due to rounding.

Table 17 provides information regarding which sequential Covered Event with a modeled Event Index Value in a simulated stochastic year contributes to the modeled one year expected loss for North America. Events are arranged as they occur during the simulated year. For example, the row with a value of “1st Event” in the “Number of Events” column indicates the modeled contribution to the modeled one year expected loss from the first simulated Covered Event with a modeled Event Index Value.

Table 17: Temporal Modeled Contribution to Modeled One Year Expected Loss for North America

Number of Events	Contribution to Modeled One Year Expected Loss
1 st Event	62.4%
2 nd Event	26.3%
3 rd Event	8.5%
4 th and Subsequent Events	2.8%
Total⁽¹⁾	100.0%

(1) Totals may not add due to rounding.

Table 18 provides information regarding which sequential Covered Event with a modeled Event Index Value in a simulated stochastic year contributes to the modeled one year expected loss for Europe. Events are arranged as they occur during the simulated year. For example, the row with a value of “1st Event” in the “Number of Events” column indicates the modeled contribution to the modeled one year expected loss from the first simulated Covered Event with a modeled Event Index Value.

Table 18: Temporal Modeled Contribution to Modeled One Year Expected Loss for Europe

Number of Events	Contribution to Modeled One Year Expected Loss
1 st Event	33.1%
2 nd Event	23.8%
3 rd Event	14.6%
4 th and Subsequent Events	28.5%
Total⁽¹⁾	100.0%

(1) Totals may not add due to rounding.

Historical Analysis

The modeled loss figures shown in Table 19 represent the events in AIR's historical Named Storm and Earthquake catalogs that, based on AIR modeling results, would have resulted in the greatest amount of losses had the listed events impacted the relevant Initial Industry Exposure Database and their impact within the Series 2018 Notes.

The historical loss information set forth is either modeled on historical information or estimated information based, in part, on historical information, and is presented solely for illustrative purposes. It is not a prediction of the possibility of loss or the range of possible losses that may occur in the future. Larger losses are possible. For example, Named Storms and Earthquakes of similar or lesser force that affect more populated areas, or areas with higher value dwellings, could produce materially different losses than those shown below. No assurance can be given that Named Storms or Earthquakes will not occur during the Risk Period of sufficient force in the applicable Covered Area to result in a modeled Event Index Value in excess of the applicable Initial North America Attachment Level for such the Series 2018 Notes. See "Risk Factors" in the Offering Circular..

Table 19: Aggregate Modeled Results for the Top 10 Historical Years for the Series 2018 Notes

Year	Peril ⁽¹⁾	Event Name	Saffir-Simpson Category / Moment Magnitude (M _w)	Landfall / Epicenter ⁽²⁾	Modeled Total Industry Insured Loss in the Covered Area (\$ billions) ⁽³⁾	Modeled Event Index Value (index points) ⁽⁴⁾	Modeled Loss Period Index Value (index points) ⁽⁴⁾	Series 2018 Notes Modeled Cumulative Principal Reduction (%)
1700	EQ	Cascadia Subduction Zone	9.0	OR	64.0	2,857.6	2,857.6	100.0
1906	EQ	San Francisco	7.8	CA	71.0	2,487.5	2,487.5	100.0
1886	EQ	Charleston	7.3	SC	30.1	1,147.1	1,147.1	0.0
1811	EQ	New Madrid - South Seg ⁽⁵⁾	7.3	MO	16.5	273.9	273.9	0.0
1812	EQ	Wrightwood	7.5	CA	12.3	429.6	703.4	0.0
1812	EQ	New Madrid - North Seg ⁽⁵⁾	7.1	MO	8.0	98.2	801.6	0.0
1812	EQ	New Madrid - Middle Seg ⁽⁵⁾	7.5	MO	18.2	304.0	1,105.6	0.0
1926	NS	Great Miami	4, 2	FL, AL ⁽⁶⁾	128.5	1,063.6	1,063.6	0.0
1838	EQ	San Andreas Fault	7.4	CA	30.5	1,040.2	1,040.2	0.0
1928	NS	Okeechobee	4, 2	FL, SC ⁽⁶⁾	95.2	888.3	888.3	0.0
2005	NS	Katrina	1, 3	FL, LA ⁽⁶⁾	63.8	711.2	711.2	0.0

Year	Peril⁽¹⁾	Event Name	Saffir-Simpson Category / Moment Magnitude (M_w)	Landfall / Epicenter⁽²⁾	Modeled Total Industry Insured Loss in the Covered Area (\$ billions)⁽³⁾	Modeled Event Index Value (index points)⁽⁴⁾	Modeled Loss Period Index Value (index points)⁽⁴⁾	Series 2018 Notes Modeled Cumulative Principal Reduction (%)
2005	NS	Rita	3	LA	9.9	88.3	799.5	0.0
2005	NS	Wilma	3	FL	16.8	71.5	871.0	0.0
1938	NS	Great New England	3	NY	49.7	774.8	774.8	0.0
1900	NS	Galveston	4	TX	49.1	619.3	619.3	0.0

(1) Peril abbreviations: NS = Named Storm, EQ = Earthquake.

(2) "Landfall" pertains to the perils of Named Storm. "Epicenter" pertains to the perils of Earthquake.

(3) Modeled total industry insured loss is provided prior to the application of the Initial Named Payout Factors, the Initial Earthquake Payout Factors and applicable Initial Index Event Deductible.

(4) Modeled Event Index Value is after application of the applicable Initial Index Event Deductible and after the application of Initial Named Storm Payout Factors and the Initial Earthquake Payout Factors. Modeled Loss Period Index Value is the sum of estimated losses for all Named Storm and Earthquake Events in any given simulated year.

(5) The three New Madrid events have been aggregated and applied against the transaction structures as if they occurred in the same risk period. This has been done for illustrative purposes only.

(6) Multiple landfalling event.

The modeled loss figures shown in Table 20 represent the events in AIR's historical Europe Windstorm catalog that, based on AIR modeling results, would have resulted in the greatest amount of losses had the listed events impacted the relevant Initial Industry Exposure Database and their impact within the Series 2018 Notes.

The historical loss information set forth is either modeled on historical information or estimated information based, in part, on historical information, and is presented solely for illustrative purposes. It is not a prediction of the possibility of loss or the range of possible losses that may occur in the future. Larger losses are possible. For example, Europe Windstorms of similar or lesser force that affect more populated areas, or areas with higher value dwellings, could produce materially different losses than those shown below. No assurance can be given that Europe Windstorms will not occur during the Risk Period of sufficient force in the applicable Covered Area to result in a Modeled Event Index Value in excess of the applicable Initial Attachment Level for such the 2018 Notes. See "Risk Factors" in the Offering Circular.

Table 20: Aggregate Modeled Results for Select Historical Years for the Series 2018 Notes

Year	Event Name	Affected Countries⁽¹⁾	Modeled Total Industry Insured Loss in the Covered Area (EUR billions)⁽²⁾	Modeled Event Index Value (index points)⁽³⁾	Modeled Loss Period Index Value (index points)⁽³⁾	Series 2018 Notes Modeled Cumulative Principal Reduction (%)
1999	Anatol	DK, DE, UK, SE, NL	4.0	97.4	97.4	0.0
1999	Lothar	FR, DE, CH, AT, UK	10.1	540.7	638.1	0.0
1999	Martin	FR, CH, DE, AT, UK	2.2	95.4	733.5	0.0
1990	Daria	UK, NL, BE, DE, FR	10.8	450.2	450.2	0.0
1990	Herta	FR, DE, BE, NL, LU	1.9	53.9	504.1	0.0
1990	Vivian	UK, DE, NL, BE, FR	4.0	131.3	635.4	0.0
1990	Wiebke	DE, FR, UK, BE, AT	2.1	42.6	678.0	0.0
1987	87J	UK, FR, NO, NL, BE	5.5	226.8	226.8	0.0
1976	Capella	DE, NL, UK, BE, FR	4.4	102.8	102.8	0.0
2007	Kyrill	DE, UK, NL, AT, PL	3.8	86.5	86.5	0.0
2009	Klaus	FR, DE, CH, BE, NL	1.4	42.4	42.4	0.0
2002	Jeanette	DE, UK, NL, FR, BE	2.0	27.7	27.7	0.0
2010	Xynthia	FR, DE, BE, NL, CH	1.6	27.5	27.5	0.0
2005	Erwin	SE, DK, UK, NO, DE	1.5	23.5	23.5	0.0

- (1) Country abbreviations: AT = Austria, BE = Belgium, CH = Switzerland, CZ = Czech Republic, DE = Germany, DK = Denmark, FR = France, LU = Luxemborg, NL = The Netherlands, NO = Norway, PL = Poland, SE = Sweden, UK = United Kingdom. “Affected Countries” with largest impact based on AIR modeled industry insured losses
- (2) Modeled total industry insured loss is provided prior to the application of the Initial Europe Windstorm Payout Factors and applicable Initial Index Event Deductible .
- (3) Modeled Event Index Value is after application of the applicable Initial Index Event Deductible and after the application of the Initial Europe Windstorm Payout Factors. Modeled Loss Period Index Value is the sum of estimated losses for all Europe Windstorm Events in any given simulated year.

Sensitivity Analysis on Hurricane Frequency

Catastrophe models combine the latest scientific and engineering knowledge with computer simulation technology to develop probability distributions of long-run potential losses. They are not forecasting tools.

Forecasting hurricane activity on a short term time horizon, such as a year or a few years ahead, is very difficult because of the many climatological factors that influence hurricane activity—and landfall activity in particular—in the North Atlantic. There are several important mechanisms within the earth’s environment that are reported to affect hurricane activity. These mechanisms are correlated with a variety of climate signals, which are measurements of the natural feedback systems of the earth in its effort to maintain equilibrium. Climate signals are typically presented as a measurement of anomalies.

For example, the energy source of the hurricane “engine” is heat and moisture from the ocean’s surface. The warmer the ocean, the more heat energy is available to tropical storms. Scientists have observed that sea surface temperatures (SSTs) in the North Atlantic undergo fluctuations above and below their long run average values in phases that can last multiple decades. Their cause is the subject of considerable scientific debate.

Other climate signals that have an impact on hurricane activity include:

El Niño Southern Oscillation (ENSO), which measures sea surface temperature anomalies in the Pacific Ocean off the coast of Peru. These SSTs alternate over an approximate three- to eight-year cycle with an opposite cold phase known as “La Niña.” Certain researchers have concluded that the presence of El Niño has a mitigating effect on the frequency of hurricane activity in the Atlantic and the opposite effect in the Pacific.

North Atlantic Oscillation (NAO), a pressure pattern between the high pressure system near the Azores and the low pressure system near Iceland. Scientists have observed that the large-scale general circulation associated with the NAO steers North Atlantic tropical cyclones in a characteristic pattern to the west and eventually to the north. Informally known as the “Bermuda High,” when it is in a more southwesterly position, hurricanes are more likely to make landfall than when it is further north and east, off the northern African Coast. The position and strength of the Bermuda High changes many times within a single hurricane season.

Quasi-Biennial Oscillation (QBO) is a signal tracking the direction of the equatorial winds in the stratosphere. One theory hypothesizes that when these winds blow from west to east, they have a positive impact on hurricane formation. The QBO has an approximate two-year cycle.

In addition to the large scale climate influences noted above, secondary factors can also play a role, such as particles from dust storms over the Sahara Desert that are transported over the Atlantic Ocean, blocking sunlight and cooling the ocean below. Dust from the Saharan windstorms can also inhibit the formation of clouds and precipitation in tropical cyclones.

ENSO has a period that is too short to make it very useful for estimating hurricane activity in upcoming seasons, while the periodicity of the NAO is too short and too irregular to be useful. The QBO has a regular period, but has the weakest correlation with hurricane activity in the Atlantic. The influence of Saharan dust storms cannot be forecast more than weeks ahead. For these reasons, of the signals identified above, many scientific researchers have focused on SSTs as the best predictor of hurricane risk.

Since 1995, SSTs in the North Atlantic have been in a warm phase characterized by elevated SSTs and above-normal hurricane activity. However, quantifying the time horizon and magnitude of this elevated risk and its impact on landfall frequency and insured losses is too uncertain to incorporate into the standard AIR U.S. Hurricane Model, which represents the long-term view of the probabilities of losses of different sizes. Therefore, AIR has performed a sensitivity analysis to provide a measure of uncertainty arising from the possible impact of SST anomalies on hurricane activity.

While recognizing the challenges of forecasting hurricane activity over a several year horizon based on limited data characterized by significant uncertainty, AIR has reviewed current scientific research and conducted extensive internal analyses. Based on this research, AIR has developed an alternative catalog of simulated hurricanes (Warm

Sea Surface Temperature Conditioned Catalog) that incorporates the impact of elevated SSTs on hurricane activity. AIR has used this catalog to perform the sensitivity case analysis (Sensitivity Case).

Statistical analyses were performed to assess the impact of warm SST anomalies in the North Atlantic on hurricane landfall frequency and intensity. Although this analysis shows that the correlation between SST anomalies and landfall hurricane frequency is relatively weak, a ratio of mean frequency of hurricanes under warm SST anomalies relative to mean frequency of hurricanes in all years is defined. The ratio has been developed by hurricane intensity and for four regions along the U.S. coastline. The ratios are guided by statistical assessment of the impact of SSTs and a physical understanding of the varying regional impact warm SST anomalies have along the coastline.

The ratios developed by AIR were used to develop a revised landfall frequency distribution by coastal segment, which ultimately results in a warm sea surface temperature conditioned stochastic catalog. The Warm Sea Surface Temperature Conditioned Catalog assesses hurricane risk based on years in which SSTs were above the long term, or climatological, mean.

The tables below present sensitivity analysis results. They are provided as one view of the uncertainty in a warm sea surface temperature environment. However, the interaction of other shorter-term climate fluctuations, such as those listed above (ENSO, QBO and NAO), can affect the likelihood that hurricanes will make landfall in any given year. This sensitivity analysis is limited by a number of other additional factors, including but not limited to:

- Uncertainty in forecasting SST conditions.
- Fewer years of data from periods of warm SST conditions compared to more than 100 years of data used in creating the standard catalog.
- Random events that influence climate (for example, volcanic eruptions) and that cannot be predicted or accounted for.
- Warm SST conditions are not considered in the AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models' Hawaii component. The warm SST conditions are only considered in the AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models' East and Gulf coasts component and the AIR U.S. and Caribbean Tropical Cyclone and Hurricane Models' Caribbean component.

Tables 21 and 22 provide, for the Series 2018 Notes, the estimated annual expected loss (modeled one year expected loss), with corresponding annual probabilities of having a non-zero loss level (modeled one year attachment probability) and having a full principal payout amount (modeled one year exhaustion probability) for the base case and sensitivity case.

Table 21: Sensitivity Analysis - Annual Probabilities for the 2018 Notes

	Base Case⁽¹⁾	Sensitivity Case⁽²⁾
Modeled one year attachment probability	3.98%	4.10%
Modeled one year expected loss	3.24%	3.33%
Modeled one year exhaustion probability	2.63%	2.70%

(1) Base case statistics are generated using AIR's standard hurricane catalog.

(2) Sensitivity case statistics are generated using AIR's Warm Sea Surface Temperature Conditioned Catalog.

Table 22: Sensitivity Analysis - Annual Probabilities for North America

	Base Case⁽¹⁾	Sensitivity Case⁽²⁾
Modeled one year attachment probability	2.23%	2.37%
Modeled one year expected loss	1.93%	2.03%
Modeled one year exhaustion probability	1.71%	1.78%

(1) Base case statistics are generated using AIR's standard hurricane catalog.

(2) Sensitivity case statistics are generated using AIR's Warm Sea Surface Temperature Conditioned Catalog.

ANNEX C

AIR DATA FILE

DISCLAIMER:

The accompanying AIR Data File (“AIR Data File”), which forms part of this Circular contains information relating to the Series 2018 Notes. The information in the AIR Data File is a part of, and must be considered together with, the “AIR Expert Risk Analysis” and the “AIR Expert Risk Analysis Results” produced by AIR and attached as Annexes A and B, respectively, to this Circular. Accordingly, you should review the information in the AIR Data File together with this Circular. All of the information contained in the AIR Data File is subject to the same limitations and qualifications, including the disclaimers and risk factors, as any information set forth in this Circular. You should read this Circular in its entirety before reading the AIR Data File. To the extent there is any discrepancy between the information in the AIR Data File and this Circular, the information in this Circular shall control.

The AIR Data File sets forth (i) the modeled Loss Period Index Value exceedance probability curves, for both the base case and the sensitivity case, provided by AIR ranging from 80% of the Initial Attachment Level to 120% of the Initial Exhaustion Level (collectively, the “AIR Data File Information”) and (ii) the Initial Named Storm Payout Factors, Initial Earthquake Payout Factors, and the Initial Europe Windstorm Payout Factors. Accordingly, in no event should the AIR Data File Information be relied on in making an investment decision.

Investors are advised that the AIR Data File Information is provided for illustrative purposes only, and you should make your own determination and calculations before making an investment decision. In particular, you should not rely on the AIR Data File Information as an indication of the likelihood of a Principal Reduction following the occurrence of one or more Covered Events or for any reason in connection with any decision to purchase or sell any security, including the Series 2018 Notes.

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ANNEX D

DESCRIPTION OF ISO, PCS AND THE LICENSED PROPERTY

PCS DATA²

Background of PCS and ISO

The following sets forth general information regarding the PCS division ("PCS") of ISO Services, Inc. ("ISO") and certain historical insured property loss estimates made by PCS or its predecessors. This information has been provided by ISO at the request of the Issuer.

ISO is a Delaware stock corporation organised on September 25, 1997. On October 1, 1997, ISO purchased the assets of American Insurance Services Group, Inc. ("AISG"), which was a not-for-profit Delaware corporation providing services to the property/casualty insurance industry since 1984. PCS, formerly a division of AISG, is a division of ISO. ISO is a wholly-owned subsidiary of Insurance Services Office, Inc., a for profit Delaware stock corporation that is the leading provider of information about property/casualty insurance, including statistical information, actuarial analyses, standardised policy language, and a variety of insurance rating and underwriting services. In October 2009, Insurance Services Office, Inc. became a wholly owned subsidiary of Verisk Analytics, Inc. ("Verisk"). Verisk completed its initial public offering on October 7, 2009 and is now publicly traded on NASDAQ under the ticker symbol "VRSK."

General

PCS performs a variety of services of interest to the property/casualty industry, principally relating to catastrophes affecting the industry. PCS services include weather monitoring, catastrophe identification, monitoring judicial decisions relating to property insurance issues, and monitoring proposed and actual regulations relating to property claims handling. PCS provides a series of bulletins, monthly previews, reports and news to its subscribers concerning the foregoing information and other issues of interest to the property/casualty industry.

From its inception in 1965 and continuing under the auspices of ISO, PCS has maintained a program under which it designates and numbers sequentially as catastrophes various natural or man-made events and prepares estimates of total insured property damage believed to have been caused by each such event. A similar program was carried out by predecessor organisations, the National Board of Fire Underwriters and American Insurance Association, from 1949 until the establishment of AISG. In 2010, PCS launched the PCS Canada[®] service for the dissemination of estimates and other catastrophe information pertaining to Canada. In 2015, PCS launched the PCS Turkey[™] service for the dissemination of estimates and other catastrophe information pertaining to the Republic of Turkey. In 2017, PCS launched the PCS Energy & Marine[™] service for the dissemination of estimates and other information pertaining to man-made, non-catastrophic loss events relating to the offshore energy and ocean marine sectors, the PCS Cyber[™] service for the dissemination of estimates and other information pertaining to man-made, non-catastrophic affirmative cyber loss event, and the PCS Global Terror[™] Service for the dissemination of estimates and other information pertaining to terror loss events. PCS has a staff of eight professionals with experience of up to 20 years and one support person. The loss of any of these professionals could have an adverse impact on PCS' ability to develop such estimates.

Catastrophe Identification

When PCS, in its sole judgment, estimates that a natural or man made event within the United States, the U.S. Virgin Islands, or Puerto Rico (the "US Service Area") is likely to cause USD25,000,000 or more in total insured property losses, within Canada (the "Canada Service Area") is likely to cause CAD25,000,000 or more in total insured property losses and, in each case, determines that such event is likely to affect a significant number of policyholders and property/casualty insurance companies, PCS identifies the event as a catastrophe and assigns it a catastrophe serial number ("PCS Identified Catastrophe"). The types of insured "perils" that have caused insured losses deemed catastrophic by PCS and its predecessors include, without limitation, tornadoes, tropical storms, hurricanes, storms, floods, ice and snow, freezing, wind, water damage, hail, earthquakes, fires, explosions,

² The following description has been provided to the Issuer by PCS. None of the Issuer, the Ceding Insurer or the Initial Purchaser has undertaken any investigation to confirm its accuracy or completeness.

volcanic eruptions and civil disorders. For the US Service Area only, ISO applies a threshold of USD5,000,000 for evaluating whether a specific terrorism event or possible related set of events is a PCS Identified Catastrophe. For the US Service Area only, there may also be occasions where ISO will assign a specific serial number to an extreme loss event involving only losses insured under workers' compensation insurance coverages, and not involving insured property.

For the U.S. Service Area, prior to January 1, 2016, PCS designated PCS Identified Catastrophes using a two-digit catastrophe serial number from 11 through 99. Beginning on January 1, 2016, PCS implemented a four-digit catastrophe serial number for PCS Identified Catastrophes occurring in the US Service Area. The four-digit catastrophe serial number consists of the two-digit year followed by the two-digit catastrophe number (from 11 to 99 each year). This new coding format does not apply to PCS Identified Catastrophes that occurred prior to January 1, 2016. PCS also uses the new coding format for the Turkey Service Area, while continuing to use a two digit serial number format for the Canada Service Area.

The assigned serial number is generally released to subscribers within 24 48 hours after the occurrence of a PCS Identified Catastrophe.

The designation of an official date(s) of occurrence of a PCS Identified Catastrophe is also a matter within PCS' judgment and sole discretion. In making these judgments, PCS may consider factors such as meteorological, seismological and/or other scientific data, as well as information provided by national and local authorities as it deems appropriate in the particular circumstances.

Geographic Areas

In defining PCS Identified Catastrophes, PCS includes only those events judged to have occurred within the US Service Area and the Canada Service Area. Those states or territories for the US Service Area, provinces or territories for the Canada Service Area, that, in PCS' judgment, were affected by a PCS Identified Catastrophe are identified in the Catastrophe Bulletin released to subscribers.

Additional states, provinces or territories, as applicable may be added to the defined PCS Identified Catastrophe in subsequent releases to subscribers if PCS determines that events, such as weather fronts, have continued to affect additional areas.

The designation of a geographic area or territories affected by a PCS Identified Catastrophe is also a matter within PCS' judgment and sole discretion. In making these judgments, PCS may consider factors such as meteorological, seismological and/or other scientific data, as well as information provided by national, provincial and local authorities or insurance industry sources, as it deems appropriate in the particular circumstances.

Insured Loss Estimates

In fashioning its estimates, PCS generally seeks to include losses covered under personal and commercial property insurance policies covering real property, contents, time element losses (so called "business interruption" and "additional living expense"), vehicles, boats and property insured under certain inland marine and specialty coverages. PCS' estimates also typically include amounts paid to insureds by state wind pools, joint underwriting associations and certain other residual market mechanisms (for instance, payments made by the California Earthquake Authority ("CEA") would be included). PCS loss estimates will include, as applicable, estimates of each line of business separately: personal property, commercial property, vehicle and, for the US Service Area only, workers' compensation. For the Canada Service Area, PCS provides estimates denominated in Canadian dollars.

In determining its estimate of insured property losses, PCS generally takes into account coverage limits, coinsurance, deductible clauses and other factors that may result in certain property losses not being eligible for insurance coverage. PCS' estimates also do not include damage to uninsured property, including uninsured publicly owned property and utilities; loss involving agriculture or aircraft; property in the US Service Area

insured under the National Flood Insurance Program (NFIP³), write-your-own program or certain specialty lines (such as ocean marine); or loss adjustment expenses.

Because the scope of property/casualty coverage varies by insurance carrier, policy type, line of insurance, claims adjustment variation and also changes over time, there is a significant measure of imprecision and variability in determining whether any particular loss will be covered and thus should be included in overall estimations of insured industry property loss.

As a result of such imprecision, variability and the exclusions described above, as well as the inherently judgmental nature of the estimating process, PCS' estimates may be materially different from the actual insured property losses experienced by the industry.

Multiple Events

PCS also determines in its sole discretion whether various insured property losses occurring close in time to one another are to be considered the result of a single or multiple and separate PCS Identified Catastrophes.

In making this judgment with respect to hurricanes and tropical storms, PCS typically consolidates insured property loss estimates by reference to the names assigned to such storms by the U.S. National Hurricane Center for the US Service Area and the Canada Service Area and equivalent bodies and Canada Service Area, considering all resultant insured property losses to have been caused by a single PCS Identified Catastrophe.

In other cases, for instance when two separate weather fronts may cause insured property losses at or near the same time in the same geographic area, PCS' judgment may be more complex.

In determining whether one or more PCS Identified Catastrophes have occurred, PCS staff may, in the exercise of their judgment, analyze the geographic and temporal proximity of the events; review meteorological, seismological and other scientific data concerning the events; and/or consider factors such as an inability on the part of field adjusters to distinguish the damage caused by the various events.

Preliminary Loss Estimates

Typically, within 10 to 14 calendar days after the occurrence of a PCS Identified Catastrophe, PCS compiles the loss estimates reported by participating insurers, and calculates and releases to subscribers a preliminary estimate ("Preliminary Estimate") of anticipated industry wide insured losses. In certain relatively rare circumstances, PCS may prepare and release in advance of the Preliminary Estimate certain aggregate components of such Preliminary Estimate. For instance, it released the estimated total losses for Hurricane Andrew in the state of Florida some days before the overall Preliminary Estimate for that particular PCS Identified Catastrophe (which also included the state of Louisiana) was released.

Resurvey Loss Estimates

If PCS considers it appropriate it may conduct additional surveys of property/casualty insurance companies from time to time concerning insured property losses resulting from a PCS Identified Catastrophe and, if PCS deems it appropriate in the exercise of its judgment, it may issue adjusted estimates (each, a "Resurvey Estimate"). PCS generally resurveys PCS Identified Catastrophes that, based upon its Preliminary Estimate, appear to have caused more than USD250 million of insured damage in the US Service Area, or if PCS considers appropriate, or for every event in the Canada Service Area and the Turkey Service Area, or that because of their infrequency or other unusual characteristics appear to PCS to warrant additional inquiry. PCS usually releases the initial Resurvey

³ For U.S. Service Area only, for events that PCS has identified as a PCS Identified Catastrophes, PCS has commenced reporting certain NFIP loss information reported to PCS by the NFIP comprising NFIP incurred losses and submitted claims. PCS reports the NFIP loss information as a separate category from the line of business estimates (auto, personal, commercial and workers compensation), but may include the NFIP loss information in the overall estimates of insured property damage believed to have been caused by a PCS Identified Catastrophe. PCS does not currently plan to designate events as PCS Identified Catastrophes on the basis of the NFIP loss information (whether alone or in combination with information from other sources) even if such NFIP loss information may be included in the overall estimates of insured property damage.

Estimate to subscribers approximately 60 calendar days after the Preliminary Estimate is issued. PCS may continue the resurvey process and publish additional Resurvey Estimates approximately every 60 calendar days after the then previous Preliminary Estimate or Resurvey Estimate until it believes that the industry insured loss has been reasonably approximated.

Generally, PCS completes such Resurvey Estimates and releases a final Resurvey Estimate to subscribers within six months of the occurrence of a PCS Identified Catastrophe. However, the resurvey process could last for a longer period in connection with certain PCS Identified Catastrophes where the amount and type of insured losses may be relatively more difficult to estimate or become known more slowly than usual. For example, PCS did not disseminate its final insured property loss estimate for the 1994 Northridge, California earthquake until approximately 20 months after the event. Resurvey Estimates may result (and have resulted historically) in the then previous Preliminary Estimate or Resurvey Estimate being adjusted upward or downward. However, for severe events, like Hurricane Katrina, the time periods between Resurvey Estimates may be extended for 120 calendar days.

Loss Estimate Reporting

Preliminary Estimates and Resurvey Estimates are officially disseminated by PCS to PCS subscribers via ISONet PCS for the US Service Area and PCS Canada® for the Canada Service Area with limited distribution by electronic mail or facsimile transmission. In addition to publishing Preliminary Estimates and Resurvey Estimates, PCS also may release to subscribers via ISONet for the US Service Area and PCS Canada® for the Canada Service Area a variety of textual reports, bulletins and updates regarding PCS Identified Catastrophes. ISO makes subscriptions to ISONet PCS and PCS Canada® available to any organisation or individual seeking such subscription for permitted purposes at then current subscription rates. Certain of PCS' other electronic services are available only to insurance companies and certain other organisations and are not available to individuals or other non insurance industry organisations.

Methodology

PCS' methodology for estimating the insured property losses resulting from a PCS Identified Catastrophe is highly dependent on the exercise of the professional judgment of PCS' staff and varies significantly depending on the nature of the PCS Identified Catastrophe under consideration. PCS staff typically undertakes one or more of the following steps as they deem appropriate in the exercise of their judgment in preparing an insured property loss estimate with respect to a PCS Identified Catastrophe for the property/casualty industry as a whole:

- survey of a number of insurers, agents and adjusters to ascertain actual and projected loss and claim experiences for individual reporting property/casualty insurers (PCS endeavors to preserve the confidentiality of information reported by individual insurers, releasing only industry wide or other aggregated estimates to subscribers or others);
- review of market share data from various sources for each affected state to identify the position of one insurance company relative to another in an effort to evaluate and extrapolate from reported data in light of possible variations in insurer coverage within a specific state and by type of coverage (for example, homeowner versus commercial writings);
- limited inspection, on the ground or occasionally by means of a fly over, of the geographic areas where a PCS Identified Catastrophe has occurred to develop information regarding the types and estimated rate of damage and average size loss for various types of buildings in the affected geographic area;
- informal interview of a small number of selected affected homeowners, local agents and Federal Emergency Management Agency personnel and other authorities; and
- comparison of certain data gathered through insurer, agent, adjuster and on site surveys with data in ISO's proprietary database for the US Service Area, the National Insurance Risk Profile, which contains an estimated inventory of buildings and insured vehicles in counties and zip code areas throughout the United States, derived in part from U.S. census data and state motor vehicle data. The database is used to evaluate data gathered through insurer, agent, adjuster and on site surveys. This database is not used for estimates of insured loss in the Canada Service Area.

All insurance companies and individual agents and adjusters that participate in PCS' surveys do so voluntarily. There is no industry, legal or contractual requirement that insurers, agents or adjusters participate in PCS data collection efforts. Moreover, PCS does not independently verify or audit the accuracy of reported loss data as part of its estimation methodology. Thus, there can be no assurance that the data provided to PCS has been, is or will be accurate, timely or complete. Moreover, since PCS does not simply sum up the loss data reported by those

it surveys, but instead applies subjective judgments to and makes extrapolations from the data it has gathered and considered in the exercise of its judgment, ISO and PCS do not guarantee that the PCS estimates have accurately reflected actual industry insured property losses in the past or will do so in the future.

In order to preserve its flexibility to adjust to external circumstances and enhance the quality of its estimates, PCS may, in its sole discretion, change its general loss estimation methodology at any time and modify application of its methodology in connection with any particular catastrophe.

Named Storms

FULL LIST OF NAMED STORMS CAUSING INSURED PROPERTY LOSSES IN THE COVERED AREA (EXCLUDING CANADA) IDENTIFIED BY PCS AND ITS PREDECESSORS 1950-2018 (UP TO May 15, 2018)

Catastrophe (by PCS catastrophe serial number, date and hurricane name)			PCS Estimated Insured Total Property Losses ⁽²⁾ (\$ in millions) ⁽¹⁾	PCS Estimated Insured Personal Property Losses (\$ in millions)	PCS Estimated Insured Automobile Property Losses (\$ in millions)	PCS Estimated Insured Commercial Property Losses (\$ in millions)
#14	Oct 17-18	1950 Hurricane	10.45	na	na	na
#53	Aug 30-31	1954 Hurricane Carol	136	na	na	na
#54	Sep 11	1954 Hurricane Edna	11.5	na	na	na
#56	Oct 15-16	1954 Hurricane Hazel.....	122	na	na	na
#62	Aug 11-13	1955 Hurricane Connie	25.2	na	na	na
#64	Sep 18-19	1955 Hurricane Ione.....	4.5	na	na	na
#76	Aug 11-12	1956 Hurricane Betsy.....	10	na	na	na
#78	Sep 23-24	1956 Hurricane Flossy	3.7	na	na	na
#86	Jun 27	1957 Hurricane Audrey	32	na	na	na
#97	Sep 27	1958 Hurricane Helene	5	na	na	na
#1	Jul 24-25	1959 Hurricane Debra	7.9	na	na	na
#3	Sep 29	1959 Hurricane Gracie	13	na	na	na
#14	Sep 9-11	1960 Hurricane Donna	91	na	na	na
#27	Sep 9-12	1961 Hurricane Carla	100	na	na	na
#28	Sep 20-21	1961 Hurricane Esther	4.25	na	na	na
#76	Aug 26-27	1964 Hurricane Cleo	67.2	na	na	na
#77	Sep 9-10	1964 Hurricane Dora.....	12	na	na	na
#78	Oct 3-4	1964 Hurricane Hilda.....	23	na	na	na

Catastrophe (by PCS catastrophe serial number, date and hurricane name)			PCS Estimated Insured Total Property Losses ⁽²⁾ (\$ in millions) ⁽¹⁾	PCS Estimated Insured Personal Property Losses (\$ in millions)	PCS Estimated Insured Automobile Property Losses (\$ in millions)	PCS Estimated Insured Commercial Property Losses (\$ in millions)
#79	Oct 14	1964 Hurricane Isabel	2	na	na	na
#90	Sep 7-10	1965 Hurricane Betsey	515	na	na	na
#13	Jun 8-9	1966 Hurricane Alma.....	5.4	na	na	na
#52	Sep 19	1967 Hurricane Beulah.....	34.8	na	na	na
#81	Oct 18-19	1968 Hurricane Gladys.....	2.58	na	na	na
#16	Aug 17-18	1969 Hurricane Camille.....	166	na	na	na
#34	Aug 3-4	1970 Hurricane Celia.....	309.95	na	na	na
#69	Aug 27-28	1971 Tropical Storm Doria	16.09	na	na	na
#72	Sep 9	1971 Hurricane Fern	1.38	na	na	na
#73	Sep 16	1971 Hurricane Edith.....	5.73	na	na	na
#74	Sep 30	1971 Hurricane Ginger	2	na	na	na
#97	Jun 17-25	1972 Hurricane Agnes.....	102.55	na	na	na
#49	Sept 4-5	1973 Tropical Storm Delia.....	3.23	na	na	na
#92	Sep 7-8	1974 Hurricane Carmen	14.72	na	na	na
#37	Sep 16-26	1975 Hurricane Eloise	125.19	na	na	na
#68	Aug 8-10	1976 Hurricane Belle	22.7	na	na	na
#18	Sep 5-6	1977 Hurricane Babe	2	na	na	na
#26	Aug 30–Sep 6	1979 Hurricane David.....	122.89	na	na	na
#27	Sep 12-14	1979 Hurricane Frederic.....	752.51	na	na	na
#84	Aug 4-11	1980 Hurricane Allen.....	57.91	na	na	na
#73	Nov 23-24	1982 Hurricane Iwa	137	na	na	na
#15	Aug 17-20	1983 Hurricane Alicia	675.52	na	na	na
#48	Sep 11-14	1984 Hurricane Diana	36	na	na	na
#76	Jul 22-25	1985 Hurricane Bob	13	na	na	na
#78	Aug 15-18	1985 Hurricane Danny	37.1	na	na	na
#81	Aug 30-Sep 3	1985 Hurricane Elena.....	543	na	na	na

Catastrophe (by PCS catastrophe serial number, date and hurricane name)			PCS Estimated Insured Total Property Losses ⁽²⁾ (\$ in millions) ⁽¹⁾	PCS Estimated Insured Personal Property Losses (\$ in millions)	PCS Estimated Insured Automobile Property Losses (\$ in millions)	PCS Estimated Insured Commercial Property Losses (\$ in millions)
#82	Sep 26	1985 Hurricane Gloria	418.75	na	na	na
#83	Oct 27-31	1985 Hurricane Juan	44	na	na	na
#86	Nov 19-22	1985 Hurricane Kate	77.6	na	na	na
#14	Jun 26	1986 Hurricane Bonnie.....	21.27	na	na	na
#18	Aug 17-18	1986 Hurricane Charley	7	na	na	na
#68	Sep 9-10	1988 Hurricane Florence.....	10	na	na	na
#70	Sep 16-17	1988 Hurricane Gilbert	40	na	na	na
#75	Nov 22-23	1988 Tropical Storm Keith.....	30	na	na	na
#12	Jun 25-27	1989 Tropical Storm Allison	45	na	na	na
#15	Aug 1-2	1989 Hurricane Chantal	40	na	na	na
#18	Sep 17-22	1989 Hurricane Hugo	4,195	na	na	na
#19	Oct 15-16	1989 Hurricane Jerry	35	na	na	na
#51	Oct 11-13	1990 Tropical Storm Marco	15	na	na	na
#85	Aug 18-20	1991 Hurricane Bob	620	na	na	na
#27	Aug 24-26	1992 Hurricane Andrew.....	15,500	na	na	na
#30	Sep 11-12	1992 Hurricane Iniki	1,600	na	na	na
#68	Aug 31-Sep 1	1993 Hurricane Emily	30	na	na	na
#95	Jul 3-8	1994 Tropical Storm Alberto.....	95	na	na	na
#11	Aug 15-17	1994 Tropical Storm Beryl.....	80	na	na	na
#22	Nov 14-16	1994 Tropical Storm Gordon	60	na	na	na
#50	Aug 1-4	1995 Hurricane Erin	375	na	na	na
#52	Sep 15-16	1995 Hurricane Marilyn	875	na	na	na
#54	Oct 4-5	1995 Hurricane Opal	2,100	na	na	na
#82	Jul 12-13	1996 Hurricane Bertha	135	na	na	na
#87	Sep 2	1996 Hurricane Edouard	10	na	na	na

Catastrophe (by PCS catastrophe serial number, date and hurricane name)			PCS Estimated Insured Total Property Losses ⁽²⁾ (\$ in millions) ⁽¹⁾	PCS Estimated Insured Personal Property Losses (\$ in millions)	PCS Estimated Insured Automobile Property Losses (\$ in millions)	PCS Estimated Insured Commercial Property Losses (\$ in millions)
#88	Sep 5-8	1996 Hurricane Fran	1,600	na	na	na
#89	Sep 9-10	1996 Hurricane Hortense	150	na	na	na
#90	Oct 7-8	1996 Tropical Storm Josephine...	65	na	na	na
#29	Jul 18-24	1997 Hurricane Danny	60	na	na	na
#64	Aug 21-24	1998 Tropical Storm Charley.....	65	35	8	2
#66	Aug 26-28	1998 Hurricane Bonnie.....	360	269.5	14	76.5
#68	Sep 10-13	1998 Tropical Storm Frances.....	110	74.2	7.4	28.4
#69	Sep 21-28	1998 Hurricane Georges.....	2,950	887	164	1,899
#95	Aug 22-23	1999 Hurricane Bert	30	12.5	2	15.5
#96	Aug 29-Sep 7	1999 Hurricane Dennis.....	60	29	4.5	26.5
#97	Sep 14-17	1999 Hurricane Floyd	1,960	729	70	1,160
#98	Oct 15-16	1999 Hurricane Irene.....	100	51.5	15	33.5
#99	Nov 17-18	1999 Hurricane Lenny	165	89	24	52
#44	Jun 5-17	2001 Tropical Storm Allison	2,500	152	538	1,810
#49	Sep 13-15	2001 Tropical Storm Gabrielle.....	115	60	15	40
#73	Sep 13-15	2002 Tropical Storm Isidore	205	115	49	41
#74	Oct 3	2002 Hurricane Lili	430	286	29	115
#90	Jul 15-16	2003 Hurricane Claudette	90	30	5	55
#95	Sep 18-19	2003 Hurricane Isabel	1,685	1,300	192	193
#26	Aug 13-14	2004 Hurricane Charley ⁽⁴⁾	7,475	4,425	288	2,762
#27	Aug 29-30	2004 Hurricane Gaston	65	23	14	28
#28	Sep 3-9	2004 Hurricane Frances ⁽⁵⁾	4,595	3,062	158	1,375
#29	Sep 15-29	2004 Hurricane Jeanne ⁽⁵⁾	3,655	2,439	282	934
#30	Sep 15-21	2004 Hurricane Ivan ⁽⁵⁾	7,110	5,107	315	1,688
#46	Jul 5-7	2005 Hurricane Cindy.....	160	66	13	81

Catastrophe (by PCS catastrophe serial number, date and hurricane name)			PCS Estimated Insured Total Property Losses ⁽²⁾ (\$ in millions) ⁽¹⁾	PCS Estimated Insured Personal Property Losses (\$ in millions)	PCS Estimated Insured Automobile Property Losses (\$ in millions)	PCS Estimated Insured Commercial Property Losses (\$ in millions)
#47	Jul 9-11	2005 Hurricane Dennis ⁽⁵⁾	1,115	700	80	335
#49	Aug 25-30	2005 Hurricane Katrina ⁽⁵⁾	41,100	17,864	2,168	21,068
#50	Sep 14-16	2005 Hurricane Ophelia	35	27	3	5
#51	Sep 20-26	2005 Hurricane Rita ⁽⁵⁾	5,627	3,045	216	2,366
#54	Oct 24	2005 Hurricane Wilma ⁽⁵⁾	10,300	7,350	750	2,200
#82	Aug 29-Sep 3	2006 Tropical Storm Ernesto.....	245	172	38.5	34.5
#53	Jul 23-27	2008 Hurricane Dolly	525	185	22.5	317.5
#57	Aug 18-25	2008 Tropical Storm Fay	245	176	25.5	43.5
#58	Aug 31-Sep 3	2008 Hurricane Gustav	2,150	1,450	128	572
#59	Sep 6	2008 Tropical Storm Hanna	80	68	4	8
#60	Sep 12-14	2008 Hurricane Ike	12,500	7,443	476	4,582
#26	Sep 6-9	2010 Tropical Storm Hermine	120	80	10	30
#59	Aug 26-28	2011 Hurricane Irene.....	4,300	3,047	357	896
#61	Sep 3-9	2011 Tropical Storm Lee.....	535	350	70	115
#81	Jun 23-27	2012 Tropical Storm Debby.....	105	80	17	8
#87	Aug 26-31	2012 Hurricane Isaac	930	559	190	142
#90	Oct 28-31	2012 Hurricane Sandy.....	18,750	7,017	2,716	8,927
#85	Jun 16-18	2015 Tropical Storm Bill	57.58	45.8	5.39	6.39
#1646	Aug 31-Sep 4	2016 Hurricane Hermine	205.71	133.93	54.54	17.24
#1650	Oct 6-9	2016 Hurricane Matthew	2,655	1,934	312	409
#1743	Aug 25-Sep 1	2017 Hurricane Harvey ⁽⁶⁾	17,107	3,206	3,774	10,128
#1744	Sep 6-12	2017 Hurricane Irma ⁽⁶⁾	18,690	10,578	644	7,468
#1745	Sep 19-22	2017 Hurricane Maria ⁽⁶⁾	25,302	2,635	378	22,290
#1746	Oct 7-9	2017 Hurricane Nate	108	64	24	20

(1) The threshold aggregate insured property loss required for classification as a PCS Identified Catastrophe was increased in 1982 from \$1 million to \$5 million, and in 1997 from \$5 million to \$25 million. Historical figures have not been adjusted to reflect inflation or other changes over time. See the discussion following the next table for further information.

(2) PCS data relating to events occurring prior to 1998 are aggregated for all lines of business (personal, auto and commercial). PCS Estimated Insured Total Property Losses include PCS Estimated Insured Personal Property Losses, PCS Estimated Insured Automobile Property Losses and PCS Estimated Insured Commercial Property Losses. PCS Estimated Insured Total Property Losses may not add due to rounding.

(3) The Florida Department of Insurance (“FL DOI”) issued a data call after Hurricane Andrew, which struck southern Florida in August 1992. Based on information available to the department in late 1992, the FL DOI estimated the insured loss from the storm to be \$15.018 billion.

(4) The FL DOI did conduct data calls in the aftermath of each Hurricanes Charley, Frances, Ivan and Jeanne, which were completed in the latter part of 2005, and also Dennis, Katrina and Wilma.

(5) The Texas Department of Insurance reported in March 2007 that the cost of claims from Hurricane Rita in both Louisiana and Texas came to \$5.8 billion.

(6) The estimates for 2017 Hurricanes Harvey, Irma and Maria are not final and are pending further resurveys as of May 15, 2018.

Earthquakes

U.S. EARTHQUAKES CAUSING INSURED PROPERTY LOSSES IDENTIFIED BY PCS AND ITS PREDECESSORS 1950 - MAY 15, 2018

Catastrophe (by PCS catastrophe serial number, location and date)	Estimated Insured Property Losses (\$ in millions) ⁽¹⁾ PCS ⁽²⁾
#78 (Northridge) January 17, 1994 ⁽³⁾	\$12,500
#20 (Loma Prieta) October 17, 1989 ⁽⁴⁾	960
#37 Oregon/Washington February 28, 2001	298
#40 (Whittier) October 1, 1987	71
#22 (Yucca Valley/Big Bear) June 28, 1992	40
#43 (San Fernando) February 9, 1971	32
#83 (Sierra Madre) June 28, 1991	25
#92 (Coalinga) May 2, 1983	10
#36 (San Jose) April 24, 1984	10
#54 (American Canyon – EQ (Napa)) August 24, 2014 ⁽²⁾	9.3
#17 Hawaii Nov 16, 1983	5
#33 (Calexico) October 15, 1979	2.5
#29 (Bakersfield) August 22, 1952	1
#27 (Tehachapi) July 21, 1952	1
#25 (Ventura County) February 21, 1973	1
#61 Alaska March 27 – 28, 1964	1

(1) The threshold aggregate insured property loss required for classification as a PCS Identified Catastrophe was increased in 1982 from \$1 million to \$5 million, and in 1997 from \$5 million to \$25 million.

(2) PCS data relating to events occurring prior to 1998 are aggregated for all lines of business (personal, auto and commercial). PCS data relating to events #54 (2014) and #37 (2001) in this table are for personal lines of business only.

ANNEX E

DESCRIPTION OF PERILS⁴

Background of PERILS

PERILS was incorporated on January 26, 2009 in Zurich, Switzerland as a joint stock company. The company registration number is CHE-114.696.342. The principal office of the company is located in Zurich, Canton of Zurich, Switzerland. PERILS was established to prepare and make available aggregated anonymous insurance data, to develop business-relevant catastrophe industry insured loss estimates and to provide related services to interested parties.

PERILS is operated as an independent company. Its shareholders, with equal interests in PERILS, are Allianz SE, Assicurazioni Generali S.p.A., AXA, Groupama Investissements, Guy Carpenter & Company LLC, IAG International Pty Limited, Munich Re, Partner Reinsurance Company Ltd., Swiss Reinsurance Company Ltd. and Zurich Insurance Company. The independent nature of PERILS is supported by, among other things, its governance structure reflected in its organisational documents, employment contracts with PERILS personnel, PERILS license agreements with its subscribers (including shareholders), and a purpose-built IT system with highly restrictive access used to carry out data processing, quality control and industry event loss estimation. For more information regarding restrictions on access to data received by PERILS, see "Company Data Processing" below.

Mission of PERILS

PERILS's principal aim is to grant access to catastrophe insurance data to all interested parties, thereby contributing to the transparency, understanding and tradability of catastrophe insurance risk.

Human Resources

PERILS has a staff of internationally experienced (re)insurance professionals with educational backgrounds in geo-sciences, mathematics, civil engineering, finance and business administration. The combined industry experience of PERILS's staff is over 80 years. Currently, PERILS employs five professionals and one support staff. Non-core administrative activities such as office IT management, IT system development, accounting and human resources services are outsourced to third parties.

Transparency

PERILS strives for full transparency while always respecting the confidentiality agreements with its data providers as well as competition and antitrust regulations.

Source of Data

PERILS receives data, including industry exposure information (insured values) and ultimate gross event loss data (i.e., the total of paid, outstanding and incurred-but-not-reported losses) regarding natural catastrophe insurance losses, from certain insurance companies underwriting business in the territories covered by PERILS. PERILS has entered into data provider agreements with these companies, which represent a broad set of insurance companies from small, local operations to large, multinational organisations. These data provider agreements govern, among other things, the scope of data to be provided to PERILS, the reporting schedule, the data processing within PERILS, and the highly confidential treatment of the data provided to PERILS. Due to applicable competition and antitrust laws and regulations and pursuant to contractual agreements with the data providing companies, PERILS cannot make public the identity of the insurance companies providing data or any other information that might lead to the disclosure of the identity of such companies such as the total coverage by

⁴ The following description has been provided to the Issuer by PERILS. None of the Issuer, the Ceding Insurer or the Initial Purchaser has undertaken any investigation to confirm its accuracy or completeness.

market of such companies. PERILS believes, however, that it has sufficient total market coverage (defined as more than 40% of market property premium) in order to be able to produce industry exposures and loss estimates.

Each data providing insurance company, or their authorised intermediary, has an on-line account with PERILS, which has been created specifically for the purpose of delivering exposure and loss data to PERILS. Access is password protected with the site using SecurID technology. After receiving a request from PERILS to provide data, data providing insurance companies can log into their user account and upload the requested data in a pre-defined format. This step is followed by a standardised data format validation procedure allowing the data providing company to validate their uploaded data. After successful validation, the data providing company confirms the data submission and delivers it to PERILS for further data processing and aggregation.

Type of Data

Insured values and ultimate gross industry event loss data (i.e., the total of paid, outstanding and incurred-but-not-reported losses) are provided to PERILS on a per covered territory basis and on a per covered line of business basis. The geographical aggregation units used to report the data in respect of for example Europe Windstorm Events, are, where feasible, 938 CRESTA zones in total. The occupancy aggregation units used to report the data are, where feasible, residential property, commercial property, industrial property and agricultural property, or aggregations thereof. Reported event loss data includes losses resulting from the predominant event peril as well as from ensuing perils should losses from such ensuing perils be covered by insurance companies, as well as allocated loss adjustment expenses and other additional loss costs.

Event Identification

PERILS, in its professional judgment and sole discretion, identifies and designates a natural catastrophe event start date and end date as well as a unique PERILS event identification number. In making these judgments, PERILS considers factors such as objective scientific data, event identification by governmental or scientific authorities, the prevailing event definition applied by the insurance and reinsurance industry markets, as well as information received from the data providing insurance companies.

PERILS also determines, in its sole discretion, whether various insured losses occurring close in time to one another are to be considered the result of a single event or multiple (and separate) events. In making this judgment PERILS typically aggregates insured loss data by reference to the names assigned to such events by a competent national or local authority. In determining whether one or more events have occurred, PERILS may also consider the prevailing event definition applied by the insurance and reinsurance industry markets and factors such as the inability on the part of insurance companies to distinguish the damage caused by the various events.

Company Data Processing

Data provided by insurance companies includes typically exposure data (sums insured) by property sub line, CRESTA Zone and country, property premium data by country, and ultimate gross event loss data by property sub-line, CRESTA Zone and country. This company data is made anonymous upon receipt by PERILS and is tested for quality and completeness using standardised data quality and completeness checks. If the quality and/or completeness of company data is deemed unsatisfactory by PERILS, PERILS will reject the data submission and make a new request for data to the data providing company. If company data quality and completeness is deemed adequate, the provided data is accepted by PERILS and is added to the data which has been already accepted within the identical aggregation units (per country, CRESTA Zone and property sub-line) in the PERILS database. The original raw company data is deleted by PERILS at this stage in compliance with applicable antitrust and competition laws. None of the shareholders of PERILS have access to the data that is reported to PERILS by the data providing companies, and, within PERILS, only two employees have access to such data prior to its deletion as described above.

Although PERILS performs standardised data quality control tests in the course of company data processing and industry exposure and event loss estimation, PERILS does not independently verify or audit the accuracy of provided loss or exposure data as part of its methodology. As a result, there can be no assurance that the data provided to PERILS has been, is or will be accurate or complete.

Industry Exposure and Event Loss Calculation

Aggregated company data within the identical aggregation units is extrapolated to industry-level (i.e., market-level) using public market property premium information. For the first two loss declarations, aggregated company event loss data per country is used to extrapolate to industry-level. For all subsequent loss declarations as well as for the extrapolation of exposure data, the property market premium is broken down into individual aggregation units using population data or other proxy data such as land use or census data or collected sums insured data. Aggregated company property premium data is broken down into individual aggregation units using average rates as derived from provided sums insured and premium data. The relationship between aggregated company premium and market premium then provides the market coverage per aggregation unit. The latter is used to extrapolate the aggregated exposure and event loss data per aggregation unit to industry-level (i.e., market-level). If market coverage is deemed to be insufficient to calculate a reliable industry exposure and event loss index, PERILS may apply its professional judgment in its sole discretion to adjust the calculated industry exposure and event loss data. In making these judgments, PERILS may consider factors such as meteorological and/or other scientific data, as well as information provided by national and local authorities or insurance industry sources, as it deems appropriate in the particular circumstances.

In order to preserve its flexibility to adjust to external circumstances and enhance the quality of its estimates, PERILS may, in its sole discretion, change its general estimation methodology at any time and modify the application of its methodology in connection with any particular catastrophe.

Covered perils, Territories and Business Lines

PERILS currently collects exposure and loss data for Europe Windstorm Events and ensuing perils in the following jurisdictions: Austria, Belgium, Denmark (including Jutland, Sjælland, Fyn, Lolland, and Bornholm, and the Faroe Islands), mainland Metropolitan France and Corsica (excluding Départements d'Outre Mer and Territoires d'Outre Mer), Germany, Luxembourg, The Netherlands (excluding Aruba and the Netherlands Antilles), Norway (excluding Jan Mayen), the Republic of Ireland, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland (excluding overseas dependencies but including the Isle of Man and Channel Islands).

In addition, PERILS collects exposure and loss data for all natural perils in Australia, for flood and ensuing perils events in the United Kingdom and for flood and ensuing perils and earthquake and ensuing perils events in both Italy and Turkey. Where feasible, PERILS collects data for the following lines of business: residential property insurance, commercial property insurance, industrial property insurance and agricultural property insurance or aggregations thereof. PERILS may collect data for other perils, territories and business lines in the future.

Loss Reporting Threshold for Europe Windstorm

PERILS will only report Europe Windstorm loss information if PERILS determines, in its sole discretion, that a particular event has the potential to result in approx. EUR 200,000,000 or more in total insured property losses in the Europe Windstorm Covered Area. For loss events below this reporting threshold, PERILS may or may not report any loss information.

Loss Reporting Schedule

PERILS makes industry event loss data available to a licensee in the form of a PERILS event loss declaration pursuant to a license that is specific to the relevant insurance-linked securitisation transaction and in accordance with the following schedule:

1. First PERILS event loss declaration (loss information at country level only): expected no later than six weeks after the event start date.
2. Second PERILS event loss declaration (loss information at country level only): resurvey of industry event loss, expected no later than three months after the event start date.
3. Third PERILS event loss declaration (loss information at CRESTA Zone and line of business level): resurvey of industry event loss, expected no later than six months after the event start date.

4. Fourth PERILS event loss declaration (loss information at CRESTA Zone and line of business level): resurvey of industry event loss, expected no later than twelve months after the event start date.

After the twelve-month update, PERILS generally declares the event loss reporting period closed and declares its final estimate, unless there are substantial grounds to provide additional updates, which would occur at subsequent six month intervals. Event loss reporting shall be closed, in any case, 36 months after the event start date.

Loss Reporting Currency

PERILS delivers its loss estimate data to each of its licensees in currencies as specified in the transaction-specific PERILS's agreement with such licensee.

PERILS collects exposure and loss data in local and other currencies such as AUD, CHF, DKK, EUR, GBP, CHF, NOK, SEK, NOK, DKK, TRY and USD.

PERILS reports exposure and loss data in local currencies and in EUR and USD based on OANDA FXDaily® rates (www.oanda.com).

For the exposure data, the conversion to EUR and USD is based on market rates at the in-force date. The market rates used come from OANDA FXDaily®.

For the loss data, the conversion to EUR and USD is based on market rates at the event start date. The market rates used come from OANDA FXDaily®.

In the case that one of the countries covered by PERILS that is currently using the euro (Austria, Benelux states, France, Germany, Ireland, Italy) should abandon the euro monetary union and no longer use the euro, but instead use another currency, market exchange rates for the newly adopted currency to the EUR and USD will be applied, using identical data sources and conversion dates as described above. If these are not available for the dates described above, exit exchange rates as made available by independent sources, such as relevant Central Banks or other competent sources, will be applied.

For outstanding transactions using PERILS data in euros, in the event the euro ceases to exist and is not traded anymore, PERILS would continue to report data in euros, using exit exchange rates as made available by independent sources, such as relevant Central Banks or other competent sources.

Loss Communication

PERILS delivers its loss estimates in the form of a PERILS event loss declaration via email and registered post to its respective licensee pursuant to a license. The PERILS event loss declaration contains event information such as the event name, country event start and end dates, the PERILS unique event identification number and the ultimate gross property event loss estimates for each country by occupancy types, as specified in such license.

Exclusions from Loss Reporting

Losses covered under government schemes and self-insurance losses are excluded from PERILS industry loss estimates.

The PERILS system and data are stored on secure servers located at high security hosting locations with multiple internet connections. The hosting provider is approved by the Swiss Federal Banking Commission SFBC and is certified by ISO 27001. It operates multiple locations at distances greater than 50 km. Data and server backups are created daily and are stored in different secure locations. A recovery system can be up and running within 24 hours.

Description of PERILS Industry Exposure Data

The PERILS Industry Exposure Data is based on data directly collected from insurance companies writing property business in the covered territories. Extrapolation of collected exposure (sums insured) information to industry level is based on property premium market share per aggregation unit (country, CRESTA Zone, property occupancy type) of data providing companies.

The PERILS Industry Exposure Data contains the following:

Covered Perils and Territories:

Covered Perils and Territories		
Bushfire	Earthquake	Extratropical Cyclone
Australia	Australia, Italy, Turkey	Australia, Austria, Belgium, Denmark, France, Germany, Ireland, Luxembourg, Netherlands, Norway, Sweden, Switzerland, United Kingdom
Flood	Hailstorm	Tropical Cyclone
Australia, Italy, Turkey, United Kingdom	Australia	Australia

Occupancy Types: residential property, commercial property, industrial property, agricultural property, or aggregations thereof.

Coverage Types: buildings values, contents values and business interruption values, or aggregations thereof.

PERILS Industry Exposure Data is updated on a yearly basis with access available on an annual subscription basis.

PERILS European Windstorm Industry Exposure Insured Values as of January 1, 2018

Country	Property Total Sum Insured (in EUR)
AUT	2,504,427,913,570
BEL	2,016,875,745,655
CHE	3,512,150,317,779
DEU	15,456,668,480,783
DNK	1,696,629,166,416
FRA	12,502,603,905,197
GBR	9,367,228,628,328
IRL	764,947,293,118
LUX	194,664,374,965
NLD	2,941,944,760,462
NOR	1,982,531,052,075
SWE	2,356,267,995,747
Total WS	55,296,939,634,095

Exchange rates are based on OANDA FXDaily® as of the dates, as set forth below. Exchanges rates differ from the Canada FX Conversion Factor which are used to calculate the Event Index Values for each Class:

Exchange Rates

01 January 2018	EUR/1 Unit	USD/1 Unit
AUD	0.650144	0.780482
CHF	0.855167	1.026170
DKK	0.134297	0.161178
EUR	1.000000	1.200323
GBP	1.125448	1.350656
NOK	0.101526	0.121879
SEK	0.101793	0.122198
TRY	0.219692	0.263702

USD	0.833110	1.000000
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Source: FXDaily © 1997-2018 by OANDA Corporation, 1 January 2018

Historical Information for qualifying Europe Windstorm Events captured by PERILS

(as of April 30, 2018)

<u>Windstorm Klaus, Jan. 24, 2009</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
March 7, 2009	1 st PERILS Event Loss Declaration	1,650
April 24, 2009	2 nd PERILS Event Loss Declaration	1,550
July 24, 2009	3 rd PERILS Event Loss Declaration	1,487
January 24, 2010	Final PERILS Event Loss Declaration	1,574
<u>Windstorm Xynthia, Feb. 28, 2010</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
April 12, 2010	1 st PERILS Event Loss Declaration	1,281
May 28, 2010	2 nd PERILS Event Loss Declaration	1,266
August 28, 2010	3 rd PERILS Event Loss Declaration	1,303
February 28, 2011	Final PERILS Event Loss Declaration	1,320
<u>Windstorm Joachim, Dec. 15, 2011</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
January 26, 2012	1 st PERILS Event Loss Declaration	300
March 15, 2012	2 nd PERILS Event Loss Declaration	289
June 15, 2012	3 rd PERILS Event Loss Declaration	285
December 15, 2012	Final PERILS Event Loss Declaration	252
<u>Windstorm Andrea, Jan 4, 2012</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
February 15, 2012	1 st PERILS Event Loss Declaration	267
April 4, 2012	2 nd PERILS Event Loss Declaration	309
July 4, 2012	3 rd PERILS Event Loss Declaration	337
January 4, 2013	Final PERILS Event Loss Declaration	336
<u>Windstorm Christian, Oct 27, 2013</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
December 6, 2013	1 st PERILS Event Loss Declaration	994
January 27, 2014	2 nd PERILS Event Loss Declaration	1,068

April 27, 2014	3 rd PERILS Event Loss Declaration	1,091
October 27, 2014	Final PERILS Event Loss Declaration	1,144

<u>Windstorm Xaver, Dec 5, 2013</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
January 16, 2014	1 st PERILS Event Loss Declaration	680
March 5, 2014	2 nd PERILS Event Loss Declaration	727
June 5, 2014	3 rd PERILS Event Loss Declaration	759
December 5, 2014	Final PERILS Event Loss Declaration	763

<u>Windstorm Dirk, Dec 23, 2013</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
February 3, 2014	1 st PERILS Event Loss Declaration	275
March 23, 2014	2 nd PERILS Event Loss Declaration	352
June 23, 2014	3 rd PERILS Event Loss Declaration	370
December 23, 2014	Final PERILS Event Loss Declaration	420

<u>Windstorm Tini, Feb 12, 2014</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
March 26, 2014	1 st PERILS Event Loss Declaration	245
May 12, 2014	2 nd PERILS Event Loss Declaration	253
August 12, 2014	3 rd PERILS Event Loss Declaration	281
February 12, 2015	Final PERILS Event Loss Declaration	286

<u>Windstorm Elon-Felix, Jan 8, 2015</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
February 19, 2015	1 st PERILS Event Loss Declaration	328
April 8, 2015	2 nd PERILS Event Loss Declaration	335
July 8, 2015	3 rd PERILS Event Loss Declaration	328
January 8, 2016	Final PERILS Event Loss Declaration	329

<u>Windstorm Mike-Niklas, Mar 29, 2015</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
May 11, 2015	1 st PERILS Event Loss Declaration	853
June 29, 2015	2 nd PERILS Event Loss Declaration	895
September 29, 2015	3 rd PERILS Event Loss Declaration	826
March 29, 2016	Final PERILS Event Loss Declaration	816

<u>Windstorm Egon, Jan 12, 2017</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
February 23, 2017	1 st PERILS Event Loss Declaration	212
April 12, 2017	2 nd PERILS Event Loss Declaration	234
July 12, 2017	3 rd PERILS Event Loss Declaration	275
January 12, 2018	Final PERILS Event Loss Declaration	275

<u>Windstorm Thomas (Doris), Feb 23, 2017</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
April 6, 2017	1 st PERILS Event Loss Declaration	213
May 23, 2017	2 nd PERILS Event Loss Declaration	249
August 23, 2017	3 rd PERILS Event Loss Declaration	249
February 23, 2018	Final PERILS Event Loss Declaration	248

<u>Windstorm Zeus, Mar 6, 2017</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
April 13, 2017	1 st PERILS Event Loss Declaration	192
June 6, 2017	2 nd PERILS Event Loss Declaration	269
September 6, 2017	3 rd PERILS Event Loss Declaration	284
March 6, 2018	Final PERILS Event Loss Declaration	272

<u>Windstorm Xavier, Oct 5, 2017</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
November 16, 2017	1 st PERILS Event Loss Declaration	291
January 5, 2018	2 nd PERILS Event Loss Declaration	325
April 5, 2018	3 rd PERILS Event Loss Declaration	325

<u>Windstorm Herwart, Oct 29, 2017</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
December 11, 2017	1 st PERILS Event Loss Declaration	252
January 29, 2018	2 nd PERILS Event Loss Declaration	255
April 27, 2018	3 rd PERILS Event Loss Declaration	255

<u>Windstorm Burglind (Eleanor), Jan 2, 2018</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
February 13, 2018	1 st PERILS Event Loss Declaration	643
April 3, 2018	2 nd PERILS Event Loss Declaration	680

<u>Windstorm Friederike (David),</u> <u>Jan 17, 2018</u> <u>Report Date</u>	<u>Estimate Type</u>	<u>Estimate Amount</u> <u>(EUR in millions)</u>
February 28, 2018	1 st PERILS Event Loss Declaration	1,465
April 17, 2018	2 nd PERILS Event Loss Declaration	1,629

ANNEX F

REQUEST FOR ACCESS TO INFORMATION FORM

Atlas Capital UK 2018 PLC
c/o Horseshoe ILS Services UK Ltd
Collingham House,
6-12 Gladstone Road,
London, SW19 1QT
[Date]

Pursuant to the Offering Circular dated May 25, 2018 (the "**Circular**") of Atlas Capital UK 2018 PLC (the "**Issuer**"), requests for Available Information by a Noteholder or prospective Noteholder (who is a permitted transferee) may be made in writing by submitting this Request for Access to Information Form to the Issuer. Capitalised terms used and not defined herein shall have the respective meanings set forth in the Circular.

The undersigned hereby requests the Issuer to grant access to all Available Information currently being provided to holders and prospective purchasers of the Series 2018 Notes via a secure internet site maintained by the Insurance Manager.

In order to access the Issuer's secure password-protected online workspace established for Holders, please provide:

- Name of Noteholder/prospective purchaser (entity): _____
- First Name of contact person: _____
- Last Name of contact person: _____
- Email address of contact person: _____
- Telephone number of contact person: _____

The undersigned hereby certifies that it is: a holder, or a prospective purchaser, of the Issuer's Series 2018 Notes and is; (i) a Qualified Investor and a Qualified Institutional Buyer, (ii) if a U.S. Person, is also a Qualified Purchaser; and (iii) a Qualified Eligible Person, and (iv) a resident of, and purchasing in, a Permitted U.S. Jurisdiction or a Permitted Non-U.S. Jurisdiction.

As a condition to access Available Information on the Issuer's secure password-protected online workspace, the undersigned agrees that it shall not (i) disclose any such information to third parties other than as required by applicable law and regulations, including U.S. federal and state securities laws and regulations, or, in connection with the potential bona fide resale of its Series 2018 Notes, to a prospective purchaser that is a permitted transferee, or, use the information for any purpose other than investment analysis of the Series 2018 Notes

[NOTEHOLDER/PROSPECTIVE HOLDER]

By: _____

ANNEX G

DIRECTORS OF THE ISSUER

Name	Clifford Pearce
Business Address	Atlas Capital UK 2018 PLC c/o Intertrust Management Limited 35 Great St. Helen's London, EC3A 6AP
Functions Held	Chairman
Principal activities outside of the Issuer which are significant in respect to the Issuer	Mr. Pearce is an employee of Intertrust Management Limited. Intertrust Management Limited is the Corporate Services Provider to the Issuer under the Corporate Services Agreement.

Name	Michael Baker
Business Address	Atlas Capital UK 2018 PLC c/o Intertrust Management Limited 35 Great St. Helen's London, EC3A 6AP
Functions Held	Chief Executive Officer and Chief Financial Officer
Principal activities outside of the Issuer which are significant in respect to the Issuer	Mr. Baker is an employee of Horseshoe ILS Services UK Ltd. Horseshoe ILS Services UK Ltd is the Insurance Manager of the Issuer under the Insurance Manager Agreement.

Name	Malcolm Newman
Business Address	Atlas Capital UK 2018 PLC c/o Intertrust Management Limited 35 Great St. Helen's London, EC3A 6AP
Functions Held	Director
Principal activities outside of the Issuer which are significant in respect to the Issuer	Mr. Newman is Managing Director of SCOR's EMEA hub, which encompasses the operations of SCOR Global P&C SE. SCOR Global P&C SE is the Ceding Insurer to the Issuer under the Reinsurance Agreement.

ANNEX H

INDEX OF DEFINED TERMS

10% U.S. Shareholder	99	Credit Rating Agency Regulation	4
3(c)(7) Representations	164	CRESTA Zone	32
50% test	149	CRR	72
75% test	149	D	28
Account	52	Date of Loss	21
Accrual Period	17	Definitive Note	138
Accrual Period Loss Payment Amount	35	Definitive Note Record Date	131
Additional Amount	45	Distance	28
Affected Investor	72	Dodd-Frank	10
Aggregate Limit	43	Early Redemption Date	7
Aggregate Loss Payment Amount	35	Early Redemption Event	8
Aggregate UNL	43	Early Termination Date	7
AIFMD	75	Early Termination Event	10
AIFMD Regulations	75	Earthquake	27
AIFMR	73	Earthquake County Modeled Loss	29
AIFs	75	Earthquake County PCS Loss	29
AIR	xxviii, 36	Earthquake County Percentage	29
Air Expert Risk Analysis	xxx	Earthquake Covered Area	28
Air Expert Risk Analysis Reports	xxx	Earthquake Data Provider	23
Air Expert Risk Analysis Results	xxx	Earthquake Date of Loss	28
AIR Expert Risk Analysis Results	38	Earthquake Event	28
Assigned Agreements	52	Earthquake Event Parameters	29
Augmented PERILS Industry Exposure		Earthquake Event Parameters Date	29
Database	38	Earthquake Index Value	30
Authorised Recipient	i	Earthquake Payout Factors	30
Basel Committee	71	Earthquake Post Event Loss Calculations	29
Basel II Framework	71	Earthquake Province PCS Loss	30
Basel III	72	Earthquake State Modeled Loss	29
Basic Documents	132	Earthquake State PCS Loss	29
Beneficial Owner	135	EBRD	46
Beneficiaries	51	EBRD Coupon Payment Date	48
Budget Exhaustion Redemption Event	10	EBRD Default Acceleration Notice	48
Business Day	57	EBRD Default Event	49
Calculation Agent	36	EBRD Interest Rate	47
Calculation Agent Agreement	36	EBRD Notes	46
Canada FX Conversion Factor	30	EBRD Notes Coupon Payment	47
Canadian Earthquake Covered Area	28	EBRD Notes Issuance Date	46
Catastrophe Bulletin	21	EBRD Notes Maturity Date	47
Ceding Insurer	4	EBRD Payment Default	49
Ceding Insurer Default Redemption Event	9	EBRD Put Date	48
CFC	99	EBRD Put Event	48
Change in Law Redemption Event	10	EBRD Put Notice	48
Change in Tax Law Redemption Event	9	EBRD Put Notice Date	48
Charged Accounts	51	EBRD Ratings Event	49
Circular	i	EBRD Redemption Event	10
Clean-Up Call Redemption Event	8	ECI	97, 144
Clearing System	56	EEA	72
Code	98, 173, 174	Eligible Purchasers	135
Collateral	5, 52	Epicentre	28
Collateral Account	51	ERISA	173, 174
Collateral Payment Account	51	Escrow Agent	42
Covered Area	21	Escrow Models	41
Covered Event	21	ESMA	75
CRD IV	72	ESMA MMF Guidelines	65

Euronext Dublin	i	IGA	145
Europe FX Conversion Factors	34	Index Deductible	34
Europe Windstorm	32	Industry Exposure Database	37
Europe Windstorm Covered Area	32	Initial Augmented PERILS Industry Exposure Database	38
Europe Windstorm Date of Loss	32	Initial Canada FX Conversion Factor	30, 33
Europe Windstorm Event	32	Initial Earthquake Payout Factors	30
Europe Windstorm Index Value	33	Initial Europe FX Conversion Factor	33
Europe Windstorm Initial Covered Area	32	Initial Europe Windstorm Payout Factor	32
Europe Windstorm Loss Amount	33	Initial European Attachment Level	34
Europe Windstorm Payout Factor	32	Initial European Exhaustion Level	34
Europe Windstorm Payout Factors	32	Initial Event Reporting Date	36
Europe Windstorm Updated Covered Area	32	Initial Expense Premium	45
Event Index Value	34	Initial Index Event Deductible	34
Event Notice	36	Initial Industry Exposure Database	37
Event Report	36	Initial Interest Spread	17
Event Reporting Date	36	Initial Named Storm Payout Factors	26
Excess Account	44, 51	Initial North America Attachment Level	34
Excess Amount	42	Initial North America Exhaustion Level	34
Exhaustion Level	34	Initial One Year Attachment Probability	39
Expenses Account	51	Initial One Year Expected Loss	39
Extended Redemption Date	7	Initial Purchaser	ii
Extended Termination Date	7, 12	Interest Spread Calculation	18
Extension Determination Date	13	IntraLinks	2
Extension Discontinuation Date	13	Investment Company Act	ii, 169
Extension Event	12	IRS	96, 145
Extension Period	12	Issuance Date	4
Extension Spread	18	Issuer	i, ii
Factor Reset Notice	39	Issuer Payment	42
Factors	38	June Payment Date	7
Fall-Back Data Provider	23	Layer	34
Fall-Back Data Provider Failure Redemption Event	8	LIBOR Calculation Agent	47
Fall-Back Earthquake Industry Loss	30	Liquidity Coverage Ratio	72
Fall-Back Industry Loss Amount	30	Listing Information	1
Fall-Back Named Storm Industry Loss	26	Listing Particulars	i
FATCA	96, 145	Loss Period	20
FDAP	145	Loss Period Index Value	35
FET	145	Loss Period Payment Amount	35
FFIs	96	Loss Reserves	44
Final Draft ITS	73	Mandatory Extension Event	15
Final Draft RTS	73	Material Transaction	10
Final Event Report	37	Material Transaction Redemption Event	10
Final Extended Redemption Date	7	Minimum Development Period	15
Final ITS	73	MMF Negative Yield Deficit	19
Final Named Storm Event Parameters Date	24	MMF negative Yield Event	19
Final RTS	73	Modeling Firm	37
Financial Intermediary	136	Money Market Fund	49
First Loss Period	20	Money Market Fund Criteria	49
First Payment Date	17	Money Market Fund Shares	49
Fitch	46	Moody's	4
FL DOI	11	Named Storm	24
FMTS	23	Named Storm County Modeled Loss	25
Fourth Loss Period	20	Named Storm County PCS Loss	26
<i>FVC Regulation</i>	75	Named Storm County Percentage	25
Global Note	135	Named Storm Covered Area	24
Global Note Record Date	131	Named Storm Data Provider	23
Government Securities	49	Named Storm Date of Loss	24
Holder	ii	Named Storm Event	24
Hypocenter	28	Named Storm Event Parameters	25
IBTrACS	23	Named Storm Event Parameters Date	25

Named Storm Index Value	26	Province	28
Named Storm Payout Factors	26	Purchaser.....	166
Named Storm Post Event Loss Calculations	25	Q&A	75
Named Storm State Modeled Loss	25	QEF.....	98
Named Storm State PCS Loss	25	Qualified Institutional Buyers	ii, 169
Negative Accrual Period Loss Payment		Qualified Purchasers	ii, 169
Amount	35	Qualifying Event.....	21
Negative Loss Payment	42	Record Date	131
Net Stable Funding Ratio	72	Redemption Amount	6
NFIP	89	Redemption Date	6
NHC.....	23	Reinsurance Agreement	iv, 112
Non-Permitted Noteholder.....	134	Reminder Notice	164
Non-QEF Investment Fund.....	51	Reporting Agency	21
Non-Risk Period Interest Spread	18	Reporting Agency Failure.....	23
Noteholder	ii	Reporting Agency Failure Event.....	23
Notes.....	ii	Reporting Agency Report	21
NWS	23	Reporting Source	21
Obligations	52	Request for Access to Information Form	2, 107
Offering	i	Reset	40
Offering Price	4	Reset Agent.....	37
Optional Extension Discontinuation Notice	13	Reset Determination Date	39
Optional Extension Event	13	Reset Effective Date	39
Optional Extension Event I.....	13	Reset Limitations	40
Optional Extension Event II	13	Reset Report.....	41
Optional Extension Event II Conditions	14	Resurvey Estimate	22
Optional Extension Notice.....	13	Risk Period.....	19
Optional Extension Type Determination Date.....	14	Risk Transfer Contract.....	42
Optional Extension Type Determination Period..	14	Risk-Linked Notes Representations	165
Optional Extension Verification Report	15	RPII.....	100
Optional Redemption Date	7	RPII shareholder	100
Optional Redemption Event	11	Rule 144A Information	2, 107
Optional Redemption Payment.....	11	Rule 4.7 Representations	164
Optional Termination Date	7	Rule144A	ii
Optional Termination Event	11	Rules	136
Original Principal Amount	6	S&P.....	4
Outstanding Principal Amount	6	Scheduled Redemption Date	6, 112
Partial Extension.....	12	Scheduled Termination Date.....	6
Partial Redemption Amount	12	SCOR.....	10
Participants	135	Second Loss Period.....	20
Payment Date.....	17	Securities Act.....	ii, 166, 169
PCC	3	Securitization Retention Requirements.....	73
PCS	21	Selected Transaction Documents	1
PCS License Agreement	21, 120	Series 2018 Notes	i
PERILS.....	21	Series 2018 PC 1 Notes.....	3
PERILS Loss Report	22	Service Provider.....	9
PERILS Resurvey Estimate	22	Service Provider Agreement	9
Periodic Payments	44	Service Provider Failure Redemption Event	9
Permitted Investment Yield	18	ShakeMap	23
Permitted Investments	46	Similar Law.....	174
Permitted Non-U.S. Jurisdictions	56, 166	Similar Plan.....	174
Permitted U.S. Jurisdictions	56, 166	Solvency II Regulation	73
PFIC.....	98	Spectral Acceleration	28
Plans	173, 174	SSPE	75
Positive Accrual Period Loss Payment Amount..	35	State	24
Post Enforcement Priorities of Payment	53	Subsequent Event Reporting Date	36
Preliminary Named Storm Event Parameters		Supplemental Coverage Period.....	112
Date	24	Supplemental Expense Premiums	45
Preliminary Updated Attachment Level	40	Tax Regulations	56
Principal Increase	6	TCJA.....	102
Principal Reduction	6	Third Loss Period.....	20

Third Party Information	xxix	Updated Earthquake Payout Factors	38
Top-Up Amount	19	Updated Europe Windstorm Payout Factors	38
Total Permitted Investment Amount.....	19	Updated Exhaustion Level.....	40
Tropical Cyclone Report	25	Updated Factors	39
U.K. Treaty	144	Updated Index Deductible	38
U.S. Persons.....	ii	Updated Industry Exposure Database	37
U.S. Basel III final rule.....	72	Updated Interest Spread.....	18
U.S. Earthquake Covered Area.....	28	Updated Named Storm Payout Factors	38
U.S. Person	100, 147	Updated One Year Expected Loss	39
U.S. Persons.....	169	USD	5
U.S. Situs Risks	145	USGS	23
UNL Notice	43	UTC	58
Updated Attachment Level	40	Variable Reset.....	40
Updated Augmented PERILS Industry Exposure Database	38	Variable Reset Notice	40
Updated Canada Currency Conversion Factor ...	30, 33	withholdable payments	96, 145
Updated Currency Conversion Factor	38	Withholding Tax	145
		Workspace Administrator	2
		WPC.....	23

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Atlas Capital UK 2018 PLC
USD300,000,000 Series 2018 ISPV 1 Principal At-
Risk Variable Notes due June 7, 2022

Offering Circular
