



This document constitutes a Base Prospectus in respect of non-equity securities within the meaning of Article 5.4 of Directive 2003/71/EC (the “**Base Prospectus**”).

## **BASE PROSPECTUS**

### **VCL MASTER S.A.**

#### **acting with respect to its Compartment 2**

*(incorporated with limited liability in Luxembourg with registered number B149052)*

as Issuer

### **EUR 2,000,000,000 Programme for the Issuance of Compartment 2 Notes (the “Programme”)**

Under this Programme, VCL Master S.A. (the “**Issuer**”) acting with respect to its Compartment 2 may from time to time issue asset backed floating rate notes (the “**Compartment 2 Notes**”) denominated in Euro (subject always to compliance with all legal and/or regulatory requirements).

In this Base Prospectus, a reference to the Issuer without any specific reference to its Compartment(s) means that the Issuer is acting with respect to its Compartment 1 and its Compartment 2.

The Issuer, acting with respect to its Compartment 2, will issue the Compartment 2 Notes in series with different issue dates, interest rates and scheduled repayment dates (but having the same interest payment dates) (each a “**Series**”). For each Series, the Issuer acting with respect to its Compartment 2 will deliver a permanent global bearer note to a Common Safekeeper for Clearstream, Luxembourg and Euroclear.

For each issue of Compartment 2 Notes final terms to this Base Prospectus (each such final terms referred to as “**Final Terms**”) will be provided as a separate document. The Final Terms must be read in conjunction with the Base Prospectus.

The proceeds of any Compartment 2 Notes will be used to finance the purchase by the Issuer, acting with respect to its Compartment 2, of Residual Values in the form of the Expectancy Rights (*Eigentumsanwartschaftsrecht*). Such Expectancy Rights result from the security title to the related Leased Vehicles (which has been transferred in connection with the sale of the Lease Receivables to Compartment 1 of the Issuer and further to the Security Trustee) being automatically retransferred to the Seller upon the satisfaction of certain conditions. The Issuer acting for its Compartment 2 will acquire full legal title to the Leased Vehicle, for which it acquired the related Expectancy Right only at the point in time when such conditions have been satisfied – and not at the Compartment 2 Closing Date or the Additional Purchase Date, as applicable.

Each Compartment 2 Note entitles the holder to demand the payment of a particular amount of interest and/or principal only, if and to the extent such amounts have been received by the Issuer, acting with respect to its Compartment 2 from the Expectancy Rights Realisation Amount, from the Compartment 2 Cash Collateral Account, from the enforcement of the Security with respect to the Expectancy Rights and from the Compartment 2 Swap Agreements. The sum of the Nominal Amount of the Compartment 2 Notes plus the overcollateralisation amount plus the Compartment 2 Subordinated Loan equals the present value of the Purchased Expectancy Rights discounted to the First Additional Cut-Off Date relevant for the Expectancy Rights or the respective further Additional Cut-Off Date using the Expectancy Rights Discount Rate. In case of realisation of the Leased Vehicle and/or utilisation of the Compartment 2 Cash Collateral Account to the extent any shortfall of Purchased Expectancy Rights is fully covered thereby, and subject to receipt in full of the amounts payable under the Compartment 2 Swap Agreements each holder of a Compartment 2 Note is entitled to payment of the principal amount plus interest calculated at a percentage rate per annum being the sum of one-month EURIBOR plus the applicable Margin, in each case with reference to the principal amount of each Compartment 2 Note remaining outstanding immediately prior to the time of each payment and published pursuant to Condition 13. Payments of principal and interest on each series of Compartment 2 Notes will be made monthly in arrear on the 25th of each month in each year or, in the event such date is not a Business Day, on the next following Business Day unless

that day falls in the next calendar month in which case the date will be the first preceding day that is a Business Day.

Application has been made to the Commission de Surveillance du Secteur Financier (the “**CSSF**”) of Luxembourg in its capacity as competent authority (the “**Competent Authority**”) under the Luxembourg law relating to prospectuses for securities dated 10th July 2005 (*loi relative aux Prospectus pour valeurs mobilières*) for the approval of the Base Prospectus. In the context of such approval, the CSSF does not assume any responsibility as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer in accordance with Article 7(7) of the Luxembourg law relating to prospectuses for securities dated 10th July 2005. Application will be made to the Luxembourg Stock Exchange for the Compartment 2 Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange’s regulated market upon their issuance. The Luxembourg Stock Exchange’s regulated market is a regulated market for the purpose of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC. This Base Prospectus will be published in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

Each of the Compartment 2 Notes in the denomination of EUR 100,000 will be governed by the laws of Germany (being specified that the provisions of articles 86 to 94-8 of the Luxembourg Companies Law are excluded) and will be represented by a permanent global bearer note in new global note (“**NGN**”) form (the “**Permanent Global Note**”), without interest coupons, issued in respect of each Series of Compartment 2 Notes, which will be deposited with a Common Safekeeper for Clearstream, Luxembourg and Euroclear. The Compartment 2 Notes represented by the Permanent Global Notes will not be exchangeable for definitive Compartment 2 Notes. The Compartment 2 Notes are intended to be held in a manner which will allow Eurosystem eligibility. See “OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES – Global Notes.”

Ratings will be assigned to the Compartment 2 Notes by Fitch Ratings Limited (“**Fitch**”) and Standard & Poor's Ratings Services (“**S&P**”). Each of Fitch and S&P is established in the European Community and according to the press release from European Securities Markets Authority (“**ESMA**”) dated 31 October 2011, Fitch and S&P have been registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No 513/2011 and by Regulation (EU) No 462/2013. Reference is made to the list of registered or certified credit rating agencies published by ESMA, as last updated on 3 June 2013, which can be found on the website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>. The assignment of ratings to the Compartment 2 Notes or an outlook on these ratings is not a recommendation to invest in the Compartment 2 Notes and may be revised, suspended or withdrawn at any time.

The Issuer acting with respect to its Compartment 1 has issued, and may issue during the Compartment 1 Revolving Period, certain series of floating rate notes (the “**Compartment 1 Notes**”). The proceeds of the Compartment 1 Notes have been used or, respectively, will be used to finance the purchase by the Issuer (acting with respect to its Compartment 1) Lease Receivables and related collateral relating to the Lease Contracts to which the Expectancy Rights relate as well. The proceeds from the issue of the Compartment 1 Notes shall be used to acquire the Lease Receivables, whereas the proceeds from the Compartment 2 Notes shall be invested to acquire the Expectancy Rights. Although the Compartment 1 Notes are also described to a certain extent in the following paragraphs, only the Compartment 2 Notes are the subject of this Base Prospectus. However, since the conditional retransfer of collateral granted for security purposes to Compartment 1 of the Issuer creates the Expectancy Rights to be sold and transferred into Compartment 2 of the Issuer, the principle features of the Compartment 1 Notes have been described as well for the sake of completeness.

**For a discussion of certain significant factors affecting investments in the Notes, see “RISK FACTORS”.**

For reference to the definitions of capitalised terms appearing in this Base Prospectus and certain interpretation rules, see “THE MASTER DEFINITIONS SCHEDULE” and the “COMPARTMENT 2 MASTER DEFINITIONS SCHEDULE ADDENDUM”.

Co-Arrangers

**HSBC**

**Volkswagen Financial Services AG**

Lead Manager

**HSBC**  
Managers

**SEB**

**Volkswagen Bank**

The date of this Base Prospectus is 24 September 2013.

The Issuer accepts full responsibility for the information contained in this Base Prospectus and any Final Terms. Subject to the foregoing, the Issuer has taken all reasonable care to ensure that the information given in this Base Prospectus and the Final Terms is to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import and the Issuer has taken all reasonable care to ensure that the information stated herein is true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or opinion. VWL as the Seller and Servicer only accepts full responsibility for information in this Base Prospectus and, if any, in the Final Terms relating to the Purchased Expectancy Rights, the disclosure of servicing related risk factors, risk factors relating to the Purchased Expectancy Rights, the information contained in “DESCRIPTION OF THE PORTFOLIO”, “BUSINESS PROCEDURES OF VOLKSWAGEN LEASING GMBH”, “THE SELLER AND THE SERVICER”, “ADMINISTRATION OF THE PURCHASED LEASE RECEIVABLES AND PURCHASED EXPECTANCY RIGHTS UNDER THE SERVICING AGREEMENT” and “BUSINESS AND ORGANISATION OF VOLKSWAGEN LEASING GMBH”. VWL has taken all reasonable care to ensure that the information for which it accepts responsibility is, to the best of their knowledge, in accordance with the facts and does not omit anything likely to affect its import.

No person has been authorised to give any information or to make any representations, other than those contained in this Base Prospectus, in connection with the issue and sale of the Compartment 2 Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, VWL, the Security Trustee, the Expectancy Rights Trustee, the Servicer, the Data Protection Trustee, the Lead Manager, the Managers or by the Co-Arrangers shown on the cover page or any other parties described in this Base Prospectus. The Lead Manager and the Managers do not constitute an underwriting syndicate or otherwise take responsibility for the subscription, sale or other matters in connection with the issue of any Compartment 2 Notes under this Base Prospectus except to the extent that any of the Lead Managers or Manager takes part in such issue as manager, underwriter, selling agent or in similar capacity. The delivery of this Base Prospectus does not imply any assurance by the Issuer, VWL, the Security Trustee, the Expectancy Rights Trustee, the Servicer, the Data Protection Trustee, the Lead Manager, the Managers or by the Co-Arrangers shown on the cover page or any other parties described in this Base Prospectus that this Base Prospectus will continue to be correct at all times during the one-year period of validity except that the Issuer will publish a supplement to this Base Prospectus if and when required pursuant to article 13 of the Luxembourg law relating to prospectuses for securities dated 10th July 2005 (*loi relative aux Prospectus pour valeurs mobilières*). Any such supplement will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The Compartment 2 Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. Persons.

Neither the delivery of this Base Prospectus or any Final Terms nor any offering, sale or delivery of any Compartment 2 Notes shall, under any circumstances, create any implication (i) that the information in this Base Prospectus is correct as of any time subsequent to the date hereof, or (ii) that there has been no adverse change in the financial situation of the Issuer or with respect to VWL since the date of this Base Prospectus or the balance sheet date of the most recent relevant financial statements or (iii) that any other information supplied in connection with the issue of the Compartment 2 Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. This does not affect the obligation of the Issuer to file a supplement in accordance with the Luxembourg law relating to prospectuses for securities dated 10th July 2005 (*loi relative aux Prospectus pour valeurs mobilières*).

No action has been taken by the Issuer, the Lead Manager, the Managers and the Co-Arrangers other than as set out in this Base Prospectus that would permit a public offering of the Compartment 2 Notes, or possession or distribution of this Base Prospectus, any Final Terms or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, no Compartment 2 Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus (or any part hereof) or any Final Terms, nor any advertisement or other offering materials may be issued, distributed or published in any country or jurisdiction except in compliance with applicable laws, orders, rules and regulations, and the Issuer, the Lead Manager, the Managers and the Co-Arrangers have represented that all offers and sales by them have been made on such terms.

Neither this Base Prospectus nor any Final Terms constitutes an offer to sell or the solicitation of an offer to buy any securities. The distribution of this Base Prospectus (or of any part thereof) or any Final Terms and the offering and sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus (or any part thereof) comes are required by the Issuer, the Lead Manager, the Managers and the Co-Arrangers to inform themselves about and to observe any such restrictions. Neither this Base Prospectus nor any Final Terms constitute, or may be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. For a further description of certain restrictions on offerings and sales of the Compartment 2 Notes and distribution of this Base Prospectus (or of any part thereof) or any Final Terms see “SUBSCRIPTION AND SALE”.

**If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.**

**An investment in the Compartment 2 Notes that are the subject of this Base Prospectus is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may result from such investment.**

**It should be remembered that the price of securities and the expected income from them may decrease.**

## PRINCIPAL FEATURES OF THE COMPARTMENT 2 NOTES

<i>Compartment 2 Revolving Period</i>	<p>The period from (and including) the Compartment 2 Closing Date and ending on (but excluding) the earlier of (i) the Series Revolving Period Expiration Date of the last outstanding Series of Compartment 2 Notes and (ii) the occurrence of an Early Amortisation Event.</p>
<i>Expected Ratings on Initial Issue Date and any Further Issue Date for all Series of Compartment 2 Notes</i>	<p>AAA(sf) by Fitch AAA(sf) by S&amp;P</p> <p>Fitch is established in the European Community. S&amp;P is established in the European Community.</p> <p>According to the press release from European Securities Markets Authority ("<b>ESMA</b>") dated 31 October 2011, Fitch and S&amp;P have been registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No 513/2011 and by Regulation (EU) No 462/2013. Reference is made to the list of registered or certified credit rating agencies published by ESMA, as last updated on 3 June 2013, which can be found on the website <a href="http://www.esma.europa.eu/page/List-registered-and-certified-CRAs">http://www.esma.europa.eu/page/List-registered-and-certified-CRAs</a>.</p>
<i>Form</i>	Global bearer note in NGN form
<i>Listing and Admission to Trading</i>	Application will be made for listing on the official list of the Luxembourg Stock Exchange and for admission to trading of the Compartment 2 Notes at the regulated market of the Luxembourg Stock Exchange
<i>Clearing</i>	Clearstream, Luxembourg/ Euroclear

**KEY MINIMUM REQUIRED RATING DURING THE TERM OF THE TRANSACTION**

	<b>Short-term ratings</b>	<b>Long-term ratings</b>
<i>Account Bank Required Rating</i>	"F1" from Fitch "A-1" from S&P	
<i>Eligible Swap Counterparty</i>	"F1" from Fitch <i>and</i> S&P First Required Rating as defined in the Swap Agreements	"A" from Fitch <i>and</i>

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## **RISK FACTORS**

THE PURCHASE OF THE COMPARTMENT 2 NOTES MAY INVOLVE SUBSTANTIAL RISKS AND BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE NOTES. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES ALL THE INFORMATION SET FORTH IN THIS BASE PROSPECTUS AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW. PROSPECTIVE INVESTORS SHOULD MAKE SUCH INQUIRIES AS THEY DEEM NECESSARY WITHOUT RELYING ON THE ISSUER, THE LEAD MANAGER OR THE MANAGERS OR CO-ARRANGERS.

*Although only the Compartment 2 Notes are the subject of this Base Prospectus, the conditional retransfer of Leased Vehicles granted for security purposes to Compartment 1 of the Issuer creates the Expectancy Rights to be sold into Compartment 2 of the Issuer. Therefore, the following section includes aspects on principle features of the Compartment 1 Notes as well for the sake of completeness and thus often makes reference to the Compartment 1 Notes and the Compartment 2 Notes since the relevant risk factor applies to all such notes.*

The following is a disclosure of risk factors that are material with respect to the Issuer and the Compartment 2 Notes issued under the Programme and may affect the Issuer's ability to fulfil its obligation under the Compartment 2 Notes and of risk factors that are related to the Compartment 2 Notes (and the assets backing such Compartment 2 Notes) issued under this Base Prospectus. Prospective purchasers of Compartment 2 Notes should consider these risk factors, together with the other information in this Base Prospectus, before deciding to purchase Compartment 2 Notes under the Programme.

Prospective purchasers of Compartment 2 Notes are also advised to consult their own tax advisors, legal advisors, accountants or other relevant advisors as to the risks associated with, and the consequences of, the purchase, ownership and disposition of Compartment 2 Notes, including the effect of any laws of each country in which they are a resident. In addition, investors should be aware that the risks described may correlate and thus intensify one another.

### ***Risks relating to the assets and the Transaction Documents***

#### **Termination for Good Cause (*Kündigung aus wichtigem Grund*)**

As a general principle of German law, a contract may always be terminated for good cause (*Kündigung aus wichtigem Grund*) and such right may not be totally excluded nor may it be subject to unreasonable restrictions or the consent from a third party. This may also have an impact on several limitations on the right of the parties to terminate any of the Transaction Documents for good cause.

#### **Risk of Early Repayment**

In the event that Lease Contract underlying Purchased Lease Receivables are prematurely terminated or otherwise settled early, Compartment 2 Noteholders will be exposed to the risk that the Leased Vehicles will be disposed earlier than anticipated which might result in an early repayment of principal compared to the ordinary expiration of the relevant Lease Contract.

#### **Risk of Losses on the Purchased Expectancy Rights and Final Payment Receivables**

The risk to the Compartment 2 Noteholders that they will not receive the amount due to them under the Compartment 2 Notes stated in this Base Prospectus, is mitigated by the amount of funds in the

Compartment 2 General Cash Collateral Amount, by the investment of principal of the Subordinated Lender due to the subordination of the Compartment 2 Subordinated Loan to the Compartment 2 Notes and by the excess of the Aggregate Discounted Expectancy Rights Balance over the sum of the total nominal amounts of the Compartment 2 Notes and the Compartment 2 Subordinated Loan and by the Put Option.

There is no assurance that the Compartment 2 Noteholders will receive for each Compartment 2 Note the total nominal amount of such Compartment 2 Note plus interest at the respective Compartment 2 Notes Interest Rate.

### **Risks regarding the Sale of Used Vehicles after automatic transfer of full legal title**

The rate of repayment may itself be influenced by various economic, tax, legal and other factors such as changes in the value of the Leased Vehicles or the level of interest rates from time to time.

There might be various risks involved in the sales of used vehicles which could have the potential of significantly influencing the proceeds generated from the sale of vehicles, e.g. disproportionately high damages and mileage, correlation between the age of the vehicle and its value on the balance sheet of VWL, less popular configuration of cars (e.g. engine, colour), oversized special equipment (the sale value of special vehicle equipment is comparatively low in relation to the resale value of the vehicle), large numbers of homogeneous types of vehicles over short time intervals (e.g. fleet vehicles), general price volatility in the used vehicles market or seasonal impacts on sales (e.g. winter vs. spring).

### **Market for Leased Vehicles**

To the extent the Leased Vehicles are sold in the open market there is no guarantee that there will be a market for the sale of such Leased Vehicles, which will be in a used condition, or that such market will not deteriorate due to whatever reason.

Further, any deterioration in the economic condition of the areas in which the final customers are located, or any deterioration in the economic conditions of other areas, may have an adverse effect on the ability to sell the Leased Vehicles.

If and to the extent Leased Vehicles are sold by the Servicer in its own name but for the account of the Issuer, acting with respect to its Compartment 1 or its Compartment 2, in the open market, the sale agreements entered into with individuals (*Privatpersonen*) as final customers may be within the applicability of the law of sale regarding consumer products (*Verbrauchsgüterkaufrecht*). Pursuant to such statutory mandatory law, the prescription period for claims resulting from the fact that the sold used vehicle had defects cannot be shortened to less than a year (§ 475(2) of the German Civil Code). The burden of proof that there was no such defect at the time the used vehicle was surrendered to the individual (*Gefahrübergang*) is, generally, to be borne by the seller for a period of six months (§ 476 of the German Civil Code). Depending on the intensity of the defect it can happen that the entire previous realisation proceeds are consumed or even exceeded by costs of repair. Further, sale agreements concluded via internet portals, communications by electronic systems, telemarketing, letters etc. are contracts of distant selling (*Fernabsatzverträge*). The individual final customer in such case is entitled to revoke the sales agreement within a period of two weeks after conclusion of the agreement without giving reasons. Such period begins on the later of the date on which: (i) the sale contract has been concluded; (ii) the consumer has been duly notified of his right of revocation in a form that meets the requirements set forth in § 355(2) of the German Civil Code; (iii) the consumer received a copy of the contract document (*Vertragsurkunde*); (iv) the consumer has received the purchased vehicle; or (v) the consumer has received the information required pursuant to § 312c(2) of the German Civil Code. In this case the Servicer (on behalf of the Issuer, acting with respect to its Compartment 1 and its Compartment 2) has to refund the purchase price and additionally pay the whole rescission of contract, which would decrease the realisation proceeds, although the vehicle can be sold again afterwards.

## **Residual Value Risk**

A residual value risk exists when the estimated market value of a leased asset at the time of disposal upon expiration of a contract is less than the residual value calculated at the time the contract was closed. However, it is also possible to realize more than the calculated residual value at the time the leased asset is disposed of.

Direct and indirect residual value risks are differentiated relative to the bearer of the residual value risks. A direct residual value risk is present when the residual value risk is borne by Volkswagen Leasing GmbH. An indirect residual value risk is present if the residual value risk has been transferred to a third party based on the guaranteed residual value (e. g. customers, dealerships). The initial risk is that the counterparty guaranteeing the residual value might default. If the guarantor of the residual value defaults, the leased asset and hence the residual value risk are transferred to Volkswagen Leasing GmbH.

## **Credit Risk of the Parties**

The ability of the Issuer, acting with respect to its Compartment 2 to make any principal and interest payments in respect of the Compartment 2 Notes depends to a large extent upon the ability of the parties to the Transaction Documents to perform their contractual obligations. In particular, and without limiting the generality of the foregoing, the timely payment of amounts due in respect of the Compartment 2 Notes depends on the ability of the Servicer to collect the Final Payment Receivable and to realise the Leased Vehicles and on the maintenance of the level of interest rate protection offered by the Compartment 2 Swap Agreements.

## **Risks Resulting from German Insolvency Law**

The following risk factors are relevant to transactions in which expectancy rights and residual values are securitised by a German seller:

### **Risks Relating to the Insolvency of the Seller of the Purchased Expectancy Rights**

In case insolvency proceedings are commenced in relation to VWL as German seller of the Expectancy Rights and the Final Payment Receivables, cash flows could be adversely affected as laid out below.

Section 103 of the German Insolvency Code (*Insolvenzordnung*) grants VWL's insolvency administrator for mutual contracts which have not been (or have not been completely) performed by VWL and the respective counterparty at the date when insolvency proceedings were opened against VWL the right to opt whether or not such contracts will be continued. In this regard it cannot be ensured that VWL's insolvency administrator decides to continue the Put Option Agreement and the Issuer acting with respect to its Compartment 2 may no longer exercise and enforce its right under the Put Option Agreement to demand from VWL to purchase the Leased Vehicles in the amount of the Initial Residual Value or the Additional Residual Value. This will not adversely impact the Issuer's right (acting with respect to its Compartment 2) to realise the Leased Vehicles after conversion of Purchased Expectancy Rights to full legal title (*Volleigentum*) to the related Leased Vehicles on the market for used vehicles. There exists the risk that the realisation proceeds for such realisation of Leased Vehicles on the market for used Vehicles will be lower than realisation proceeds under the Put Option Agreement.

### **Risk of Re-characterisation of the Transaction as Loan Secured by Purchased Expectancy Rights**

The sale of moveable assets (*bewegliche Sachen*) under the Vehicles and Receivables Purchase Agreement has been structured to qualify as a true sale from VWL to the Issuer acting with respect to its Compartment 2. In particular, total default risk enhancement in respect of the Purchased

Expectancy Rights will be not higher than 9 per cent. of the purchase price. However, there are no statutory or case law based tests with respect to when a securitisation transaction qualifies as an effective sale or as a secured loan. Therefore it cannot be excluded that a court re-characterises the sale of Expectancy Rights under the Vehicles and Receivables Purchase Agreement as a secured loan. When a sale of the Expectancy Rights is re-characterised as a secured loan, sections 166 and 51 No. 1 of the German Insolvency Code (*Insolvenzordnung*) would apply with the following consequences:

The insolvency administrator would have possession of Expectancy Rights or other movable objects assigned as security and the Issuer acting with respect to its Compartment 2 is barred from enforcing the security. Further, an insolvency administrator of VWL as transferor of the Purchased Expectancy Rights which have been assigned for security purposes is authorised by German law to enforce and realise the assigned Purchased Expectancy Rights (on behalf of the assignee) and the Issuer acting with respect to its Compartment 2 is barred from enforcing the Purchased Expectancy Rights and the Final Payment Receivables assigned to it itself or through an agent. The insolvency administrator is obliged to transfer the proceeds from such realisation of the Leased Vehicles to the Issuer acting with respect to its Compartment 2. He may, however, deduct his fees from such proceeds; such fees may amount up to 9 per cent. of the enforcement proceeds plus applicable VAT (section 166 (2) German Insolvency Code (*Insolvenzordnung*)).

### **Risk of Defences and other Set-Off Rights of Lessees against Assignment**

With respect to Final Payment Receivables and Expectancy Rights Related Collateral assigned by VWL to the Issuer acting with respect to its Compartment 2 in fulfilment of the Vehicles and Receivables Purchase Agreement, the claim of the Issuer, acting with respect to its Compartment 2, to payment may further be subject to possible defences and objections resulting from consumer credit legislation (as described in detail above under the section “Risks Resulting from Consumer Credit Legislation”) be subject to defences and set-off rights of the Lessees of such Final Payment Receivables and Expectancy Rights Related Collateral; provided such rights (i) were in existence and due at the time of the assignment of such Purchased Expectancy Right (section 404 of the German Civil Code) or (ii) were acquired by the Lessee after such assignment without such Lessee having knowledge of the assignment at the time of acquiring the right or at the time when the right falls due (in cases where the right’s maturity falls beyond the maturity of the respective right under the Purchased Expectancy Right) (section 406 of the German Civil Code). In addition, as long as the Lessee has no knowledge of the assignment, e.g. because it is not notified by VWL, it may discharge its debt by paying to VWL. In such case, the Issuer acting with respect to its Compartment 2 would have a claim for compensation against VWL and would therefore be subject to VWL insolvency risk. Because it would not be typical for VWL to have other legal relationships with Lessees than the relevant Lease Contracts the likelihood of counterclaims or defences other than those arising from consumer credit legislation in connection with Lease Contracts is rather small. In this context it should be noted that VWL is not a bank and does not offer bank deposits. Also VWL warrants as of the First Additional Cut-Off Date and as of each Additional Cut-Off Date, respectively that each Purchased Expectancy Right is free of defences (see “DESCRIPTION OF THE PORTFOLIO”, “Warranties and Guarantees in relation to the Sale of the Purchased Lease Receivables and Purchased Expectancy Rights”).

### **Further German Civil Law Aspects**

The assignment of the Final Payment Receivables and Expectancy Rights Related Collateral may only be disclosed to the relevant Lessees at any time by the Servicer or by any substitute servicer in accordance with the Servicing Agreement and in accordance with section 496(2) German Civil Code. Until the relevant Lessees have been notified of the assignment of the relevant Final Payment Receivables and Expectancy Rights Related Collateral, they may undertake payment with discharging effect to the Seller. Each Lessee may further raise defences against the Issuer acting with respect to its Compartment 2 arising from its relationship with the Seller which are existing at the time of the assignment of the Final Payment Receivables and Expectancy Rights Related Collateral. Moreover, each Lessee is entitled to set-off against the Issuer acting with respect to its Compartment 2 its claims

against the Seller or such claims against the Seller which become due only after the Lessee acquires such knowledge and after the relevant Final Payment Receivables and Expectancy Rights Related Collateral themselves become due.

Pursuant to section 496(2) German Civil Code, any assignor of loan receivables and/or financial leases assigned on and after 19 August 2008, has obligation to notify its debtors of the contact details of its assignee except if such assignor remains as servicer for the relevant loan receivables and/or financial leases. As such, in case of a Servicer Replacement Event, the Lessees need to be notified provided the underlying Lease Contracts are construed as financial leases. The assignment of the Final Payment Receivables and Expectancy Rights Related Collateral will be disclosed to the relevant Lessees following a Servicer Replacement Event by the Servicer or by any substitute servicer in accordance with the Servicing Agreement.

### **Risks Resulting from Data Protection Rules**

German Data Protection Rules allow the transfer and processing of data only if the relevant customer has consented to such transfer or such transfer or processing is admissible under the applicable laws. The provisions of the German Data Protection Act (*Bundesdatenschutzgesetz*) allows, among others, the transfer and processing provided such transfer (i) is required to execute a contract with the customer or (ii) the interest of the data storer prevails over the customer's interest to prevent the processing and use of data. In order to take these principles into account the Seller has appointed the Data Protection Trustee in accordance with a circular of the German Banking Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).

### **Risk of Non-Existence of Purchased Expectancy Rights or Final Payment Receivables**

In the event that any of the Purchased Expectancy Rights or Final Payment Receivables have not come into existence at the time of its assignment to the Issuer acting with respect to its Compartment 2 under any Additional Vehicles and Receivables Purchase Agreement, such assignment would not result in the Issuer acting with respect to its Compartment 2 acquiring ownership title in such Purchased Expectancy Right or Final Payment Receivable. The Issuer acting with respect to its Compartment 2 would not receive adequate value in return for its purchase price payment. This result is independent of whether the Issuer acting with respect to its Compartment 2, at the time of assignment, is not aware of the non-existence and therefore acts in good faith (*gutgläubig*) with respect to the existence of such Purchased Expectancy Right or Final Payment Receivable. This risk, however, will be mitigated by contractual representations and warranties and the contractual obligation that VWL shall purchase from the Issuer acting with respect to its Compartment 2 any Purchased Expectancy Rights or Final Payment Receivables affected by such breach at a price equal to the present value of the Purchased Expectancy Rights or Final Payment Receivable, using the Expectancy Rights Discount Rate.

### **Reliance on Warranties**

If the Purchased Expectancy Rights should partially or totally fail to conform at the Compartment 2 Closing Date or, respectively, with respect to Additional Purchased Expectancy Rights purchased on any Additional Purchase Date, at such Additional Purchase Date, with the warranties given by VWL in the Initial Vehicles and Receivables Purchase Agreement or any Additional Vehicles and Receivables Purchase Agreement and such failure materially and adversely affects the interests of the Issuer acting with respect to its Compartment 2 or the Noteholders, VWL shall have until the end of the Monthly Period which includes the 60th day (or, if VWL elects, an earlier date) after the date that VWL became aware or was notified of such breach to cure or correct such breach. Any such breach or failure will not be deemed to have a material and adverse effect if such breach or failure does not affect the ability of the Issuer acting with respect to its Compartment 2 to receive and retain timely payment in full on the related Lease Contract. If VWL does not cure or correct such breach prior to such time, then VWL is required to purchase any Purchased Expectancy Rights affected by such breach which materially and adversely affects the interests of the Issuer acting with respect to its Compartment 2 or the Noteholders on the Payment Date following the expiration of such period.



## **Reliance on Servicing and Collection Procedures**

VWL, in its capacity as Servicer, will carry out the servicing, collection and enforcement of the Purchased Expectancy Rights, Final Payment Receivables and Expectancy Rights Related Collateral, including foreclosure on and the realisation of the Purchased Expectancy Rights, in accordance with the Servicing Agreement (see “ADMINISTRATION OF THE PURCHASED LEASE RECEIVABLES AND PURCHASED EXPECTANCY RIGHTS UNDER THE SERVICING AGREEMENT”). VWL’s repurchase obligations however are not secured and accordingly Noteholders bear VWL’s credit risk.

Accordingly, the Noteholders are relying on the business judgment and practices of VWL as they exist from time to time, in its capacity as Servicer to collect and enforce claims against the Lessees.

## **Risk of Change of Servicer**

In the event VWL is replaced as Servicer, there may be losses or delays in processing payments or losses on the Purchased Expectancy Rights or Final Payment Receivables due to a disruption in service because a successor not immediately available, or because the substitute servicer is not as experienced and efficient as VWL. This may cause delays in payments or losses on the Notes.

## **Commingling Risk**

VWL, as the Servicer, is entitled to commingle funds such as amounts collected under the Purchased Lease Receivables and proceeds from the realisation of Purchased Expectancy Rights and other amounts collected by it during any Monthly Period without segregating such funds from its other funds as outlined below, provided VWL in its capacity as Servicer complies with its obligations to remit the Compartment 2 Servicer Advance as outlined below. To mitigate the commingling risk, VWL agreed in its capacity as Servicer under the Servicing Agreement to advance Purchased Expectancy Rights for which the contractual expiration date of the relevant Lease Contract occurs in the respective Monthly Period on the third Business Day prior to such Monthly Period as described in more detail in this Base Prospectus in the chapter “Administration of the Purchased Lease Receivables and Purchased Expectancy Rights under the Servicing Agreement” under “Administration of Collections, Costs of Administration and Replacing of the Servicer”. Commingled funds may be used or invested by VWL at its own risk and for its own benefit until the relevant Payment Date. Realisation Proceeds and other amounts collected by it on Purchased Expectancy Rights and the Purchased Final Payment Receivables will be required to be remitted by the Servicer to the Compartment 2 Distribution Account on the first Business Day after receipt of such amounts. If VWL were unable to remit such amounts or were to become an insolvent debtor, losses or delays in distributions to investors may occur.

## **Conflicts of Interest**

VWL is acting in a number of capacities in connection with the transaction. VWL will have only those duties and responsibilities expressly agreed to by it in the relevant agreement and will not, by virtue of it or any of its Affiliates’ acting in any other capacity, be deemed to have any other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided in each agreement to which it is a party. VWL in its various capacities in connection with the Transaction may enter into business dealings from which it may derive revenues and profits without any duty to account therefore to any other Transaction Parties.

VWL may hold and/or service claims against Lessees other than the Purchased Expectancy Rights. The interests or obligations of VWL in its respective capacities with respect to such other claims may in certain aspects conflict with the interests of the Noteholders.

VWL may freely engage in other commercial relationships with other parties. In such relationships VWL is not obliged to take into account the interests of the Noteholders. Accordingly, because of these relationships, potential conflicts of interest may arise.

### **Investment Risk related to Permitted Investments**

Permitted Investments may be subject to investment risk. Pursuant to Clause 22.2 of the Trust Agreement the Issuer acting with respect to its Compartment 1 and its Compartment 2 is authorised and obliged to invest its funds with the bank with which the Accounts are held in Permitted Investments which will be made by the Servicer on behalf of the Issuer. However, it may be the case that such Permitted Investments will be irrecoverable due to insolvency of a debtor under such Permitted Investments or of a financial institution involved in such Permitted Investments. In such case, none of the Transaction Parties will be responsible for any consequential loss or shortfall. However, afore-described credit risk is limited as each Permitted Investment, at the time of investment, must be rated as required.

### **Risks from Reliance on Certification by True Sale International GmbH**

True Sale International GmbH (TSI) grants a registered certification label if a special purpose vehicle complies with certain TSI conditions. These conditions ensure that securitisations involving a special purpose vehicle, which is domiciled within the European Union adhere to certain quality standards. The label "CERTIFIED BY TSI – DEUTSCHER VERBRIEFUNGSSTANDARD" thus indicates that standards based on the conditions established by TSI have been met. Nonetheless, the TSI certification is not a recommendation to buy, sell or hold securities. Certification is granted on the basis of the originator's or issuer's declaration of undertaking to comply with the main quality criteria of the "CERTIFIED BY TSI – DEUTSCHER VERBRIEFUNGSSTANDARD" label, in particular with the lending and servicing standards and disclosure requirements, throughout the duration of the transaction. The certification does not represent any assessment of the expected performance of the loans portfolio or the notes.

(For a more detailed explanation see "Certification by TSI" below.)

TSI has carried out no other investigations or surveys in respect of the Issuer or the securities concerned and disclaims any responsibility for monitoring the Issuer's continuing compliance with these standards or any other aspect of the Issuer's activities or operations.

Investors should therefore not evaluate their securities investments on the basis of this certification.

### ***Risks relating to the Notes***

#### **German Tax Issues**

The following should be read in conjunction with "TAXATION - Taxation in Germany".

#### ***Value Added Tax***

The purchase of the Expectancy Rights may be classified as (future) purchase of the underlying Vehicles based on the fact that the Issuer will under any event receive full legal title to the related leased Vehicles upon the occurrence of a Lease Contract Termination Event. The purchase price for the Expectancy Rights must then be classified as a prepayment of the purchase price for the (future) delivery of the Vehicles located in Germany. For VAT purposes advanced purchase price payments are subject to VAT at the time the prepayments. Hence, the Issuer acting with respect to its Compartment 2 would be obliged to pay VAT on the purchase price for the Expectancy Rights at the time when such payments are made. This increases the payment obligations of the Issuer acting with respect to its Compartment 2. Although the Issuer acting with respect to its Compartment 2 is generally entitled to reclaim such VAT paid from the German tax authorities, a refund of VAT takes

some time and the VAT portion needs to be funded with the proceeds from the issuance of Compartment 2 Notes. VWL has agreed under the Vehicles and Receivables Purchase Agreement to defer the purchase price portion allocable to VAT on Purchased Expectancy Rights until the Issuer acting with respect to its Compartment 2 obtains refund of such VAT from the German tax authorities.

### ***Income tax***

Investors should be aware that with respect to the Issuer's liability for income tax there is no assurance that the German tax authorities will treat the Issuer as having its place of effective management and control ("*Geschäftsleitung*") outside Germany. In contrast, German tax authorities may treat the Issuer as having its place of management and control ("*Geschäftsleitung*") in Germany. As a consequence, the Issuer would be subject to German resident taxation on its worldwide income, unless certain branch income is tax-exempt according to the provision of any applicable tax treaty. A foreign corporation has its effective place of management and control in Germany if the substantial decisions of the day-to-day business are made in Germany. Such decisions are related to all functions performed by the Issuer in Germany in contrast to the decisions related to functions performed outside of Germany. The functions performed by the Servicer in Germany involve decisions to be made in relation to the management of the Purchased Lease Receivables and in particular in relation to the collection of such receivables. Consequently, the functions performed by the Servicer in Germany on behalf of the Issuer must not be of economic significance in comparison to functions performed in Luxembourg and elsewhere, either by the Issuer itself or Persons acting on its behalf as the Corporate Services Provider or the Calculation Agent. Such assessment cannot be made with scientific accuracy and involves a judgment with which reasonable people may disagree. There are good and valid reasons to treat the Issuer as not being managed and controlled in Germany, but if the Issuer were treated as so managed and controlled, against its expectation, the Issuer's corporate income tax base would have to be determined on an accrual basis.

Even if the Issuer does not have its place of effective management and control in Germany, the German tax authorities may treat the Issuer as maintaining a permanent establishment or having a permanent representative in Germany. The Issuer does not maintain any business premises or office facilities in Germany, thus it cannot be expected that the Issuer has a permanent establishment in Germany. In addition, the Issuer qualifies for protection under the Double Taxation Treaty of August 23, 1958 (in its updated version of June 15, 1973) between Luxembourg and Germany which overrules German domestic law with respect to the determination of a permanent establishment in Germany. The German Ministry of Finance has expressed its view that the mere collection activity carried out by the Seller on behalf of the Issuer does not result in the Issuer having a permanent establishment (*Betriebsstätte*) in Germany (see *Finanznachrichten* 22/2001 as of 19 September 2001, p.5). However, it cannot be excluded that the German tax authorities will treat the Servicer as being a permanent representative of the Issuer in Germany.

In the latter case, all income attributable to the functions rendered by the German Servicer is subject to German taxation. Such income might include all refinancing income and expenses of the Issuer and, therefore, the earnings-stripping rule might apply to the interest payable on the issued Notes, the consequence of which can be described as follows:

The German legislator enacted a far reaching reform of business taxation (*Unternehmensteuerreform 2008*, "**Tax Reform 2008**"). As outlined above, there are good and valid reasons that the Issuer should neither be subject to resident nor to source taxation in Germany and, therefore, the new earnings-stripping rules (*Zinsschranke*) and the amended rules regarding the add-back of interest for trade tax purposes (*gewerbesteuerliche Hinzurechnung von Zinsen*) should very unlikely affect the tax position of the Issuer. According to the official explanatory statement published, securitisation vehicles shall not be subject to these limitations. If this is the case, such earnings-stripping rules shall not be applicable to the Issuer. The Federal Ministry of Finance states in the earnings-stripping rules Decree (Federal Gazette I 2008, page 718, margin no. 67) that the earnings-stripping rules is only applicable to securitisation vehicles which can be consolidated into the group financial statements of the Seller by using the control principle of IAS 27. Control is the power to govern the financial and operating

policies of an entity so as to obtain benefits from its activities (IAS 27 para 4). The Seller does not control the Issuer and therefore the earnings-stripping rule is not applicable. A possible consolidation by using SIC 12 does not lead to the application of the interest barrier.

Assuming that the Issuer is a resident in Germany, the Issuer will only become subject to these earning-stripping rules if it is considered to be an affiliated company (Konzern). The Issuer is an affiliated company if it is or might be part of a consolidated group of companies under the applicable regime of accounting standards.

Even if the Issuer forms part of a consolidated group of companies, pursuant to the published legislative motives which bind the administration and the courts in interpreting statute, a securitisation SPV shall not be regarded as affiliated with the result that the new earnings stripping rules will not be applicable to the Issuer, even if it should have a taxable presence in Germany. Language of the earnings stripping statute does not so provide expressly, but the legislative motives are sufficiently clear in directing the interpretation of statute.

In case the Issuer would still, against all expectations, be regarded as subject to the earning-stripping rules, interest payable by the Issuer would only be deductible as follows:

- Interest payable is fully deductible up to the amount of interest income (*Zinserträge*) received in the respective fiscal year of the Issuer; and
- Interest payable exceeding the amount of interest income would only be deductible up to 30 per cent of the annual EBITDA as determined pursuant to German tax rules.

Under current German tax law there will be no withholding taxes or deductions on account of German tax on the payment:

- from the Obligors on the Lease Receivables; or
- between the parties to the Transaction Documents under the Transaction Documents.

As of 1 January 2009 a separate tax rate for capital income has been introduced. All capital income are generally subject to a uniform tax rate of 25 per cent. (plus solidarity surcharge, section 32d para. 1 German Income Tax Act “**ITA**”). As a rule, taxes are deducted directly at the source.

## **Trade tax**

The Issuer is subject to German trade tax if its effective place of management and control is in Germany or the Issuer has a permanent establishment or a permanent representative in Germany.

As outlined above, there are good and valid reasons to treat the Issuer as not being managed and controlled in Germany. However, it cannot be excluded that the German tax authorities treat the Issuer as being effectively managed and controlled from within Germany. In this case, trade tax will, in principle, be levied on business profits derived by the Issuer. In that case, pursuant to section 8 no. 1 of the German Trade Tax Act (*GewStG — Gewerbesteuer*) an add-back will occur in the amount of one quarter of the interest payments. This applies not only to long-term indebtedness but also covers all kinds of interest payments. Additionally, the new rules on the add-back of interest payments for tax purposes will also treat certain discounts agreed on upon the sale of receivables resulting from pending business transactions (*schwebende Geschäfte*) as interest payment which are to be added-back at a rate of 25 per cent. Since there still are many uncertainties as to the application of these new rules, the impact on the potential trade tax burden of the Issuer cannot be quantified specifically. As outlined for corporate tax purposes, in case the Issuer does not have its effective place of management and control in Germany, it is also unlikely that the Issuer has a permanent establishment for trade tax purposes in Germany as the Issuer neither maintains any business premises or office facility in Germany nor does it have the right to dispose of the business premises of the Servicer. In addition, the

add-back of interest is only applicable for interest which is deductible for income tax purposes. If the interest is treated as non-deductible due to the earnings-stripping rules, an add-back for trade tax purposes is excluded.

It follows from the above that it cannot be excluded that the Issuer might be subject to German trade tax (*Gewerbesteuer*) calculated on the basis of 25 per cent. from 1 January 2008 of the interest the Issuer pays to the Noteholders and the Subordinated Lender. In order to cover such potential German trade tax risk, VWL has undertaken to indemnify the Issuer against any liabilities, costs, claims and expenses resulting from such trade tax claims, except those penalties and interest surcharges that are due to the gross negligence or wilful default of the Issuer.

VWL has undertaken to pay in case of a Compartment 1 German Trade Tax Event and/or a Compartment 2 German Trade Tax Event any shortfalls of the amounts paid under item *ninth* of the Order of Priority of distributions to the Compartment 1 Cash Collateral Account as the Compartment 1 German Trade Tax Risk Reserve and/or the Compartment 2 Cash Collateral Account as the Compartment 2 German Trade Tax Risk Reserve on the next Payment Date following a Compartment 1 German Trade Tax Event and/or a Compartment 2 German Trade Tax Event, as applicable. VWL will effect payment of such shortfalls, as applicable, to the Compartment 1 Cash Collateral Account and/or the Compartment 2 Cash Collateral Account immediately upon receipt of the Servicer's demand to pay such shortfall.

VWL has further undertaken to pay in case of a Compartment 1 German Trade Tax Increase Event and/or a Compartment 2 German Trade Tax Increase Event an amount equal to the Compartment 1 German Trade Tax Risk Reserve Increase Amount to the Compartment 1 Cash Collateral Account and/or an amount equal to the Compartment 2 German Trade Tax Risk Reserve Increase Amount to the Compartment 2 Cash Collateral Account, in each case on the next Payment Date following a Compartment 1 German Trade Tax Increase Event and/or a Compartment 2 German Trade Tax Increase Event, as applicable. VWL will effect payment of such amounts, as applicable, to the Compartment 1 Cash Collateral Account and/or the Compartment 2 Cash Collateral Account immediately upon receipt of the Servicer's demand to pay such amounts.

### **Market and Liquidity Risk for the Compartment 2 Notes**

Presently, there is no secondary market for the Compartment 2 Notes and there is no guarantee that a liquid secondary market will develop in future. If there are no market activities (i.e. bids and offers), it is unlikely that a liquid secondary market will develop. Even if such a market is established, there is no guarantee that it will provide sufficient liquidity to sell each Note. Accordingly, investors should be prepared to hold their investment in the Compartment 2 Notes until final maturity.

Further, the secondary markets in general are currently experiencing severe disruptions resulting from reduced investor demand for asset-backed securities and increased investor yield requirements for those securities. As a result, the secondary market for asset-backed securities is experiencing extremely limited liquidity. These conditions may continue or worsen in the future. Limited liquidity in the secondary market for asset-backed securities has had a severe adverse effect on the market value of asset-backed securities and may continue to have a severe adverse effect on the market value of asset-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently, any purchaser of the Notes must be prepared to hold such Notes for an indefinite period of time or until final redemption or maturity of such Notes. The market values of the Notes are likely to fluctuate. Any such fluctuation may be significant and could result in significant losses to investors in the Notes. In addition, the forced sale into the market of asset-backed securities held by structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities that are currently experiencing funding difficulties could adversely affect an investor's ability to sell, and/or the price an investor receives for, the Notes in the secondary market.

To facilitate the continuous valuation and the trading in the Compartment 2 Notes, the Issuer acting with respect to its Compartment 2 will, pursuant to the Conditions of the Compartment 2 Notes, each month publish or procure the publication of a Notes Factor for each Series of Compartment 2 Notes, which will be the ratio of the aggregate nominal amount of each Series of Notes then outstanding to the original principal amount of such Series of Notes. The calculation of the notes factor is described in the definition of such term.

### **Responsibility of Prospective Investors**

The purchase of Compartment 2 Notes is only suitable for investors (i) that possess adequate knowledge and experience in structured finance investments and have the necessary background and resources to evaluate all relevant risks related with such investments; (ii) that are able to bear the risk of loss of their investment (up to a total loss of the investment) without having to prematurely liquidate the investment; and (iii) that are able to assess the tax aspects and implications of such investment independently.

Furthermore, each potential investor should base its investment decision on its own and independent investigation and on the advice of its professional advisors (with whom the investor may deem it necessary to consult), be able to assess if an investment in the Compartment 2 Notes (i) is in compliance with its financial requirements, its targets and situation (or if it is acquiring the Notes in a fiduciary capacity, those of the beneficiary); (ii) is in compliance with its principles for investments, guidelines for or restrictions on investments (regardless of whether it acquires the Compartment 2 Notes for itself or as a trustee); and (iii) is an appropriate investment for itself (or for any beneficiary if acting as a trustee), notwithstanding the risks of such investment.

### **Interest Rate Risk / Risk of Swap Counterparty Insolvency**

The Purchased Expectancy Rights bear interest at fixed rates while the Compartment 2 Notes will bear interest at floating rates based on 1-month EURIBOR. The Issuer acting with respect to its Compartment 2 will hedge afore-described interest rate risk and will use payments made by the Compartment 2 Swap Counterparties to make payments on the Compartment 2 Notes on each Payment Date, in each case calculated with respect to the swap notional amount which is equal to the outstanding Compartment 2 Notes balance on the immediately preceding Payment Date. For each Series of Compartment 2 Notes, the Issuer acting with respect to its Compartment 2, will enter into a separate Swap Agreement.

During periods in which floating rates interests payable by the Compartment 2 Swap Counterparties under the Compartment 2 Swap Agreements are substantially greater than the fixed rates interests payable by the Issuer acting with respect to its Compartment 2 under such Compartment 2 Swap Agreements, the Issuer acting with respect to its Compartment 2 will be more dependent on receiving net payments from such Compartment 2 Swap Counterparties in order to make interest payments on the relevant Series of Compartment 2 Notes. If in such a period a Compartment 2 Swap Counterparty fails to pay any amounts when due under a Compartment 2 Swap Agreement, the Final Payment Receivables and the Expectancy Rights Related Collateral and the General Cash Collateral Amount may be insufficient to make the required payments on the relevant Series of Compartment 2 Notes and the holders of the relevant Series of Compartment 2 Notes may experience delays and/or reductions in the interest and principal payments on the Compartment 2 Notes.

During periods in which floating rates interests payable by a Compartment 2 Swap Counterparty under a Compartment 2 Swap Agreement are less than the fixed rates interests payable by the Issuer acting with respect to its Compartment 2 under such Compartment 2 Swap Agreement, the Issuer acting with respect to its Compartment 2 will be obliged under such Compartment 2 Swap Agreement to make a net payment to such Compartment 2 Swap Counterparty. The Compartment 2 Swap Counterparty's claims for payment (including certain termination payments required to be made by the Issuer acting with respect to its Compartment 2 upon a termination of a Compartment 2 Swap Agreement) under the Compartment 2 Swap Agreements will rank higher in priority than all payments on the

Compartment 2 Notes. If a payment under a Compartment 2 Swap Agreement is due to a Compartment 2 Swap Counterparty on a Payment Date, the Collections from the Purchased Lease Receivables and the General Cash Collateral Amount may be insufficient to make the required payments to the Compartment 2 Swap Counterparty and to the Compartment 2 Noteholders, so that the Compartment 2 Noteholders may experience delays and/or reductions in the interest and principal payments on the Compartment 2 Notes.

A Compartment 2 Swap Counterparty may terminate a Compartment 2 Swap Agreement if the Issuer acting with respect to its Compartment 2 becomes insolvent, if the Issuer acting with respect to its Compartment 2 fails to make a payment under the Compartment 2 Swap Agreement when due and such failure is not remedied within three Business Days after notice of such failure being given, if performance of the Compartment 2 Swap Agreement becomes illegal, or if a Foreclosure Event occurs under the Trust Agreement. The Issuer acting with respect to its Compartment 2 may terminate a Compartment 2 Swap Agreement if, among other things, the relevant Compartment 2 Swap Counterparty becomes insolvent, if the Compartment 2 Swap Counterparty fails to make a payment under the relevant Compartment 2 Swap Agreement when due and such failure is not remedied within three Business Days after the notice of such failure being given, or if performance of the Compartment 2 Swap Agreement becomes illegal or payments to the Issuer are reduced or payments from the Issuer, acting with respect to its Compartment 2, are increased due to tax for a period of time.

The Issuer acting with respect to its Compartment 2 is exposed to the risk that a Compartment 2 Swap Counterparty may become insolvent. In the event that a Compartment 2 Swap Counterparty suffers a rating downgrade, the Issuer acting with respect to its Compartment 2 may terminate the related Compartment 2 Swap Agreement if the relevant Compartment 2 Swap Counterparty fails, within a set period of time, to take certain actions intended to mitigate the effects of such downgrade. Such actions could include the Compartment 2 Swap Counterparty collateralising its obligations as a referenced amount, transferring its obligations to a replacement Compartment 2 Swap Counterparty or procuring a guaranty. However in the event a Compartment 2 Swap Counterparty is downgraded there can be no assurance that a guarantor or replacement Compartment 2 Swap Counterparty will be found or that the amount of collateral will be sufficient to meet the Compartment 2 Swap Counterparty's obligations.

In the event that a Compartment 2 Swap Agreement is terminated by either party, then, depending on the market value of the swap, a termination payment may be due to the Issuer, acting with respect to its Compartment 2, or to the Compartment 2 Swap Counterparty. Any such termination payment could be substantial. Under certain circumstances, termination payments required to be made by the Issuer acting with respect to its Compartment 2 to a Compartment 2 Swap Counterparty will rank higher in priority than all payments on the Compartment 2 Notes. In such an event, Realisation Proceeds and the General Cash Collateral Amount may be insufficient to make the required payments on the Compartment 2 Notes and the Compartment 2 Noteholders may experience delays and/or reductions in the interest and principal payments on the Compartment 2 Notes.

In the event that a Compartment 2 Swap Agreement is terminated by either party or a Compartment 2 Swap Counterparty becomes insolvent, the Issuer acting with respect to its Compartment 2 may not be able to enter into a swap agreement with a replacement swap counterparty immediately or at a later date. If a replacement swap counterparty cannot be contracted, the amount available to pay principal of and interest on the Compartment 2 Notes will be reduced if the floating rates on Compartment 2 Notes exceed the fixed rate the Issuer acting with respect to its Compartment 2 would have been required to pay the Compartment 2 Swap Counterparty under the terminated Compartment 2 Swap Agreement. Under these circumstances the Realisation Proceeds and the General Cash Collateral Amount may be insufficient to make the required payments on the Compartment 2 Notes and the Compartment 2 Noteholders may experience delays and/or reductions in the interest and principal payments on the Compartment 2 Notes.

The enforceability of a contractual provision which alters the priorities of payments to subordinate the claim of a swap counterparty (to the claims of other creditors of its counterparty) upon the occurrence of an insolvency of or other default by the swap counterparty (a so-called "flip clause") has been

challenged in the English and U.S. courts. The hearings have arisen due to the insolvency of a swap counterparty and have considered whether the payment priorities breach the "anti-deprivation" principle under English and U.S. insolvency law. This principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency. It was argued that where a secured creditor subordinates itself to the noteholders in the event of its insolvency, that secured creditor effectively deprives its own creditors. In England, the Court of Appeal in *Perpetual Trustee Company Limited & Anor v BNY Corporate Trustee Services Limited & Ors* 2009 EWCA Civ 1160, dismissed this argument and upheld the validity of similar priorities of payment, stating that the anti-deprivation principle was not breached by such provisions. The English Supreme Court in *Belmont Park Investments Pty Limited v BNY Corporate Trustee Services Limited and Lehman Brothers Special Financing Inc* 2011 UKSC 38, upheld the validity of such priorities of payment under English law.

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a swap counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty. Such provisions are similar in effect to the terms included in the Transaction Documents relating to the subordination of certain payments under a Swap Agreement.

The Supreme Court of the United Kingdom in *Belmont Park Investments PTY Limited (Respondent) v BNY Corporate Trustee Services Limited and Lehman Brothers Special Financing Inc* 2011 UKSC 38 unanimously upheld the decision of the Court of Appeal in upholding the validity of similar priorities of payment, stating that, provided that such provisions form part of a commercial transaction entered into in good faith which does not have, as its predominant purpose or one of its main purposes, the deprivation of the property of one of the parties on bankruptcy, the anti-deprivation principle was not breached by such provisions.

In parallel proceedings in New York, Judge Peck of the U.S. Bankruptcy Court for the Southern District of New York granted Lehman Brothers Special Finance Inc.'s ("**LBSF**") motion for summary judgement on the basis that the effect was that the provisions do infringe the anti-deprivation principle in a U.S. insolvency. Judge Peck acknowledged that this resulted in the U.S. courts coming to a decision "directly at odds with the judgement of the English Courts". In New York, whilst leave to appeal was granted, the case was settled before an appeal was heard. Therefore concerns still remain that the U.S. courts will diverge in their approach which, in the case of an unfavourable decision in New York, may adversely affect the Issuer's ability to make payments on the Notes.

If a creditor of the Issuer (such as the Swap Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the US), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the Transaction Documents (such as a provision of the relevant Priority of Payments which refers to the ranking of the Swap Counterparty's rights in respect of certain amounts under the Swap Agreement). In particular, based on the decision of the US Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under US bankruptcy law. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as a Swap Counterparty, including US established entities and certain non-US established entities with assets or operations in the US (although the scope of any such proceedings may be limited if the relevant non-US entity is a bank with a licensed branch in a US state). In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.



Given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents include terms providing for the subordination of certain payments under the Swap Agreement, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Notes. If any rating assigned to any of the Notes is lowered, the market value of such Notes may reduce.

In the event that a Compartment 1 Swap Agreement is terminated by either party or a Compartment 1 Swap Counterparty becomes insolvent, the Issuer acting with respect to its Compartment 1 may not be able to enter into a swap agreement with a replacement swap counterparty immediately or at a later date. If a replacement swap counterparty cannot be contracted, the amount available to pay principal of and interest on the Compartment 1 Notes will be reduced if the floating rates on Compartment 1 Notes exceed the fixed rate the Issuer acting with respect to its Compartment 1 would have been required to pay the Compartment 1 Swap Counterparty under the terminated Compartment 1 Swap Agreement. Under these circumstances the Collections of the Purchased Lease Receivables and the General Cash Collateral Amount may be insufficient to make the required payments on the Compartment 1 Notes and the Compartment 1 Noteholders may experience delays and/or reductions in the interest and principal payments on the Compartment 1 Notes.

A Compartment 1 Swap Counterparty may transfer its obligations under the relevant Compartment 1 Swap Agreement to a third party with the required ratings, which are (i) either (A) short-term unsecured, unsubordinated and unguaranteed debt obligations which are rated F1 by Fitch and (B) long-term unsecured and unsubordinated debt or counterparty obligations are rated A or above by Fitchs and (ii) with either (x) short-term, unsecured, unguaranteed and unsubordinated debt obligations which are rated by S&P at least A-1 (or its equivalent) and long-term, senior unsecured, unsubordinated and unguaranteed debt obligations which are rated by S&P at least A (or its equivalent); or (if such entity is not subject to a short-term rating from S&P) (y) long-term, unsecured and unguaranteed debt obligations rated at least A+ (or its equivalent). For the purpose of assessment of this definition, an entity on RWN should be considered to be rated one notch below its current rating by Fitch.

The Conditions of the Compartment 2 Notes which are governed by German law may be modified through contractual agreement to be concluded between the Issuer, acting with respect to its Compartment 1, and all Compartment 2 Notes Noteholders as provided for in Sec. 4 of the German Act on the Reformation of the legal Relationship of Bonds Emissions (*Gesetz zur Neuregelung der Rechtsverhältnisse bei Schuldverschreibungen aus Gesamtemissionen – Schuldverschreibungsgesetz 2009*) or by a Noteholder's resolution adopted pursuant to Sections 5 to 22 of aforementioned act and in accordance with the terms and conditions with unanimous consent of the Compartment 2 Notes Noteholders. As long as the Compartment 2 Notes are outstanding, the applicable Margin pursuant to Condition 8(d) may only be modified pursuant to a contractual agreement which requires the consent of the Issuer acting with respect to its Compartment 2, all Compartment 2 Notes Noteholders and of VWL.

## **Liability and Limited Recourse under the Notes**

The Notes and the Subordinated Loans represent obligations of the Issuer acting with respect to its Compartment 1 and its Compartment 2 only, and do not represent obligations of the Co-Arrangers, the Managers, the Lead Manager, the Security Trustee, the Expectancy Rights Trustee, VWL or Volkswagen AG or any of its Affiliates (together the “**Volkswagen Group**”) or any other third party or entity. Neither the Co-Arrangers, nor the Lead Manager, nor the Managers, nor the Security Trustee, nor the Expectancy Rights Trustee, nor VWL, nor the Volkswagen Group, nor any affiliate of the Issuer, nor any other third person or entity, assumes any liability to the Noteholders if the Issuer, acting with respect to its Compartment 1 or its Compartment 2, fails to make a payment due under the Notes or the Subordinated Loans.

All payment obligations of the Issuer acting with respect to its Compartment 2 under the Compartment 2 Notes and the Compartment 2 Subordinated Loan Agreement constitute limited recourse obligations to pay only the respective Compartment 2 Available Distribution Amount which includes, *inter alia*, amounts received by the Issuer acting with respect to its Compartment 2 from the Purchased Expectancy Rights and under the Transaction Documents. The Compartment 2 Available Distribution Amount may not be sufficient to pay amounts accrued under the Compartment 2 Notes, which may result in an Interest Shortfall, when the same become due and payable, and such default continues for a period of five (5) Business Days will constitute a Foreclosure Event. The Compartment 2 Notes shall not give rise to any payment obligation in addition to the foregoing. The enforcement of the payment obligations under the Compartment 2 Notes and the Compartment 2 Subordinated Loans shall only be effected by the Security Trustee (acting for and on behalf of the Expectancy Rights Trustee) in accordance with the Trust Agreement. A Foreclosure Event results in the enforcement of the collateral held by the Expectancy Rights Trustee in respect of Compartment 2. If the Expectancy Rights Trustee (or the Security Trustee acting on its behalf) enforces the claims under the Notes, such enforcement will be limited to the assets which were transferred to the Expectancy Rights Trustee and for security purposes. To the extent that such assets, or the proceeds of the realisation thereof, prove ultimately insufficient to satisfy the claims of all respective Noteholders in full, then any shortfall arising shall be extinguished and neither any Noteholder, nor the Expectancy Rights Trustee shall have any further claims against the Issuer acting with respect to its Compartment 2. Such assets and proceeds shall be deemed to be “ultimately insufficient” at such time when no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claims of the Noteholders, and neither assets nor proceeds will be so available thereafter.

If any of the events which require the Security Trustee to take action should occur, the Security Trustee will have legal access to the Security only. The Security Trustee itself is not a guarantor, nor have any guarantees been given by other Transaction Parties, with respect to which the Security Trustee could assert claims on behalf of the Noteholders and/or the Subordinated Lender.

For the avoidance of doubt, the recourse of the Compartment 2 Transaction Creditors is limited to the assets of the Issuer allocated to its Compartment 2.

## **Limitation of Time**

Claims arising from a bearer note (*Inhaberschuldverschreibung*) i.e. claims to interest and principal cease to exist with the expiration of thirty years after the occurrence of time determined for performance, unless the bearer note is submitted to the Issuer for redemption prior to the expiration of thirty years. In case of a submission, the claims will be time-barred in two years beginning with the end of the period for submission. The submission equals a judicial assertion of the claim arising from the bearer note.

## **No gross up of payments**

The Compartment 2 Notes will not provide for gross-up of payments in the event that the payments on the Notes become subject to withholding taxes.

## **Council Directive 2003/48/EC of 3 June 2003 on taxation of savings as interest payments**

Under EC Council Directive 2003/48/EC (the “Savings Directive”) on the taxation of savings income, each Member State will be bound to automatically communicate to the tax authorities of another Member State detailed information on the interest payments and similar income (notably premiums and lots related to all kinds of receivables and the accrued or capitalised interest gained from the sale, repayment of these receivables to these loans) paid by an economic operator (a paying agent in the meaning of the EU Savings Directive) in its jurisdiction for the benefit of an individual resident of an other Member State. As an exception, and only for a transitional period (which will come to an end as soon as an agreement on a procedure for the exchange of information has been reached between the European Union and some third-party States), Luxembourg and Austria can alternatively apply a withholding tax on the said payments. The withholding tax will not, however, apply if the beneficiary of the income (a) expressly authorises the paying establishment to declare the payments or (b) provides a certificate issued in its name by the competent tax authorities allowing it to benefit from an exemption from withholding tax. By legislative regulations dated January 26, 2004 the Federal Government of Germany enacted provisions implementing the Directive into German law. These provisions apply from July 1, 2005. Luxembourg implemented the EU Savings Directive in the law of 21 June 2005. The attention of the Noteholders is drawn to (i) the “Overview of the Terms and Conditions of the Notes – Taxation” stating that no gross-up will be available with respect to any withholding tax imposed as a result of the EU Directive 2003/48/EC of 3 June 2003 and (ii) the sections “Taxation – Luxembourg Taxation” and “Taxation – EU Savings Directives” for more details.

### **New U.S. Tax Law**

On 18 March 2010, the Hiring Incentives to Restore Employment Act (the “**HIRE Act**”) was enacted in the United States. The HIRE Act includes provisions known as the Foreign Account Tax Compliance Act (“**FATCA**”). Final regulations under FATCA were issued by the United States Internal Revenue Service (the “**IRS**”) on 17 January 2013 (the “**FATCA Regulations**”). FATCA generally imposes a 30% U.S. withholding tax on “withholdable payments” (which include (i) U.S.–source dividends, interest, rents and other “fixed or determinable annual or periodical income” paid after 30 June 2014 and (ii) certain U.S.–source gross proceeds paid after 31 December 2016, but does not include payments that are effectively connected with the conduct of a trade or business in the United States) paid to (a) “foreign financial institutions” (“**FFIs**”) unless they enter into an agreement with the IRS to collect and disclose to the IRS information regarding their direct and indirect U.S. owners (an “**FFI Agreement**”) and (b) “non-financial foreign entities” (“**NFFE**”) (i.e., foreign entities that are not FFIs) unless (x) an NFFE is exempt from withholding as an “excepted NFFE” or an “exempt beneficial owner” (as such terms are defined in the FATCA Regulations) or (y) an NFFE (I) provides to a withholding agent a certification that it does not have “substantial U.S. owners” (i.e., certain U.S. persons that own, directly or indirectly, more than 10% of the stock (by vote or value) of a non-U.S. corporation, or more than 10% of the profits interests or capital interests in a partnership) or (II) provides the name, address and taxpayer identification number of each substantial U.S. owner to a withholding agent and the withholding agent reports such information to the IRS. FATCA does not replace the existing U.S. withholding tax regime. However, the FATCA Regulations contain coordination provisions to avoid double withholding on U.S.–source income.

The United States Department of Treasury is in discussions with a number of foreign governments with respect to alternative approaches to FATCA implementation, including the negotiation of intergovernmental agreements (“**IGAs**”) that, for example, would require FFIs located in a foreign jurisdiction to (i) report U.S. account information to the tax authorities in such jurisdiction, which the tax authorities would in turn provide to the IRS, or (ii) register with the IRS and report U.S. account information directly to the IRS in a manner consistent with the FATCA Regulations, except as expressly modified by the relevant IGA. An FFI located in a jurisdiction that has executed an IGA with the United States as described in clause (i) above generally will not need to enter into a separate FFI Agreement. The United States Department of Treasury currently has executed IGAs with Denmark, Ireland, Mexico, Norway, Switzerland and the United Kingdom.

The FATCA rules described above do not apply to any payments made under an obligation that is outstanding on 1 July 2014 (provided such obligation is not materially modified subsequent to such date) and any gross proceeds from the disposition of such obligation. An obligation for this purpose includes a debt instrument and any agreement to extend credit for a fixed term (e.g., a line of credit or a revolving credit facility), provided that the agreement fixes the material terms at the issue date. A material modification is any significant modification of a debt instrument as determined under the U.S. tax regulations.

Under FATCA, non-U.S. entities that do not enter into an FFI Agreement or that otherwise do not cooperate with certain documentation requests may be subject to a 30% U.S. withholding tax on their receipt of "passthru payments" from an FFI that does enter into an FFI Agreement (a "**Participating FFI**"). "Passthru payments" from a Participating FFI include withholdable payments or other payments to the extent attributable to withholdable payments. Passthru payments also include certain non-U.S. source payments known as "foreign passthru payments."

The Issuer believes that none of the payments it receives with respect to the Purchased Lease Receivables, investment earnings on cash reserves and other investments it holds, or payments it receives from the Swap Counterparty, will constitute U.S. source income or withholdable payments within the meaning of FATCA. However, there can be no assurance that payments received by the Issuer will not be subject to withholding under FATCA. U.S. withholding tax, to the extent applicable, will reduce the cash available to the Issuer to make payments on the Notes and therefore will impact the amounts received by an investor.

If the Issuer determines that it is an FFI and enters into an FFI Agreement with the IRS, the Issuer will be required to provide certain information on direct or indirect U.S. ownership of Notes. The Issuer may be required either to (i) redeem Notes held directly or indirectly by U.S. persons to the extent such persons refuse to waive bank secrecy protections in order to allow the Issuer to report information to the IRS or (ii) risk the revocation of its FFI Agreement. Moreover, the disclosure of information by the Issuer pursuant to an FFI Agreement could result in an audit of a Noteholder or its direct or indirect owners. Such an audit could result in an examination of tax items unrelated to the Notes and could result in the imposition of additional taxes, penalties and interest. The Issuer is not responsible for providing representation for any Noteholder or its direct or indirect owners in the event of an IRS audit. Noteholders or their owners would be required to retain and pay their own counsel in connection with an audit and would bear any costs associated with such audit.

In accordance with the Trust Agreement, the Issuer is permitted, subject to the consent of the Security Trustee, to make any modifications to the provisions of the Trust Agreement and the Transaction Documents in order to minimise or eliminate any withholding tax imposed on the Issuer as a result of FATCA. The Issuer is also permitted, subject to the consent of the Security Trustee, to enter into an FFI Agreement. However, if an amount in respect of such withholding tax were to be deducted or withheld either from amounts due to the Issuer or from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the Terms and Conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Because of the uncertainty of the issues surrounding the application of FATCA and its application to the Issuer, each Noteholder should consult its own tax advisor to obtain a more detailed explanation of FATCA, to learn how it might affect such holder in its particular circumstance, and with regard to FATCA guidance released after the date of this Base Prospectus.

### **European Market Infrastructure Regulation (EMIR)**

Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, known as the European Market Infrastructure Regulation ("**EMIR**") came into force on 16 August 2012.

On 19 December 2012, the European Commission adopted nine of ESMA's Regulatory Technical Standards (the "**Adopted RTS**") and Implementing Technical Standards (the "**Adopted ITS**") on OTC Derivatives, CCPs and Trade Repositories (the Adopted RTS and Adopted ITS together being the "**Adopted Technical Standards**"), which included technical standards on clearing, reporting and risk mitigation (see further below). The Adopted ITS were published in the Official Journal of the European Union on 21 December 2012 and entered into force on 10 January 2013 (although certain of the provisions thereof will only take effect once the associated regulatory technical standards enter into force). The Adopted RTS were published in the Official Journal of the European Union on 23 February 2013 and entered into force on 15 March 2013.

EMIR introduces certain requirements in respect of OTC derivative contracts applying to financial counterparties ("**FCPs**"), such as investment firms, credit institutions and insurance companies and certain non-financial counterparties ("**Non-FCPs**"). Such requirements include, amongst other things, the mandatory clearing of certain OTC derivative contracts (the "**Clearing Obligation**") through an authorised central counterparty (a "**CCP**"), the reporting of OTC derivative contracts to a trade repository (the "**Reporting Obligation**") and certain risk mitigation requirements in relation to derivative contracts which are not centrally cleared.

The Clearing Obligation applies to FCPs and certain Non-FCPs which have positions in OTC derivative contracts exceeding specified 'clearing thresholds'. Such OTC derivative contracts also need to be of a class of derivative which has been designated by ESMA as being subject to the Clearing Obligation. On the basis of the Adopted Technical Standards, it is likely that the Issuer will be treated as a Non-FCP for the purposes of EMIR and the swap transactions to be entered into by it on the Closing Date will not exceed the "clearing threshold".

A CCP will be used to meet the Clearing Obligation by interposing itself between the counterparties to the eligible OTC derivative contracts. For the purposes of satisfying the Clearing Obligation, EMIR requires derivative counterparties to become clearing members of a CCP, a client of a clearing member or to otherwise establish indirect clearing arrangements with a clearing member. Each derivative counterparty will be required to post both initial and variation margin to the clearing member (which in turn will itself be required to post margin to the CCP). EMIR requires CCPs to only accept highly liquid collateral with minimal credit and market risk, which is defined in the Adopted Technical Standards as cash, gold and highly rated government bonds.

The Reporting Obligation applies to all types of counterparties and covers the entry into, modification or termination of cleared and non-cleared derivative contracts which were entered into (i) before 16 August 2012 and which remain outstanding on 16 August 2012, or (ii) on or after 16 August 2012. The details of all such derivative contracts are required to be reported to a trade repository. It will therefore apply to the Swap Agreements and any replacement swap agreements.

FCPs and Non-FCPs which enter into non-cleared derivative contracts must ensure that appropriate procedures and arrangements are in place to measure, monitor and mitigate operational and counterparty credit risk. Such procedures and arrangements include, amongst other things, the timely confirmation of the terms of a derivative contract and formalised processes to reconcile trade portfolios, identify and resolve disputes and monitor the value of outstanding contracts. In addition, FCPs and those Non-FCP which exceed the specified clearing thresholds must also mark-to-market the value of their outstanding derivative contracts on a daily basis and have risk-management procedures that require the timely, accurate and appropriately segregated exchange of collateral.

The EU regulatory framework and legal regime relating to derivatives is set not only by EMIR but also by the proposals to amend the existing Markets in Financial Instruments Directive ("**MiFID II**") which have not yet been finalised. In particular, MiFID II is expected to require all transactions in OTC derivatives to be executed on a trading venue. In this respect, it is difficult to predict the full impact of these regulatory requirements on the Issuer.

Prospective investors should be aware that the regulatory changes arising from EMIR and MiFID II may in due course significantly raise the costs of entering into derivative contracts and may adversely affect the Issuer's ability to engage in transactions in OTC derivatives. As a result of such increased costs or increased regulatory requirements, investors may receive less interest or return, as the case may be. Investors should be aware, however, that such risks are material and that the Issuer could be materially and adversely affected thereby. As such, investors should consult their own independent advisers and make their own assessment about the potential risks posed by EMIR, technical standards made thereunder (including the Adopted Technical Standards) and the MIFID II proposals, in making any investment decision in respect of the Notes.

In addition, given that the date of application of some of the EMIR provisions and the EMIR technical standards remains uncertain and given that additional technical standard or amendments to the existing EMIR provisions may come into effect in due course, prospective investors should be aware that the relevant Transaction Documents may need to be amended during the course of the Transaction, without the consent of any Noteholder, to ensure that the terms thereof and the parties obligations thereunder are in compliance with EMIR and/or the then subsisting EMIR technical standards.

### **Basel Capital Accord**

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

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, amongst 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"). The Basel Committee has published the full text of the revised Liquidity Coverage Ratio following endorsement on 6 January 2013 by its governing body, the Group of Central Bank Governors and Heads of Supervision. The changes to the definition of the Liquidity Coverage Ratio, developed and agreed by the Basel Committee over the past two years, include an expansion in the range of assets eligible as high quality liquid assets and some refinements to the assumed inflow and outflow rates to better reflect actual experience in times of stress. Specifically, the Liquidity Coverage Ratio will be introduced as planned on 1 January 2015, but the minimum requirement will begin at 60%, rising in equal annual steps of 10 percentage points to reach 100% on 1 January 2019. Furthermore, member countries will be required to implement the new Liquidity Funding Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general, and the European Commission's corresponding proposals to implement the changes (through amendments to the Capital Requirements Directive ("CRD") and the Capital Requirements Regulation ("CRR") known as "CRD IV-Package") were presented in July 2011. On 26 March 2013, the CRD IV Package was agreed. On 16 April 2013 the European Parliament has approved the CRD IV Package. The CRD IV Package was published in the EU's Official Journal on 27 June 2013. Accordingly, the overall CRD IV Package will enter into force in the EU on 1 January 2014. Particularly the CRR will have immediate and direct effect, as it does not require to be implemented into national law. Under Article 460 of the CRR, the liquidity coverage ratio shall be introduced in 2015 with the minimum requirement of 60% and will reach 100% as from 1 January 2018. In addition, the existing retention rules set out in Article 122(a) of CRD have been re-cast in Article 405 of the CRR (with the remainder of the risk-retention provisions set out through Article 410 of the CRR. The changes under the CRD IV Package may have an impact on incentives to hold the 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 Notes.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the 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 by the CRD IV Package in particular and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Article 122a of the CRD and the re-cast Article 405 of the CRR places an obligation on a credit institution that is subject to the CRD which assumes exposure to the credit risk of a securitisation (as defined in Article 4(36) of Directive 2006/48/EC) to ensure that the originator, sponsor or original lender has explicitly disclosed that it will retain a material net economic interest of not less than 5 per cent. in the securitisation, and has a thorough understanding of all structural features of a securitisation transaction that would materially impact the performance of their exposures to the transaction. Furthermore, Article 122a and now Article 405 of the CRR restricts an EU regulated credit institution from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the EU regulated credit institution that it will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures as contemplated by Article 122a and now Article 405 of the CRR. Failure to comply with one or more of the requirements set out in Article 122a and now Article 405 of the CRR will result in the imposition of a penal capital charge on the notes acquired by the relevant investor.

Investors should therefore make themselves aware of the requirements of Article 122a and now Article 405 of the CRR as well as the respective national implementation legislation, where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

With respect to the commitment of the Seller to retain a material net economic interest in the securitisation as contemplated by Article 122a and now Article 405 of the CRR, the Seller will retain, for the life of the Transaction, such net economic interest through retention of randomly selected "exposures" (i.e. Loan Receivables), equivalent to no less than 5per cent. of the nominal amount of the "securitised exposures" (i.e. the Purchased Loan Receivables) at the Issue Date, where such exposures would otherwise have been securitised in the securitisation, provided that the number of potentially securitised exposures is no less than 100 at origination. The Seller has prepared a table as set out on page 70 of this Offering Circular with a view to reflect that it complies with Article 122a of the CRD (and now Article 405 of the CRR) and § 18a of the KWG which implements Article 122a CRD into German national law. The pool of exposures (being Loan Receivables) to be randomly selected and retained by the Seller will have the characteristics set out in the table titled "Retention according to Art. 122a CRD (Art. 405 CRR) and §18a KWG".

The outstanding balance of the retained exposures may be reduced over time by, amongst other things, amortisation, allocation of losses or defaults on the underlying Loan Receivables. The monthly investor reports will also set out monthly confirmation as to the Seller's continued holding of the original retained exposures. It should be noted that there is no certainty that references to the retention obligations of the Seller in this Offering Circular will constitute explicit disclosure (on the part of the Seller) or adequate due diligence (on the part of the Noteholders) for the purposes of Article 122a and Article 406 of the CRR.

Article 122a of the CRD (and now Article 406 of the CRR) also places an obligation on credit institutions that are subject to the CRD, before investing in a securitisation and thereafter, to analyse, understand and stress test their securitisation positions, and monitor on an ongoing basis and in a timely manner performance information on the exposures underlying their securitisation positions. After the Issue Date, the Seller or the Servicer will prepare monthly investor reports wherein relevant information with regard to the Purchased Loan Receivables will be disclosed publicly together with an overview of the retention of the material net economic interest by the Seller with a view to complying with Article 122a paragraph (7) of the CRD (and now Article 409 of the CRR).

Where the relevant retention requirements are not complied with in any material respect and there is negligence or omission in the fulfilment of the due diligence obligations on the part of a credit institution that is investing in the Notes, a proportionate additional risk weight of no less than 250 per cent. of the risk weight (with the total risk weight capped at 1250 per cent.) which would otherwise apply to the relevant securitisation position shall be imposed on such credit institution, progressively increasing with each subsequent infringement of the due diligence provisions. Noteholders should make themselves aware of the provisions of the CRD IV Package and make their own investigation and analysis as to the impact of the CRD IV Package on any holding of Notes.

If the Seller does not comply with its obligations under CRD IV Package, the ability of the Noteholders to sell and/or the price investors receive for, the Notes in the secondary market may be adversely affected.

Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with CRD IV Package and none of the Issuer, the Seller, the Corporate Services Provider, the Joint Lead Managers, the Co-Arrangers, the Bookrunners, nor the Managers makes any representation that the information described above is sufficient in all circumstances for such purposes.

The provisions of Article 122a of the CRD are in effect since 31 December 2010 and will be replaced by Art. 405 CRR as of 1 January 2014. While there is limited guidance (Guidelines published by CEBS, now EBA on 31 December 2010 and the Q&A document published by EBA on 29 September 2011), guidance in relation to the re-cased Art. 405 is not available yet. EBA has published on 22 May a consultation paper on the draft technical standards to be made under the re-case risk retention and due diligence requirements which do not largely replicate the previous CEBS guidelines. , Noteholders should take their own advice on compliance with, and the application of, the provisions of the CRD IV Package and Art. 405 in particular.

There can be no guarantee that the regulatory capital treatment of the Notes for investors will not be affected by any future implementation of and changes to the CRD IV Package or other regulatory or accounting changes.

### ***Risks relating to the Issuer***

The Issuer is a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg, has its registered office in Luxembourg and is managed by its directors professionally residing in Luxembourg. Accordingly, bankruptcy proceedings with respect to the Issuer would likely proceed under, and be governed by, the bankruptcy laws of Luxembourg.

Under Luxembourg law, a company is bankrupt ("*en faillite*") when it is unable to meet its current liabilities and when its creditworthiness is impaired.

In particular, under Luxembourg bankruptcy law, certain acts deemed to be abnormal and carried out by the bankrupt party during the so-called "suspect period" may be unenforceable against the bankruptcy estate of such party. Whilst the unenforceability is compulsory in certain cases, it is optional in other cases. The "suspect period" is the period that lapses between the date of cessation of



payments (*cessation de paiements*), as determined by the bankruptcy court, and the date of the court order declaring the bankruptcy. The “suspect period” cannot exceed six months.

Under Article 445 of the Luxembourg Code of Commerce: (a) a contract for the transfer of movable or immovable property entered into or carried out without consideration, or a contract or transaction entered into or carried out with considerably insufficient consideration for the insolvent party; (b) a payment, whether in cash or by transfer, assignment, sale, set-off or otherwise for debts not yet due, or a payment other than in cash or bills of exchange for debts due or (c) a contractual or judiciary mortgage, pledge, or charge on the debtor’s assets for previously contracted debts, would each be unenforceable against the bankruptcy estate if carried out during the suspect period or ten days preceding the suspect period.

According to Article 61(4) second paragraph of the Luxembourg Securitisation Law and without prejudice to the provisions of the law of 5 August 2005 on financial collateral arrangements, the validity and perfection of each of the security interests mentioned under item (c) in the above paragraph cannot be challenged by a bankruptcy receiver with respect to Article 445 of the Luxembourg Code of Commerce and such security interests are hence enforceable even if they were granted by the company during the suspect period. However, Article 61(4) second paragraph of the Luxembourg Securitisation Law is only applicable if (i) the articles of incorporation of the company granting the security interests are governed by the Luxembourg Securitisation Law and (ii) the company granted the respective security interest no later than the issue date of the securities or at the conclusion of the agreements secured by such security interest.

Under Article 446 of the Luxembourg Code of Commerce, any payments made by the bankrupt debtor in the suspect period may be rescinded if the creditor was aware of the cessation of payment of the debtor.

Under Article 448 of the Luxembourg Code of Commerce, transactions entered into by the bankrupt debtor with the intent to deprive its creditors are null and void (Article 448 of the Code of Commerce), regardless of the date on which they were made.

The Issuer can be declared bankrupt upon petition by a creditor of the Issuer or at the initiative of the court or at the request of the Issuer in accordance with the relevant provisions of Luxembourg insolvency law. The conditions for opening bankruptcy proceedings are the stoppage of payments (*cessation des paiements*) and the loss of commercial creditworthiness (*ébranlement du crédit commercial*). The failure of controlled management proceedings may also constitute grounds for opening bankruptcy proceedings. If the above mentioned conditions are satisfied, the Luxembourg court will appoint a bankruptcy trustee (“*curateur*”) who shall be the sole legal representative of the Issuer and obliged to take such action as he deems to be in the best interests of the Issuer and of all creditors of the Issuer. Certain preferred creditors of the Issuer (including the Luxembourg tax authorities) may have a privilege that ranks senior to the rights of the Noteholders in such circumstances. Other insolvency proceedings under Luxembourg law include controlled management and moratorium of payments (“*gestion contrôlée et sursis de paiement*”) of the Issuer, composition proceedings (“*concordat*”) and judicial liquidation proceedings (“*liquidation judiciaire*”).

## **Compartments**

With respect to Compartment 2, the Vehicles and Receivables Purchase Agreement provides in Clause 13 that the Seller transfers and assigns the Expectancy Rights (*Eigentumsanwartschaftsrechte*) to the Leased Vehicles to the Issuer acting with respect to its Compartment 2. Such Expectancy Rights result from the security title to the related Leased Vehicles (which has been transferred in connection with the sale of the Lease Receivables to Compartment 1 of the Issuer and further to the Security Trustee) being automatically retransferred to the Seller upon either (i) the settlement of the secured obligations as defined in the Vehicles and Receivables Purchase Agreement provided the Issuer (acting with respect to its Compartment 2) had not acquired the corresponding Expectancy Right to such Leased Vehicles, or (ii) the occurrence of a Lease Contract Termination Event. The Issuer acting

for its Compartment 2 will acquire full legal title to the Leased Vehicles, for which it acquired the related Expectancy Right (*Eigentumsanwartschaftsrecht*) only at the point in time when either condition (i) or (ii) above has been satisfied - and not at the Compartment 2 Closing Date or the Additional Purchase Date, as applicable.

VWL in its capacity as Servicer (subject to revocation by the Security Trustee) continues to be entitled and shall pursuant to the terms and conditions of the Trust Agreement realise the Lease Collateral for and on behalf of the Security Trustee. Realisation Proceeds which VWL has received for the account of the Issuer acting with respect to its Compartment 1 and its Compartment 2 and for the account of the Security Trustee or which the Security Trustee has received on its own behalf shall be allocated by VWL to the Purchased Lease Receivables and the Purchased Expectancy Rights on a proportionate basis as provided for under Clause 13.4 of the Vehicles and Receivables Purchase Agreement and Clause 18.4 of the Trust Agreement as outlined in this Base Prospectus in Clause "DESCRIPTION OF THE PORTFOLIO – Realisation of Lease Receivables and Allocation of Payments" (see attached TRUST AGREEMENT).

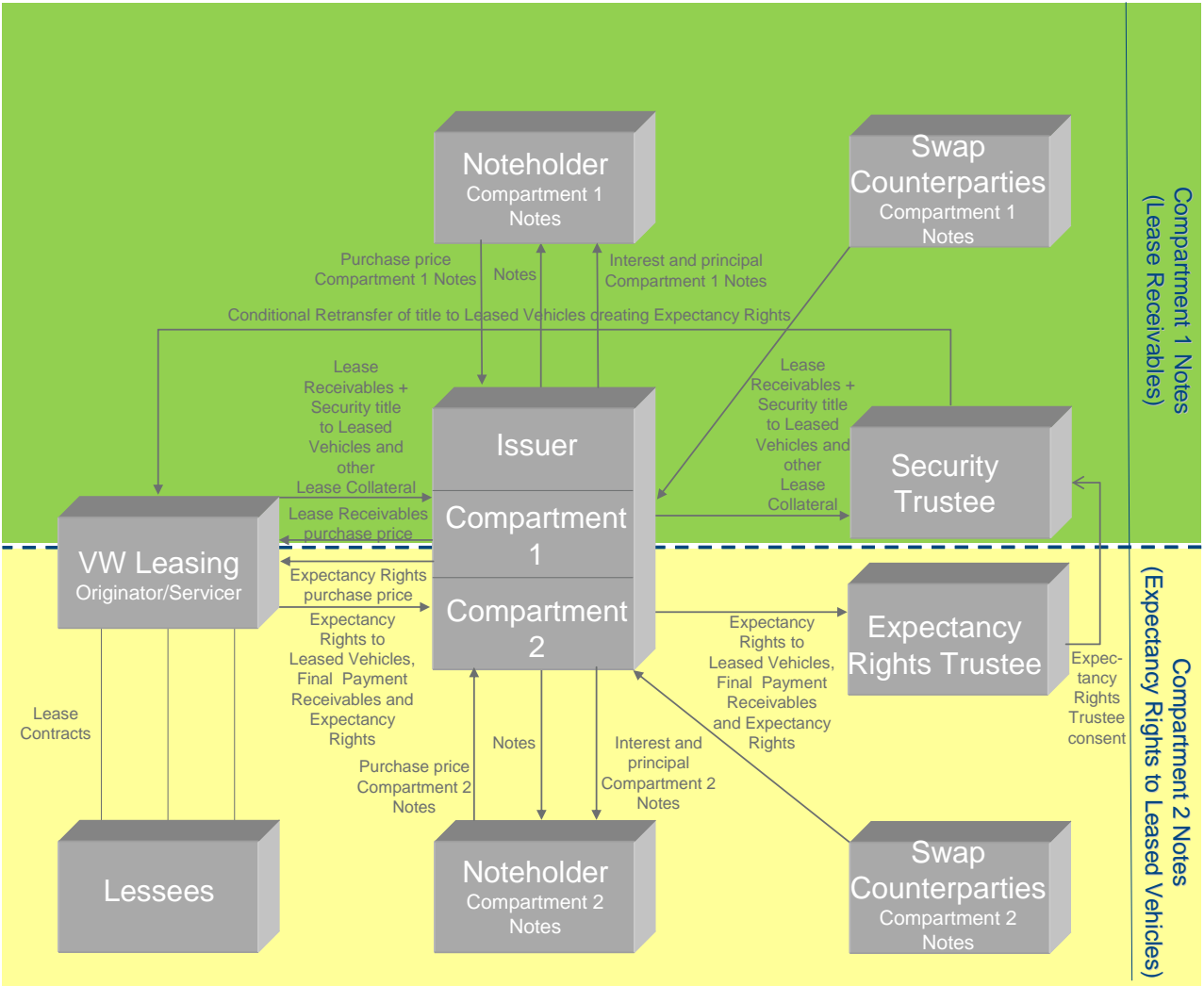
If the Lessee makes a combined payment on the lease receivables for all lease contracts that it has with VWL and does not instruct which payment needs to be allocated to which Lease Contract then the allocation between the Purchased Lease Receivables and other lease receivables still held by VWL shall be made based on the outstanding Discounted Lease Balance for the specific Lease Contracts, whereas the Residual Value shall not be considered for the afore mentioned allocation of payments.

In the event of the assertion of claims of the Issuer acting with respect to its Compartment 1 or its Compartment 2 against VWL resulting from a breach of warranties and obligations as set forth in Clause 10 (*Warranties by VWL with respect to the Purchased Lease Receivables and the Purchased Expectancy Rights*) of the Vehicles and Receivables Purchase Agreement or the obligation to credit collected Lease Receivables and/or Realisation Proceeds to the respective Distribution Account as provided for in the Servicing Agreement all proceeds of the Purchased Lease Receivables shall be allocated in such way until these claims are fully satisfied.

In general proceeds resulting from any realisation of Leased Vehicles shall be allocated as follows:

- (a) In case of "Open End Lease Contracts" (*Verträge mit Gebrauchtwagenabrechnung*) on a proportionate basis between (i) Compartment 2 the cash value of the residual value of the Leased Vehicle as assessed by a vehicle expert (*Kraftfahrzeug-sachverständiger*) at return of the car for the point in time of the originally agreed expiration of the Lease Contract and (ii) Compartment 1 the cash value of the outstanding Purchased Lease Receivables.
- (b) In case of "Closed End Lease Contracts" (*Verträge ohne Gebrauchtwagenabrechnung*) on a proportionate basis between (i) Compartment 2 the cash value of the residual value of the Leased Vehicle "as pre-agreed with the respective dealer" and (ii) Compartment 1 the cash value of the outstanding Purchased Lease Receivables. Any payments received on the Purchased Final Payment Receivables made by the respective Lessee under a Lease Contract shall be allocated to the Purchased Expectancy Rights.
- (c) In case of excess proceeds resulting from any realisation, such excess proceeds shall, provided that all amounts due to the Issuer under the Vehicles and Receivables Purchase Agreement in the context of the Purchased Lease Receivables and the Purchased Expectancy Rights have been paid, be allocated to VWL and 25 % of such proceeds shall be remitted directly to VWL outside of the applicable Order of Priority, the remaining 75% shall be distributed as part of the Compartment 1 Available Distribution Amount or the Compartment 2 Available Distribution Amount, as applicable.

## STRUCTURE DIAGRAM



## LEGAL STRUCTURE OF THE TRANSACTION

*The following paragraphs contain a brief overview of the legal structure of the Programme. This overview is necessarily incomplete and prospective investors are urged to read the entire Base Prospectus together with the relevant Final Terms, carefully for more detailed information.*

The proceeds from the issue of the Compartment 1 Notes have been used and shall be used to acquire a portfolio of Lease Receivables from VWL, whereas the proceeds from the issue of the Compartment 2 Notes have been invested and shall be invested to acquire Residual Values in the form of Expectancy Rights. Although the entire Transaction is described in the following paragraphs, **only the Compartment 2 Notes are the subject of this Base Prospectus**. However, since the conditional retransfer of collateral granted for security purposes to Compartment 1 of the Issuer creates the Expectancy Rights to be sold and transferred into Compartment 2 of the Issuer, the principle features of the Compartment 1 Notes have been described as well for the sake of completeness.

The Transaction is structured in a manner which exposes the Compartment 2 Noteholders to

- (a) in relation to Purchased Expectancy Rights and to the extent the Purchased Expectancy Rights are realised by way of sale of the respective Leased Vehicles in the open market, the market risk associated with the realisation of the Leased Vehicles; and
- (b) in relation to Final Payment Receivables, the credit risk of the underlying Lessees.

**To the extent that the Security, or the proceeds of the realisation thereof, and the Issuer's additional free assets (*sonstiges freies Vermögen*), if any, prove ultimately insufficient to satisfy the claims of the Noteholders in full, then claims in respect of any shortfall will be extinguished and neither the Noteholders nor the Security Trustee or Expectancy Rights Trustee will have any further claims against the Issuer acting with respect to its relevant Compartment. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when, in the opinion of the Security Trustee, no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claims of the Noteholders, and neither assets nor proceeds will be so available thereafter.**

*Inter alia*, the following legal relationships are or have been entered into in order to implement the Transaction:

### **Sale of Lease Receivables, Expectancy Rights, Final Payment Receivables and corresponding Expectancy Rights' Related Collateral**

VWL and the Issuer entered into the Vehicles and Receivables Purchase Agreement pursuant to which:

- (a) VWL sells Lease Receivables to the Issuer (for allocation to its Compartment 1);
- (b) VWL sells Expectancy Rights, Final Payment Receivables and corresponding Expectancy Rights' Related Collateral to the Issuer (for sole allocation to its Compartment 2);
- (c) the Issuer acting with respect to its Compartment 1 funds the purchase price for the Lease Receivables by issuing and selling the Compartment 1 Notes; and
- (d) the Issuer acting with respect to its Compartment 2 funds the purchase price for the Expectancy Rights, the Final Payment Receivables and corresponding Expectancy Rights' Related Collateral by issuing and selling the Compartment 2 Notes.

During the Compartment 2 Revolving Period VWL has the right to sell and transfer at its option under Additional Vehicles and Receivables Purchase Agreements on any Additional Purchase Date to the Issuer acting with respect to its Compartment 2 the Expectancy Rights and related Expectancy Rights Related Collateral regarding the Leased Vehicles in relation to Lease Receivables which have been sold and transferred to the Issuer acting with respect to its Compartment 1 (for allocation to its Compartment 1) in accordance with the Vehicles and Receivables Purchase Agreements.

The purchase price for the Expectancy Rights, Final Payment Receivables and corresponding other Expectancy Rights' Related Collateral have been funded or, respectively, will be funded by the issue of the Compartment 2 Notes, the Further Compartment 2 Notes and from cash proceeds available in the Compartment 2 Accumulation Account.

### ***In rem transfers***

Under the Additional Vehicles and Receivables Purchase Agreements VWL will assign and transfer, Expectancy Rights, the Final Payment Receivables and corresponding Expectancy Rights' Related Collateral in relation to the Leased Vehicles to the Issuer acting with respect to its Compartment 2 (for allocation to its Compartment 2).

### **Post-funding situation**

The Issuer acting with respect to its Compartment 1 and its Compartment 2 authorises each of the Security Trustee and the Expectancy Rights Trustee to act for the Transaction Creditors pursuant to the terms of the Trust Agreement.

The Issuer acting with respect to its Compartment 1 and its Compartment 2 has entered into a Servicing Agreement with VWL pursuant to which VWL will service the Lease Receivables and realise the Expectancy Rights and Expectancy Rights Related Collateral.

In order to comply with German Data Protection Rules, VWL will make an encrypted list (with only the names and addresses of the respective Lessees) available to the Issuer acting with respect to its Compartment 1 and Compartment 2 and will make the Portfolio Decryption Key for the decryption in a secured excel file available to the Data Protection Trustee.

Under the Order of Priority of the Trust Agreement under Clause 22.3(a) item twelfth, upon the occurrence of an Insolvency Event with respect to VWL, all remaining excess on the Compartment 1 Distribution Account shall be transferred to the Compartment 2 Distribution Account until all Series of Compartment 2 Notes are redeemed in full.

## TRANSACTION OVERVIEW

*The following “TRANSACTION OVERVIEW”, which constitutes the General Description of the programme, must be read in conjunction with, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere herein and in the relevant Final Terms. Any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole. Capitalised terms not specifically defined in this “TRANSACTION OVERVIEW” shall have the respective meanings set out in the section “MASTER DEFINITIONS SCHEDULE”.*

**Only the Compartment 2 Notes are the subject of this Base Prospectus.** However, since the conditional retransfer of collateral granted for security purposes to Compartment 1 of the Issuer creates the Expectancy Rights to be sold into Compartment 2 of the Issuer, the principle features of the Compartment 1 Notes have been described as well for the sake of completeness.

### THE PARTIES

Issuer	VCL Master S.A., acting with respect to its Compartment 2, a securitisation company within the meaning of the Luxembourg law of 22 March 2004 on securitisation (“ <b>Luxembourg Securitisation Law</b> ”), 52-54 Avenue du X Septembre, L-2550 Luxembourg, Grand-Duchy of Luxembourg, registered with the trade and companies register under number B 149052. The Issuer has elected its Articles of Incorporation ( <i>Statuts</i> ) to be governed by the Luxembourg Securitisation Law. The exclusive purpose of the Issuer is to enter into one or more securitisation transactions, each via a separate compartment (“ <b>Compartment</b> ”) within the meaning of the Luxembourg Securitisation Law. The Compartment 2 Notes will be funding the securitisation transaction (the “ <b>Transaction</b> ”) of the Issuer acting with respect to its Compartment 2.
Foundation	Stichting CarLux, a foundation duly incorporated and validly existing under the laws of The Netherlands, having its registered office at Claude Debussylaan 24, 1082 MD Amsterdam, The Netherlands and registered with the trade register of the Chamber of Commerce in Amsterdam under number 34283304 (the “ <b>Foundation</b> ”). The Foundation owns all of the issued shares of the Issuer. The Foundation does not have shareholders and would distribute any profits received from the Issuer (if any) to charitable organizations.
VCL Master S.A., Compartment 1 and Compartment 2	Compartment 1 of the Issuer relating to the Issue of the Compartment 1 Notes and Compartment 2 of the Issuer relating to the Issue of the Compartment 2 Notes have been created by a decision of the board of directors of the Issuer taken on 18 December 2009.
Seller	Volkswagen Leasing GmbH, Gifhorner Straße 57, 38112 Braunschweig, Federal Republic of Germany, a wholly-owned subsidiary of Volkswagen Financial Services AG.
Servicer	Volkswagen Leasing GmbH, Gifhorner Straße 57, 38112 Braunschweig, Federal Republic of Germany, a wholly-owned subsidiary of Volkswagen Financial Services AG.

Co-Arrangers	Volkswagen Financial Services AG, Gifhorner Straße 57, 38112 Braunschweig, Federal Republic of Germany; and HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.
Lead Manager	HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.
Managers	SEB AG, Stephanstrasse 14-16, 60313 Frankfurt am Main, Federal Republic of Germany,  Volkswagen Bank GmbH, Gifhorner Straße 57, 38112 Braunschweig, Federal Republic of Germany,  and any additional Managers appointed under the Programme. For the avoidance of doubt, each Manager and the Lead Manager will act on its own behalf and they do not form a syndicate.
Compartment 2 Swap Counterparty	HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.
Subordinated Lender	An Affiliate of Volkswagen AG (the “ <b>Subordinated Lender</b> ”) will provide the Subordinated Loan to the Issuer.  The current Compartment 2 Subordinated Loan is granted by Volkswagen Bank GmbH, Gifhorner Straße 57, 38112 Braunschweig, Federal Republic of Germany.
Cash Collateral Account Bank	The Bank of New York Mellon, Frankfurt Branch, MesseTurm, MesseTurm, Friedrich-Ebert-Anlage 49, 60327 Frankfurt am Main, Germany.
Distribution Account Bank	The Bank of New York Mellon, Frankfurt Branch, MesseTurm, MesseTurm, Friedrich-Ebert-Anlage 49, 60327 Frankfurt am Main, Germany.
Accumulation Account Bank	The Bank of New York Mellon, Frankfurt Branch, MesseTurm, MesseTurm, Friedrich-Ebert-Anlage 49, 60327 Frankfurt am Main, Germany.
Counterparty Downgrade Collateral Account Bank	The Bank of New York Mellon, Frankfurt Branch, MesseTurm, MesseTurm, Friedrich-Ebert-Anlage 49, 60327 Frankfurt am Main, Germany.
Cash Administrator	The Bank of New York Mellon, Frankfurt Branch, MesseTurm, MesseTurm, Friedrich-Ebert-Anlage 49, 60327 Frankfurt am Main, Germany.
Expectancy Rights Trustee	Wilmington Trust (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF, United Kingdom.
Security Trustee	Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany.
Data Protection Trustee	Volkswagen Bank GmbH, Gifhorner Straße 57, 38112

	Braunschweig, Germany.
Principal Paying Agent	HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.
Interest Determination Agent	HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.
Calculation Agent	HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.
Listing Agent	Banque Internationale à Luxembourg, société anonyme, route d'Esch 69, L-2953 Luxembourg, Luxembourg.
Corporate Services Provider	Wilmington Trust SP Services (Luxembourg) S.A., 52-54 Avenue du X Septembre, L-2550 Luxembourg.
Rating Agencies	Fitch and S&P.
Process Agent	Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany.
English Process Agent	Wilmington Trust (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF, United Kingdom
Clearing Systems	Clearstream Banking société anonyme, 42 Avenue JF Kennedy, L-1885 Luxembourg and Euroclear Bank NV./SA., 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium.

## **GENERAL DESCRIPTION OF THE PROGRAMME**

The Programme is a EUR 2,000,000,000 Programme for the issuance of the Compartment 2 Notes under which the Issuer acting with respect to its Compartment 2 may from time to time issue asset backed floating rate notes denominated in Euro (subject always to compliance with all legal and/or regulatory requirements). The applicable terms of any Compartment 2 Notes will be agreed between the Issuer acting with respect to its Compartment 2 and the relevant purchaser prior to the issue of the Compartment 2 Notes and will be set out in the Terms and Conditions of the Compartment 2 Notes attached to, or incorporated by reference into, the relevant Permanent Global Note representing such Compartment 2 Notes, as completed by the applicable Final Terms attached to, or incorporated by reference into, such Permanent Global Note (see “TERMS AND CONDITIONS OF THE COMPARTMENT 2 NOTES – 1. Form and Nominal Amount of the Notes” below for further detail).

## **THE NOTES**

Compartment 2 Notes	The subject of this Base Prospectus are the Compartment 2 Notes which may be issued under the Programme by the Issuer acting with respect to its Compartment 2 on any date prior to January 2029 (the “ <b>Programme Maturity Date</b> ”), all as further
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described herein.

With respect to payment of interest and principal, each of the Compartment 2 Notes rank *pari passu* amongst themselves.

#### Issue Dates

A Series of Compartment 2 Notes may be issued on any Payment Date falling (i) in case Further Compartment 2 Notes of an existing Series of Compartment 2 Notes prior to (but excluding) the Series Revolving Period Expiration Date applicable to such Series, or (ii) in case Further Compartment 2 Notes of a different Series on any Payment Date prior to the Programme Maturity Date (each such Payment Date a “**Further Issue Date**”).

#### Interest and Principal

Each Compartment 2 Note entitles the Compartment 2 Noteholder thereof to receive from the Compartment 2 Available Distribution Amount on each Payment Date interest at the rate specified in the relevant Final Terms (the interest rates for all Compartment 2 Notes collectively referred to as the “**Compartment 2 Notes Interest Rate**”) on the nominal amount of each such Compartment 2 Note outstanding immediately prior to such Payment Date.

With respect to payments of interest and principal, particular attention should be paid to the risk factor descriptions as set forth in “RISK FACTORS” and in particular the risk factor outlined under “RISK FACTORS - Liability and Limited Recourse under the Notes”.

#### Ratings

The Compartment 2 Notes have been rated AAA by Fitch and AAA by S&P. The ratings indicate the ultimate payment of principal and the timely payment of interest. The ratings should not be regarded as a recommendation by the Issuer, acting with respect to its Compartment 2, the Seller and Servicer (if different), the Lead Manager, the Managers, the Co-Arrangers, the Security Trustee, the Expectancy Rights Trustee, the Principal Paying Agent, the Data Protection Trustee, the Interest Determination Agent, the Calculation Agent, the Swap Counterparties, the Account Bank or the Rating Agencies to buy, sell or hold the Compartment 2 Notes; the ratings are subject to revision or withdrawal at any time.

Fitch is established in the European Community.

S&P is established in the European Community.

According to the press release from European Securities Markets Authority (“**ESMA**”) dated 31 October 2011, Fitch and S&P have been registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No 513/2011 and by Regulation (EU) No 462/2013. Reference is made to the list of registered or certified credit rating agencies published by ESMA, as last updated on 3 June 2013, which can be found on the website <http://www.esma.europa.eu/page/List-registered-and-certified->

CRA's.

Expectancy Rights Discount Rate	The Expectancy Rights Discount Rate is 6,8466 per cent. per annum.
Discounted Expectancy Rights Balance	The Discounted Expectancy Rights Balance means as of the end of any Monthly Period the present value of the remaining residual value represented by the Expectancy Rights, calculated using the Expectancy Rights Discount Rate.
Order of Priority	All payments of the Issuer acting with respect to its Compartment 2 or, as the case may be, with respect to its Compartment 1 under the Transaction Documents have to be made subject to, and in accordance with, the Order of Priority. See "TRUST AGREEMENT".
Payment Dates	Each 25th of a calendar month or, in the event such day is not a Business Day, then the next following Business Day, unless that day falls in the next calendar month, in which case the date will be the first preceding day that is a Business Day, (each a "Payment Date").
Business Day	Business Day means any day on which TARGET2 is open for business, provided that this day is also a day on which banks are open for business in London and Luxembourg.
Compartment 2 Revolving Period	The Compartment 2 Revolving Period means the period from (and including) the Compartment 2 Closing Date and ending on (but excluding) the earlier of (i) the Series Revolving Period Expiration Date of the last outstanding Series of Compartment 2 Notes and (ii) the occurrence of an Early Amortisation Event.
Series Revolving Period Expiration Date	The Series Revolving Period Expiration Date means with respect to each Series of Notes the revolving period expiration date as specified for such Series in the applicable Final Terms.
Compartment 2 Available Distribution Amount	<p>The "<b>Compartment 2 Available Distribution Amount</b>" on each Payment Date shall equal the sum of the following amounts:</p> <ul style="list-style-type: none"><li>– the Expectancy Rights Realisation Amount; plus</li><li>– investment earnings from deposits in the Compartment 2 Accumulation Account; plus</li><li>– Net Swap Receipts under the Compartment 2 Swap Agreements and any other amounts included in the Compartment 2 Available Distribution Amount pursuant to Clause 21 of the Trust Agreement; plus</li><li>– payments from the Compartment 2 Cash Collateral Account as provided for in Clause 23.2 (<i>Cash Collateral Account</i>) of the Trust Agreement; plus</li><li>– payments from the Compartment 2 Distribution Account made on the immediately preceding Payment Date</li></ul>

pursuant to Clauses 22.4(a) item *twelfth* and 22.4(c) item *tenth* of the Trust Agreement; plus

- the Compartment 2 German Trade Tax Risk Reserve Decrease Amount released pursuant to Clause 22.4(b) item *second* of the Trust Agreement; plus
- in case of the occurrence of an Early Amortisation Event or after termination of the Compartment 2 Revolving Period, transfers from the Compartment 2 Accumulation Account to the Compartment 2 Distribution Account pursuant to Clause 23.4 of the Trust Agreement; less
- the repayment to VWL of any excess Compartment 2 Servicer Advance made by VWL to the Compartment 2 Distribution Account if it is demonstrated that in the Monthly Compartment 2 Servicer Report for a Monthly Period that the Issuer acting with respect to its Compartment 2 has not exercised the Put Option granted under the Put Option Agreement but has instead realised the relevant Leased Vehicle for which a Compartment 2 Servicer Advance has been granted, by a sale to a person other than VWL, the Compartment 2 Servicer Advance which has been made by VWL with respect to such Leased Vehicle shall be released by the Issuer to VWL on the then following Payment Date provided that the Servicer is not in default delivering the Compartment 2 Available Distribution Amount for such Payment Date.

Compartment 2 Distribution Account

A Compartment 2 Distribution Account of the Issuer acting with respect to its Compartment 2 is maintained with Bank of New York Mellon, Frankfurt Branch into which the Servicer remits Expectancy Rights Realisation Amounts.

Applicable Law

The Compartment 2 Notes are governed by the laws of Germany. The provisions of articles 86 to 94-8 of the Luxembourg Companies Law are excluded.

Tax Status of the Notes

See “TAXATION”.

Selling Restrictions

See “SUBSCRIPTION AND SALE - Selling Restrictions”.

Clearing Codes for the Compartment 2 Notes

The Clearing Codes for Compartment 2 Notes will be set out in the relevant Final Terms.

Listing and Admission to Trading

Application will be made for the Compartment 2 Notes to be issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading at the regulated market of the Luxembourg Stock Exchange.

ASSETS AND COLLATERAL

The assets and collateral and backing payments under the Compartment 1 Notes, the Compartment 2 Notes, the Compartment 1 Subordinated Loan and the Compartment 2 Subordinated Loan (together the “**Funding**”) consist of the following:

Lease Receivables and Expectancy Rights

On the Initial Expectancy Rights Purchase Date VWL has sold the Initial Expectancy Rights and the Initial Final Payment Receivables with related security (for allocation to Compartment 2 of the Issuer) to the Issuer under an Additional Vehicles and Receivables Purchase Agreements (the Initial Vehicles and Receivables Purchase Agreement together with any Additional Vehicles and Receivables Purchase Agreements the “**Vehicles and Receivables Purchase Agreement**”). During the Compartment 2 Revolving Period VWL has the right to sell and transfer at its option at each Additional Purchase Date Additional Expectancy Rights (all Initial Expectancy Rights and the Additional Expectancy Rights together the “**Expectancy Rights**”) with related security (for allocation to Compartment 2 of the Issuer) under Additional Vehicles and Receivables Purchase Agreements. The Lease Receivables will include payments by Lessees for the use of the vehicles from Lease Contracts originated by Volkswagen, Audi, SEAT, Skoda and Volkswagen *Nutzfahrzeuge* dealers as agents and to a lesser extent also by certain other third parties. Under the Lease Receivables, the Lessees make monthly payments to amortise, over the life of the Lease Contract, the difference between the purchase price of the vehicle and such vehicle’s predetermined calculation of value at the expiration of the Lease Contract. Pursuant to the provisions of the Trust Agreement, the Issuer, acting with respect to its Compartment 1, has transferred title to the Leased Vehicles to the Security Trustee. Such transfer is subject to the resolatory conditions agreed between these parties. The Security Trustee has agreed to retransfer the title to Leased Vehicles to the Seller upon fulfilment of such resolatory condition which in turn creates the Expectancy Rights. Such Expectancy Rights are sold by the Seller to the Issuer acting with respect to its Compartment 2. If the Lease Receivables and/or the Expectancy Rights should partially or totally fail to conform at the Compartment 2 Closing Date or, respectively, with respect to Lease Receivables and/or Expectancy Rights to be purchased on an Additional Purchase Date, at such Additional Purchase Date, to the warranties given by VWL in the Vehicles and Receivables Purchase Agreement (for a detailed description of the warranties (eligibility criteria) which apply to the Lease Receivables and the Expectancy Rights see DESCRIPTION OF THE PORTFOLIO – The Purchased Lease Receivables and the Purchased Expectancy Rights under the Vehicles and Receivables Purchase Agreement –Warranties and Guarantees in relation to the Sale of the Purchased Lease Receivables and the Purchased Expectancy Rights) and such failure materially and adversely affects the interests of the Issuer, acting with respect to its Compartment 1 or its Compartment 2, or the Noteholders which results in an imbalance of the obligations of the Issuer acting with respect to its Compartment 1 and its Compartment 2 vis-à-vis the Noteholders, VWL shall have until the end of the Monthly Period which includes the 60th day (or, if VWL elects, an earlier date) after the date that VWL became aware or was notified of such breach to cure or correct such breach. Any such breach or failure will not be deemed to have a material and adverse effect if such breach or failure does not

affect the ability of the Issuer, acting with respect to its Compartment 1 and its Compartment 2, to receive and retain timely payment in full on the related Lease Contract. If VWL does not cure or correct such breach prior to such time, then VWL shall settle any Purchased Lease Receivables and the related Purchased Expectancy Rights affected by such breach which materially and adversely affects the interests of the Issuer acting with respect to its Compartment 1 and with respect to its Compartment 2 or the Noteholders on the Payment Date following the expiration of such period.

First Additional Cut-Off Date relevant in the context of the purchase of Expectancy Rights 31 January 2010 (the “**First Additional Cut-Off Date**”)

Cash Collateral Accounts On the Compartment 2 Closing Date, the Issuer acting with respect to its Compartment 2 has deposited EUR 12,950,000.00 (representing 5.18 per cent. of the Nominal Amount of the Initial Compartment 2 Notes that have been issued on such Compartment 2 Closing Date) in the Compartment 2 Cash Collateral Account and upon the issuance of Further Compartment 2 Notes the Issuer acting with respect to its Compartment 2 will make sure that there is always a deposit of an amount equal to the Compartment 2 Specified Cash Collateral Account Balance in the Compartment 2 Cash Collateral Account. Drawings from the Cash Collateral Accounts will be made in accordance with the Order of Priority.

Compartment 2 German Trade Tax Event and Compartment 2 German Trade Tax Increase Event Upon the occurrence of a Compartment 2 German Trade Tax Event, the Issuer acting with respect to its Compartment 2 is required to pay the Compartment 2 German Trade Tax Risk Reserve into the Compartment 2 Cash Collateral Account until the next Payment Date with funds available from the Order of Priority pursuant to Clause 22.4 (a) item *ninth* of the Trust Agreement. The Compartment 2 German Trade Tax Risk Reserve shall be used to cover the potential tax risk exposure upon the Compartment 2 German Trade Tax Event only. Upon the occurrence of a Compartment 2 German Trade Tax Event VWL is required to pay any shortfalls of the Compartment 2 German Trade Tax Risk Reserve, which has not been paid in accordance with the Order of Priority into the Compartment 2 Cash Collateral Account. Upon the occurrence of a Compartment 2 German Trade Tax Increase Event, VWL is required to pay the Compartment 2 German Trade Tax Risk Reserve Increase Amount into the Compartment 2 Cash Collateral Account. Immediately after all Compartment 2 Notes are fully redeemed, all remaining amounts standing to the credit of the Compartment 2 German Trade Tax Risk Reserve will be released from the Compartment 2 Cash Collateral Account for distribution in accordance with the Order of Priority. Upon liquidation of the Issuer, any amounts standing to the Credit of the Compartment 2 Cash Collateral Account and served as Compartment 2 German Trade Tax Risk Reserve shall be remitted directly to VWL.

Compartment 2 Subordinated Loan	The Subordinated Lender has granted the Compartment 2 Subordinated Loan in a total initial nominal amount of EUR 168,112,246.55 to the Issuer acting with respect to its Compartment 2 on the Compartment 2 Closing Date. Subject to the terms of the Compartment 2 Subordinated Loan Agreement, the Subordinated Lender may agree from time to time to grant additional advances up to an total amount of the Compartment 2 Subordinated Loan of EUR 410,000,000, provided that the Subordinated Lender shall be required to grant additional advances to the extent required to increase the loan amount by the Compartment 2 Subordinated Loan Increase Amount. The Compartment 2 Subordinated Loan serves as credit enhancement and ranks below the Compartment 2 Notes with respect to payment of interest and principal.
Overcollateralisation	As at the Compartment 2 Closing Date, the Aggregate Discounted Expectancy Rights Balance exceeded the sum of the Nominal Amount of the Compartment 2 Notes and the nominal amount of the Compartment 2 Subordinated Loan to provide overcollateralisation to the Compartment 2 Notes. During the Compartment 2 Revolving Period additional overcollateralisation is expected to be provided.

#### IMPORTANT TRANSACTION DOCUMENTS AND TRANSACTION FEATURES

Initial Vehicles and Receivables Purchase Agreement	Pursuant to the provisions of the agreement for the purchase of Lease Receivables and Expectancy Rights entered into by VWL and the Issuer acting with respect to its Compartment 1 and its Compartment 2 (the “ <b>Initial Vehicles and Receivables Purchase Agreement</b> ”), the Issuer acting with respect to its Compartment 2 has acquired from VWL on the Compartment 2 Closing Date the Initial Expectancy Rights.
Additional Vehicles and Receivables Purchase Agreement	During the Compartment 2 Revolving Period VWL may sell and transfer at its discretion Additional Expectancy Rights on each Payment Date (each an “ <b>Additional Purchase Date</b> ”) at the terms and conditions described in the relevant Additional Vehicles and Receivables Purchase Agreement.
Early Settlement	Pursuant to the provisions of the Vehicles and Receivables Purchase Agreement, the Issuer is, in certain circumstances, entitled to demand upon notice from VWL the immediate reimbursements for the Purchased Lease Receivables and related Purchased Expectancy Rights under a contract against payment of the Settlement Amount. These circumstances include, <i>inter alia</i> , the assertion of invalidity of the Lease Contract or of rights to refuse to perform by the Lessee. VWL is entitled to alter the Lease Contracts by termination of alteration, provided that such alteration is based on other grounds than the deterioration of the creditworthiness of the Lessee. The exercise of such right requires the indemnification of the Issuer for the benefit of Compartment 1 or Compartment 2 for any changes in the Discounted Lease

Balance or Discounted Expectancy Rights Balance of the affected Lease Contract by no later than the next Payment Day. The Settlement Amount to be paid by VWL to the Issuer acting with respect to its Compartment 1 and its Compartment 2 equals the present value of the relevant Purchased Lease Receivables becoming payable during the remaining term of the Lease Contract and the related Purchased Expectancy Rights, absent an instance of settlement, calculated using the Lease Receivables Discount Rate or the Expectancy Rights Discount Rate, as applicable.

Each Early Settlement may lead to earlier payments of the Notes than would be the case in the event of Realisation Proceeds with respect to the Purchased Expectancy Rights in accordance with the relevant Vehicles and Receivables Purchase Agreement as set forth in more detail in "RISK FACTORS - Risk of Early Repayment".

The Issuer acting with respect to its Compartment 2 may at its option but (i) with the prior consent of the Compartment 2 Noteholders holding not less than 100 per cent. of the aggregate outstanding principal amount of all outstanding Compartment 2 Notes, whereby the votes of a Noteholder VW Bank GmbH and its affiliates will not be taken into account, and (ii) the prior written consent of VWL and the Expectancy Rights Trustee, choose to dispose of its assets, in particular to dispose of its assets in accordance with the relevant agreements to be concluded for this purpose for selling Purchased Expectancy Rights (acting thereby with respect to its Compartment 2) and in connection with term issuances of a separate securitisation vehicle, if the purchase price for the sale of Expectancy Rights is at least equal to the Aggregate Compartment 2 Redeemable Amount and the Issuer obtained confirmation from the Rating Agencies that the sale of the Expectancy Rights will not result in a downgrade of the outstanding Compartment 2 Notes. In accordance with Clause 22.4 of the Trust Agreement, any distributions arising from such a disposal of assets by the Issuer acting with respect to its Compartment 2 to a separate securitisation vehicle in connection with term issuances of such separate securitisation vehicle shall not be distributed according to the Order of Priority set out in Clause 22.4 of the Trust Agreement but shall be distributed in the following order: first to the then outstanding Compartment 2 Notes, until the Compartment 2 Redeemable Amount of all then outstanding Compartment 2 Notes has been paid in full, and second to the then outstanding Compartment 2 Subordinated Loan. Any proceeds arising from such disposal of assets shall be paid to the Compartment 2 Distribution Account. See "TRUST AGREEMENT".

#### Clean-Up Call

Under the Vehicles and Receivables Purchase Agreements and after the end of the Compartment 2 Revolving Period, VWL will have the option to exercise a Clean-Up Call and to repurchase the Purchased Expectancy Rights from the Issuer acting with respect to its Compartment 2 on any Payment Date when the Aggregate Discounted Expectancy Rights Balance is

on a Payment Date less than 10 per cent. of the Aggregate Discounted Expectancy Rights Balance as of the Initial Cut-Off Date provided that all payment obligations under the Compartment 2 Notes will be thereby fulfilled.

#### Servicing Agreement

Under the Servicing Agreement between the Issuer acting with respect to its Compartment 1 and its Compartment 2, the Security Trustee, the Expectancy Rights Trustee and VWL, VWL agrees to:

- service and collect the Purchased Lease Receivables and to realise the Leased Vehicles in accordance with its customary practices in effect from time to time;
- administer the Cash Collateral Accounts;
- transfer to the Issuer Collections made in a Monthly Period on each relevant Payment Date; and
- perform other tasks incidental to the above.

#### Put Option Agreement

Under the Put Option Agreement (which is, for the avoidance of doubt, only one sales channel available to the Issuer acting with respect to its Compartment 2 for the realisation of vehicles) the Issuer acting with respect to its Compartment 2 entered into with VWL as Servicer and Realisation Agent and the Expectancy Rights Trustee the Issuer *inter alia* may request VWL to buy a Leased Vehicle at the price of the Initial Residual Value or the Additional Residual Value.

#### Trust Agreement

The Issuer acting with respect to its Compartment 1 and its Compartment 2 has entered into the Trust Agreement with, *inter alia*, the Security Trustee, the Expectancy Rights Trustee and VWL:

- under which the Issuer acting with respect to its Compartment 1 has instructed the Security Trustee to act as trustee (*Treuhänder*) for the Compartment 1 Transaction Creditors and has entitled the Security Trustee to demand from the Issuer acting with respect to its Compartment 1 and
- under which the Issuer acting with respect to its Compartment 2 has instructed the Expectancy Rights Trustee to act as trustee for the Compartment 2 Transaction Creditors and has entitled the Expectancy Rights Trustee to demand from the Issuer acting with respect to its Compartment 2;
- that any present or future obligation of the Issuer acting with respect to its Compartment 1 in relation to the Compartment 1 Noteholders and acting with respect to its Compartment 2 in relation to the Compartment 2 Noteholders shall be fulfilled;
- that any present or future obligation of the Issuer acting



with respect to its Compartment 1 and its Compartment 2 in relation to a Compartment 1 Transaction Creditor and to a Compartment 2 Transaction Creditor of the Compartment 1 Transaction Documents and the Compartment 2 Transaction Documents, respectively, shall be fulfilled; and

- (if the Issuer acting with respect to its Compartment 1 and its Compartment 2 is in default with any Secured Obligation(s) and insolvency proceedings have not been instituted against the estate of the Security Trustee) that any payment owed under the respective Secured Obligation will be made to the Security Trustee (acting for itself or on behalf of the Expectancy Rights Trustee) for on-payment to the Compartment 1 Transaction Creditors and/or the Compartment 2 Transaction Creditors, as applicable,

and discharge the Issuer's obligation accordingly (the respective "**Trustee Claim**").

To provide collateral for the respective Trustee Claim, the Issuer acting with respect to its Compartment 2 assigns or transfers, as applicable, to the Expectancy Rights Trustee all present and future Purchased Expectancy Rights, Final Payment Receivables and the corresponding Expectancy Rights Related Collateral, all its claims and other rights arising from the Compartment 1 Transaction Documents (including the rights to unilaterally alter the legal relationship (*unselbständige Gestaltungsrechte*)) and from all present and future contracts the Issuer acting with respect to its Compartment 2 has entered or may enter into in connection with the Compartment 2 Notes, the Compartment 2 Subordinated Loan, the Compartment 2 Swap Agreements, or the Purchased Expectancy Rights, Final Payment Receivables and corresponding Expectancy Rights Related Collateral, and all transferable claims (i) in respect of the Compartment 2 Accounts of the Issuer acting with respect to its Compartment 2 opened pursuant to the Compartment 2 Account Agreement and (ii) in respect of all bank accounts which will be opened under the Trust Agreement in the name of the Issuer acting with respect to its Compartment 2 in the future.

As part of the Lease Collateral, VWL has transferred or will transfer, as applicable, the title to the Leased Vehicles to the Issuer acting with respect to its Compartment 1 for security purposes (*Sicherungseigentum*) and the Issuer, acting with respect to its Compartment 1, has transferred or will transfer, as applicable, the title to the Leased Vehicles for security purposes (*Sicherungseigentum*) to the Security Trustee under the Trust Agreement. The transfer of title to the Security Trustee is subject to the resolutive condition agreed between the Issuer acting with respect to its Compartment 1 and the Security Trustee. Following the fulfilment of such resolutive condition, title to the Leased Vehicle is automatically returned to the Seller, thus creating the Expectancy Rights the Seller will sell

to the Issuer acting with respect to its Compartment 2. The Security Trustee has agreed to realise the ownership in the Leased Vehicles for security purposes (*Sicherungseigentum*) or have the ownership for security purposes (*Sicherungseigentum*) realised and to distribute the proceeds from such realisation in accordance with the provisions of the Trust Agreement.

The Issuer acting with respect to its Compartment 2 has pledged to the Expectancy Rights Trustee all its present and future claims against the Expectancy Rights Trustee arising under the Trust Agreement as well as its present and future claims under the Compartment 2 Accounts as well as its present and future claims under the Compartment 2 Account Agreement, which have not yet been transferred for security purposes under the Trust Agreement.

#### Data Protection Trust Agreement

VWL has appointed Volkswagen Bank GmbH, Braunschweig, Germany, as Data Protection Trustee under the provisions of the Data Protection Trust Agreement and has made the Portfolio Decryption Key (which is for the identification of the names and addresses of the Lessees in respect of the Final Payment Receivables) available to the Data Protection Trustee. The Data Protection Trustee will keep the Portfolio Description Key in safe custody and protect it against unauthorised access by any third party. Delivery of the Portfolio Description Key to the Issuer acting with respect to its Compartment 2 or the Security Trustee and the Expectancy Rights Trustee is, *inter alia*, permissible if VWL so directs or the Issuer, acting with respect to its Compartment 2, and the Security Trustee and the Expectancy Rights Trustee concurrently declare in writing that the knowledge of the respective data is required for proper legal action and that legal action by VWL itself is not sufficient. The Data Protection Trustee will notify the Lessees of the assignment of the Final Payment Receivables to the Issuer, acting with respect to its Compartment 2 and instruct the Lessees to make all payments in respect of the Final Payment Receivables to the Compartment 2 Distribution Account of the Issuer, acting with respect to its Compartment 1 and its Compartment 2, upon the occurrence of a Lessee Notification Event (i.e. the earlier of (i) the institution of Insolvency Proceedings in respect of VWL and/or (ii) non-compliance of VWL with its statutory obligation to transfer any VAT (*Umsatzsteuer*) on the lease receivables to the tax office when such VAT becomes due) and/or (iii) any notification in connection with a Servicer Replacement Event.

#### Compartment 2 Account Agreement

Under the terms of the Compartment 2 Account Agreement, the Issuer acting with respect to its Compartment 2 will hold the Compartment 2 Cash Collateral Account with the Cash Collateral Account Bank, the Compartment 2 Distribution Account with the Distribution Account Bank and maintain the Compartment 2 Accumulation Account with the Accumulation Account Bank. Should the Cash Collateral Account Bank, the Distribution Account Bank or the Accumulation Account Bank (together the “**Account Bank**”) cease to have the Account Bank Required Rating, the Account Bank shall within thirty (30) days

procure transfer of the accounts held with it to an Eligible Collateral Bank, notified to it by the Issuer acting with respect to its Compartment 2.

#### Swap Agreements

The Issuer acting with respect to its Compartment 2 has entered or, respectively, will enter into the Compartment 2 Swap Agreements, each with a respective Swap Counterparty. Each Swap Agreement will hedge in respect of a particular Series of Compartment 2 Notes the interest rate risk under the relevant Series of Compartment 2 Notes.

#### Corporate Services Agreement

The Issuer has entered into the Corporate Services Agreement with Wilmington Trust SP Services (Luxembourg) S.A. as Corporate Services Provider, pursuant to which the Corporate Services Provider shall perform certain services for the Issuer, particularly taking over the accounting for the Issuer and providing the directors of the Issuer in any company law matters and providing the registered office of the Issuer.

#### Risk Factors

Prospective investors in the Compartment 2 Notes should consider, among other things, certain risk factors in connection with the purchase of the Compartment 2 Notes. Such risk factors as described below may influence the ability of the Issuer acting with respect to its Compartment 2 to pay interest, principal or other amounts on or in connection with any Compartment 2 Notes. The risks in connection with the investment in the Compartment 2 Notes include, *inter alia*, risks relating to the assets and the Transaction Documents, risks relating to the Compartment 2 Notes and risks relating to the Issuer acting with respect to its Compartment 2. These risk factors represent the principal risks inherent in investing in the Compartment 2 Notes only and shall not be deemed as exhaustive.

## **USE OF PROCEEDS**

The aggregate gross proceeds from the issuance of the Compartment 2 Notes and the borrowings under the Compartment 2 Subordinated Loan will be used to purchase the Expectancy Rights from VWL, to pay costs related to the issue of the Compartment 2 Notes, the receipt of the Compartment 2 Subordinated Loan and to endow the Compartment 2 Cash Collateral Account with the sum of the Compartment 2 General Cash Collateral Amount, all as further described for the relevant Series of Compartment 2 Notes in the relevant Final Terms.

## OVERVIEW OF THE TERMS AND CONDITIONS OF THE COMPARTMENT 2 NOTES

### General Conditions of the Compartment 2 Notes

No obligation of Volkswagen Leasing GmbH whatsoever will arise from the Compartment 2 Notes.

#### Denomination

The issue in the aggregate Nominal Amount of up to EUR 2,000,000,000 consists of transferable Compartment 2 Notes with a Nominal Amount of EUR 100,000 each, ranking equally among themselves. The Compartment 2 Notes rank senior to the Compartment 2 Subordinated Loan.

#### Global Notes

Each Series of Compartment 2 Notes will be represented by a permanent global bearer note signed by two duly authorised directors of the Issuer (each a “**Permanent Global Note**”) without coupons as described in further detail in Condition 1(b) of the terms and conditions applicable to such Series.

Each Permanent Global Note shall be deposited with a Common Safekeeper for Clearstream, Luxembourg and Euroclear and be held in book-entry form only in a manner which will allow Eurosystem eligibility. The interests in the Compartment 2 Notes are transferable according to applicable rules and regulations of Clearstream, Luxembourg and Euroclear. None of the Permanent Global Notes will be exchangeable for definitive Compartment 2 Notes.

The aggregate principal amount of Compartment 2 Notes of a Series represented by the relevant Permanent Global Note issued with respect to such Series shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer’s interest in the Compartment 2 Notes) shall be conclusive evidence of the aggregate principal amount of Compartment 2 Notes represented by the Permanent Global Notes and, for these purposes, a statement issued by an ICSD stating the aggregate principal amount of the Compartment 2 Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time. On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Compartment 2 Notes represented by the Permanent Global Notes the Issuer acting with respect to its Compartment 2 shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Permanent Global Notes shall be entered accordingly in the records of the ICSDs and, upon any such entry being made, the aggregate principal amount of the Compartment 2 Notes recorded in the records of the ICSDs and represented by the Permanent Global Notes shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid.

All notices to the Noteholders regarding the Compartment 2 Notes will be (i) published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) as long as the Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of such exchange so require and (ii) (a) be delivered to the applicable clearing systems for communication by them to the Noteholders and (b) be sent directly to the relevant Noteholder by the Security Trustee. Any notice referred to under (ii) (a) above shall be deemed to have been given to all Noteholders on the seventh day after the day on which the said notice was delivered to the respective clearing system. Any notice referred to under (i) above shall be deemed to have been given to all Noteholders on the seventh day after the day on which the said notice was published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any notice referred to under (ii) (b) above shall be deemed to have been given upon confirmation of receipt by the respective Noteholder.

## Payments of Principal and Interest

Payments of principal and interest, if any, on the Compartment 2 Notes shall be made by the Principal Paying Agent on behalf of the Issuer acting with respect to its Compartment 2 for further payment to Clearstream, Luxembourg and Euroclear or to its order for credit to the relevant account holders of Euroclear and Clearstream, Luxembourg. All payments in respect of any Compartment 2 Note made by, or on behalf of, the Issuer acting with respect to its Compartment 2 to, or to the order of Euroclear or Clearstream, Luxembourg shall discharge the liability of the Issuer acting with respect to its Compartment 2 under such Compartment 2 Note to the extent of sums so paid.

The Issuer, acting with respect to its Compartment 2, shall have the right to request, by notice to the holders of any Series of the Compartment 2 Notes to be delivered in accordance with Condition 13 not later than two months prior to the then current revolving period expiration date applicable to such Series of Compartment 2 Notes (each a “**Series Revolving Period Expiration Date**”, where the first such date for each Series will be set out in the relevant Final Terms), the extension of such current Series Revolving Period Expiration Date together, if relevant, with an amendment to the Margin with respect to such extension period and the extension of the relevant Compartment 2 Series Legal Final Maturity Date for a period specified in the notice, which shall equal to the period specified in such notice for the extension of the current Compartment 2 Series Revolving Period Expiration Date. The extended relevant Series Revolving Period Expiration Date and the new Margin, if any, for the period for which such Series Revolving Period Expiration Date has been extended shall become effective only if (A) the Issuer acting with respect to its Compartment 2 received confirmation from the Rating Agencies that the rating of the relevant Series of Compartment 2 Notes will not be affected by such amendments, or the Rating Agencies have confirmed that the assignment of new ratings are not lower than for the then outstanding Notes before the Revolving Period Expiration Date was extended, or, as applicable, the Issuer has received a new rating confirmation stating the same rating for the Compartment 2 Notes as applicable prior to the amendments and (B) by no later than the third Business Day prior to the then current Series Revolving Period Expiration Date, the Issuer acting with respect to its Compartment 2 has confirmed by notice to the holders in the form prescribed in Condition 13 that it has received such reaffirmation and that it agrees to the requested amendments and (D) that the Issuer had arranged sufficient interest hedging for the amended Series Revolving Period Expiration Date.

The Compartment 2 Notes of each Series are scheduled to be redeemed in full on the Payment Date specified to be the scheduled repayment date for such Series in the relevant Final Terms (each a “**Compartment 2 Scheduled Repayment Date**”).

Notwithstanding Condition 8 (d) of the Terms and Conditions of the Compartment 2 Notes, all payments of interest on and principal of each Series of Notes will be due and payable at the latest in full on the respective legal final maturity date of such Series of Notes as set out in the relevant Final Terms (each a “**Legal Maturity Date**”) provided that whenever with respect to a Series of Compartment 2 Notes the relevant Series Revolving Period Expiration Date is extended, the relevant Legal Maturity Date shall be extended automatically for the same period as the relevant Series Revolving Period Expiration Date applicable to such Series.

On the 25<sup>th</sup> day of each calendar month or, in the event such day is not a Business Day, on the next following Business Day, unless such day falls in the next calendar month, in which case the date will be the first preceding day that is a Business Day (the “**Payment Date**”) the Issuer, acting with respect to its Compartment 2, shall, subject to Condition 5(c), pay to each Compartment 2 Noteholder interest on the nominal amount of Compartment 2 Notes outstanding immediately prior to the respective Payment Date at the relevant Compartment 2 Notes Interest Rate, and shall make repayments of the nominal amount of relevant Compartment 2 Notes by paying to the Compartment 2 Noteholders of any Amortising Series of Compartment 2 Notes the relevant Compartment 2 Principal Payment Amount.

The Compartment 2 Available Distribution Amount on each Payment Date shall equal the sum of the following amounts: (i) the Expectancy Rights Realisation Amount; plus (ii) investment earnings from deposits in the Compartment 2 Accumulation Account; plus (iii) Net Swap Receipts under the Compartment 2 Swap Agreements and any other amounts included in the Compartment 2 Available Distribution Amount pursuant to Clause 21 of the Trust Agreement; plus (iv) payments from the Compartment 2 Cash Collateral Account as provided for in Clause 23.2 (*Cash Collateral Account*) of the Trust Agreement; plus (v) payments from the Compartment 1 Distribution Account made on the immediately preceding Payment Date pursuant to Clauses 22.3(a) item *twelfth* and 22.3(c) item *tenth* of the Trust Agreement; plus (vi) any Compartment 2 German Trade Tax Risk Reserve Decrease Amount released pursuant to Clause 22.4(b)(second) of the Trust Agreement; plus (vii) in case of the occurrence of an Early Amortisation Event or after termination of the Compartment 2 Revolving Period, transfers from the Compartment 2 Accumulation Account to the Compartment 2 Distribution Account pursuant to Clause 23.4 of the Trust Agreement; less; (viii) the repayment to VWL of any excess Compartment 2 Servicer Advance made by VWL to the Compartment 2 Distribution Account, if it is demonstrated in the Compartment 2 Monthly Servicer Report for a Monthly Period that the Issuer acting with respect to its Compartment 2 has not exercised the Put Option granted under the Put Option Agreement but has instead realised the relevant Leased Vehicle for which a Compartment 2 Servicer Advance in accordance with the previous sentence has been granted, by a sale to a person other than VWL, the Compartment 2 Servicer Advance which has been made by VWL with respect to such Leased Vehicle shall be released by the Issuer to VWL on the then following Payment Date provided that the Servicer is not in default delivering the Compartment 2 Available Distribution Amount for such Payment Date.

The Issuer acting with respect to its Compartment 2 is only obligated to make any payments to the Compartment 2 Noteholders if it has first received such amounts to freely dispose of them. It is understood that interest and principal on the Compartment 2 Notes will not be due on any Payment Date except to the extent there are sufficient funds in the respective Available Distribution Amount to pay such amounts in accordance with the Order of Priority. All payment obligations of the Issuer, acting with respect to its Compartment 2, are limited recourse and constitute solely obligations of the Issuer, acting with respect to its Compartment 2, to distribute amounts out of the respective Available Distribution Amount according to the Order of Priority.

### **Amortisation Amounts**

On each Payment Date, to the extent of the respective Compartment 2 Available Distribution Amount in accordance with the Order of Priority of distributions set forth below, the Issuer acting with respect to its Compartment 2 will pay to the holders of the Amortising Series of Compartment 2 Notes an aggregate amount in respect of principal equal to the Amortisation Amount of the respective Compartment 2 Notes. The respective Amortisation Amount is the amount necessary to reduce the outstanding principal amount of the respective Series of Compartment 2 Notes to the Targeted Compartment 2 Note Balance. The respective Amortisation Amount is intended to reduce the aggregate outstanding principal amounts of the Amortising Series of Compartment 2 Notes to amounts which would leave an amount of overcollateralisation constant as a percentage of the Aggregate Discounted Expectancy Rights Balance, subject to certain specified increases in those percentages in case a Credit Enhancement Increase Condition is in effect.

### **Order of Priority of Distributions**

In respect of the Compartment 2 Notes, distributions will be made on each Payment Date from the Compartment 2 Available Distribution Amount according to the following Order of Priority, provided that any distributions arising from a disposal of assets by the Issuer acting with respect to its Compartment 2 to a separate securitisation vehicle in connection with term issuances of such separate securitisation vehicle shall not be distributed according to the following Order of Priority but shall be distributed first to the then outstanding Compartment 2 Notes, until the Compartment 2 Redeemable Amount of all then outstanding Compartment 2 Notes have been redeemed in full, and second to the then outstanding Compartment 2 Subordinated Loan:

- (a) on each Payment Date prior to the occurrence of an Enforcement Event:

*first*, amounts due and payable in respect of taxes (if any) by the Issuer and allocated to the Issuer's Compartment 2;

*second*, amounts (excluding any payments under the Trustee Claims) due and payable and allocated to the Issuer's Compartment 2 (i) to the Security Trustee under the Trust Agreement and (ii) *pari passu* to any successor of the Security Trustee (if applicable) appointed pursuant to Clauses 34 and 35 of the Trust Agreement or under any agreement replacing the Trust Agreement;

*third*, of equal rank amounts due and payable and allocated to the Issuer's Compartment 2 (i) to the Corporate Services Provider under the Corporate Services Agreement, (ii) to the Data Protection Trustee under the Data Protection Trust Agreement; (iii) to the Servicer, the Servicer Fee, (iv) to the Rating Agencies the fees for the monitoring, and (v) to the Process Agent and the English Process Agent under the process agency agreements;

*fourth*, of equal rank amounts due and payable and allocated to the Issuer's Compartment 2 (i) to the directors of the Issuer and (ii) in respect of other administration costs and expenses of the Issuer acting with respect to its Compartment 2 including without limitation, any costs relating to the listing of the Compartment 2 Notes, or amounts due and payable to the paying agents, any auditors' fees, any tax filing fees and any annual return which are to be allocated to Compartment 2;

*fifth*, of equal rank amounts due and payable and allocated to the Account Bank maintaining the Compartment 2 Accounts for account management fees and amounts payable to the Cash Administrator for cash administration fees due under the Compartment 2 Account Agreement and the Principal Paying Agent, the Interest Determination Agent and the Calculation Agent under the Compartment 2 Agency Agreement;

*sixth*, *pari passu* and rateably as to each other on all series of Compartment 2 Notes amounts due and payable by the Issuer to the Compartment 2 Swap Counterparties in respect of any Net Swap Payments or any Swap Termination Payments under a Compartment 2 Swap Agreement (if any and provided that a Compartment 2 Swap Counterparty under the respective Compartment 2 Swap Agreement is not a defaulting party (as defined in the respective Compartment 2 Swap Agreement) and there has been no termination of the transaction under the Compartment 2 Swap Agreement due to a termination event relating to the respective Compartment 2 Swap Counterparty's downgrade);

*seventh*, *pari passu* and rateably to each other amounts due and payable in respect of (a) interest accrued during the immediately preceding Interest Accrual Period plus (b) Interest Shortfalls (if any) *pari passu* and rateably as to each other on all series of Compartment 2 Notes;

*eighth*, to the Compartment 2 Cash Collateral Account (as defined below), until the Compartment 2 General Cash Collateral Amount is equal to the Compartment 2 Specified General Cash Collateral Account Balance;

*ninth*, after a Compartment 2 German Trade Tax Event to the Compartment 2 Cash Collateral Account until the amount of funds in the Compartment 2 Cash Collateral Account is equal to the sum of the Compartment 2 Specified General Cash Collateral Account Balance, plus the Compartment 2 German Trade Tax Risk Reserve;



*tenth, pari passu* and rateably, (a) the Amortisation Amounts to each Amortising Series of Compartment 2 Notes and (b) an amount no less than zero equal to the lesser of (i) the Accumulation Amount and (ii) (I) (A) the remaining balance of the Compartment 2 Notes after application of any Amortisation Amounts to Amortising Series of Compartment 2 Notes divided by (B) one minus the Compartment 2 Notes Overcollateralisation Percentage less (C) the Discounted Expectancy Rights Balance outstanding at the end of the monthly period prior to purchase of Additional Expectancy Rights multiplied by (II) one minus the Additional Expectancy Rights Overcollateralisation Percentage, to the Compartment 2 Accumulation Account maintained for Non-Amortising Series of Compartment 2 Notes;

*eleventh, pari passu* and rateably as to each other by the Issuer acting with respect to its Compartment 2 to the Compartment 2 Swap Counterparties, any payments under the respective Compartment 2 Swap Agreements other than those made under item *sixth* above;

*twelfth*, amounts due and payable in respect of (a) interest accrued during the immediately preceding Interest Accrual Period plus (b) Interest Shortfalls (if any) on the Compartment 2 Subordinated Loan;

*thirteenth*, to the Subordinated Lender to reduce the outstanding principal amount of the Compartment 2 Subordinated Loan; and

*fourteenth*, to pay all remaining excess to VWL by way of a final success fee.

- (b) Distribution will be made from the Compartment 2 Cash Collateral Account on any Payment Date prior to the occurrence of a Foreclosure Event on which the Compartment 2 General Cash Collateral Amount exceeds the Compartment 2 Specified General Cash Collateral Account Balance provided that no Credit Enhancement Increase Condition is in effect:

*first*, to VWL to the extent that a Compartment 2 German Trade Tax Decrease Event has occurred, amounts released from the Compartment 2 German Trade Tax Risk Reserve and/or Compartment 2 German Trade Tax Risk Reserve Increase Amount pursuant to Clause 23.5 of the Trust Agreement as the Compartment 2 German Trade Tax Decrease Amount up to the amount funded by VWL;

*second*, to the Compartment 2 Distribution Account to the extent that a Compartment 2 German Trade Tax Decrease Event has occurred, any relevant Compartment 2 German Trade Tax Decrease Amount that corresponds to an amount paid into the Compartment 2 Cash Collateral Account under item *ninth* of Clause 22.3(a) of the Trust Agreement;

*third*, to the Subordinated Lender, amounts payable in respect of accrued and unpaid interest on the Compartment 2 Subordinated Loan (including, without limitation, overdue interest);

*fourth*, to the Subordinated Lender an amount necessary to reduce the outstanding principal amount of the Compartment 2 Subordinated Loan to the Required Compartment 2 Subordinated Loan Funding Amount; and

*fifth*, all remaining excess to VWL by way of a final success fee.

- (c) Following the occurrence of an Enforcement Event, distributions will be made by the Security Trustee from the Compartment 2 Available Distribution Amount and from

any amounts standing to the credit of the Compartment 2 Cash Collateral Account, and according to the following Order of Priority:

*first*, amounts due and payable in respect of taxes (if any) by the Issuer and allocated to the Issuer's Compartment 2;

*second*, amounts (excluding any payments under the Trustee Claim) due and payable and allocated to the Issuer's Compartment 2 (i) to the Security Trustee under the Trust Agreement and (ii) *pari passu* to any successor of the Security Trustee (if applicable) appointed pursuant to Clauses 34 and 35 of the Trust Agreement or under any agreement replacing the Trust Agreement;

*third*, of equal rank amounts due and payable and allocated to the Issuer's Compartment 2 (i) to the Corporate Services Provider under the Corporate Services Agreement, (ii) to the Data Protection Trustee under the Data Protection Trust Agreement; (iii) to the Servicer, the Servicer Fee, (iv) to the Rating Agencies the fees for the monitoring, and (v) to the Process Agent and the English Process Agent under the process agency agreements;

*fourth*, of equal rank amounts due and payable and allocated to the Issuer's Compartment 2 (i) to the directors of the Issuer and (ii) in respect of other administration costs and expenses of the Issuer acting with respect to its Compartment 2 including without limitation, any costs relating to the listing of the Compartment 2 Notes, or any amounts due and payable to the paying agents, any auditors' fees, any tax filing fees and any annual return which are to be allocated to Compartment 2;

*fifth*, of equal rank amounts due and payable and allocated to the Account Bank maintaining the Compartment 2 Accounts for account management fees and amounts payable to the Cash Administrator for cash administration fees due under the Compartment 2 Account Agreement and the Principal Paying Agent, the Interest Determination Agent and the Calculation Agent under the Compartment 2 Agency Agreement;

*sixth*, *pari passu* and rateably as to each other on all series of Compartment 2 Notes amounts due and payable by the Issuer acting with respect to its Compartment 2 to the Compartment 2 Swap Counterparties in respect of any Net Swap Payments or any Swap Termination Payments under a Compartment 2 Swap Agreement (if any and provided that a Compartment 2 Swap Counterparty under the respective Compartment 2 Swap Agreement is not a defaulting party (as defined in the respective Compartment 2 Swap Agreement) and there has been no termination of the transaction under the Compartment 2 Swap Agreement due to a termination event relating to the respective Compartment 2 Swap Counterparty's downgrade);

*seventh*, *pari passu* and rateably to each other amounts due and payable in respect of (a) interest accrued during the immediately preceding Interest Accrual Period plus (b) Interest Shortfalls (if any) *pari passu* and rateably as to each other on all series of Compartment 2 Notes;

*eighth*, *pari passu* and rateably the Amortisation Amounts to each Amortising Series of Compartment 2 Notes in respect of principal until the Compartment 2 Notes are redeemed in full;

*ninth*, *pari passu* and rateably as to each other by the Issuer acting with respect to its Compartment 2 to the Swap Counterparty, any payments under the respective Compartment 2 Swap Agreements other than those made under item *sixth* above;

*tenth*, upon the occurrence of an Insolvency Event with respect to VWL, all remaining excess shall be transferred to the Compartment 2 Distribution Account to be used as Compartment 2 Available Distribution Amount on the immediately following Payment Date until all series of Compartment 2 Notes are redeemed in full;

*eleventh*, amounts due and payable in respect of (a) interest accrued during the immediately preceding Interest Accrual Period plus (b) Interest Shortfalls (if any) on the Compartment 2 Subordinated Loan;

*twelfth*, to the Subordinated Lender until the Compartment 2 Subordinated Loan has been redeemed in full; and

*thirteenth*, to pay all remaining excess to VWL by way of a final success fee.

### **Cash Collateral Account**

On the Compartment 2 Closing Date, the Issuer acting with respect to its Compartment 2 deposited EUR 12,950,000.00 in the Compartment 2 Cash Collateral Account at the Account Bank and has agreed to keep these accounts at all times with a bank that has Account Bank Required Ratings. In the event that the Cash Collateral Account Bank ceases to have the Account Bank Required Ratings, the Issuer acting with respect to its Compartment 2 shall within 30 days procure transfer of the accounts held with it to an Eligible Collateral Bank notified to it by the Issuer.

An amount of EUR 12,950,000.00 (5.18 per cent. of the Nominal Amount of the Initial Compartment 2 Notes to be issued as of the Compartment 2 Closing Date) serves as the initial Compartment 2 General Cash Collateral Amount. On each Further Issue Date following the Compartment 2 Closing Date, such amount will be increased by an amount to increase it to 5.18 per cent. of the Nominal Amount of the Compartment 2 Notes outstanding as of such Further Issue Date. The Compartment 2 German Trade Tax Risk Reserve is exclusively reserved for covering any potential German trade tax risk (*Gewerbesteuerisiko*) upon the occurrence of a Compartment 2 German Trade Tax Event. VWL has undertaken to pay any shortfalls of the amounts paid under item *ninth* of the Order of Priority of distributions to the Compartment 2 German Trade Tax Risk Reserve Amount. In addition, on the first Payment Date following a Compartment 2 German Trade Tax Increase Event, VWL will effect payment of the relevant German Trade Tax Risk Reserve Increase Amount, as applicable, to the Compartment 2 Cash Collateral Account immediately upon receipt of the Servicer's demand to pay such amount. The funds in the Cash Collateral Accounts may be invested by or on behalf of the Issuer, acting with respect to its Compartment 2, in Permitted Investments. Any amount standing to the credit of the Compartment 2 Cash Collateral Account that originally served as Compartment 2 German Trade Tax Risk Reserve shall, upon liquidation of the Issuer be remitted to VWL.

Prior to the occurrence of an Enforcement Event, on each Payment Date, after the payment of interest on the Notes and certain other amounts payable by the Issuer acting with respect to its Compartment 2, any remaining portion of the Compartment 2 Available Distribution Amount will be deposited in the respective Cash Collateral Account until the Compartment 2 General Cash Collateral Amount on deposit in the Compartment 2 Cash Collateral Account equals the Compartment 2 Specified General Cash Collateral Account Balance.

On each Payment Date amounts payable under item *eighth* of the Order of Priority above will be paid until the amount of funds in the Compartment 2 Cash Collateral Account is equal to the Compartment 2 Specified General Cash Collateral Account Balance. Amounts on deposit in the Cash Collateral Accounts at any time shall be invested in Permitted Investments in accordance with the instructions of the Issuer acting with respect to its Compartment 2 and on each Payment Date the Compartment 2 General Cash Collateral Amount shall be used with respect to (a) to cover any shortfalls in the amounts payable under items *first* through *seventh* of the respective Order of Priority, (b) the amounts payable under Clause 22.3(b) and 22.4(b) of the Trust Agreement and (c) the Compartment 1 General Cash Collateral Amount on the latest occurring Legal Maturity Date of any

Series of Compartment 1 Notes also for amounts payable pursuant to Clause 22.3(a) of the Trust Agreement under item *tenth*, and amounts payable pursuant to Clause 22.4(a) of the Trust Agreement under item *tenth*, Clause 23(a) of the Trust Agreement under items *twelfth*, *thirteenth* and *fourteenth* of the Order of Priority for amounts payable pursuant to Clause 22.4(a) of the Trust Agreement under items *twelfth* and *thirteenth* of the Order of Priority.

On each Payment Date, any amount of the Compartment 2 General Cash Collateral Amount in excess of the Compartment 2 Specified General Cash Collateral Account Balance for that Payment Date provided that no Credit Enhancement Increase Condition is in effect will be released for payment to the Subordinated Lender of the Compartment 2 Subordinated Loan (until all amounts payable in respect of accrued and unpaid interest have been made and the principal of the Compartment 2 Subordinated Loan has been reduced to the Required Compartment 2 Subordinated Loan Funding Amount) and thereafter to VWL as provided for under the terms of the Servicing Agreement.

### **Duties of the Issuer**

In addition to its obligation to make payments to the Noteholders as set out in the Conditions of the Compartment 2 Notes, the Issuer acting with respect to its Compartment 2 undertakes to hold, administer and collect or realise in accordance with the Conditions of the Notes, the Purchased Expectancy Rights, Final Payment Receivables and Expectancy Rights Related Collateral and ancillary rights arising from Lease Contracts which VWL has concluded with private individual and commercial Lessees, claims against the insurer pursuant to loss insurance policies covering the respective Leased Vehicles, damage claims arising from a breach of contract or in tort against a respective Lessee, in particular claims to lump-sum damages in case of default of the Lessee as well as any interest due and claims against third parties due to damage or loss of the Leased Vehicles, any claims arising from the acceptance by a third party to purchase the respective Leased Vehicles upon the expiration of the Lease Contract and the right to require VWL to repurchase the Expectancy Rights purchased by the Issuer under the Vehicles and Receivables Purchase Agreement and further described below under “DESCRIPTION OF THE PORTFOLIO”, the General Cash Collateral Amounts, the rights arising from the Swap Agreements and the Security, as well as any further rights arising from the Vehicles and Receivables Purchase Agreement, particularly the right to payment of the Settlement Amount.

### **Duties of VWL**

VWL shall deliver to the Issuer acting with respect to its Compartment 2 at all times upon demand and to the extent available to VWL the following documents insofar as such documents are required for the assertion of the rights transferred herein:

- (i) the certificates of receipt signed by the Lessee concerning the acceptance of the Leased Vehicles;
- (ii) the documents concerning the execution of the Lease Contract;
- (iii) the respective original vehicle registration certificate (*Kraftfahrzeugbrief* or *Zulassungsbescheinigung Teil II*);
- (iv) to the extent that VWL is entitled to a disclosure, any information concerning the Lessee, especially regarding financial standing, which is available to VWL;
- (v) proof of VWL’s unrestricted title to the Leased Vehicles through presentation of the invoice with the provision for passage of title and the proof of payment; and
- (vi) any further information or documents which are of substantial importance to the Lease Contracts.

In accordance with the Data Protection Trust Agreement, VWL, promptly after the execution of the Vehicles and Receivables Purchase Agreement is obliged to make the Portfolio Decryption Key (which is for the decryption of the encrypted list of the names and addresses of the respective Lessees for each contract number relating to a Lease Contract) available to the Data Protection Trustee. The Issuer is obliged to keep confidential all information about the Lessees and the business of VWL obtained in connection with the execution of Vehicles and Receivables Purchase Agreement. The foregoing shall not apply (i) to information which is generally known or becomes generally known without the Issuer being responsible for such disclosure, (ii) to information the disclosure of which VWL has expressly or tacitly permitted, (iii) if the Issuer is legally obligated to disclose information, and (iv) if the disclosure of information by the Issuer is necessary for asserting rights arising from the Notes or the agreements concluded in connection with the issue of the Notes.

### **Realisation of Security**

The Expectancy Rights Trustee is authorised and obligated to adequately realise the ownership interest given in the form of a directly enforceable security interest in the Leased Vehicles by selling the Leased Vehicles or having the Leased Vehicles sold by third parties commissioned by the Security Trustee. The proceeds of realisation thus gained shall be allocated as provided in Clause 18 of the Trust Agreement.

### **Clean-Up Call**

After the end of the Compartment 2 Revolving Period, VWL will have the right at its option to exercise the Clean-Up Call and to repurchase the Purchased Expectancy Rights allocated to Compartment 2 of the Purchaser on any Payment Date when the Aggregate Discounted Expectancy Rights Balance is on a Payment Date less than 10 per cent. of the Aggregate Discounted Expectancy Rights Balance as of the Initial Cut-Off Date provided that all payment obligations under the Compartment 2 Notes will be thereby fulfilled.

### **Principal Paying Agent**

The Issuer acting with respect to its Compartment 2 will make payments to the Compartment 2 Noteholders through the Principal Paying Agent. Payments shall be made from the accounts of the Issuer acting with respect to its Compartment 2 with Bank of New York Mellon, Frankfurt Branch as Account Bank without having to execute an affidavit or fulfil any formalities other than the compliance with tax, currency exchange or other regulations of the country where the distribution takes place. Bank of New York Mellon, Frankfurt Branch is an independent credit institution and is not Affiliated to VWL or the Issuer and may be substituted as provided for in Condition 9(e) of the Conditions of the Notes.

### **Security, Security Trustee, Expectancy Rights Trustee and Enforcement**

For the benefit of the Compartment 2 Transaction Creditors the Issuer acting with respect to its Compartment 2 has appointed the Expectancy Rights Trustee pursuant to the Trust Agreement.

The Issuer acting with respect to its Compartment 2 has assigned or transferred, as applicable, to the Expectancy Rights Trustee for security purposes all present and future Purchased Expectancy Rights, Final Payment Receivables and corresponding Expectancy Rights Related Collateral which the Seller transfers to Compartment 2 and all rights arising from the Purchased Expectancy Rights, Final Payment Receivables and corresponding Expectancy Rights Related Collateral its claims and other rights arising from the Compartment 2 Transaction Documents (including the rights to unilaterally alter the legal relationship (*unselbständige Gestaltungsrechte*), all its claims and other rights from all present and future contracts the Issuer acting with respect to its Compartment 2 has entered or may enter into in connection with the Compartment 2 Notes, the Compartment 2 Subordinated Loan, the Compartment 2 Swap Agreements or Purchased Expectancy Rights, the Final Payment Receivables and corresponding Expectancy Rights Related Collateral and all transferable claims (i) in respect of

the Compartment 2 Accounts of the Issuer opened pursuant to the Compartment 2 Account Agreements and (ii) in respect of all bank accounts which will be opened under the Trust Agreement in the name of the Issuer acting with respect to its Compartment 2 in the future.

The Issuer acting with respect to its Compartment 2 will automatically acquire full legal title (*Volleigentum*) to the related Leased Vehicle subject to suspensory condition (*aufschiebende Bedingung*):

- that all secured obligations (current and future claims against VWL arising from the Additional Vehicles and Receivables Purchase Agreement and the Servicing Agreement, including all future damage claims pursuant to section 280(1) in connection with section 280(3) of the German Civil Code (*Bürgerliches Gesetzbuch*) (*Schadensersatz statt der Leistung*) and including all claims arising out of a withdrawal from the Additional Vehicles and Receivables Purchase Agreement) have been settled in case the Purchaser (acting with respect to its Compartment 1) had acquired security title (*Sicherungsbesitz*) to a Leased Vehicle and further provided the Purchaser (acting with respect to its Compartment 2) had not acquired the corresponding Expectancy Right to such Leased; or
- the occurrence of a Lease Contract Termination Event in respect of a Lease Contract for a Leased Vehicle in case the Purchaser (acting with respect to its Compartment 2) acquires the Expectancy Right to a Leased Vehicle for which the Purchaser (acting with respect to its Compartment 1) already acquired or simultaneously acquires the corresponding Lease Receivables.

Under the Additional Vehicles and Receivables Purchase Agreements VWL will assign and transfer, as applicable, Expectancy Rights, the Final Payment Receivables and corresponding Expectancy Rights' Related Collateral in relation to the Leased Vehicles relating to Purchased Lease to the Issuer (for allocation to its Compartment 2).

The Expectancy Rights Trustee has been appointed under the Trust Agreement to exclusively hold the Purchased Expectancy Rights, the Final Payment Receivables and corresponding Expectancy Rights' Related Collateral. The Expectancy Rights Trustee authorised the Security Trustee under the Trust Agreement to realise and to have realised, to administer and to do such other acts as are necessary in connection with the holding, administration and realisation of the Purchased Expectancy Rights, the Final Payment Receivables and corresponding Expectancy Rights' Related Collateral assigned to the Expectancy Rights Trustee in accordance with Clause 5.2 of the Trust Agreement for security purposes.

The Trust Agreement establishes the right and duty of the Security Trustee – to the extent necessary – to hold (with respect to the rights and claims assigned or transferred to the Security Trustee for security purposes and with the exemption of rights and claims assigned or transferred to the Expectancy Rights Trustee), administer or realise the Security for the benefit of the Transaction Creditors (where such realisation occurs with the consent of the Expectancy Rights Trustee for the Purchased Expectancy Rights) and to perform only those other duties which are necessarily incidental thereto. The Transaction Creditors are entitled, subject to the provisions of Clauses 17 – 20 of the Trust Agreement, to demand from the Security Trustee the fulfilment of its duties as specified under the Conditions of the Notes. The Security Trustee is not obligated to monitor the fulfilment of the duties of the Issuer acting with respect to its Compartment 1 and its Compartment 2 under the Notes, the Conditions of the Notes, the Subordinated Loans or any other Transaction Documents to which the Issuer acting with respect to its Compartment 1 and its Compartment 2 is a party. All rights of the Noteholders shall remain at all times and under all circumstances vested in the Noteholders.

The Security can be realised pursuant to Clause 17 of the Trust Agreement if (i) an Insolvency Event occurs with respect to the Issuer; (ii) the Issuer acting with respect to its Compartment 1 and its Compartment 2 defaults in the payment of any interest on any Note when the same becomes due and payable, and such default shall continue for a period of five Business Days; or (iii) the Issuer acting

with respect to its Compartment 1 and its Compartment 2 defaults in the payment of principal of any Note on the respective Legal Maturity Date and in case an Interest Shortfall occurs.. Amounts generally will not be due and payable on any Payment Date except to the extent there are sufficient funds in the respective Available Distribution Amount to pay such amounts in accordance with the Order of Priority.

VWL shall undertake all steps necessary to protect the Security Trustee's security interest in the Lease Collateral and to hold the Leased Vehicles free from attachments or secured rights of third parties.

### **Servicer**

Subject to revocation by the Issuer acting with respect to its Compartment 2 after a Servicer Replacement Event, VWL is commissioned pursuant to the Servicing Agreement as Servicer to realise the Leased Vehicles in accordance with the Servicer's customary practices in effect from time to time using the same degree of skill and attention that the Servicer exercises with respect to comparable vehicle lease contracts that the Servicer services, collects or realises for itself or others.

The Servicer has also been empowered to administer the Cash Collateral Accounts and the Security for and on behalf of the Issuer acting with respect its Compartment 2. The Servicer has undertaken to transfer to the Compartment 2 Distribution Account maintained by the Issuer acting with respect to its Compartment 2 with the Account Bank amounts received from Realisation of the Leased Vehicles allocated to the Issuer (acting with respect to its Compartment 2), or drawn from the Compartment 2 Cash Collateral Account

VWL, as the Servicer, is entitled to commingle funds such as amounts from realization of the Leased Vehicle and other amounts collected by it during any Monthly Period without segregating such funds from its other funds. To mitigate the commingling risk resulting there from, the Initial Residual Value or, as applicable the Additional Residual Value with respect to Purchased Expectancy Rights for which the contractual expiration date of the relevant Lease Contract occurs in the respective Monthly Period will be required to be remitted to the Compartment 2 Distribution Account as Compartment 2 Servicer Advance at the third Business Day prior to such Monthly Period. If it is demonstrated in the relevant Compartment 2 Monthly Servicer Report for a Monthly Period that the Issuer acting with respect to its Compartment 2 has not exercised the Put Option granted under the Put Option Agreement but has instead realized the relevant Leased Vehicle for which a Compartment 2 Servicer Advance has been granted by a sale to a person other than VWL, the Compartment 2 Servicer Advance which has been made by VWL with respect to such Leased Vehicle shall be released by the Issuer to VWL on the then following Payment Date provided that the Servicer is not in default derlivering the Compartment 2 Available Distribution Amount for such Payment date.

Information as to the present leasing business procedures of VWL are described in "BUSINESS PROCEDURES OF VOLKSWAGEN LEASING GMBH" and "ADMINISTRATION OF THE PURCHASED LEASE RECEIVABLES AND PURCHASED EXPECTANCY RIGHTS UNDER THE SERVICING AGREEMENT", however, VWL will be permitted to change those business procedures from time to time in its discretion.

The Servicer is permitted to delegate any or all of its duties to other entities, including its affiliates and subsidiaries, although the Servicer will remain liable for the performance of any duties that it delegates to another entity.

The Servicer will be entitled to receive the Servicer Fee on each Payment Date for the preceding Monthly Period. The Servicer shall charge the Servicer Fee on a proportional basis to the Issuer acting with respect on its Compartment 1 on the basis of the Aggregate Discounted Lease Balance for such Payment Date and to the Issuer acting with respect to its Compartment 2 on the basis of the Aggregate Discounted Expectancy Rights Balance for such Payment Date. The Servicer Fee for any Payment Date will be an amount equal to the product of (1) one-twelfth, (2) 1.0 per cent. per annum and (3) the sum of the Aggregate Discounted Lease Balance plus any Aggregate Discounted Expectancy Rights

Balance as of the beginning of the preceding Monthly Period (or as of the Closing Date, in the case of the first Monthly Period). As additional compensation, the Servicer will be entitled to retain all late fees, fees for cheques with insufficient funds, other administrative fees, any investment earnings from the investment earnings from the Cash Collateral Accounts and the Distribution Accounts, provided that no Insolvency Event has occurred with respect to the VWL. The Servicer will pay all expenses incurred by it in connection with its collection activities and will not be entitled to reimbursement of those expenses except for auction, painting, repair or refurbishment expenses and similar expenses with respect to the Leased Vehicles, i.e. such costs will be deducted from the enforcement or sale proceeds.

### **Dismissal and Replacement of the Servicer**

After a Servicer Replacement Event, the Issuer is entitled to dismiss the Servicer as outlined below.

### **Replacement of Issuer**

Subject to certain preconditions the Issuer acting with respect to its Compartment 1 and its Compartment 2 is entitled to appoint another company (the “**New Issuer**”) in place of itself as debtor for all obligations arising from and in connection with the Notes.

### **Notices**

All notices to the Noteholders regarding the Compartment 2 Notes shall be (i) published in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) as long as the Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of such exchange so require and (ii) (a) be delivered to the applicable clearing systems for communication by them to the Noteholders and (b) be sent directly to the relevant Noteholder by the Security Trustee. Any notice referred to under (ii) (a) above shall be deemed to have been given to all Noteholders on the seventh day after the day on which the said notice was delivered to the respective clearing system. Any notice referred to under (i) above shall be deemed to have been given to all Noteholders on the seventh day after the day on which the said notice was published in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any notice referred to under (ii) (b) above shall be deemed to have been given upon confirmation of receipt by the respective Noteholder.

### **Applicable Law, Place of Performance and Place of Jurisdiction**

The form and content of the Notes and all of the rights and obligations of the Noteholders, the Issuer acting with respect to its Compartment 1 and its Compartment 2, the Principal Paying Agent and the Servicer under the Notes shall be subject in all respects to the laws of Germany (being specified that the provisions of articles 86 to 94-8 of the Luxembourg Companies Law are excluded).

Place of performance and venue is Frankfurt am Main.

For any litigation in connection with the Conditions of the Notes, which will be initiated against the Issuer acting with respect to its Compartment 1 and its Compartment 2 in a court of Germany, the Issuer acting with respect to its Compartment 1 and its Compartment 2 has appointed Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Federal Republic of Germany, to accept service of process.



## COMPARTMENT 2 ACCOUNT BANK

*This description of Compartment 2 Account Bank does not purport to be a summary of, and is therefore subject to, and qualified in its entirety by reference to, the detailed provisions of the Account Agreement and the other Transaction Documents.*

The Bank of New York Mellon, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situate at One Wall Street, New York, NY 10286, USA and having a branch registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at One Canada Square, London E14 5AL.

The Bank of New York Mellon's corporate trust business services \$12 trillion in outstanding debt from 55 locations around the world. It services all major debt categories, including corporate and municipal debt, mortgage-backed and asset-backed securities, collateralized debt obligations, derivative securities and international debt offerings. The Bank of New York Mellon's corporate trust and agency services are delivered through The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 34 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than \$23 trillion in assets under custody and administration and more than \$1.1 trillion in assets under management. Additional information is available at [bnymellon.com](http://bnymellon.com).

To the best knowledge and belief of the Issuer, the above information about the Compartment 2 Account Bank has been accurately reproduced. The Issuer is able to ascertain from such information published by the Compartment 2 Account Bank that no facts have been omitted which would render the reproduced information inaccurate or misleading.

## CALCULATION AGENT

*This description of the Calculation Agent does not purport to be a summary of, and is therefore subject to, and qualified in its entirety by reference to, the detailed provisions of the Compartment 1 Agency Agreement, the Compartment 2 Agency Agreement and the other Transaction Documents.*

HSBC Bank plc and its subsidiaries form a UK-based group providing a comprehensive range of banking and related financial services.

HSBC Bank plc (formerly Midland Bank plc) was formed in England in 1836 and subsequently incorporated as a limited company in 1880. In 1923, the company adopted the name Midland Bank Limited which it held until 1982 when it re-registered and changed its name to Midland Bank plc.

During the year ended 31 December, 1992, Midland Bank plc became a wholly owned subsidiary undertaking of HSBC Holdings plc, whose Group Head Office is at 8 Canada Square, London E14 5HQ. HSBC Bank plc adopted its current name, changing from Midland Bank plc, in the year ended 31 December, 1999.

The HSBC Group is one of the largest banking and financial services organisations in the world, with over 6,900 offices in 80 countries and territories in six geographical regions: Europe; Hong Kong; Rest of Asia-Pacific; Middle East and North Africa; North America and Latin America. Its total assets at 30 September 2012 were U.S.\$2,721 billion. HSBC Bank plc is the HSBC Group's principal operating subsidiary undertaking in Europe.

The short term ratings of HSBC Bank plc are currently P-1 by Moody's, A-1+ by S&P and F1+ by Fitch and the long term ratings of HSBC Bank plc are currently Aa3 by Moody's, AA- by S&P and AA by Fitch.

HSBC is regulated pursuant to the Financial Services and Markets Act 2000 and is an authorised institution supervised by the Financial Services Authority. HSBC Bank plc's principal place of business in the United Kingdom is 8 Canada Square, London E14 5HQ.

To the best knowledge and belief of the Issuer, the above information about the Calculation Agent has been accurately reproduced. The Issuer is able to ascertain from such information published by the Calculation Agent that no facts have been omitted which would render the reproduced information inaccurate or misleading. HSBC Bank plc is not affiliated to the Seller.

Each of Fitch, Moody's and S&P is established in the European Community and according to the press release from European Securities Markets Authority ("ESMA") dated 31 October 2011, Fitch, Moody's and S&P have been registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No 513/2011 and by Regulation (EU) No 462/2013. Reference is made to the list of registered or certified credit rating agencies published by ESMA, as last updated on 3 June 2013 which can be found on the website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

### *Responsibilities and termination of the appointment as Calculation Agent*

The Calculation Agent shall check the calculations made by the Servicer in relation to the Order of Priority.

The Issuer may at any time terminate the appointment of the Calculation Agent upon giving not less than 30 days' prior written notice. The Calculation Agent may at any time resign from its office by giving the Issuer not less than 30 days' prior notice, specifying the date on which its resignation shall become effective, provided that at all times there shall be a Calculation Agent with the required

capacities appointed. Such termination or resignation shall become effective only upon the appointment by the Issuer of one or more, as the case may be, banks or financial institutions in the required capacity and the giving of not less than 30 days' prior written notice of such appointment. If the Calculation Agent gives notice of its resignation and a replacement agent is required and by the tenth day before the expiration of such notice such replacement has not been duly appointed, the resigning party may itself appoint as its replacement any reputable and experienced financial institution.

## SWAP AGREEMENTS AND SWAP COUNTERPARTIES

The Issuer acting with respect to its Compartment 2 has entered or, with respect to future Series of Compartment 2 Notes to be issued under the Programme, will enter into a Compartment 2 Swap Agreement with respect to each Series of Compartment 2 Notes with the swap counterparties as specified below (the swap counterparty so specified being the “**Compartment 2 Swap Counterparty**”). Each Compartment 2 Swap Agreement will hedge the floating interest rate risk on the applicable Series of Compartment 2 Notes. Each Compartment 2 Swap Counterparty (or its guarantor) will have ratings at least equal to (i) (A) short-term unsecured, unsubordinated and unguaranteed debt obligations which are rated F1 by Fitch and (B) long-term unsecured and unsubordinated debt or counterparty obligations are rated A or above by Fitch, and (ii) the S&P S&P First Required Rating S&P Second Required Rating as defined in the Swap Agreement.

Under the relevant Compartment 2 Swap Agreement the Issuer acting with respect to its Compartment 2 will undertake to pay to the Compartment 2 Swap Counterparty on each Payment Date an amount equal to the amount of interest on the nominal amount of the Compartment 2 Notes outstanding on each Payment Date, calculated on the basis of a fixed rate of interest as specified for the relevant Series of Compartment 2 Notes in the relevant Final Terms. The Compartment 2 Swap Counterparty will undertake to pay to the Issuer acting with respect to its Compartment 2 on each Payment Date an amount equal to the floating rate of interest on such outstanding nominal amount of the relevant Series of Compartment 2 Notes, calculated on the basis of 1-month EURIBOR plus 1.15 per cent. per annum on the basis of the actual number of days elapsed in an interest period divided by 360.

Payments under each Compartment 2 Swap Agreement will be exchanged on a net basis on each Payment Date. Payments made by the Issuer acting with respect to its Compartment 2 under the Compartment 2 Swap Agreements (other than termination payments related to an event of default where the relevant Compartment 2 Swap Counterparty is a defaulting party, or termination event due to the failure by the relevant Compartment 2 Swap Counterparty to take required action after a downgrade of its credit rating) rank higher in priority than all payments on the Compartment 2 Notes. Payments by the Compartment 2 Swap Counterparty to the Issuer acting with respect to its Compartment 2 under each Compartment 2 Swap Agreements will be made into the Distribution Account and will, to the extent necessary, be increased to insure that such payments are free and clear of all taxes.

Events of default under the Compartment 2 Swap Agreements applicable to the Issuer, acting with respect to its Compartment 2, are limited to, and (among other things) events of default applicable to the relevant Compartment 2 Swap Counterparty include, the following:

- failure to make a payment under the relevant Compartment 2 Swap Agreement when due, if such failure is not remedied within three Business Days of notice of such failure being given; or
- the occurrence of certain bankruptcy and insolvency events.

Termination events under each Compartment 2 Swap Agreements include, among other things, the following:

- illegality of the transactions contemplated by the Compartment 2 Swap Agreements; or
- a Foreclosure Event under the Trust Agreement occurs or any Clean-Up Call or prepayment in full, but not in part, of the Compartment 2 Notes occurs; or
- failure of the relevant Compartment 2 Swap Counterparty to maintain its credit rating at certain levels required by the Compartment 2 Swap Agreement, which failure may not

constitute a termination event if (in the time set forth in the applicable Compartment 2 Swap Agreement) the Compartment 2 Swap Counterparty:

- posts an amount of collateral (in the form of cash and/or securities) as set forth in the Swap Agreement; or
- obtains a guaranty from an institution with an acceptable rating; or
- assigns its rights and obligations under the relevant Compartment 2 Swap Agreement to a substitute swap counterparty with an acceptable rating.

Upon the occurrence of any event of default or termination event specified in a Compartment 2 Swap Agreement, the non-defaulting party, an affected party or the party which is not the affected party (as the case may be, depending on the termination event) may, after a period of time set forth in the Compartment 2 Swap Agreement, elect to terminate such Compartment 2 Swap Agreement. If a Compartment 2 Swap Agreement is terminated due to an event of default or a termination event, a swap termination payment may be due to the Compartment 2 Swap Counterparty by the Issuer acting with respect to its Compartment 2 out of its available funds. The amount of any such swap termination payment may be based on the actual cost or market quotations of the cost of entering into a similar swap transaction or such other methods as may be required under the Compartment 2 Swap Agreement, in each case in accordance with the procedures set forth in the Compartment 2 Swap Agreement. Any such swap termination payment could, if market rates or other conditions have changed materially, be substantial. Under certain circumstances, Swap Termination Payments required to be made by the Issuer acting with respect to its Compartment 2 to a Compartment 2 Swap Counterparty will rank higher in priority than all payments on the Compartment 2 Notes. In such event, the Purchased Lease Receivables and the General Cash Collateral Amount may be insufficient to make the required payments on the Compartment 2 Notes and the Compartment 2 Noteholders may experience delays and/or reductions in the interest and principal payments on the Notes. If a Swap Termination Payment is due to the Compartment 2 Swap Counterparty, any Swap Replacement Proceeds shall to the extent of that Swap Termination Payment be paid directly to such Compartment 2 Swap Counterparty causing the event of default or termination event without regard to the Order of Priority as specified in the relevant Compartment 2 Swap Agreement.

A Compartment 2 Swap Counterparty may, at its own cost, transfer its obligations under the relevant Compartment 2 Swap Agreement to a third party which shall be an Eligible Swap Counterparty. There can be no assurance that the credit quality of the replacement swap counterparty will ultimately prove as strong as that of the original Compartment 2 Swap Counterparty. Any Swap Termination Payments exceeding Swap Replacement Proceeds will be paid to such Compartment 2 Swap Counterparty in accordance with the Order of Priority.

#### *HSBC Bank plc as Swap Counterparty*

HSBC Bank plc and its subsidiaries form a UK based group providing a comprehensive range of banking and related financial services.

HSBC Bank plc (formerly Midland Bank plc) was formed in England in 1836 and subsequently incorporated as a limited company in 1880. In 1923, the company adopted the name Midland Bank Limited which it held until 1982 when it re-registered and changed its name to Midland Bank plc. During the year ended 31 December 1992, Midland Bank plc became a wholly owned subsidiary undertaking of HSBC Holdings plc, whose Group Head Office is at 8 Canada Square, London E14 5HQ. HSBC Bank plc adopted its current name, changing from Midland Bank plc, in the year ended 31 December 1999.

The HSBC Group is one of the world's largest banking and financial services organisations, with around 6,600 offices in 80 countries and territories in six geographical regions: Europe, Hong Kong, Rest of Asia-Pacific, Middle East and North Africa, North America and Latin America. Its total assets

at 30 June 2013 were U.S.\$2,645 billion. HSBC Bank plc is the HSBC Group's principal operating subsidiary undertaking in Europe.

The short term senior unsecured and unguaranteed obligations of HSBC Bank plc are, as at the date of this Prospectus, rated P-1 by Moody's, A-1+ by Standard & Poor's and F1+ by Fitch and the long term senior unsecured and unguaranteed obligations of HSBC Bank plc are rated Aa3 by Moody's, AA- by Standard & Poor's and AA- by Fitch.

HSBC Bank plc is regulated pursuant to the Financial Services and Markets Act 2000 and is authorised by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority. HSBC Bank plc's principal place of business in the United Kingdom is 8 Canada Square, London E14 5HQ.

## TAXATION

The following information is not intended as tax advice and does not purport to describe all of the tax considerations that may be relevant to a prospective investor of the Notes. It should be read in conjunction with the section entitled “RISK FACTORS”. Potential investors of the Notes are urged to satisfy themselves as to the overall tax consequences of purchasing, holding and/or selling the Notes and, therefore, to consult their professional tax advisors.

### Taxation in Germany

#### *Interest*

Interest paid to a Noteholder resident in Germany (i.e., persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany) is subject to personal or corporate income tax (plus solidarity tax (*Solidaritätszuschlag*) thereon currently at a rate of 5.5 per cent.). Such interest is also subject to trade tax on income if the Notes form part of the property of a German trade or business. Where the Notes are kept in a custodial account maintained with a German financial institution or financial services institution (including a German branch of a non-German financial institution or financial services institution, but excluding a non-German branch of a German financial institution or financial services institution, the “**Institution**”) such Institution is generally required to withhold tax currently at a rate of 25 per cent. (plus solidarity tax thereon currently at a rate of 5.5 per cent. thus resulting in a total withholding at 26.4 per cent.) of the gross amount of interest paid to a Noteholder resident in Germany.

For private individuals Noteholders holding the Notes not as part of a trade or business the flat tax regime (*Abgeltungssteuer*) applies and the taxes withheld by an Institution (in which case also church tax, if applicable, would be withheld) leads to that the tax liability of such Noteholder is deemed to be discharged and he is no longer required to include the income in his tax return unless his personal income tax rate is below 25 per cent. Foreign withholding tax on capital income shall be credited against German tax (section 32 d para. 5 ITA).

Interest derived by a non-resident Noteholder is subject to German personal or corporate income tax (plus solidarity tax thereon currently at a rate of 5.5 per cent.) only if the Notes form part of the business property of a permanent establishment in Germany (in which case such interest may also be subject to trade tax on income) or a fixed base maintained in Germany by the Noteholder. Tax treaties concluded by Germany generally permit Germany to tax the interest income in this situation.

Where the non-resident Noteholder keeps the Notes in a custodial account maintained with an Institution such Institution is generally required to withhold a tax currently at a rate of 25 per cent. (plus solidarity tax thereon currently at a rate of 5.5 per cent.) of the gross amount of interest paid, provided the interest constitutes income from German sources (for instance, because the Notes form part of the business property of a permanent establishment which the Noteholder maintains in Germany). Such withholding tax is credited against the Noteholder’s final liability for personal or corporate income tax.

If interest are derived from Notes which are held in custody with an Institution, German withholding tax (including solidarity surcharge) is levied if the interest is paid out in course of an “over the counter transactions” (“*Tafelgeschäft*”). This applies to resident and non-resident Noteholders.

Interest accrued until the sale of the Notes (*Stückzinsen*) is also subject to income tax and solidarity tax. This applies also to non-resident Noteholder if the Notes form part of the business property of a permanent establishment in Germany (in which case such interest may also be subject to trade tax on income) or a fixed base maintained in Germany by the Noteholder. Where the Notes are kept in a custodial account maintained with an Institution such Institution is generally required to withhold tax currently at a rate of 25 per cent. (plus solidarity tax thereon currently at a rate of 5.5 per cent.) of the

gross amount of accrued interest. This also applies to non resident-Noteholders provided the income from accrued interest constitutes income from German sources (for instance, because the Notes form part of the business property of a permanent establishment which the Noteholder maintains in Germany). Such withholding tax is credited against the Noteholder's final liability for personal or corporate income tax unless the flat tax regime (*Abgeltungssteuer*) applies in which case also church taxes may be withheld by the Institution (if applicable).

In general, German individual resident Noteholders are exempt from withholding tax on interest, if (i) their Notes do not form part of the property, a trade or business nor give rise to income from the letting and leasing of property and (ii) if they filed a withholding exemption certificate (*Freistellungsauftrag*) with the Institution having the respective Notes in custody but only to the extent the interest income derived from the Note together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the Noteholder submitted to the Institution having the respective Notes in custody a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the relevant local tax office.

If the Notes are held in custody with a Institution, the German Central Tax Office is obliged to provide information on interest received by non-resident Noteholders to the tax authorities at the state of residence of the respective Noteholder, provided that this Noteholder is resident of an EU-Member state or any other territory for which the provisions under the EU Savings Tax Directive are applicable.

### **Capital Gains**

Gains on the disposal of the Notes made by German resident Noteholders or non-resident Noteholder who holds the Notes as part of his business properties of a permanent establishment in Germany ("**Capital Gains**") will be taxed as investment income, regardless of the holding period. Capital Gains are subject to personal or corporate income tax (plus solidarity surcharge and church tax, if applicable) and may be trade tax.

For private individual Noteholders the flat tax rate regime (*Abgeltungssteuer*) applies which means that Capital Gains are subject to withholding tax of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and church tax, if applicable) withheld from investment income at source. The withholding tax also applies on accrued interest (*Stückzinsen*) and the tax liability resulting from the Capital Gain of the private individual Noteholder is deemed discharged unless his personal income tax rate is below 25 per cent.. The possibilities to offset losses from capital investments are restricted. Losses from investments other than shares are offsetable against all other capital gains on capital investments. It is not possible to offset overall losses from capital investments with other income (e.g. business or rental income), such losses are carried forward and can be offset against positive capital gains from capital investments in the future.

In general, Capital Gains deriving from the Notes held by non-resident Noteholders are not taxable income in Germany, provided that the Notes are not held as business assets in a German permanent establishment or by a German-resident permanent representative of the Noteholder.

Capital gains derived by a non-resident Noteholder are subject to personal or corporate income tax (plus solidarity tax thereon currently at a rate of 5.5 per cent.) if the Notes form part of the business property of a permanent establishment (in which case such gains may also be subject to trade tax on income) or a fixed base maintained in Germany by the Noteholder. Taxes withheld on Capital Gains could be credited against the final tax income liability.



Tax treaties concluded by Germany generally do not permit Germany to tax the capital gains derived by a Noteholder resident in the other treaty country, unless the Notes form part of the business property of a permanent establishment or a fixed base maintained in Germany by the Noteholder. Where Germany is allowed to tax the capital gains, any tax withheld by the Institution may be credited against the resident or non-resident Noteholder's assessed liability for personal or corporate tax. In cases of treaty relief withholding tax can be avoided or reimbursed. The Noteholder has to apply for reimbursement with the German Central Tax Office.

### ***Value Added Tax***

With respect to VAT on the Expectancy Rights reference is made to the respective description under Section "Risk Related to the Notes".

### ***Gift or Inheritance Tax***

The gratuitous transfer of a Note by a Noteholder as a gift or by reason of the death of the Noteholder is subject to German gift or inheritance tax if the Noteholder or the recipient is resident or deemed to be resident in Germany under German law at the time of the transfer. If neither the Noteholder nor the recipient is resident, or deemed to be resident, in Germany at the time of the transfer no German gift or inheritance tax is levied unless the Notes form part of the business property for which a permanent establishment or fixed base is maintained in Germany by the Noteholder. Exceptions from this rule apply to certain German expatriates. Tax treaties concluded by Germany generally permit Germany to tax the transfer of a Note in this situation.

### ***Other Taxes***

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Germany.

### **Luxembourg Taxation**

By a law of 21 June 2005 (the "**Savings Law**"), Luxembourg has implemented the Savings Directive adopted on 3 June 2003 by the Council of Economic and Finance Ministers of the European Union (the "**EU**") regarding the taxation of savings income. In essence, under the Savings Law, which is in effect as of 1 July 2005, Luxembourg levies a withholding tax on payments of interest or other similar income paid by an economic operator (paying agent within the meaning of the Savings Directive) based in Luxembourg to or for an individual resident or to specific forms of transparent entities (not being legal persons and not being themselves subject to business taxation, i.e. the so-called "residual entities" as referred to in the EU Savings Directive) established in another EU member state or in certain dependent or associated territories (see "EU Savings Directive" section below) unless such individual or "residual entity" agree to an exchange of information regarding the interest or similar income it received between the tax authorities of Luxembourg and the relevant EU member state. The rate of the withholding tax is currently 35 per cent.

Payments under the Notes will only be made after deduction or withholding of any mandatory withholding or deductions on account of tax. The Issuer will not be required to pay additional amounts in respect of any such withholding or other deduction for or on account of any present or future taxes, duties or charges of whatever nature. See "TERMS AND CONDITIONS OF THE NOTES".

The Issuer has been advised that under the existing laws of Luxembourg:

- (a) without prejudice to what is stated above regarding the application of the Savings Law, all payments of interest and principal by the Issuer under the Notes can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or tax authority thereof or therein;

- (b) a holder of a Note who derives income from a Note or who realises a gain on the disposal or redemption of a Note will not be subject to Luxembourg taxation on income or capital gains unless:
  - (i) the holder is, or is deemed to be, resident of Luxembourg for the purpose of the relevant provisions; or
  - (ii) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg;
- (c) Luxembourg net worth tax will not be levied on a holder of a Note unless:
  - (i) the holder is, or is deemed to be, a corporate entity being a resident in Luxembourg for the purpose of the relevant provisions; or
  - (ii) such Note is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg;
- (d) Luxembourg gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder unless:
  - (i) the holder is, or is deemed to be, resident of Luxembourg for the purpose of the relevant provisions at the time of the transfer; or
  - (ii) the gift is registered in Luxembourg;
- (e) there is no Luxembourg registration tax, capital tax, stamp duty or any other similar tax or duty payable in Luxembourg in respect of or in connection with the issue of the Notes or in respect of the payment of principal or interest under the Notes or the transfer of the Notes. If any documents in respect of the Notes are required to be registered in Luxembourg, they will be subject to a fixed registration duty; and
- (f) a holder of a Note will not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of a Note or the execution, performance, delivery and/or enforcement of the Note.

## EU Savings Directive

The Savings Directive is applied by Member States since 1 July 2005.

According to the Savings Directive, Member States are required to provide to the tax authorities of other Member States details of payments of interest or other similar income paid by a paying agent within its jurisdiction to an individual resident in another Member State or a “residual entity” established in such Member State (the “**Disclosure of Information Method**”).

However, throughout a transitional period, certain Member States, as well as certain associated or dependent territories to the EU and certain jurisdictions, which have signed an agreement with Member States (Switzerland, Liechtenstein, British Virgin Island, Guernsey, Isle of Man, Jersey, former Netherlands Antilles, San Marino, Monaco, Turks & Caicos Island and Andorra) to apply similar measures to those included in the Savings Directive, will withhold an amount on interest payments instead of using the Disclosure of Information Method, except if the beneficiaries of the interest payments opt for the Disclosure of Information Method.

The rate of such withholding tax is 35 per cent since 1<sup>st</sup> July 2011. Such transitional period will end if and when the European Community enters into agreements on exchange of information upon request

with several jurisdictions (Switzerland, Liechtenstein, British Virgin Island, Guernsey, Isle of Man, Jersey, former Netherlands Antilles, San Marino, Monaco, Turks & Caicos Island and Andorra).

**THE FOREGOING INFORMATION IS NOT EXHAUSTIVE; IT DOES NOT, IN PARTICULAR, DEAL WITH ALL TYPES OF TAXES NOR WITH THE POSITION OF INDIVIDUAL INVESTORS. PROSPECTIVE INVESTORS SHOULD, THEREFORE, CONSULT THEIR PROFESSIONAL ADVISORS.**

## CERTIFICATION BY TSI

True Sale International GmbH ("TSI") grants the Issuer a certificate entitled "CERTIFIED BY TSI – DEUTSCHER VERBRIEFUNGSSTANDARD", which may be used as a quality label for the securities in question.

The certification label has been officially registered as a trademark and is usually licensed to an issuer of securities if the securities meet, *inter alia*, the following conditions:

- compliance with specific requirements regarding the special purpose vehicle;
- transfer of the shares to non-profit foundations (*Stiftungen*);
- use of a special purpose vehicle structure which is domiciled within the European Union;
- the issuer must agree to the general certification conditions, including the annexes, and must pay a certification fee;
- the issuer must accept TSI's disclosure and reporting standards, including the publication of the investor reports, offering circular and the originator's or issuer's declaration of undertaking on the True Sale International GmbH website ([www.true-sale-international.de](http://www.true-sale-international.de));
- The originator or issuer must confirm that the main quality criteria of the "CERTIFIED BY TSI – DEUTSCHER VERBRIEFUNGSSTANDARD" label, particularly with regard to lending and servicing standards, are maintained throughout the duration of the transaction.

Certification by True Sale International GmbH (TSI) is not a recommendation to buy, sell or hold securities. TSI's certification label is issued on the basis of an assurance given to True Sale International GmbH by the Issuer, as of the date of this Prospectus, that, throughout the duration of the transaction, he will comply with:

- (a) the reporting and disclosure requirements of True Sale International GmbH, and
- (b) the main quality criteria of the "CERTIFIED BY TSI – DEUTSCHER VERBRIEFUNGSSTANDARD" label, in particular regarding the loan and servicing standards.

True Sale International GmbH has relied on the above-mentioned declaration of undertaking and has not made any investigations or examinations in respect of the declaration of undertaking, any transaction party or any securities, and disclaims any responsibility for monitoring continuing compliance with these standards by the parties concerned or any other aspect of their activities or operations.

## DESCRIPTION OF THE PORTFOLIO

### The Purchased Expectancy Rights under the Vehicles and Receivables Purchase Agreement

In relation to the Lease Receivables purchased by and assigned to the Issuer (acting with respect to its Compartment 1), the Purchased Expectancy Rights represent the expectancy right (*Anwartschaftsrecht*) to the Leased Vehicle relating to a Lease Contract under which the Purchased Lease Receivables have been originated and refer mainly to Volkswagen, Audi, SEAT, Skoda and Volkswagen Nutzfahrzeuge vehicles.

The Purchased Expectancy Rights include Expectancy Rights originated under open end Lease Contracts (*Verträge mit Gebrauchtwagenabrechnung* - “**Open End Lease Contracts**”) and closed end Lease Contracts (*Verträge ohne Gebrauchtwagenabrechnung* - “**Closed End Lease Contract**”). Open End Lease Contracts have no fixed residual values guaranteed by the dealers but the buy back of the car is based on the state of the vehicle and the general state of the market on the date of the return of the Leased Vehicle to VWL. Therefore, upon the re-marketing of the car, the Lessee bears the risk of a loss partly participates in a profit. Closed End Lease Contracts are based on fixed residual values based on the contractual mileage and term of the contract, both being guaranteed by the vehicle dealer in respect of a return of the car in compliance with the term of the contract at the end of the contract term arranging the conclusion of the respective Closed End Lease Contract and VWL. In case of under mileage or if the mileage is exceeded on the return of the car, the residual value will be adjusted by a mileage rate (*Mehr-/ Minderkilometersatz*) which has been agreed at the conclusion of the contract. Under these Closed End Lease Contracts, the respective vehicle-dealer will buy the Leased Vehicle from VWL at an adjusted previously agreed upon repurchase price. The Lessee will get charged or will be refunded with the adjustment.

The Issuer acting with respect to its Compartment 2 will automatically acquire full legal title (*Volleigentum*) to the related Leased Vehicle of a Purchased Expectancy Right upon expiration of the related Lease Contract irrespective of an insolvency of VWL following the acquisition of Expectancy Right by the Issuer acting with respect to its Compartment 2.

The Issuer acting with respect to its Compartment 2 will automatically acquire full legal title (*Volleigentum*) to the related Leased Vehicle subject to suspensory condition (*aufschiebende Bedingung*):

- that all secured obligations (current and future claims against VWL arising from the Additional Vehicles and Receivables Purchase Agreement and the Servicing Agreement, including all future damage claims pursuant to section 280(1) in connection with section 280(3) of the German Civil Code (*Bürgerliches Gesetzbuch*) (*Schadensersatz statt der Leistung*) and including all claims arising out of a withdrawal from the Additional Vehicles and Receivables Purchase Agreement) have been settled in case the Purchaser (acting with respect to its Compartment 1) had acquired security title (*Sicherungseigentum*) to a Leased Vehicle and further provided the Purchaser (acting with respect to its Compartment 2) had not acquired the corresponding Expectancy Right to such Leased Vehicles; or
- the occurrence of a Lease Contract Termination Event in respect of a Lease Contract for a Leased Vehicle in case the Purchaser (acting with respect to its Compartment 2) acquires the Expectancy Right to a Leased Vehicle for which the Purchaser (acting with respect to its Compartment 1) already acquired or simultaneously acquires the corresponding Lease Receivables.

The occurrence of an insolvency of VWL following the acquisition of an Expectancy Right on but prior to the occurrence of the suspensory condition (*aufschiebende Bedingung*) will not hinder the acquisition of such full legal title to the respective Leased Vehicle by the Issuer acting with respect to its Compartment 2.

## **Mitigants for reflecting potential German trade tax and VAT risks**

VWL believes that potential risks resulting from Issuer's potential exposure to German Trade Tax (*Gewerbsteuer*) or VAT (*Umsatzsteuer*) risks have been reasonably considered by the available credit enhancement under the Compartment 1 Subordinated Loan, the Compartment 2 Subordinated Loan and agreed overcollateralisation.

## **Warranties and Guarantees in relation to the Sale of the Purchased Lease Receivables and the Purchased Expectancy Rights**

Under the Vehicles and Receivables Purchase Agreement, VWL warrants and guarantees with respect to the Purchased Lease Receivables and the Purchased Expectancy Rights the following in the form of a separate guarantee undertaking pursuant to section 311(1) of the German Civil Code (*Bürgerliches Gesetzbuch*) as in respect of each Additional Cut-Off Date, as applicable:

- a) that the Lease Contracts are legally valid and binding agreements;
- b) that the Purchased Lease Receivables are assignable and the Lease Contracts require monthly payments;
- c) that the Purchased Lease Receivables are denominated and payable in EUR;
- d) that the Leased Vehicles under the Lease Contracts are existing;
- e) that it may dispose of the Purchased Lease Receivables and the Purchased Expectancy Rights free from rights of third parties and encumbrances;
- f) that the Purchased Lease Receivables are free of defences, whether pre-emptory or otherwise (*Einwendungen oder Einreden*) for the agreed term of the Lease Contract as well as free from rights of third parties and that the lessees in particular have no set-off claim;
- g) that the Purchased Expectancy Rights have been legally validly created as a legal consequence of the transfer of title to the Leased Vehicles for security purposes and the conditional retransfer of title and exclusively relate to Leased Vehicles in respect of which Lease Receivables were sold to the Purchaser; and may dispose of such Leased Receivables free from rights of third parties and encumbrances;
- h) that the Purchased Expectancy Rights relate to Leased Vehicles registered in Germany;
- i) that no Purchased Lease Receivable was overdue at the last day of the month preceding the Closing Date or the Additional Purchase Date, as applicable;
- j) that the status and enforceability of the Purchased Lease Receivables is not impaired due to warranty claims or any other rights (including claims which may be set off) of the Lessee (even if the Purchaser knew or could have known of the existence of such defences or rights on the respective Cut-Off Date);
- k) that none of the Lessees is an Affiliate of Volkswagen AG;
- l) that (according to VWL's records) terminations of the Lease Contracts have not occurred and are not pending;
- m) that the Lease Contracts shall be governed by the laws of Germany;

- n) that the Lease Contracts have been entered into exclusively with Lessees which, if they are corporate entities have their registered office or, if they are individuals have their place of residence in Germany;
- o) that on the Initial Cut-Off Date and on the respective Additional Cut-Off Date at least two lease instalments have been paid in respect of each of the Lease Contracts and that the Lease Contracts require substantially equal monthly payments to be made within 12-60 months of the date of origination of the Lease Contract;
- p) that no more than 5 per cent. of the Leased Vehicles are non Volkswagen, Audi, SEAT, Skoda or Volkswagen Nutzfahrzeuge vehicles;
- q) that those Lease Contracts which are subject to the provisions of the German Civil Code (*Bürgerliches Gesetzbuch*) on consumer financing comply in all material respects with the requirements of such provisions and, in particular contain orderly instructions in respect of the right of revocation of the Lessees and that none of the Lessees has used its right of revocation within the term of revocation;
- r) that it may freely dispose of title and Expectancy Rights to the Leased Vehicles and that no third-party's rights prevent such dispositions;
- s) that (according to VWL's records) no insolvency proceedings have been initiated against any of the Lessees during the term of the Lease Contracts up to the last day of the month preceding the Closing Date or the Additional Purchase Date, as applicable;
- t) that the Lease Receivables assigned do not represent a separately conducted business or business segment of VWL;
- u) that none of the Additional Lease Contracts will mature later than one year prior to the latest occurring Legal Maturity Date under any of the Notes;
- v) that the Lease Contracts do not contain lease contracts with a kilometer settlement (*Kilometerabrechnung*) entered into before 1 October 2013 with Lessees who qualify as consumers (*Verbraucher*) within the meaning of section 13 of the German Civil Code or who enter into the lease contracts in order to take up a trade or self-employed occupation (*Existenzgründer*) while the net loan amount (*Nettodarlehensbetrag*) or the cash price (*Barzahlungspreis*) does not exceed 75,000 Euros, whereby this criterion shall only apply for Additional Cut-Off Dates occurring after the Payment Date falling in October 2013;
- w) that the purchase of Additional Lease Receivables will not have the result that the Aggregate Discounted Lease Balance of all Lease Contracts exceeds the following concentration limits with respect to the percentage of the Discounted Lease Balance generated under Lease Contracts for (i) used vehicles (concentration limit: 6 %), and (ii) for Volkswagen Nutzfahrzeuge vehicles (concentration limit: 22 %).

In addition to the aforementioned, VWL warrants and guarantees with respect to the Purchased Lease Receivables the following in the form of a separate guarantee undertaking pursuant to section 311(1) of the German Civil Code (*Bürgerliches Gesetzbuch*) as of the Initial Cut-Off Date and in respect of each Additional Cut-Off Date, as applicable:

- a) that the total amount of Purchased Lease Receivables assigned hereunder resulting from Lease Contracts with one and the same Lessee will not exceed EUR 500,000 in respect of any single Lessee;

- b) that the Lease Contracts under which the Lease Receivables arise comply with the requirements of section 108 (I) sentence 2 of the German Insolvency Code (Insolvenzordnung) and in particular that (i) the seasoning of a Lease Contract does not exceed three months on the Cut-Off Date or the Additional Cut-Off Date respectively, and (ii) in case of a Lease Contract which relates also to maintenance or other service obligations of VWL that such service and maintenance obligations do not constitute the core focus (Schwerpunkt) of VWL's contractual obligations and that the service and maintenance obligations identified in the specific Lease Contract do not relate to any Leased Vehicles that are not the subject of that specific Lease Contract, and (iii) that the remuneration paid by the Lessee for such maintenance or service obligations will not exceed the amount of the Lease Receivables originated under such Lease Contract
- c) that the Aggregate Discounted Lease Balance in EUR resulting from Lease Contracts with a remaining term of less than 12 months is not larger than 40 per cent. of the Aggregate Discounted Lease Balance;
- d) that the Aggregate Discounted Lease Balance in EUR resulting from Lease Contracts with a remaining term of less than 36 months is not larger than 80 per cent. of the Aggregate Discounted Lease Balance;
- e) that the Aggregate Discounted Lease Balance in EUR resulting from Lease Contracts with a remaining term greater than 36 months is not larger than 30 per cent. of the Aggregate Discounted Lease Balance.

In addition to the foregoing, VWL warrants and guarantees with respect to the Purchased Expectancy Rights the following in the form of a separate guarantee undertaking pursuant to section 311(1) of the German Civil Code (*Bürgerliches Gesetzbuch*) as of the Initial Cut-Off Date and in respect of each Additional Cut-Off Date, as applicable:

- a) that the Discounted Expectancy Rights Balance of a Leased Vehicle does not account for more than 65 per cent. of the total value of the Discounted Lease Balance and the Discounted Expectancy Rights Balance attributable to the relevant Lease Contract at the Additional Cut-Off Date;
- b) that the Residual Value of a single Leased Vehicle is not more than EUR 80,000; and
- c) that the Purchased Expectancy Rights comply with any Expectancy Rights Eligibility Criteria.

To comply with the Expectancy Rights Eligibility Criteria VWL warrants and guarantees with regard to the Purchased Expectancy Rights:

that not more than 6 per cent. of the Leased Vehicles are used vehicles and that not more than 22 per cent. of the Leased Vehicles are VW Nutzfahrzeuge.

In the event of a breach of any of the warranties set forth above at the Compartment 2 Closing Date or any Additional Purchase Date which materially and adversely affects the interests of the Issuer acting with respect to its Compartment 1 and its Compartment 2 or the Noteholders, VWL shall have until the end of the Monthly Period which includes the 60<sup>th</sup> day (or, if VWL elects, an earlier date) after the date that VWL became aware or was notified of such breach to cure or correct such breach. Any such breach or failure will not be deemed to have a material and adverse effect if such breach or failure does not affect the ability of the Issuer acting with respect to its Compartment 1 and its Compartment 2 to receive and retain timely payment in full on the related Lease Contract. If VWL does not cure or correct such breach prior to such time, then VWL shall settle any Purchased Lease Receivables and the related Purchased Expectancy Rights affected by such breach which materially and adversely



affects the interests of the Issuer acting with respect to its Compartment 1 and its Compartment 2 or the Noteholders on the Payment Date following the expiration of such period which results in an imbalance of the obligations of the Issuer acting with respect to its Compartment 1 and its Compartment 2 before and after such event. Any such settlement by VWL shall be at a price equal to the present value of the Purchased Lease Receivables remaining due under such Lease Contract and the related Purchased Expectancy Rights, using the Lease Receivables Discount Rate or the Expectancy Rights Discount Rate, as applicable. Upon payment of such Settlement Amount by VWL, the Issuer acting with respect to its Compartment 1 and its Compartment 2 and the Security Trustee shall release and shall execute and deliver such instruments of release, transfer or assignment, in each case without recourse or representation, as shall be reasonably necessary to vest in VWL or its designee any Purchased Lease Receivable and related Purchased Expectancy Rights settled. The right to cause VWL to settle any Purchased Lease Receivable and related Purchased Expectancy Rights as described above will constitute the sole remedy respecting such breach available to the Issuer and the Security Trustee. Neither the Issuer acting with respect to its Compartment 1 and its Compartment 2 nor the Security Trustee will have any duty to conduct an affirmative investigation as to the occurrence of any condition requiring the settlement of any Purchased Lease Receivable and related Purchased Expectancy Rights.

The Issuer may at its option but (i) with the prior consent of the Compartment 2 Noteholders holding not less than 100 per cent. of the aggregate outstanding principal amount of all outstanding Compartment 2 Notes, whereby the votes of a Noteholder VW Bank GmbH and its affiliates will not be taken into account, and (ii) the prior written consent of VWL and the Expectancy Rights Trustee, choose to dispose of its assets, in particular to dispose of its assets in accordance with the relevant agreements to be concluded for this purpose for selling Purchased Expectancy Rights (acting thereby with respect to its Compartment 2) and in connection with term issuances of a separate securitisation vehicle, if the purchase price for the sale of Expectancy Rights is at least equal to the Aggregate Compartment 2 Redeemable Amount and the Issuer obtained confirmation from the Rating Agencies that the sale of the Expectancy Rights will not result in a downgrade of the outstanding Compartment 2 Notes.

The Purchased Lease Receivables and Purchased Expectancy Rights acquired and transferred by assignment under any Vehicles and Receivables Purchase Agreement from VWL generally have characteristics that demonstrate capacity to produce funds to service payments due and payable on the Notes, however, VWL does not warrant the solvency (credit standing) of the relevant Lessees.

## Description of the Lease Contracts, Residual Values represented by the Expectancy Rights as at the Cut-Off Date falling on August 2013

The information below contains data of the pool as relevant for the currently outstanding Compartment 2 Notes, which amount to approximately EUR 483,900,000. In case of the issuance of Further Compartment 2 Notes, the amended stratification tables and information will be inserted into the Final Terms for the relevant Series of Compartment 2 Notes.

The Portfolio information presented in this Base Prospectus is based on a pool as of the Cut-Off Date falling on August 2013.

### 1. *Distribution of Lease Contracts and Leased Vehicles per Lessee*

Distribution by Contract concentration	Number of Lessees	Percentage of Lessees	Number of Contracts	Percentage of Contracts	Outstanding Discounted Residual Value	% of Discounted Residual Value	Average Outstanding Discounted Residual Value by Lessee	Average Outstanding Discounted Residual Value by contract
1	54,315	78.88%	54,315	50.66%	662,991,224.96 €	53.86%	12,206.41 €	12,206.41 €
2 - 10	13,980	20.30%	43,470	40.54%	473,851,796.17 €	38.50%	33,894.98 €	10,900.66 €
11 - 20	443	0.64%	6,221	5.80%	63,903,072.37 €	5.19%	144,250.73 €	10,272.15 €
21 - 50	113	0.16%	3,053	2.85%	28,993,509.95 €	2.36%	256,579.73 €	9,496.73 €
> 50	3	0.00%	159	0.15%	1,189,584.84 €	0.10%	396,526.28 €	7,481.67 €
<b>Total</b>	<b>68,854</b>	<b>100.00%</b>	<b>107,218</b>	<b>100.00%</b>	<b>1,230,929,188.29 €</b>	<b>100.00%</b>	<b>17,877.38 €</b>	<b>11,480.62 €</b>

### 2. *Distribution of Lease Contracts by Discounted Expectancy Rights not yet due*

Distribution of Lease Contracts by Discounted Lease Balance	Number of Contracts	Percentage of Contracts	Outstanding Discounted Residual Value	% of Discounted Residual Value
Up to Euro 5,000	7,181	6.70%	29,946,907.56 €	2.43%
Up to Euro 10,000	45,950	42.86%	351,881,893.89 €	28.59%
Up to Euro 15,000	31,581	29.45%	383,048,859.50 €	31.12%
Up to Euro 20,000	12,460	11.62%	213,161,291.10 €	17.32%
Up to Euro 25,000	6,014	5.61%	133,626,314.92 €	10.86%
Up to Euro 30,000	2,729	2.55%	74,060,995.05 €	6.02%
Up to Euro 35,000	912	0.85%	29,184,617.49 €	2.37%
Up to Euro 40,000	247	0.23%	9,179,797.67 €	0.75%
Up to Euro 45,000	83	0.08%	3,504,019.30 €	0.28%
Up to Euro 50,000	24	0.02%	1,125,055.03 €	0.09%
Up to Euro 55,000	14	0.01%	737,780.14 €	0.06%
Up to Euro 60,000	5	0.00%	286,784.77 €	0.02%
Up to Euro 65,000	7	0.01%	434,213.33 €	0.04%
Up to Euro 70,000	9	0.01%	602,881.09 €	0.05%
Morte than Euro 70,000	2	0.00%	147,777.45 €	0.01%
<b>Total</b>	<b>107,218</b>	<b>100.00%</b>	<b>1,230,929,188.29 €</b>	<b>100.00%</b>

3. *Customer Concentration of Residual Values (RV): Top 20 Lessees*

Distribution by largest lessee	Number of Contracts	Percentage of Contracts	Outstanding Discounted Residual Value	% of Discounted Residual Value
1	37	0.03%	512,595.03 €	0.04%
2	42	0.04%	507,377.83 €	0.04%
3	50	0.05%	494,153.37 €	0.04%
4	34	0.03%	486,860.05 €	0.04%
5	53	0.05%	448,940.30 €	0.04%
6	27	0.03%	437,080.57 €	0.04%
7	40	0.04%	422,392.32 €	0.03%
8	36	0.03%	411,343.08 €	0.03%
9	27	0.03%	401,979.62 €	0.03%
10	27	0.03%	397,757.35 €	0.03%
11	51	0.05%	396,063.63 €	0.03%
12	41	0.04%	376,584.25 €	0.03%
13	30	0.03%	372,580.06 €	0.03%
14	27	0.03%	369,040.37 €	0.03%
15	23	0.02%	368,292.77 €	0.03%
16	30	0.03%	366,504.97 €	0.03%
17	47	0.04%	358,677.58 €	0.03%
18	46	0.04%	356,630.49 €	0.03%
19	55	0.05%	344,580.91 €	0.03%
20	24	0.02%	338,061.10 €	0.03%
<b>Total 1 - 20</b>	<b>747</b>	<b>0.70%</b>	<b>8,167,495.65 €</b>	<b>0.66%</b>
<b>Total</b>	<b>107,218</b>	<b>100.00%</b>	<b>1,230,929,188.29 €</b>	<b>100.00%</b>

4. *Distribution of Lease Contracts by Original Contract Terms in Months*

Distribution by Original Term	Number of Contracts	Percentage of Contracts	Outstanding Discounted Residual Value	% of Discounted Residual Value	Weighted Original Term
12	5	0.00%	50,304.80 €	0.00%	0.0005
18	51	0.05%	743,819.90 €	0.06%	0.0109
22	1	0.00%	8,971.86 €	0.00%	0.0002
24	3,006	2.80%	36,655,458.22 €	2.98%	0.7147
27	1	0.00%	7,373.08 €	0.00%	0.0002
30	1,384	1.29%	16,283,883.05 €	1.32%	0.3969
32	1	0.00%	31,008.31 €	0.00%	0.0008
35	5	0.00%	48,071.57 €	0.00%	0.0014
36	57,494	53.62%	743,423,247.13 €	60.40%	21.7423
42	1,500	1.40%	16,421,254.27 €	1.33%	0.5603
48	38,505	35.91%	378,888,197.80 €	30.78%	14.7747
54	1,919	1.79%	14,037,129.76 €	1.14%	0.6158
60	3,346	3.12%	24,330,468.54 €	1.98%	1.186
<b>Total</b>	<b>107,218</b>	<b>100.00%</b>	<b>1,230,929,188.29 €</b>	<b>100.00%</b>	<b>40.0047</b>

5. *Distribution of the Remaining Terms of Lease Contract and of the Discounted Amounts of Residual Values (RV) not yet due for realisation of the Purchased Expectancy Rights at the Time of Assignment*

Distribution by Remaining Term (months)	Number of Contracts	% of Contracts	Outstanding Discounted Residual Value	% of Discounted Residual Value	Average Discounted Residual Value	Minimum Discounted Residual Value	Maximum Discounted Residual Value	Residual Value	% of Residual Value	Weighted Remaining Term
1	1,290	1.20%	13,288,030.59 €	1.08%	10,300.80 €	989.81 €	35,507.90 €	13,416,237.22 €	0.96%	0.01
2	2,295	2.14%	23,571,491.97 €	1.91%	10,270.80 €	1,271.54 €	53,780.34 €	23,906,249.80 €	1.71%	0.04
3	3,104	2.90%	31,172,005.95 €	2.53%	10,042.53 €	1,548.26 €	74,058.06 €	31,788,554.07 €	2.27%	0.08
4	1,879	1.75%	18,665,006.24 €	1.52%	9,933.48 €	1,342.73 €	38,038.52 €	19,133,972.60 €	1.37%	0.06
5	322	0.30%	3,757,464.76 €	0.31%	11,669.15 €	2,441.94 €	41,016.82 €	3,876,816.31 €	0.28%	0.02
6	593	0.55%	6,878,787.89 €	0.56%	11,599.98 €	2,597.85 €	49,021.86 €	7,138,851.73 €	0.51%	0.03
7	1,156	1.08%	13,648,009.48 €	1.11%	11,806.24 €	1,437.34 €	52,193.57 €	14,247,618.11 €	1.02%	0.08
8	1,093	1.02%	12,624,251.44 €	1.03%	11,550.09 €	1,792.66 €	45,223.29 €	13,244,493.29 €	0.95%	0.08
9	1,619	1.51%	19,147,366.55 €	1.56%	11,826.66 €	1,366.22 €	44,248.03 €	20,207,076.97 €	1.45%	0.14
10	1,292	1.21%	15,064,258.84 €	1.22%	11,659.64 €	1,606.24 €	73,719.39 €	15,992,720.12 €	1.14%	0.12
11	1,314	1.23%	16,187,225.00 €	1.32%	12,319.04 €	1,815.00 €	60,792.09 €	17,285,783.91 €	1.24%	0.14
12	1,690	1.58%	20,659,341.19 €	1.68%	12,224.46 €	880.08 €	61,019.43 €	22,179,490.40 €	1.59%	0.20
13	1,956	1.82%	23,015,142.02 €	1.87%	11,766.43 €	804.17 €	43,896.68 €	24,854,028.90 €	1.78%	0.24
14	2,286	2.13%	27,004,811.08 €	2.19%	11,813.13 €	1,394.42 €	62,326.36 €	29,323,327.35 €	2.10%	0.31
15	2,650	2.47%	31,713,902.95 €	2.58%	11,967.51 €	1,422.01 €	65,462.92 €	34,637,466.87 €	2.48%	0.39
16	2,138	1.99%	26,715,922.36 €	2.17%	12,495.75 €	1,283.00 €	69,327.29 €	29,328,696.55 €	2.10%	0.35
17	2,675	2.49%	32,311,355.68 €	2.62%	12,079.01 €	2,065.45 €	51,286.92 €	35,700,881.97 €	2.55%	0.45
18	4,791	4.47%	60,653,684.93 €	4.93%	12,659.92 €	1,320.81 €	53,538.24 €	67,391,145.79 €	4.82%	0.89
19	5,530	5.16%	71,472,040.18 €	5.81%	12,924.42 €	988.25 €	58,878.84 €	79,859,009.25 €	5.71%	1.10
20	4,689	4.37%	62,178,239.95 €	5.05%	13,260.45 €	1,200.70 €	57,828.11 €	69,843,776.31 €	5.00%	1.01
21	5,908	5.51%	76,402,141.02 €	6.21%	12,931.98 €	1,325.29 €	68,078.31 €	86,327,622.16 €	6.18%	1.30
22	5,120	4.78%	64,576,448.49 €	5.25%	12,612.59 €	809.40 €	69,201.38 €	73,392,020.65 €	5.25%	1.15
23	5,600	5.22%	71,567,365.83 €	5.81%	12,779.89 €	1,568.94 €	66,207.90 €	81,790,235.03 €	5.85%	1.34
24	4,110	3.83%	50,152,236.32 €	4.07%	12,202.49 €	1,045.26 €	65,650.66 €	57,637,273.03 €	4.12%	0.98
25	4,519	4.21%	55,152,807.70 €	4.48%	12,204.65 €	1,002.91 €	61,632.41 €	63,755,766.27 €	4.56%	1.12
26	3,614	3.37%	42,844,122.63 €	3.48%	11,855.04 €	1,435.22 €	62,194.12 €	49,816,414.11 €	3.56%	0.91
27	3,922	3.66%	46,934,381.73 €	3.81%	11,966.95 €	1,285.43 €	44,690.57 €	54,872,460.05 €	3.93%	1.03
28	2,987	2.79%	35,804,776.36 €	2.91%	11,986.87 €	1,284.70 €	42,260.81 €	42,067,353.20 €	3.01%	0.81
29	1,603	1.50%	16,066,194.19 €	1.31%	10,022.58 €	1,017.48 €	39,067.42 €	19,002,623.46 €	1.36%	0.38
30	2,434	2.27%	23,778,286.31 €	1.93%	9,769.22 €	1,261.05 €	38,947.30 €	28,282,061.71 €	2.02%	0.58
31	2,480	2.31%	24,326,969.01 €	1.98%	9,809.26 €	1,328.20 €	31,172.99 €	29,103,821.70 €	2.08%	0.61
32	2,178	2.03%	21,710,852.41 €	1.76%	9,968.25 €	833.24 €	32,037.39 €	26,107,494.24 €	1.87%	0.56
33	2,900	2.70%	28,999,749.98 €	2.36%	9,999.91 €	859.79 €	38,120.86 €	35,083,666.87 €	2.51%	0.78
34	2,344	2.19%	22,715,663.63 €	1.85%	9,690.98 €	869.78 €	33,327.50 €	27,639,416.47 €	1.98%	0.63
35	2,580	2.41%	25,851,964.55 €	2.10%	10,020.14 €	958.45 €	54,827.74 €	31,632,025.45 €	2.26%	0.74
36	1,850	1.73%	17,546,173.12 €	1.43%	9,484.42 €	811.56 €	38,521.85 €	21,589,500.58 €	1.54%	0.51
37	2,118	1.98%	20,007,987.49 €	1.63%	9,446.64 €	1,358.80 €	54,919.39 €	24,760,529.21 €	1.77%	0.60
38	1,680	1.57%	16,102,149.28 €	1.31%	9,584.61 €	1,620.29 €	63,504.72 €	20,044,200.21 €	1.43%	0.50
39	1,589	1.48%	14,588,635.73 €	1.19%	9,181.02 €	1,322.47 €	30,491.37 €	18,259,455.08 €	1.31%	0.46
40	1,036	0.97%	9,356,307.92 €	0.76%	9,031.19 €	1,062.84 €	35,091.75 €	11,770,419.90 €	0.84%	0.30
41	247	0.23%	1,685,826.32 €	0.14%	6,825.21 €	1,330.34 €	21,174.65 €	2,135,284.37 €	0.15%	0.06
42	273	0.25%	2,040,638.99 €	0.17%	7,474.87 €	2,574.28 €	23,326.98 €	2,598,290.95 €	0.19%	0.07
43	274	0.26%	1,999,793.16 €	0.16%	7,298.52 €	1,336.29 €	17,670.68 €	2,561,201.15 €	0.18%	0.07
44	215	0.20%	1,539,165.66 €	0.13%	7,158.91 €	1,792.47 €	19,377.34 €	1,982,163.46 €	0.14%	0.06
45	278	0.26%	2,063,442.53 €	0.17%	7,494.40 €	1,933.85 €	30,462.96 €	2,698,318.88 €	0.19%	0.08
46	220	0.21%	1,633,693.49 €	0.13%	7,425.88 €	1,937.01 €	18,109.52 €	2,127,394.37 €	0.15%	0.06
47	207	0.19%	1,604,898.39 €	0.13%	7,753.13 €	1,643.33 €	39,903.93 €	2,102,642.68 €	0.15%	0.06
48	116	0.11%	843,399.54 €	0.07%	7,270.69 €	2,692.10 €	16,535.17 €	1,110,853.41 €	0.08%	0.03
49	161	0.15%	1,175,552.41 €	0.10%	7,301.57 €	2,278.27 €	21,696.45 €	1,557,145.82 €	0.11%	0.05
50	114	0.11%	850,271.29 €	0.07%	7,458.52 €	2,671.27 €	17,329.33 €	1,133,346.66 €	0.08%	0.03
51	112	0.10%	787,731.35 €	0.06%	7,033.32 €	2,635.69 €	14,830.65 €	1,055,689.84 €	0.08%	0.03
52	67	0.06%	471,222.41 €	0.04%	7,033.17 €	3,127.31 €	14,025.88 €	634,372.14 €	0.05%	0.02
Total	107,218	100.00%	1,230,929,188.29 €	100.00%	11,480.62 €	804.17 €	74,058.06 €	1,397,987,280.63 €	100.00%	21.64

6. *Distribution of Lease Contracts and corresponding Residual Values (RV) by Contract Type (Open End Lease Contracts (Verträge mit Gebrauchtwagenabrechnung) - versus Closed End Lease Contracts (Verträge ohne Gebrauchtwagenabrechnung))*

Distribution by Type of Contract	Number of Contracts	Percentage of Contracts	Outstanding Discounted Residual Value	% of Discounted Residual Value
Closed End Contract	104,892	97.83%	1,213,394,135.56 €	98.58%
Open End Lease Contract	2,326	2.17%	17,535,052.73 €	1.42%
<b>Total</b>	<b>107,218</b>	<b>100.00%</b>	<b>1,230,929,188.29 €</b>	<b>100.00%</b>

7. *Description of the Leased Vehicles: Type of Vehicles and corresponding Residual Values (RV)*

Distribution by type of Vehicle	Number of Contracts	Percentage of Contracts	Outstanding Discounted Residual Value	% of Discounted Residual Value	Average Outstanding Discounted Residual Value per Contract	Minimum Outstanding Discounted Residual Value	Maximum Outstanding Discounted Residual Value
New Vehicle	102,219	95.34%	1,169,584,693.79 €	95.02%	11,441.95 €	804.17 €	74,058.06 €
Used Vehicle	2,053	1.91%	24,523,586.54 €	1.99%	11,945.24 €	989.81 €	58,878.84 €
Demonstration Vehicle	2,946	2.75%	36,820,907.96 €	2.99%	12,498.61 €	1,311.38 €	62,194.12 €
<b>Total</b>	<b>107,218</b>	<b>100%</b>	<b>1,230,929,188.29 €</b>	<b>100%</b>	<b>11,480.62 €</b>	<b>-</b>	<b>-</b>

8. *Type of Payment*

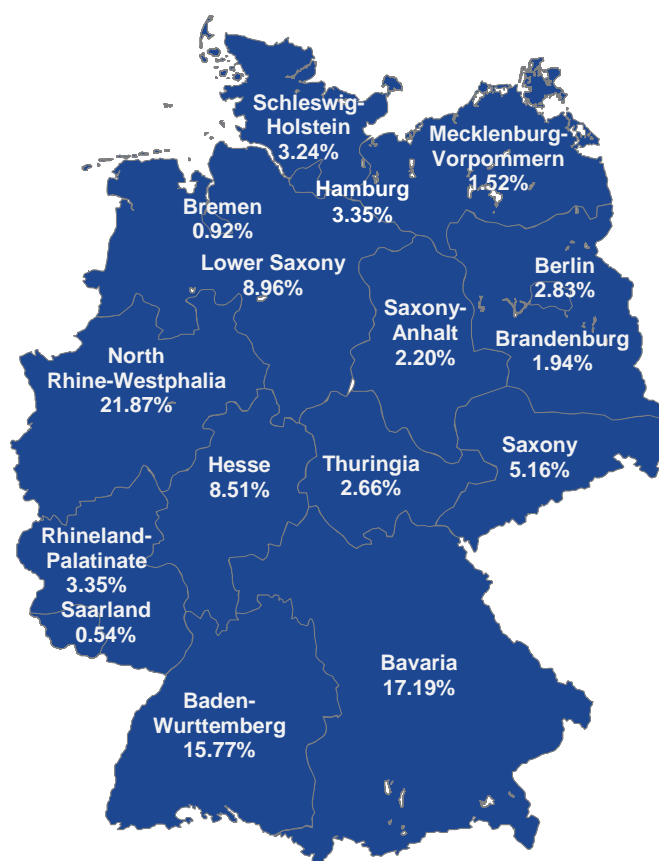
Distribution by Payment Type	Number of Contracts	Percentage of Contracts	Outstanding Discounted Residual Value	% of Discounted Residual Value
Direct Debit	98,623	91.98%	1,136,825,345.78 €	92.36%
Others	8,595	8.02%	94,103,842.51 €	7.64%
<b>Total</b>	<b>107,218</b>	<b>100.00%</b>	<b>1,230,929,188.29 €</b>	<b>100.00%</b>

9. *Description of the Leased Vehicles: Distribution of Discounted Residual Vales by Vehicle Brands and Models*

Distribution by Brand & Model	Model	Number of Contracts	Percentage of Contracts of Sub-Total	Percentage of Contracts of Total	Outstanding Discounted Residual Value	Percentage Outstanding Discounted Residual Value of Sub-Total	Percentage of Outstanding Discounted Residual Value of Total
VW	Fox	303	0.66%	0.28%	1,253,494.36 €	0.27%	0.10%
	Polo	4,991	10.85%	4.66%	31,753,103.99 €	6.87%	2.58%
	Golf	12,014	26.12%	11.21%	104,191,347.86 €	22.54%	8.46%
	Eos	222	0.48%	0.21%	2,762,558.40 €	0.60%	0.22%
	Jetta	144	0.31%	0.13%	1,221,374.94 €	0.26%	0.10%
	New Beetle	380	0.83%	0.35%	3,536,954.26 €	0.77%	0.29%
	Passat	12,511	27.20%	11.67%	136,353,735.07 €	29.50%	11.08%
	Scirocco	206	0.45%	0.19%	2,303,512.12 €	0.50%	0.19%
	Touran	4,336	9.43%	4.04%	41,390,087.28 €	8.95%	3.36%
	Tiguan	4,077	8.87%	3.80%	52,837,293.25 €	11.43%	4.29%
	Sharan	1,859	4.04%	1.73%	25,637,037.51 €	5.55%	2.08%
	Touareg	1,422	3.09%	1.33%	31,083,741.39 €	6.72%	2.53%
	Phaeton	559	1.22%	0.52%	13,341,619.17 €	2.89%	1.08%
	up!	2,964	6.45%	2.76%	14,580,397.42 €	3.15%	1.18%
Sub-Total		45,988	100.00%	42.89%	462,246,257.02 €	100.00%	37.55%
VW LCV	Caddy	6,713	37.66%	6.26%	41,900,907.73 €	26.93%	3.40%
	Transporter	7,550	42.36%	7.04%	76,857,210.53 €	49.40%	6.24%
	Crafter	3,206	17.99%	2.99%	32,750,457.60 €	21.05%	2.66%
	Amarok	355	1.99%	0.33%	4,075,857.45 €	2.62%	0.33%
Sub-Total		17,824	100.00%	16.62%	155,584,433.31 €	100.00%	12.64%
Audi	Audi A1	1,812	6.12%	1.69%	15,357,163.27 €	3.03%	1.25%
	Audi A3	3,314	11.19%	3.09%	36,226,011.69 €	7.15%	2.94%
	Audi A4	7,978	26.94%	7.44%	116,760,608.87 €	23.05%	9.49%
	Audi A5	2,753	9.30%	2.57%	51,537,109.74 €	10.18%	4.19%
	Audi A6	7,813	26.38%	7.29%	164,358,829.29 €	32.45%	13.35%
	Audi A7	767	2.59%	0.72%	20,374,850.03 €	4.02%	1.66%
	Audi A8	308	1.04%	0.29%	10,145,868.65 €	2.00%	0.82%
	Audi Q3	1,472	4.97%	1.37%	21,642,253.15 €	4.27%	1.76%
	Audi Q5	2,243	7.57%	2.09%	42,984,058.00 €	8.49%	3.49%
	Audi Q7	722	2.44%	0.67%	18,886,652.68 €	3.73%	1.53%
	Audi TT	391	1.32%	0.36%	5,995,497.31 €	1.18%	0.49%
	Audi R8	41	0.14%	0.04%	2,203,813.93 €	0.44%	0.18%
Sub-Total		29,614	100.00%	27.62%	506,472,716.61 €	100.00%	41.15%
Seat	Ibiza	1,013	32.27%	0.94%	5,425,822.29 €	22.95%	0.44%
	Altea	347	11.05%	0.32%	2,463,609.29 €	10.42%	0.20%
	Leon	387	12.33%	0.36%	2,641,638.51 €	11.17%	0.21%
	Alhambra	647	20.61%	0.60%	7,531,541.30 €	31.85%	0.61%
	Exeo	551	17.55%	0.51%	4,780,258.64 €	20.22%	0.39%
	Mii	194	6.18%	0.18%	803,442.92 €	3.40%	0.07%
Sub-Total		3,139	100.00%	2.93%	23,646,312.95 €	100.00%	1.92%
Skoda	Fabia	1,562	15.09%	1.46%	7,783,613.28 €	9.71%	0.63%
	Octavia	4,911	47.45%	4.58%	39,432,108.26 €	49.17%	3.20%
	Roomster	798	7.71%	0.74%	4,036,027.63 €	5.03%	0.33%
	Superb	2,107	20.36%	1.97%	21,704,182.35 €	27.07%	1.76%
	Yeti	722	6.98%	0.67%	6,186,375.83 €	7.71%	0.50%
	Citygo	245	2.37%	0.23%	1,023,558.53 €	1.28%	0.08%
	Rapid	4	0.04%	0.00%	25,684.13 €	0.03%	0.00%
Sub-Total		10,349	100.00%	9.65%	80,191,550.01 €	100.00%	6.51%
Other Brands		304	100.00%	0.28%	2,787,918.39 €	100.00%	0.23%
Total		107,218	100.00%	100.00%	1,230,929,188.29 €	100.00%	100.00%

10. *Geographical Distribution of Residual Values (RV)*

Distribution by Geographic Region	East/West	Number of Contracts	Percentage of Contracts	Outstanding Discounted Residual Value	% of Discounted Residual Value
Baden-Wuerttemberg	West	16,389	15.29%	194,060,405.52 €	15.77%
Bavaria	West	17,466	16.29%	211,583,959.12 €	17.19%
Berlin	West/East	2,982	2.78%	34,798,267.27 €	2.83%
Brandenburg	East	2,250	2.10%	23,819,208.02 €	1.94%
Bremen	West	1,031	0.96%	11,358,319.67 €	0.92%
Hamburg	West	3,423	3.19%	41,235,910.26 €	3.35%
Hesse	West	8,853	8.26%	104,810,525.95 €	8.51%
Mecklenburg-Vorpommern	East	1,775	1.66%	18,729,183.20 €	1.52%
Lower Saxony	West	10,315	9.62%	110,273,268.68 €	8.96%
North Rhine-Westphalia	West	23,133	21.58%	269,253,171.15 €	21.87%
Rhineland-Palatinate	West	3,684	3.44%	41,237,250.37 €	3.35%
Saarland	West	573	0.53%	6,684,087.45 €	0.54%
Saxony	East	5,986	5.58%	63,462,068.99 €	5.16%
Saxony-Anhalt	East	2,624	2.45%	27,029,087.88 €	2.20%
Schleswig-Holstein	West	3,617	3.37%	39,844,415.17 €	3.24%
Thuringia	East	3,113	2.90%	32,701,446.67 €	2.66%
Foreign countries	-	4	0.00%	48,612.92 €	0.00%
<b>Total</b>		<b>107,218</b>	<b>100.00%</b>	<b>1,230,929,188.29 €</b>	<b>100.00%</b>



11. *Distribution of Lease Contracts by Industry*

Distribution by Industry Sector	Number of Contracts	Percentage of Contracts	Outstanding Discounted Residual Value	% of Discounted Residual Value
Agriculture/ Forestry	755	0.70%	8,568,481.64 €	0.70%
Energy/ Mining	1,630	1.52%	17,887,682.57 €	1.45%
Manufacturing Industry	20,940	19.53%	246,709,182.75 €	20.04%
Chemical Industry	1,261	1.18%	14,731,883.64 €	1.20%
Construction	11,459	10.69%	121,429,697.49 €	9.86%
Retail/ Wholesale	17,793	16.60%	203,495,661.32 €	16.53%
Hotel and Restaurant Industry	1,818	1.70%	20,756,387.31 €	1.69%
Transportation	2,862	2.67%	30,993,574.56 €	2.52%
Financial Services	4,059	3.79%	53,609,200.42 €	4.36%
Public Administration, Education, Health Care, Public Serv.	20,011	18.66%	208,942,114.44 €	16.97%
Other Services	15,940	14.87%	199,912,439.46 €	16.24%
Information Technology	5,369	5.01%	66,963,812.09 €	5.44%
Real Estate	2,460	2.29%	28,352,585.24 €	2.30%
Other	861	0.80%	8,576,485.36 €	0.70%
<b>Total</b>	<b>107,218</b>	<b>100.00%</b>	<b>1,230,929,188.29 €</b>	<b>100.00%</b>



## **Weighted Average Lives of the Notes/Assumed Amortisation of the Purchased Expectancy Rights and Compartment 2 Notes**

### **Weighted Average Lives of the Notes**

Weighted average lives of the Notes refers to the average amount of time that will elapse (on an 30/360 basis) from the date of issuance of a security to the date of distribution of amounts to the investor distributed in reduction of principal of such security (assuming no losses). The weighted average life of the Notes will be influenced by, amongst other things, the rate at which the Expectancy Rights are paid, which may be in the form of scheduled amortisation, prepayments or liquidations and the rate at which realisation proceeds are generated under the Expectancy Rights.

### **Purchased Expectancy Rights**

The following table is prepared on the basis of certain assumptions, as described below, regarding the weighted average characteristics of the Purchased Expectancy Rights and the performance thereof.



The table assumes, among other things, that the Issuer, acting with respect to its Compartment 2, holds a pool of Purchased Expectancy Rights with the following characteristics:

- (a) the Portfolio is subject to a constant annual rate of prepayment as set out under “CPR”;
- (b) no Purchased Expectancy Rights are repurchased by the Seller;
- (c) each Series of Compartment 2 Notes has the characteristics on 25<sup>th</sup> September 2013 as set out in the below table

Series	Outstanding Balance	Fixed Rate under the Swap
2010-1	75,000,000	0.96%
2010-2	50,000,000	0.96%
2010-3	30,729,850	2.20%
2010-4	308,900,000	0.96%
2013-1	159,100,000	0.96%

- (d) the Payment Date is assumed to be the 25th of each month;
- (e) the Clean-Up Call is exercised;
- (f) the Purchased Expectancy Rights are fully realized;
- (g) the original outstanding balance of each Series of Compartment 2 Notes is equal to the balance following the Payment Date falling in September 2013;
- (h) the Expectancy Rights Discount Rate is to be 6.8466 per cent. and the Monthly Payments are discounted back to the most recent Additional Cut-Off Date of 31 August 2013;
- (i) third party expenses and servicing fees together are assumed to be 1.03 per cent.;
- (j) no Early Amortisation Event occurs;
- (k) no extension of the Compartment 2 Revolving Period;
- (l) Series 2010-1, Series 2010-2, Series 2010-4 and Series 2013-1 of Compartment 2 Notes are Revolving Series and Series 2010-3 is an Amortising Series; and
- (m) The Compartment 2 Subordinated Loan balance is 455,180,086.96.

The approximate average lives of the Compartment 2 Notes, at various assumed rates of prepayment of the Purchased Expectancy Rights, would be as follows:

CPR	Series 2010-1, 2010-2, 2010-4, 2013-1		
(per cent.)	Average Life in Years	First Principal Payment	Expected Maturity
0%	2.03	Oct 2014	Oct 2016
5%	2.01	Oct 2014	Oct 2016
9%	2.00	Oct 2014	Oct 2016
13%	1.99	Oct 2014	Oct 2016

CPR	Series 2010-3		
(per cent.)	Average Life in Years	First Principal Payment	Expected Maturity
0%	0.96	Oct 2013	Oct 2016
5%	0.58	Oct 2013	Oct 2016
9%	0.46	Oct 2013	Aug 2014
13%	0.39	Oct 2013	Jun 2014

The exact average lives of the Compartment 2 Notes cannot be predicted as the actual rate at which the Purchased Expectancy Rights will be repaid and a number of other relevant factors are unknown.

The average lives of the Compartment 2 Notes are subject to factors largely outside the control of the Issuer, acting with respect to its Compartment 2, and consequently no assurance can be given that the assumptions and the estimates above will prove in any way to be realistic and they must therefore be viewed with considerable caution.

### Amortisation Profile of the Purchased Expectancy Rights

The amortisation of the Purchased Expectancy Rights is subject to factors largely outside the control of the Issuer acting with respect to its Compartment 2 and consequently no assurance can be given that the assumptions and the estimates above will prove in any way to be realistic and they must therefore be viewed with considerable caution.

Run Out Schedule			
	at the End of the Monthly Period		
Contract End Date	Nominal Residual Value	Discounted Balance	Interest
07.2013	1,404,808,837.64	1,230,301,294.98	174,507,542.66
08.2013	1,402,449,921.11	1,227,963,707.86	174,486,213.25
09.2013	1,388,905,758.64	1,214,624,837.93	174,280,920.71
10.2013	1,364,774,741.34	1,190,966,708.49	173,808,032.85
11.2013	1,332,672,749.32	1,159,667,136.94	173,005,612.38
12.2013	1,313,374,936.83	1,140,949,032.30	172,425,904.53
01.2014	1,309,488,811.64	1,137,203,930.18	172,284,881.46
02.2014	1,302,211,570.29	1,130,231,677.92	171,979,892.37
03.2014	1,287,886,878.74	1,116,587,759.45	171,299,119.29
04.2014	1,274,528,617.44	1,103,927,208.72	170,601,408.72
05.2014	1,254,160,482.86	1,084,736,629.12	169,423,853.74
06.2014	1,238,072,031.33	1,069,668,099.09	168,403,932.24
07.2014	1,220,723,300.63	1,053,514,071.71	167,209,228.92
08.2014	1,198,438,649.08	1,032,874,470.26	165,564,178.82
09.2014	1,173,453,638.23	1,009,869,263.65	163,584,374.58
10.2014	1,144,044,520.93	982,939,039.28	161,105,481.65
11.2014	1,109,379,094.52	951,379,556.73	157,999,537.79
12.2014	1,079,949,383.12	924,723,699.14	155,225,683.98
01.2015	1,044,058,224.51	892,424,421.22	151,633,803.29
02.2015	976,529,550.99	831,991,795.21	144,537,755.78
03.2015	896,419,598.92	760,701,801.57	135,717,797.35
04.2015	826,410,442.79	698,729,875.79	127,680,567.00
05.2015	739,896,079.85	622,596,759.36	117,299,320.49
06.2015	666,347,635.15	558,249,793.80	108,097,841.35
07.2015	584,380,752.23	486,934,577.49	97,446,174.74
08.2015	526,569,339.11	436,916,709.33	89,652,629.78
09.2015	462,623,673.49	381,913,536.71	80,710,136.78
10.2015	412,713,408.17	339,232,197.89	73,481,210.28
11.2015	357,768,737.81	292,502,697.96	65,266,039.85
12.2015	315,583,186.92	256,800,970.60	58,782,216.32
01.2016	296,549,562.88	240,799,834.52	55,749,728.36
02.2016	268,223,522.70	217,119,696.17	51,103,826.53
03.2016	239,065,878.43	192,886,022.85	46,179,855.58
04.2016	212,875,844.01	171,230,129.16	41,645,714.85
05.2016	177,675,986.33	142,299,411.71	35,376,574.62
06.2016	149,958,235.20	119,648,611.86	30,309,623.34
07.2016	118,265,531.10	93,894,030.31	24,371,500.79
08.2016	96,668,465.70	76,441,300.45	20,227,165.25
09.2016	71,891,892.37	56,535,327.63	15,356,564.74
10.2016	51,826,147.48	40,507,341.43	11,318,806.05
11.2016	33,563,408.58	25,998,854.66	7,564,553.92
12.2016	21,752,028.98	16,663,250.38	5,088,778.60
01.2017	19,608,541.99	14,980,554.52	4,627,987.47
02.2017	17,010,251.04	12,951,492.38	4,058,758.66
03.2017	14,443,059.89	10,958,386.11	3,484,673.78
04.2017	12,456,675.45	9,424,686.67	3,031,988.78
05.2017	9,741,957.35	7,340,440.78	2,401,516.57
06.2017	7,614,562.98	5,716,015.52	1,898,547.46
07.2017	5,507,690.03	4,117,019.72	1,390,670.31
08.2017	4,380,554.46	3,266,142.27	1,114,412.19
09.2017	2,823,408.64	2,097,259.07	726,149.57
10.2017	1,690,061.98	1,251,811.51	438,250.47
11.2017	634,372.14	468,549.07	165,823.07
12.2017	-	-	-
01.2018	-	-	-
02.2018	-	-	-
03.2018	-	-	-
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## Assumed Amortisation of the Notes

This amortisation scenario is based on the assumptions listed under “Weighted Average Lives of the Notes” above and on a CPR of 5 per cent.:

	Series 2010-1	Series 2010-2	Series 2010-3	Series 2010-4	Series 2013-1
Sep 2013	75,000,000	50,000,000	30,729,850	308,900,000	159,100,000
Oct 2013	75,000,000	50,000,000	28,686,224	308,900,000	159,100,000
Nov 2013	75,000,000	50,000,000	25,448,718	308,900,000	159,100,000
Dec 2013	75,000,000	50,000,000	21,297,326	308,900,000	159,100,000
Jan 2014	75,000,000	50,000,000	18,563,687	308,900,000	159,100,000
Feb 2014	75,000,000	50,000,000	17,539,360	308,900,000	159,100,000
Mar 2014	75,000,000	50,000,000	16,137,861	308,900,000	159,100,000
Apr 2014	75,000,000	50,000,000	13,941,126	308,900,000	159,100,000
May 2014	75,000,000	50,000,000	11,845,649	308,900,000	159,100,000
Jun 2014	75,000,000	50,000,000	8,972,273	308,900,000	159,100,000
Jul 2014	75,000,000	50,000,000	6,552,412	308,900,000	159,100,000
Aug 2014	75,000,000	50,000,000	3,984,357	308,900,000	159,100,000
Sep 2014	75,000,000	50,000,000	872,615	308,900,000	159,100,000
Oct 2014	71,258,146	47,505,431	829,079	293,488,551	151,162,281
Nov 2014	68,244,294	45,496,196	794,013	281,075,498	144,768,895
Dec 2014	65,732,073	43,821,382	764,784	270,728,499	139,439,638
Jan 2015	63,409,862	42,273,242	737,765	261,164,087	134,513,455
Feb 2015	61,013,860	40,675,907	709,888	251,295,753	129,430,736
Mar 2015	57,282,130	38,188,087	666,470	235,926,001	121,514,493
Apr 2015	52,919,643	35,279,762	615,713	217,958,368	112,260,202
May 2015	49,007,908	32,671,939	570,200	201,847,237	103,962,109
Jun 2015	44,343,834	29,562,556	515,935	182,637,472	94,068,054

Jul 2015	40,276,562	26,851,042	468,612	165,885,735	85,440,014
Aug 2015	35,909,522	23,939,682	417,802	147,899,352	76,176,067
Sep 2015	32,751,256	21,834,171	381,056	134,891,507	69,476,331
Oct 2015	29,268,369	19,512,246	340,534	120,546,655	62,087,966
Nov 2015	26,461,695	17,641,130	307,878	108,986,903	56,134,076
Dec 2015	23,392,172	15,594,781	272,165	96,344,559	49,622,594
Jan 2016	20,903,602	13,935,735	243,211	86,094,969	44,343,508
Feb 2016	19,603,201	13,068,801	228,081	80,739,051	41,584,924
Mar 2016	17,820,761	11,880,507	207,342	73,397,773	37,803,774
Apr 2016	15,701,563	10,467,709	182,686	64,669,505	33,308,249
May 2016	13,675,196	9,116,797	159,109	56,323,573	29,009,648
Jun 2016	11,410,172	7,606,781	132,756	46,994,694	24,204,778
Jul 2016	9,432,875	6,288,583	109,750	38,850,869	20,010,273
Aug 2016	4,713,113	3,142,076	54,836	19,411,743	9,998,085
Sep 2016	978,344	652,229	11,383	4,029,472	2,075,393
Oct 2016	-	-	-	-	-

The amortisation of Compartment 1 Notes and the Compartment 2 Notes is subject to factors largely outside the control of the Issuer acting with respect to its Compartment 1 and its Compartment 2 and consequently no assurance can be given that the assumptions and the estimates above will prove in any way to be realistic and they must therefore be viewed with considerable caution.

### **Additional Rights**

#### **Settlement and Reduction**

The Issuer acting with respect to its Compartment 1 and its Compartment 2 may, upon written notice, demand from VWL a Settlement Amount for any Purchased Lease Receivables and related Purchased Expectancy Rights in respect of which the respective Lessee legitimately terminates or invalidates the lease or asserts a right to refuse performance or to performance by setoff,

Under the Vehicles and Receivables Purchase Agreement, VWL is entitled to materially alter the Lease Contracts by termination or alteration of the Lease Contract in question, if the termination or alteration of the Lease Contract is based on grounds other than the deterioration of the credit-worthiness of the Lessee as determined in accordance with VWL's customary practices as in place from time to time.

The exercise of such right requires that VWL will by no later than the next Payment Date indemnify the Issuer for the benefit of Compartment 1 or Compartment 2 as applicable for any detrimental changes in the Discounted Lease Balance or Discounted Expectancy Rights Balance of the affected Lease Contract. In each instance of an amendment of Purchased Lease Receivables and related Purchased Expectancy Rights, VWL shall notify the Issuer in writing - such notification shall be received by the Issuer no later than the 4<sup>th</sup> day of a calendar month, or in the event this day is not a Business Day then on the next succeeding Business Day - specifying the Purchased Lease Receivables and the related Purchased Expectancy Rights which VWL has wishes to alter as well as any effects on the residual term of the Lease Contract determined at the time of purchase and the indemnification amount to be paid to the Issuer for the benefit of Compartment 1 or Compartment 2 as applicable. The right to alter Lease Contracts can only be exercised for Purchased Lease Receivables not yet due under the respective Lease Contract and the related Purchased Expectancy Rights.

To the extent that, by modifying the Leased Vehicle, VWL intends to amend the respective Lease Contract such that the amount of Purchased Expectancy Rights is increased, VWL shall arrange such increase of the Purchased Expectancy Right, as far as possible, in such manner that the increment is a receivable legally independent from the Purchased Expectancy Right.

To the extent that, by modification of the Lease Contract, the Purchased Expectancy Rights are reduced (a "Settlement"), VWL shall pay a Settlement Amount to the Issuer for allocation to its Compartment 2 which shall be due immediately. Discounting shall be made on the relevant present values of the Purchased Expectancy Rights on the last calendar day of the month prior to the repurchase date in which the buying back shall become effective using the Expectancy Rights Discount Rate on the basis of one year of 360 days being equivalent to 12 months, each month consisting of 30 days, The Settlement Amount shall be due immediately.

The Settlement Amount to be paid in the case of a Clean-Up Call (the "**Clean-Up Call Settlement Amount**") which could be exercised on any Payment Date when the Aggregate Discounted Expectancy Rights Balance is on a Payment Date less than 10 per cent. of the sum of the Aggregate Discounted Expectancy Rights Balance as of the Initial Cut-Off Date, provided that all payment obligations under the Notes will be thereby fulfilled, is equal to the present value of all Purchased Expectancy Rights which would have become due if the Clean-Up Call had not occurred, calculated using the Expectancy Rights Discount Rate on the basis of one year of 360 days being equivalent to 12 months, each month consisting of 30 days. Discounting shall be made on the last calendar day of the month in which the buying back shall become effective. For the calculation of such Compartment 2 Clean-Up Call Settlement Amount the risk of losses, if any, shall be taken into account, by applying the principles of impairment of such receivables pursuant to German Generally Accepted Accounting Principles (*Grundsätze ordnungsgemäßer Buchführung*) resulting in a flat-rate value adjustment (*Pauschalwertberichtigung*) or – if applicable – in an adjustment of the single Expectancy Right (*Einzelwertberichtigung*), The Clean-Up Call Settlement Amount shall be due immediately.

## **Realisation of Leased Vehicles and Allocation of Payments**

VWL subject to revocation by the Security Trustee continues to be entitled and shall pursuant to the terms and conditions of the Trust Agreement realise the Expectancy Right Related Collateral for and on behalf of the Expectancy Rights Trustee. Realisation Proceeds which VWL has received for the account of the Issuer acting with respect to its Compartment 1 and its Compartment 2 (for the benefit of Compartment 1 and/or Compartment 2, as applicable) and for the account of the Security Trustee or the Expectancy Rights Trustee or which the Security Trustee or the Expectancy Rights Trustee has received on its own behalf shall be allocated by VWL to the Purchased Lease Receivables and the



Purchased Expectancy Rights on a proportionate basis between the Discounted Lease Balance and the Discounted Expectancy Rights Balance outstanding on the respective Lease Contract. If the Lessee has entered into more than one Lease Contract, any payments by the Lessee will be allocated in accordance with payment instructions of the Lessee.

If the Lessee makes a combined payment on the lease receivable for all lease contracts that it has with VWL and does not instruct which payment needs to be allocated to which Lease Contract, then the allocation between the Purchased Lease Receivable and the other lease receivables still held by VWL or third parties shall be made by VWL after consulting the Lessee. The Lessee will then instruct VWL how to allocate this combined payment, In case this combined payment covers the total amount of all his respective monthly instalments, VWL will allocate the payment to each contract of the Lessee.

All proceeds of the Purchased Expectancy Rights shall be allocated in the event of the assertion of claims of the Issuer against VWL resulting from a breach of warranties and obligations as set forth in Clause 10 (*Warranties by VWL with respect to the Purchased Lease Receivables and the Purchased Expectancy Rights*) of the Vehicles and Receivables Purchase Agreement or the obligation to credit collected Lease Receivables and/or Realisation Proceeds to the relevant Distribution Account until these claims are fully satisfied.

Proceeds resulting from any realisation of Leased Vehicles will be allocated as follows:

- (a) In case of “Open End Lease Contracts” (*Verträge mit Gebrauchtwagenabrechnung*) on a proportionate basis between (i) Compartment 2 the cash value of the residual value of the Leased Vehicle as assessed by a vehicle expert (*Kraftfahrzeug-sachverständiger*) at return of the car for the point in time of the originally agreed expiration of the Lease Contract and (ii) Compartment 1 the cash value of the outstanding Purchased Lease Receivables.
- (b) In case of “Closed End Lease Contracts” (*Verträge ohne Gebrauchtwagenabrechnung*) on a proportionate basis between (i) Compartment 2 the cash value of the residual value of the Leased Vehicle “as pre-agreed with the respective dealer” and (ii) Compartment 1 the cash value of the outstanding Purchased Lease Receivables, Any payments received on the Purchased Final Payment Receivables made by the respective Lessee under a Lease Contract shall be allocated to the Purchased Expectancy Rights.
- (c) In case of excess proceeds resulting from any realisation, such excess proceeds shall, provided that all amounts due to the Issuer under the Vehicles and Receivables Purchase Agreement in the context of the Purchased Lease Receivables and the Purchased Expectancy Rights have been paid, be allocated to VWL.

Any proceeds allocated in accordance with the above on collected Purchased Lease Receivables (which shall include, for the avoidance of doubt, also proceeds from the realisation of the Leased Vehicles which have been allocated to Purchased Lease Receivables) shall be credited to the Compartment 1 Distribution Account and any Realisation Proceeds relating to Purchased Expectancy Rights, Expectancy Rights’ Related Collateral and Purchased Final Payment Receivables shall be credited to the Compartment 2 Distribution Account.

#### **Amendments to the Vehicles and Receivables Purchase Agreement**

VWL will be entitled to amend any term or provision of the Vehicles and Receivables Purchase Agreement with the consent of the Issuer acting with respect to its Compartment 1 and its Compartment 2 and the Security Trustee but without the consent of any Noteholder, the Subordinated Lender, any Swap Counterparties or any other Person; provided that (if such amendment is not only a correction of a manifest error or of a formal, minor or technical nature) such amendment shall only become valid,

- (a) if it is notified to the Security Trustee and the Rating Agencies and the Issuer acting with respect to its Compartment 1 and its Compartment 2 and VWL have received a confirmation from the Security Trustee that in the sole professional judgment of the Security Trustee, such amendment will not be materially prejudicial to the interests of any such Transaction Creditor; and
- (b) if any of the amendments relate to the amount, the currency or the timing of the cashflow received by the Issuer under the Purchased Lease Receivables or the Purchased Expectancy Rights, the application of such cashflow by the Issuer, or the ranking of the Swap Counterparties in the Order of Priority, then the consent of the Swap Counterparties will be required; and
- (c) in case of amendments which materially and adversely affect the interests of the Issuer, the Security Trustee, the Swap Counterparties or the Subordinated Lender if such parties have consented to such amendment.

The Security Trustee shall have the right to request a reputable law firm in the relevant jurisdiction to confirm the legal validity of such amendment and/or to describe the legal effects of such amendment and to incur reasonable expenses for such consultation which shall be reimbursed by VWL.

## **BUSINESS AND ORGANISATION OF VOLKSWAGEN LEASING GMBH**

### **Auto Lease Business in Germany**

Throughout the first half of 2013, the global economic dynamic has remained on a subdued, but positive growth path with profoundly different trends across regions. Industrialized economies experienced only tepid growth against the backdrop of remaining structural impediments. Economic activity in emerging markets was characterized by continued expansion, albeit at reduced momentum. The German economy contracted in the first quarter of 2013 by 0.3 percent (year-on-year) against the background of the tense situation in Western Europe. The unemployment rate remained at just under 7 percent, inflation reached 1.9 percent in July. Despite its disappointing performance in the first quarter, the German economy is expected to remain more resilient than the European average but will face a period of slow growth. The still positive development of the labor market and higher income expectations will likely support domestic demand. Moreover, growth dynamics in many emerging market economies, including China and the ASEAN states are likely to stay high, benefiting German export industries.

In the first six months of 2013 1.64 million new vehicles (01-06/2012: 1.79 million/-8.2 percent) were registered in Germany. The decline in the passenger car market by 8.1 percent to 1.50 million vehicles (01-06/2012: 1.63 million) was mainly due to the lack of consumer confidence stemming from the weak economy in Western Europe. Total automobile production\* reached 2.88 million vehicles in the first half of 2013, down 3.0 percent versus last year (2.97 million). Exports\* by German manufacturers fell in the same term by 2.5 percent to 2.19 million vehicles (01-06/2012: 2.25 million) primarily driven by weaker demand in most European markets. With car registrations decreasing by 3.0 percent the Volkswagen Group remained the number one automobile manufacturer in Germany with a share in the car market of 38.9 percent (36.9 percent).

*\* cars and light trucks ≤ 6 tonnes GVW, over 6 tonnes not reported*

### **Incorporation, Registered Office and Purpose**

Volkswagen Leasing GmbH ("VWL") is Seller of the Lease Receivables and Servicer under the Servicing Agreement.

VWL was established in 1966. Its registered share capital of EUR 76,003,950.00 is held by Volkswagen Financial Services AG, Braunschweig, which in turn is a wholly-owned subsidiary of Volkswagen AG, Wolfsburg.

VWL is responsible for the leasing business of the Volkswagen Group in Germany.

VWL has four branches in Braunschweig (AUDI Leasing, Seat Leasing, Skoda Leasing and AutoEuropa Leasing) and three branches in Italy (Milan, Verona and Bolzano).

The objectives of VWL are to lease motor vehicles, especially vehicles from the following brands: Volkswagen, Audi, SEAT, Skoda, and Volkswagen Nutzfahrzeuge and other movable assets as a modern and cost effective alternative to the purchase of vehicles and for the financing of investments, the latter in particular for the business partners of the Volkswagen Group.

VWL offers:

- (i) leasing of new Volkswagen, Audi, SEAT, Skoda and Volkswagen Nutzfahrzeuge vehicles;
- (ii) service-leasing to commercial and non-commercial customers;

(iii) leasing of used vehicles of all makes.

The business purposes of VWL vis-à-vis customers and dealers are largely determined by its membership in the Volkswagen Group. VWL co-operates closely with the approximately 3,500 dealerships of the Volkswagen Group. A dealer can thus offer the customer complete, competent, personal service, at one stop and from a single source, including the financing.

The co-operation between the manufacturer or importer and the dealer-partner respectively is established by a dealer agreement. Under this agreement the dealer-partner is given the responsibility for marketing the products and services of the Volkswagen Group and to service the trade-marked products of the Volkswagen Group.

The dealer-partners procure leasing business for VWL against commissions. VWL buys the vehicles from the dealer, finances and administers the vehicles and assumes the credit risk.

Each dealer-partner is trained in leasing business. The dealer-partner is the local contact person and available to the Lessee during the whole life of the leasing contract.

## **BUSINESS PROCEDURES OF VOLKSWAGEN LEASING GMBH**

Under the Servicing Agreement, the Purchased Lease Receivables are to be administered together with all other lease receivables of VWL and the Leased Vehicles are to be realised according to VWL's customary practices in effect from time to time. The Lessees will not be notified of the fact that the receivables from their Lease Contracts have been assigned to the Issuer, except under special circumstances.

The normal business procedures of VWL currently include the following:

### **Negotiation of the Lease Contract and Appraisal of the Creditworthiness of the Prospective Lessee**

The customer writes and signs an application for the use of a specific vehicle against a specified monthly payment. By signing the application the customer signifies its acceptance of the leasing conditions.

Before it accepts an application, VWL checks the credit standing of the customer. For this purpose all the information from credit agencies, banks, financial statements and other sources (for instance from dealers) are brought together for scoring and rating purposes and is documented in a credit report about the prospective Lessee. In the case VW Leasing has already an existing relationship with the customer, his/her payment behavior will also be part of the credit assessment. Since April 2006, a credit scoring for commercial retail customers is in place. They are scored within 10 risk classes (from A+ to D, with A+ as the best possible score and D as the worst). Private retail customers are scored by a numeric system of 16 risk classes, going from 01 as the best up to 15 and D as the worst score. For customers who are classified as corporate customers under the definition of Basel II, the leasing application will be evaluated individually by at least two credit officers based on a segregation of functions between front and back office. The appropriate credit limit is then set, based on the value of the vehicle and the number of contracts to be signed by the respective Lessee. If, in the case of existing contractual relationships, additional vehicles are to be leased, a check is made whether additional vehicles can be leased to the customer under the existing limits and on the basis of the information on hand, or a new decision has to be taken by using up-to-date information.

Sometimes up-to-date information must be gathered so that a new credit appraisal may be made. The credit standing of corporate customers is checked at least on a 12-months interval. The customers are asked to provide their financial statements in due time to meet the mentioned interval. Additionally immediate access to the data base of credit agencies makes it possible to obtain information quickly. For leasing applications in the retail business, which are not automatically approved by credit scoring but instead need to be modified (e.g. guarantee of a third person, additional documents need to be brought in etc.), there still might be decisions by qualified credit officers.

Depending on the credit limit, one or more employees of the credit department of VWL jointly decide to accept or reject each leasing application. Each employee is personally assigned a credit ceiling up to which she/he may participate in decisions. The employees are qualified persons (generally with several years' training in banks or in industry or with degrees in business administration or similar business experience, etc.) and with several years' experience in the leasing business. Applications by private individuals may be automatically approved or rejected in the first instance if the information on the application demonstrates that the applicant meets or does not meet VWL's criteria for an automatic approval or rejection. Applications which are rejected at first instance have to be decided by employees of VWL.

### **Determination of Residual Values**

#### **Management of Residual Values by Volkswagen Leasing GmbH**

A residual value risk exists when the estimated market value of a leased asset at the time of disposal upon expiration of a contract is less than the residual value calculated at the time the contract was closed. However, it is also possible to realize more than the calculated residual value at the time the leased asset is disposed of.

Direct and indirect residual value risks are differentiated relative to the bearer of the residual value risks. A direct residual value risk is present when the residual value risk is borne by Volkswagen Leasing GmbH. An indirect residual value risk is present if the residual value risk has been transferred to a third party based on the guaranteed residual value (e.g. customers, dealerships). The initial risk is that the counterparty guaranteeing the residual value might default. If the guarantor of the residual value defaults, the leased asset and hence the residual value risk are transferred to Volkswagen Leasing GmbH.

## **Framework**

The residual value risk management feedback control system requires regular residual value forecasts and continuous risk assessments. Proactive marketing activities are derived from the measurement results in order to optimise earnings from the assumption of residual value risks. The marketing results so obtained are considered in the review of the residual value guidelines.

## **Risk identification and assessment**

Residual value risks are quantified regularly throughout the year by means of evaluations and analyses on a contract-by-contract basis. The contracted residual values are compared to attainable market values that are generated from both the data of external service providers and VWL's own marketing data. The difference between the calculated residual value and the forecast for the used car constitutes the risk/opportunity ratio upon expiry of a contract. A variety of procedures are used to forecast residual values in this connection. Internal and external data regarding the development of residual values are considered in the residual value forecasts.

## **Risk management and monitoring**

VWL's group risk management regularly reviews the adequacy of the risk provisions as well as the residual value risk potential as part of risk management. The resulting residual value risk potential is used to take a variety of measures as part of proactive risk management in order to limit the residual value risk. Residual value recommendations regarding new business must take both prevailing market conditions and future drivers into account. In order to reduce the risks upon expiry of a contract, the sales channels must be reviewed continuously such that the best possible result may be achieved at the time the vehicles are sold.

VWL's group risk management monitors residual value risks within VWL. The numbers reported in connection with residual value risks (portfolio assessment, marketing results, maturity tables, market data etc.) are subject to plausibility checks.

## **Risk communication**

VWL's group risk management reports on the situation regarding residual value risks as part of the risk management report. Indirect residual value risks are measured analogous to direct residual value risks and the findings are communicated to the Boards of Management (*Vorstand*) of Volkswagen Financial Services AG and VWL in a separate report.

Events having significant effects on risk exposures are communicated to Volkswagen Financial Services AG's Board of Management (*Vorstand*) using an ad hoc reporting system.

## **Debts Management**

The first payment is due when the vehicle is handed over to the Lessee; all subsequent payments are typically due on the first of the month in advance for the month. The number of payments corresponds to the leasing period in months.

The leasing application includes a clause authorising VWL to debit the payments as they become due, directly on the bank account of the Lessee. Approximately 95 per cent of the Lessees made use of the direct debit system offered by VWL. This should ensure that VWL receives amounts due promptly. The customers which do not authorise direct debiting give standing payment orders to their banks, write individual bank remittances or send a cheque. The monthly instalments are generally billed four working days before the end of the month. VWL transmits the required information to the banks at which it has accounts, which in turn communicate with the banks of the Lessees. VWL receives the total amount of the instalments paid by direct debit on the first working day of the current month in its bank accounts. Instalments and receivables from the premature termination of contracts are generally billed weekly.

In case the direct debiting orders of VWL are not honoured or are rescinded, the banks immediately debit the respective accounts of VWL accordingly. The overdue payments for any given month are therefore typically known by the 5th of the month and reminder notices can be sent out immediately. Around 2 per cent of the direct debit payments were not honoured. In 80 per cent of the cases this was due to insufficient funds. In 20 per cent this was due to objections, closing of accounts, because of contradiction and the non-confirmation of account data. About 25 per cent of the direct debit payments which were not immediately honoured were paid within two weeks by the customer.

In the case of the remaining approximately 75 per cent of the outstanding direct debit orders, a reminder letter is generally sent to the customer after the due date for the instalment. If the Lessee does not pay then, a second reminder letter is generally sent after another two weeks, in which interest on arrears and other costs are also mentioned. The third reminder (after about one and a half months) includes charges for the reminder (graduated from EUR 8 to EUR 18), the threat of a summary court order to pay and the threat of termination the contract. In addition, the dealer who intermediated the contract is brought into the proceeding and requested to investigate the situation and to help with the collection of the debts. In addition, the debts management department of VWL may write an individual letter to the customer or be in touch with the customer or with the dealer by telephone or telefax.

The employees of the debts management department of VWL are authorised to grant justifiable payment extensions. The number of such agreements has been negligible.

When a commercial Lessee has failed to pay two or three instalments and the respective above described reminder process has been completed without having received the respective payments from the customer, the Lease Contract will be terminated. In the case of a payment default of a private individual Lessee and after having sent out the respective reminders, the Lease Contract will be terminated by VWL as long as the legal requirements and preconditions are fulfilled (see below "Termination of Lease Contracts"). If the customer pays the amount owed fully, the agreement continues to be effective. An application for a court order to pay will normally only be made in order to enforce the debts after the settling of the Lease Contract (see below "Enforcement").

## **Termination of Lease Contracts**

The Lessee of a consumer Lease Contract is entitled to cancel his Lease Contract without giving reason by sending a letter, fax or email message, exercising such cancellation right within two weeks or receipt of a written notice informing him of such cancellation right.

Each party to a Lease Contract can terminate the contract without giving prior notice, if it has a material reason to do so, in particular, but not limited to:

- (i) when the other party is unable to pay or engaged in debt composition proceedings; when its cheques are not covered or its bills of exchange not honoured;
- (ii) if the other party has made untrue statements in connection with the Lease Contract or has failed to state relevant facts and the lessor cannot, therefore, be reasonably expected to continue to honour the contract;
- (iii) if the other party does not stop committing serious breaches of the contract in spite of written requests to this effect or if it fails to remedy immediately any effects of such breaches of contract; or
- (iv) if the vehicle has been destroyed or if the cost of repairing the damage sustained in an accident exceeds 60 per cent of the replacement cost of the vehicle to the end of a contract month.

VWL can terminate Lease Contracts without prior notice, especially in the following cases:

- (i) when two leasing instalments are overdue by commercial Lessees; or
- (ii) when two instalments or more representing in the aggregate at least 10 per cent of the total value of the Lease Contract (5 per cent when the term of the Lease Contract exceeds three years) are overdue by private individual Lessees and the lessor has set a final two-week deadline for payment which the Lessee does not honour.

Approximately 80 per cent of the Lease Contracts have a fixed, agreed upon life (Closed End Lease Contracts). Upon request of the Lessee, the parties can agree to prematurely terminate the Open End Lease Contracts in writing (a) not earlier than six months from the date of the beginning of the contract or (b) if the vehicle has been destroyed or if the cost of repairing the damage sustained in an accident exceeds 60 per cent of the replacement cost of the vehicle, at any time. In such cases, the Lessee can then present the vehicle, state the actual number of kilometers driven and ask the lessor under what financial conditions it would be prepared to terminate the Lease Contract.

In case two lease instalments are overdue, VWL is entitled to repossess the vehicle without prior termination of the Lease Contract. In case of termination of contract for cause, the Lessee is requested to return the vehicle to the dealer who intermediated the lease. If the Lessee does not voluntarily return the vehicle and all respective appropriate means of VWL or the dealer are without success, external service providers are mandated to secure the vehicles. The leading companies in this area operate with a high level of reliability and trust with a view to protection of VWL's interests. About 95 per cent of the mandates are completed successfully (either by collection of overdue instalments or by securing the vehicle). In case all endeavours are in vain, a charge is levied against the Lessee and an action for restitution instituted in order to repossess the vehicle.

If VWL terminates a contract for cause, it can require the Lessee to reimburse it for the damages which it has sustained through the premature termination of the contract. VWL is entitled for full reimbursement of its losses taking into account the procedure for open end Lease Contracts "Open End Lease Contracts") and closed end Lease Contracts "Closed End Lease Contracts") described below. Within a period of two weeks after returning the vehicle, the Lessee has the possibility to minimise the losses by nominating a prospective buyer who cash purchases the vehicle for the requested price; however, this option is only applicable for Open End Lease Contracts.

For those contracts which have been terminated by VWL and where the respective underlying vehicle has been sold, there are two ways of calculating the reminder of debts, depending on whether VWL is dealing with an Open End Lease Contract or a Closed End Lease Contract. Open End Lease Contracts have no fixed residual values guaranteed by the dealers but the buy back of the car is based on the state of the vehicle and the general state of the market. Therefore upon the re-marketing of the car, the Lessee bears the risk of a loss and partly participates in any profit. Closed End Lease Contracts are based on fixed residual values which are guaranteed by the dealers for approximately 95 per cent of all



Closed End Lease Contracts (for the other 5 per cent, VWL bears the risk). In case of under mileage, the dealers will be charged. If mileage is exceeded, the dealer will receive an adjustment payment. Under these agreements, the partner-dealer buys the vehicle from VWL at a previously agreed upon price. Under this type of contract the risk of realisation is borne entirely by the dealer-partner.

The remainder for Open End Lease Contracts is based on the difference between the actual realised price for the sold car and the originally calculated residual value of the car. The calculation takes into account the monthly instalments which would have to be paid by the Lessees in case of a contractually agreed end of the contract and additional costs, e.g. running costs or collection costs.

In relation to "Closed End Lease Contracts" the final invoice with the remainder of a debt for the customer has to be calculated based on a binding rule of the *BGH* (Highest German Federal Supreme Court, WM 2005, 996) from 2004. Here the remainder of a debt is calculated on the difference between the current market value of the car at the time of the car sale and a forecasted car value for the agreed expiration of the contract. The calculation takes into account the monthly instalments which would have to be paid by the Lessees in case of a contractually agreed end of the contract and additional costs, e.g. running costs or collection costs.

The determination of both (i) the actual market value of the car at the time of the sale of the car and (ii) the forecast of the value of the car at the time of the agreed expiration of the contract is being made by an external authorised adjuster.

If a vehicle was totally destroyed or lost or if the estimate cost of repairing the damage is equal to or exceeds 60 per cent of the replacement cost of the vehicle, and the contracting parties do not come to an understanding on a termination agreement and, as a result, one of the contracting parties terminates the contract, VWL may claim the full amortisation. The Lessee shall receive 75 per cent of a surplus, if any, remaining after the final settling of the contract. If a full coverage insurance was taken out through Volkswagen-Versicherungsdienst GmbH (VVD), a full amortisation claim is limited to the amount of the deductible plus the cost of the delivery drive which is taken into account in the calculation of the lease instalment, provided that the vehicle was stolen or if the estimated cost of repairing the damage is equal to or exceeds 60 per cent of the replacement cost. However, the full amortisation claim will not be limited if the insurer refused to provide insurance coverage to the Lessee. The foregoing provisions shall apply *mutatis mutandis* to a compensation payment stipulated under a termination agreement. If the Lease Contract provides for any further services apart from the motor vehicle insurance against loss and damage, the above limitation shall also apply to a pro-rata calculation and claims for reimbursement of cost with respect to such other services.

In the event of a termination all debits and credits except for final settling of accounts by Volkswagen Leasing GmbH upon a termination shall be subject to VAT which is in force at such time.

## **Enforcement**

Reposessed leased vehicles are sold to dealers, or through the used vehicles centre of Volkswagen Financial Services AG. The selling process is supported by a used vehicles information system (on a SAP basis platform) which was developed for the specific purpose of selling used motor vehicles.

As a rule, an application for a court order is made in order to enforce the debts after the settling of the Lease Contract. The payment order process is instituted by the Hannover Lower Court as part of automated summary proceedings. The collection and the seizure of Leased Vehicles is handled through the collection information system, an application which was specifically developed for such purpose. This procedure offers the advantage that the entire process of debts management, collection and used vehicles sales is represented in a homogenous systems environment resulting in shorter handling times and increased productivity.

## **Realisation of Leased Vehicles upon Expiration of Lease Contracts**

In connection with the realisation of Leased Vehicles, VWL in its capacity as Servicer has undertaken to conclude purchase agreements on the sale of Leased Vehicles upon occurrence of a Lease Contract Termination Event with the purchasers of such vehicles in its own name but for the account of the Purchaser (acting with respect to its Compartment 2). The Purchaser and the Expectancy Rights Trustee granted power of attorney to the Servicer to act in the name of the Issuer (acting with respect to its Compartment 2) with respect to such realisation of Leased Vehicles. To the extent that a Dealer Guarantee Commitment in respect of a Leased Vehicle has been accepted by a vehicles dealer for the benefit of VWL. VWL will, provided that VWL is the appointed Servicer, use best efforts to utilise such Dealer Guarantee Commitments for the benefit of the Purchaser for its Compartment 2. The Servicer had agreed to hold the Purchaser (acting with respect to its Compartment 2) harmless from any claims the purchaser of a Leased Vehicle might have against the Purchaser from the sale of Leased Vehicles. The Servicer further assigned all claims arising in connection with the realisation of Leased Vehicles (in particular claims resulting from the sale of the Leased Vehicles) to the Purchaser (acting with respect to its Compartment 2).

As a further used vehicles distribution channel, VWL agreed as realisation agent that the Issuer (acting with respect to its Compartment 2) may request - upon acquisition of full legal title to the Leased Vehicles deriving from the Purchased Expectancy Rights - the Seller to buy the Leased Vehicles relating to Purchased Lease Receivables acquired by the Issuer under the Vehicles and Receivables Purchase Agreements in the amount of the Initial Residual Value or Additional Residual Value as of the date of the termination of the respective Lease Contract. The Issuer (acting with respect to its Compartment 2) may in its free discretion decide whether it intends to exercise such put option with respect to any Leased Vehicle.

## **Internal Audit**

Volkswagen Leasing GmbH uses a system for measuring, monitoring and controlling its risk positions, which is documented and refined on an ongoing basis by means of guidelines. The suitability of individual system elements is reviewed regularly in a risk-oriented manner by the Internal Audit Department of Volkswagen Financial Services AG and by external auditors as part of the audit of the annual financial statements. On behalf of the Boards of Management of Volkswagen Financial Services AG and Volkswagen Leasing GmbH and taking due account of regulatory requirements, internal audit at Volkswagen Financial Services AG independently and in a risk-oriented manner audits the operational and business procedures of Volkswagen Leasing GmbH and its domestic and foreign branches for which contractual auditing rights are in place.

This activity is based on an annual audit plan, which is drawn up on the basis of the legal requirements in a risk-oriented manner. Internal Audit of Volkswagen Financial Services AG informs the Board of Management of Volkswagen Leasing GmbH of the result of the audits carried out by submitting audit reports and an annual summary report. Implementation of the measures and recommendations agreed in the audit reports is monitored by the Internal Audit Department of Volkswagen Financial Services AG.

## **Auditors**

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Fuhrberger Straße 5, 30625, Hannover, ("PwC") is the statutory auditor of the annual financial statements of VWL. PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft is a member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer*).

## Volkswagen Leasing Group

Selected figures (IFRS) for the years 2004-2012:

		<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
New Contracts (thou.)		431	415	338	286	326	280	253	224	208
Contracts Outstanding (thou.)		956	876	802	764	762	703	664	623	554
Capital investment (EUR m.)		10,395	9,757	7,712	6,381	7,154	6,460	5,818	5,276	4,808
Total receivables (EUR m.)	finance Lease	11,450	10,900	10,500	10,923	11,854	11,345	11,054	10,355	9,085
– from leasing instalments (EUR m.)		4,552	4,295	3,821	3,924	4,504	4,311	4,311	4,038	3,725
– from residual values (EUR m.)		6,898	6,606	6,679	6,700	7,349	7,034	6,743	6,316	5,360
Residual Values operate Lease (EUR m.)		5,744	4,936	3,958	2,964	2,203	1,588	876	573	314

## **ADMINISTRATION OF THE PURCHASED LEASE RECEIVABLES AND PURCHASED EXPECTANCY RIGHTS UNDER THE SERVICING AGREEMENT**

VWL has agreed to act as Servicer under the Servicing Agreement. In this capacity it has agreed to perform the following tasks according to its usual business practices as they exist from time to time:

- To collect the Lease Receivables and to realise the Leased Vehicles,
- To administer the contracts underlying the Lease Receivables and in particular in case of non-payment to terminate a Lease Contract.
- VWL may allow Lessees to defer payment and amendments, modifications or adjustments on a Lease Contract s within the scope of VWL's general business policies as they exist from time to time.
- To advance Purchased Lease Receivables becoming due in the respective Monthly Period by remitting on the third Business Day prior to the start of a Monthly Period the Compartment 1 Servicer Advance to the Compartment 1 Distribution Account.
- To repossess the respective vehicle on behalf of the Issuer acting with respect to its Compartment 1 and its Compartment 2 upon termination of a Lease Contract and to realise such vehicles.
- To assert vis-à-vis the respective insurance companies, the claims to payment of other benefits under the vehicle insurance policies assigned to the Issuer pursuant to the Vehicles and Receivables Purchase Agreement.

### **Administration of Collections, Costs of Administration and Replacing of the Servicer**

The Servicer will thus be receiving payments in respect of the Purchased Lease Receivables due each month, of overdue Lease Receivables, sometimes of advance payments on Purchased Lease Receivables, Settlement Amounts and repurchase amounts from Lease Contracts, of the realisation of Leased Vehicles and of insurance on damaged vehicles.

Collections will be required to be remitted by the Servicer to the Compartment 1 Distribution Account at the first Business Day after receipt of collections on Purchased Lease Receivables and other amounts collected by it on Purchased Lease Receivables and Realisation Proceeds will be required to be remitted by the Servicer to the Compartment 2 Distribution Account at the first Business Day after receipt of Realisation Proceeds on Purchased Lease Receivables and other amounts collected by it on Purchased Expectancy Rights unless the Servicer complied with its obligation to advance Purchased Lease Receivables becoming due in the respective Monthly Period or Purchased Expectancy Rights for which the contractual expiration date of the relevant Lease Contract occurs in the respective Monthly Period by remitting on the third Business Day prior to the start of a Monthly Period the Compartment 1 Servicer Advance to the Compartment 1 Distribution Account and the Compartment 2 Servicer Advance to the Compartment 2 Distribution Account. If VWL were unable to remit such amounts or were to become an insolvent debtor, losses or delays in distributions to investors may occur. If it is demonstrated in the Compartment 1 Monthly Servicer Report for a Monthly Period that the Compartment 1 Servicer Advance which has been made by VWL for a Monthly Period exceeds the Lease Receivables Collections Amount for such Monthly Period, the Issuer acting with respect to its Compartment 1 will on the then following Payment Date release the excess of the Compartment 1 Servicer Advance made for the Monthly Period over the Collections allocated to Compartment 1 for such Monthly Period provided that the Servicer is not in default to deliver the Compartment 1 Available Distribution Amount for such Payment Date. If it is demonstrated in the Compartment 2 Monthly Servicer Report for a Monthly Period that the Issuer acting with respect to its Compartment 2 has not exercised the Put Option granted under the Put Option Agreement but has instead realised the

relevant Leased Vehicle for which a Compartment 2 Servicer Advance in accordance with the previous sentence has been granted, by a sale to a person other than VWL, the Compartment 2 Servicer Advance which has been made by VWL with respect to such Leased Vehicle shall be released by the Issuer acting with respect to its Compartment 2 to VWL on the then following Payment Date provided that the Servicer is not in default delivering the Compartment 2 Available Distribution Amount for such Payment Date. In the event of a premature settlement pursuant to Clause 12 of the Vehicles and Receivables Purchase Agreement, the Servicer shall immediately collect the amount of settlement from VWL and transfer such amount in accordance with Clause 6 of the Servicing Agreement.

Unless this power is repealed, the Servicer is entitled and shall utilise the Cash Collateral Accounts of the Issuer acting with respect to its Compartment 1 and its Compartment 2, if necessary, up to the sum of the credit shown on the respective Compartment 1 Cash Collateral Account:

- (a) in accordance with the instructions from the Issuer acting with respect to its Compartment 1 and its Compartment 2 to the extent, in the amounts and for the purposes described in Clause 23 of the Trust Agreement; or
- (b) for costs incurred as a result of the replacement of a Servicer, to the extent that they cannot be covered by income from the investment of the funds in the Distribution Accounts and the Cash Collateral Accounts.

The Servicer will be entitled to receive the Servicer Fee on each Payment Date for the preceding Monthly Period. The Servicer Fee for any Payment Date will be an amount equal to the product of (1) one-twelfth, (2) 1.0 per cent. per annum and (3) the sum of the Aggregate Discounted Lease Balance plus any Aggregate Discounted Expectancy Rights Balance as of the beginning of the preceding Monthly Period (or as of the Closing Date, in the case of the first Monthly Period). As additional compensation, the Servicer will be entitled to retain all late fees, fees for cheques with insufficient funds, other administrative fees, any investment earnings from the Cash Collateral Accounts and the Distribution Accounts, provided that no Insolvency Event has occurred with respect to VWL. The Servicer will pay all expenses incurred by it in connection with its collection activities and will not be entitled to reimbursement of those expenses except for auction, painting, repair or refurbishment expenses and similar expenses with respect to the Leased Vehicles, i.e. such costs will be deducted from the enforcement or sale proceeds. The Servicer will have no responsibility, however, to pay any credit losses with respect to the Purchased Lease Receivables.

The Servicer may be replaced in case of a Servicer Replacement Event as outlined below, In that case the costs of replacing it are also to be paid from income from the investment of the funds in the Distribution Account and the Cash Collateral Account, If these proceeds do not cover the said costs, the difference is to be made up from the respective Cash Collateral Accounts,

### **Reporting Duties of the Servicer and Duties under the Swap Agreements**

Under the Servicing Agreement the Servicer has undertaken to report the following facts to the Issuer acting with respect to its Compartment 1 and its Compartment 2, the Security Trustee, the Principal Paying Agent, the Calculation Agent, the Rating Agencies and the Subordinated Lender five days prior to the Payment Date of day of a calendar month, or in the event this is not a Business Day, then on the next succeeding Business Day:

- a) pool balance;
- b) Collections for the Monthly Period;
- c) Compartment 2 Overcollateralisation
- d) Compartment 2 Credit Enhancement

- e) Compartment 2 Available Distribution Amount;
- f) Outstanding principle balance before and after origination of Additional Expectancy Rights;
- g) Outstanding contracts;
- h) contract status;
- i) early settlements;
- j) contracts in arrears;
- k) change delinquencies;
- l) Compartment 2 Revolving Period;
- m) Dynamic Net Loss Ratio;
- n) Cumulative Net Loss Ratio;
- o) late delinquency ratio;
- p) Credit Enhancement Increase Condition;
- q) German Trade Tax;
- r) Residual Values;
- s) Terminated contracts – realization amounts;
- t) Interest paid or unpaid on the Compartment 2 Notes and the Compartment 2 Subordinated Loan;
- u) further issuance of the Compartment 2 Notes;
- v) Cash Collateral Account;
- w) Compartment 2 Order of Priority

The Servicer shall, furthermore, provide the Rating Agencies with the reports and information which the latter reasonably need to maintain their rating of the Notes.

Under the Servicing Agreement, the Servicer has undertaken to the Issuer that no less than once per annum commencing on the date of the Swap Agreements, it shall perform with the Swap Counterparty and on behalf of the Issuer, a reconciliation of all outstanding transactions under the Swap Agreements for the purposes of ensuring agreement as to the key terms of such transactions (including, without limitation, the effective date, position of the swap counterparties, currency of the transaction, the underlying instrument, the business day convention, notional amounts, payment dates, termination dates, fixed amounts and/ or floating amounts) and the then mark-to-market value of each such outstanding transaction under the Swap Agreements.

Under the Servicing Agreement, the Servicer has undertaken to the Issuer that by no later than the Business Day following the entry, modification or termination of any transaction between the Issuer and the Swap Counterparty under the Swap Agreements, it will (on behalf of the Issuer):

- (i) prepare and submit any counterparty reports to the relevant trade repository (or, the European Securities and Markets Authority as the case may be) that the Issuer is required to submit pursuant to Article 9 of the European Market Infrastructure Regulation (EMIR); and
- (ii) prepare and submit any transaction reports to the relevant trade repository (or, the European Securities and Markets Authority as the case may be) that the Issuer and Swap Counterparty are required to submit pursuant to Article 9 of the EMIR. For the purposes of complying with its obligations under this Clause 10.2(A)(ii), the Servicer agrees to correspond and liaise with the Swap Counterparty for the purposes of jointly preparing, agreeing on and submitting a single transaction report to the relevant trade repository (or, the European Securities and Markets Authority as the case may be).

In connect with the reporting duties mentioned above, the Servicer has undertaken that it will, on behalf of the Issuer, keep records of the entry into, or modification of, each transaction entered into by the Issuer under the Swap Agreement for a period of at least 5 years following the termination of such transaction.

Under the Servicing Agreement, the Servicer has further undertaken to the Issuer that it will keep record on behalf of the Issuer of any notification provided to it by the Issuer and/or the Swap Counterparty pursuant to Part 6(c) of the schedule to the Swap Agreements.

#### **Distribution Duties of the Servicer**

On the 21st day of each month or, if this day is not a Business Day, then the next following Business Day (unless that day falls in the next calendar month, in which case the date will be the first preceding day that is a Business Day), is a Payment Date. No later than the Payment Date of each month, the Servicer will have made available to the Issuer acting with respect to its Compartment 1 and its Compartment 2 in the Distribution Account in the manner stated below under “Distribution Procedure” (see below) the amount due and received from Lessees and other sources during the prior month.

#### **Distribution Procedure**

The Servicer has undertaken to transfer by the Payment Date of each calendar month to the respective Distribution Account Collections received and the proceeds from the realisation of the Leased Vehicles, as well as the payments received from the Swap Counterparties under the Swap Agreements.

#### **Administration of Insurance Benefits and Realisation of Security**

The Servicer is authorised, until revocation by the Issuer acting with respect to its Compartment 1 and/or the Security Trustee, and shall assert, in accordance with the Servicer’s customary practices in effect from time to time in relation to the respective insurance companies, the claims to payment of benefits under the vehicle insurance policies assigned to the Issuer acting with respect to its Compartment 1 pursuant to the Vehicles and Receivables Purchase Agreement. The Servicer is not required to monitor the compliance by a Lessee with the insurance provisions and the Servicer shall not be liable for any failure by a Lessee to comply with such provisions.

Upon the termination of a Lease Contract, the Servicer is authorised, until revocation by the Security Trustee, and shall appropriate the respective Leased Vehicle on behalf of the Security Trustee and to realise such vehicles in accordance with the Servicer’s customary practices in effect from time to time. The proceeds of realisation to which the Issuer acting with respect to its Compartment 1 and its Compartment 2, as applicable, is entitled according to the Trust Agreement shall be paid by the Servicer to the Issuer acting with respect to its Compartment 1 and its Compartment 2.

## **Amendments to the Servicing Agreement**

VWL will be entitled to amend any term or provision of the Servicing Agreement with the consent of the Issuer acting with respect to its Compartment 1 and its Compartment 2 and the Security Trustee but without the consent of any Noteholder, any Swap Counterparties, the Subordinated Lender or any other Person; provided that (if such amendment is not only a correction of a manifest error or of a formal, minor or technical nature) such amendment shall only become valid,

- (a) if it is notified to the Security Trustee and the Rating Agencies and the Issuer acting with respect to its Compartment 1 and its Compartment 2 and VWL have received a confirmation from the Security Trustee that in the sole professional judgment of the Security Trustee, such amendment will not be materially prejudicial to the interests of any such Transaction Creditor; and
- (b) if any of the amendments relate to the amount, the currency or the timing of the cashflow received by the Issuer acting with respect to its Compartment 1 and its Compartment 2 under the Purchased Lease Receivables or the Purchased Expectancy Rights, the application of such cashflow by the Issuer, or the ranking of the Swap Counterparties in the Order of Priority, then the consent of the Swap Counterparties will be required; and
- (c) in case of amendments which materially and adversely affect the interests of the Issuer acting with respect to its Compartment 1 and its Compartment 2, the Security Trustee, the Swap Counterparties or the Subordinated Lender if such parties have consented to such amendment.

The Security Trustee shall have the right to request a reputable law firm in the relevant jurisdiction to confirm the legal validity of such amendment and/or to describe the legal effects of such amendment and to incur reasonable expenses for such consultation which shall be reimbursed by VWL.

## **Dismissal and Replacement of the Servicer**

After a Servicer Replacement Event, the Issuer acting with respect to its Compartment 1 and its Compartment 2 is entitled to dismiss the Servicer by written notification and to appoint a new Servicer. The dismissal of the existing Servicer and the appointment of a new Servicer shall only become effective after the new Servicer has (i) taken over all the rights and obligations of the Servicer hereunder and (ii) agreed to indemnify and hold harmless the dismissed Servicer from all procedures, claims, obligations and liabilities as well as all related costs, fees, damages claims and expenditures (inclusive fees and expenditures associated with legal advice, chartered accountants and other experts or persons commissioned or initiated from the dismissed Servicer) which it may incur arising out of, in connection with or based upon any negligent breach of the contractual duties or any other omission or action of the new Servicer. The dismissed Servicer shall use best efforts that the appointment of the new Servicer shall become effective no later than 3 months after the occurrence of a Servicer Replacement Event. In case of such a dismissal, the dismissed Servicer is obligated to transfer all then existing vested rights and assets held to the new Servicer appointed by the Issuer acting with respect to its Compartment 1 and its Compartment 2; the dismissed Servicer is furthermore obligated to place all information, files and documents, which are necessary for the proper performance of the Servicer's obligations, at the new Servicer's disposal. The Servicer is precluded from asserting retention rights and from setting off and may not ask for a refund of its costs and expenses incurred with the replacement of the current Servicer by a new Servicer.

The Issuer acting with respect to its Compartment 1 and its Compartment 2 is entitled to transfer its right to unilaterally change the contractual relationship (*Gestaltungsrecht*), as outlined in Clause 11.1 of the Servicing Agreement, to the Security Trustee. The Servicer shall be notified in writing (with a copy to the Rating Agencies) of such transfer.

**“Servicer Replacement Event”** means the occurrence of any event described in paragraphs (a) to (c) below:



- (a) any unremedied failure (and such failure is not remedied within three (3) Business Days of notice of such failure being given) by the Servicer to deliver and/or cause to be delivered any required payment to the Issuer acting with respect to its Compartment 1 and its Compartment 2 for distribution to the Noteholders, to the Swap Counterparty and the Subordinated Lender;
- (b) any unremedied failure (and such failure is not remedied within three (3) Business Days of notice of such failure being given) by the Servicer to duly observe and/or perform in any material respect any other of its covenants or agreements which failure materially and adversely affects the rights of the Issuer acting with respect to its Compartment 1 and its Compartment 2 or the Noteholders; or
- (c) the Servicer suffers a Servicer Insolvency Event;

provided, however, that a delay or failure of performance referred to under paragraph (a), or (b) above for a period of 90 days will not constitute a Servicer Replacement Event if such delay or failure was caused by an event beyond the reasonable control of the Servicer, an act of god or other similar occurrence.

#### **Audit of Activities of the Servicer**

The activities of the Servicer under the Servicing Agreement are to be audited annually by chartered accountants to be appointed by the Issuer acting with respect to its Compartment 1 and its Compartment 2. The costs of such audit are to be borne by the Servicer.

#### **Realisation of Purchased Expectancy Right under the Put Option Agreement**

Under the Put Option Agreement (which, for the avoidance of doubt, is only one sales channel available to the Issuer acting with respect to its Compartment 2 for the realisation of vehicles) between the Issuer acting with respect to its Compartment 2 entered into with VWL as Servicer and Realisation Agent and the Expectancy Rights Trustee the Issuer *inter alia* may request VWL to buy the Leased Vehicles in the amount of the Initial Residual Value or the Additional Residual Value.

The Issuer acting with respect to its Compartment 2 may in its free discretion decide whether it intends to exercise such Put Option with respect to any Leased Vehicle.

## SECURITY TRUSTEE

The Issuer acting with respect to its Compartment 1 and its Compartment 2 has entered into a Trust Agreement with, *inter alia*, Wilmington Trust SP Services (Frankfurt) GmbH as Security Trustee and VWL. The Security Trustee's address is at Steinweg 3-5, 60313 Frankfurt am Main, Federal Republic of Germany. The Security Trustee is not affiliated with the Issuer or VWL and maintains no other non-arm's length business relationship with the Issuer or VWL. Under this agreement the Issuer acting with respect to its Compartment 1 and its Compartment 2 has authorised the Security Trustee to act as fiduciary agent for the Transaction Creditors.

Under the Trustee Claim pursuant to the Trust Agreement, the Issuer acting with respect to its Compartment 1 and, as applicable, its Compartment 2 has entitled each of the Security Trustee and the Expectancy Rights Trustee to demand from the Issuer acting with respect to its Compartment 1 and, as applicable, its Compartment 2: (i) that any present or future obligation of the Issuer in relation to the Compartment 1 Noteholders and the Compartment 2 Noteholders shall be fulfilled; (ii) that any present or future obligation of the Issuer acting with respect to its Compartment 1 in relation to a Compartment 1 Transaction Creditor and acting with respect to its Compartment 2 also to a Compartment 2 Transaction Creditor of the Compartment 1 Transaction Documents and the Compartment 2 Transaction Documents, respectively, shall be fulfilled; and (iii) (if the Issuer acting with respect to its Compartment 1 or its Compartment 2 is in default with any Secured Obligation(s) and insolvency proceedings have not been instituted against the estate of the Security Trustee) that any payment owed under the respective Secured Obligation will be made to the Security Trustee for on-payment to the Compartment 1 Transaction Creditors and/or the Compartment 2 Transaction Creditors, as applicable, and discharge the obligation of the Issuer acting with respect to its Compartment 1 and its Compartment 2 accordingly.

The parties to the Trust Agreement have agreed that the Security Trustee, under the Trust Agreement, shall act exclusively for the benefit of the Transaction Creditors.

Unless otherwise set forth in the Trust Agreement, the Security Trustee is not obligated to supervise the discharge of the payment and other obligations of the Issuer acting with respect to its Compartment 1 and its Compartment 2 arising from the Funding and the Transaction Documents or to carry out duties which are the responsibility of the management of the Issuer acting with respect to its Compartment 1 and its Compartment 2.

Notwithstanding the provisions of the Trust Agreement, all rights of the Noteholders under the Notes shall remain at all times and under all circumstances vested in the Noteholders.

The Trust Agreement does not obligate the Security Trustee to take any action (except to hold and realise the Security) unless any of the following events occur:

- (i) with respect to the Issuer an Insolvency Event occurs;
- (ii) the Issuer acting with respect to its Compartment 1 and its Compartment 2 defaults in the payment of any interest on any Note when the same becomes due and payable, and such default shall continue for a period of five Business Days; or
- (iii) the Issuer acting with respect to its Compartment 1 and its Compartment 2 defaults in the payment of principal of any Note on the respective Legal Maturity Date.

VWL will be entitled to amend the Trust Agreement as provided for in Clause 42 of the Trust Agreement.

For the complete text of the Trust Agreement, see "TRUST AGREEMENT".

## EXPECTANCY RIGHTS TRUSTEE

The Issuer acting with respect to its Compartment 2 has entered into a Trust Agreement with, *inter alia*, Wilmington Trust (London) Limited as Expectancy Rights Trustee and VWL. The Expectancy Rights Trustee's address is at Third Floor, 1 King's Arms Yard, London EC2R 7AF, United Kingdom. The Expectancy Rights Trustee who shall hold Purchased Expectancy Rights on trust which shall be acquired by the Expectancy Rights Trustee in connection with the issuance of Compartment 2 Notes is not affiliated with the Issuer or VWL and maintains no other non-arm's length business relationship with the Issuer acting with respect to its Compartment 1 and its Compartment 2 or VWL. Under this agreement the Issuer acting with respect to its Compartment 2 has authorised the Expectancy Rights Trustee to act as fiduciary agent for the Compartment 2 Transaction Creditors.

Under the Trustee Claim pursuant to the Trust Agreement, the Issuer acting with respect to its Compartment 1 and its Compartment 2 has entitled each of the Security Trustee and the Expectancy Rights Trustee to demand from the Issuer acting with respect to its Compartment 1 and its Compartment 2: (i) that any present or future obligation of the Issuer acting with respect to its Compartment 1 in relation to the Compartment 1 Noteholders and acting with respect to its Compartment 2 the Compartment 2 Noteholders shall be fulfilled; (ii) that any present or future obligation of the Issuer in relation to a Compartment 1 Transaction Creditor and acting with respect to its Compartment 2 to a Compartment 2 Transaction Creditor of the Compartment 1 Transaction Documents and the Compartment 2 Transaction Documents, respectively, shall be fulfilled; and (iii) (if the Issuer acting with respect to its Compartment 1 and its Compartment 2 is in default with any Secured Obligation(s) and insolvency proceedings have not been instituted against the estate of the Security Trustee) that any payment owed under the respective Secured Obligation will be made to the Security Trustee for on-payment to the Compartment 1 Transaction Creditors and/or the Compartment 2 Transaction Creditors, as applicable, and discharge the obligation of the Issuer acting with respect to its Compartment 1 and its Compartment 2 accordingly.

To provide collateral for the respective Trustee Claim, the Issuer acting with respect to its Compartment 2 assigns or transfers, as applicable to the Expectancy Rights Trustee all Purchased Expectancy Rights, Final Payment Receivables and corresponding Expectancy Rights' Related Collateral which the Seller transfers to Compartment 2 of the Issuer pursuant to the provisions of the Additional Vehicles and Receivables Purchase Agreement, and all rights arising from the Purchased Expectancy Rights, and all its claims and other rights arising from the Compartment 2 Transaction Documents (including the rights to unilaterally alter a legal relationship (*unselbständige Gestaltungsrechte*)) and from all present and future contracts the Issuer acting with respect to its Compartment 2 has entered or may enter into in connection with the Purchased Expectancy Rights, and all its claims and other rights from all present and future contracts the Issuer acting with respect to its Compartment 2 may enter into in connection with the Compartment 2 Notes, the Compartment 2 Subordinated Loan, the Compartment 2 Swap Agreements, or Purchased Expectancy Rights, the Final Payment Receivables and corresponding Expectancy Rights' Related Collateral, and all transferable claims (i) in respect of the Compartment 2 Accounts of the Issuer acting with respect to its Compartment 2 opened pursuant to the Compartment 2 Account Agreement and (ii) in respect of all bank accounts which will be opened under the Trust Agreement in the name of the Issuer acting with respect to its Compartment 2 in the future.

The Expectancy Rights Trustee has been appointed under the Trust Agreement to exclusively hold the Purchased Expectancy Rights, the Final Payment Receivables and corresponding Expectancy Rights' Related Collateral. The Expectancy Rights Trustee authorised the Security Trustee under the Trust Agreement to realise and to have realised, to administer and to do such other acts as are necessary in connection with the holding, administration and realisation of the Purchased Expectancy Rights, the Final Payment Receivables and corresponding Expectancy Rights' Related Collateral assigned to the Expectancy Rights Trustee in accordance with Clause 5.2 of the Trust Agreement for security purposes.

Unless otherwise set forth in the Trust Agreement, the Expectancy Rights Trustee is not obligated to supervise the discharge of the payment and other obligations of the Issuer acting with respect to its Compartment 1 and its Compartment 2 arising from the Funding and the Transaction Documents or to carry out duties which are the responsibility of the management of the Issuer acting with respect to its Compartment 1 and its Compartment 2.

For the complete text of the Trust Agreement, see “TRUST AGREEMENT”.

## **RATINGS**

The Compartment 2 Notes are expected to be rated AAA(sf) by Fitch and AAA(sf) by S&P.

The rating of “AAA” is the highest rating Fitch assigns, and “AAA” is the highest rating S&P assigns.

The rating of the Compartment 2 Notes addresses the ultimate payment of principal and timely payment of interest according to the Conditions. The rating takes into consideration the characteristics of the Lease Receivables and Expectancy Rights and the structural, legal, tax and Issuer-related aspects associated with the Compartment 2 Notes.

The ratings assigned to the Compartment 2 Notes should be evaluated independently from similar ratings on other types of securities. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the Rating Agencies at any time. In the event that the ratings initially assigned to any Series of the Compartment 2 Notes by the Rating Agencies are subsequently withdrawn or lowered for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to such Series of Compartment 2 Notes.

The Issuer acting with respect to its Compartment 2 has not requested a rating of the Compartment 2 Notes by any rating agency other than the Rating Agencies; there can be no assurance, however, as to whether any other rating agency will rate the Compartment 2 Notes or, if it does, what rating would be assigned by such other rating agency. The rating assigned to the Compartment 2 Notes by such other rating agency could be lower than the respective ratings assigned by the Rating Agencies.

References to ratings of Fitch and S&P in this Base Prospectus shall refer to [www.fitchratings.com](http://www.fitchratings.com), and [www.standardandpoors.com](http://www.standardandpoors.com) respectively.

## THE ISSUER

### 1. General

The Issuer, a company with limited liability (*société anonyme*), was incorporated as a special purpose vehicle for the purpose of issuing asset backed securities under the laws of Luxembourg on 27 October 2009, for an unlimited period and has its registered office at 52-54 Avenue du X Septembre, L-2550 Luxembourg (telephone: (+352) 2602 491). The Issuer is registered with the Luxembourg Commercial Register under registration number B 149052.

The Issuer has elected in its Articles of Incorporation to be governed by the Luxembourg Securitisation Law.

The Issuer currently does not intend to issue securities on a continuous basis to the public and if at a later point it did, it would first apply for a license pursuant to, and in accordance with the provisions of the Luxembourg Securitisation Law.

### 2. Corporate purpose of the Issuer

The Issuer has as its business purpose the securitisation (within the meaning of the Luxembourg Securitisation Law which applies to the Issuer) of risks associated to any kind of leasing receivables, vehicles and related assets and collateral. The Issuer may issue securities of any nature and in any currency and, to the largest extent permitted by the Luxembourg Securitisation Law, pledge, mortgage or charge or otherwise create security interests in and over its assets, property and rights to secure its obligations. The Issuer may enter into any agreement and perform any action necessary or useful for the purposes of carrying out transactions permitted by the Luxembourg Securitisation Law, including, without limitation, disposing of its assets in accordance with the relevant agreements. The Issuer may only carry out the above activities if and to the extent that they are compatible with the Luxembourg Securitisation Law.

### 3. Compartment

The board of directors of the Issuer may, in accordance with the terms of the Luxembourg Securitisation Law, and in particular its article 5, create one or more Compartments within the Issuer. Each Compartment shall correspond to a distinct part of the assets and liabilities in respect of the corresponding funding. The resolution of the board of directors creating one or more Compartments within the Issuer, as well as any subsequent amendments thereto, shall be binding as of the date of such resolutions against any third party.

As between investors, each Compartment of the Issuer shall be treated as a separate entity. Rights of creditors and investors of the Issuer that (i) relate to a Compartment or (ii) have arisen in connection with the creation, the operation or the liquidation of a Compartment are strictly limited to the assets of that Compartment which shall be exclusively available to satisfy such creditors and investors. Creditors and investors of the Issuer whose rights are not related to a specific Compartment of the Issuer shall have no rights to the assets of such Compartment.

Unless otherwise provided for in the resolution of the board of directors of the Issuer creating such Compartment, no resolution of the board of directors of the Issuer may amend the resolution creating such Compartment or to directly affect the rights of the creditors and investors whose rights relate to such Compartment without the prior approval of the creditors and investors whose rights relate to such Compartment. Any decision of the board of directors taken in breach of this provision shall be void.

Without prejudice to what is stated in the precedent paragraph, each Compartment of the Issuer may be separately liquidated without such liquidation resulting in the liquidation of another Compartment of the Issuer or of the Issuer itself.

Fees, costs, expenses and other liabilities incurred on behalf of the Issuer but which do not relate specifically to any Compartment shall be general liabilities of the Issuer and shall not be payable out of the assets of any Compartment. The board of directors of the Issuer shall ensure that creditors of such liabilities waive recourse to the assets of any Compartment. If such creditors do not waive recourse and such general liabilities cannot be otherwise funded, they shall be apportioned pro rata among the Compartments of the Issuer upon a decision of the board of directors.

With board resolution dated 18 December 2009, the Issuer created Compartment 1 and Compartment 2.

#### **4. Business activity**

The Issuer has carried on business or activities that are incidental to its incorporation, which include the entering into certain transactions prior to the Issue Date with respect to the securitisation transaction contemplated herein and the issuance of the Compartment 1 Notes and the Compartment 2 Notes.

In respect of the Transaction, the principal activities of the Issuer, acting with respect to its Compartment 1 and its Compartment 2, have been (i) the issuance of the Compartment 1 Notes and the Compartment 2 Notes, respectively, (ii) the granting of the Security, (iii) the entering into the Compartment 1 Subordinated Loan Agreement and the Compartment 2 Subordinated Loan Agreement, respectively, (iv) the entering into the Swap Agreements and all other Transaction Documents to which it is a party, (v) the opening of the Distribution Accounts, the Accumulation Accounts and the Cash Collateral Accounts and (vi) the exercise of related rights and powers and other activities reasonably incidental thereto.

#### **5. Corporate administration and management**

The following directors of the Issuer have been appointed in the shareholders' meeting following the incorporation of the Issuer:

<b>DIRECTOR</b>	<b>BUSINESS ADDRESS</b>	<b>PRINCIPAL ACTIVITIES OUTSIDE THE ISSUER</b>
Petronella Johanna Sophia Dunselman, born in Amsterdam on 6 April 1965	52-54 Avenue du X Septembre, L-2550 Luxembourg	Professional in the domiciliation business
Zamyra Heleen Cammans, born in Utrecht on 11 February 1969	52-54 Avenue du X Septembre, L-2550 Luxembourg	Professional in the domiciliation business
Preeti Kotwani-Khitri, born in Ujjain on 6 March 1979	52-54 Avenue du X Septembre, L-2550 Luxembourg	Professional in the domiciliation business

## **6. Capital, shares and shareholders**

The subscribed capital of the Issuer is set at EUR 31,000 divided into 3,100 ordinary shares fully paid up, registered shares with a par value of EUR 10 each. Each of the directors confirms that there is no conflict of interest between his or her duties as a director of the Issuer and his or her principal and/or other activities outside the Issuer.

The sole shareholder of the Issuer is Stichting CarLux. Stichting CarLux is a foundation duly incorporated and validly existing under the laws of The Netherlands with its registered office at Claude Debussylaan 24, 1082 MD Amsterdam, The Netherlands. Stichting CarLux is registered with the trade register of the Chamber of Commerce in Amsterdam under number 34283304.

## **7. Capitalisation**

The share capital of the Issuer as at the date of this Base Prospectus is as follows:

Share Capital

Subscribed, issued and fully paid up: EUR 31,000

## **8. Indebtedness**

The Issuer has no material indebtedness, contingent liabilities and/or guarantees as at the date of the Base Prospectus, other than that which the Issuer has incurred or shall incur in relation to the transactions contemplated in the Base Prospectus.

## **9. Holding structure**

Stichting CarLux, prenamed	3,100 shares
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Total	3,100 shares
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## **10. Subsidiaries**

The Issuer has no subsidiaries or Affiliates.

## **11. Name of the Issuer's financial auditors**

PricewaterhouseCoopers Sàrl  
400, route d'Esch  
B.P. 1443 L-1014 Luxembourg  
Luxembourg

PricewaterhouseCoopers Sàrl is a member of the Institut des Réviseurs d' Entreprises.

## **12. Main Process for Director's Meetings and Decisions**

The Issuer is managed by a board of directors comprising at least three (3) members, whether shareholders or not, who are appointed for a period not exceeding six years by the general meeting of shareholders which may at any time remove them.

The number of directors, their term and their remuneration are fixed by the general meeting of the shareholders.



The board of directors may elect from among its members a chairman.

The board of directors convenes upon call by the chairman, as often as the interest of the Issuer so requires. It must be convened each time two directors so request.

Directors may participate in a meeting of the board of directors by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear and speak to each other, and such participation in a meeting will constitute presence in person at the meeting, provided that all actions approved by the directors at any such meeting will be reproduced in writing in the form of resolutions.

Resolutions signed by all members of the board of directors will be as valid and effective as if passed at a meeting duly convened and held. Such signatures may appear on a single document or multiple copies of an identical resolution and may be evidenced by letter, fax, email or similar communication.

The board of directors is vested with the powers to perform all acts of administration and disposition in compliance with the corporate objects of the Issuer.

### **13. Financial Statements**

Audited financial statements will be published by the Issuer on an annual basis.

The business year of the Issuer extends from 1 January to 31 December of each year. The first business year began on 27 October 2009 (date of incorporation) and ended on 31 December 2010 so that the first annual general meeting of the shareholder was held in 2011.

PricewaterhouseCoopers S.à.r.l., as the auditor of VCL Master S.A., audited the annual accounts of VCL Master S.A. displayed hereunder for the period from 1 January 2011 to 31 December 2011 and from 1 January 2012 to 31 December 2012.

In the opinion of PricewaterhouseCoopers S.à.r.l., the below annual accounts gave, in conformity with Luxembourg legal and regulatory requirements, a true and fair report of the financial position of VCL Master S.A. as at 31 December 2011 and 31 December 2012 and of the result of its operations from 1 January 2011 to 31 December 2011 and from 1 January 2012 to 31 December 2012.

VCL Master S.A. annual accounts as at 31 December 2011 and 31 December 2012.

**VCL Master S.A.  
Société Anonyme**

**AUDITED ANNUAL ACCOUNTS  
FOR THE FINANCIAL YEAR  
ENDING 31 DECEMBER 2011**

**Address:**  
52-54 Avenue du X Septembre  
L-2550 Luxembourg

**RCS Luxembourg:** B 149.052

**VCL Master S.A.**

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## VCL Master S.A.

### 1. DIRECTORS' REPORT

The Board of Directors of VCL Master S.A. (the "Company") herewith submits its report for the year ending 31 December 2011.

#### General

The Company is a Securitization company within the meaning of the law of 22 March 2004 on Securitization and has as its corporate purpose the Securitization of car lease receivables.

#### Summary of activities

During 2010 the Company has created two compartments named Compartment 1 ("C1") and Compartment 2 ("C2"). The Compartment 1 has purchased a pool of monthly paid car lease receivables (the "Lease Receivables"), and the Compartment 2 has acquired the expectancy rights ("Expectancy Rights") to the leased vehicles related to the lease contracts purchased by the Compartment 1. The Compartment 2 will automatically acquire full legal title to the related leased vehicles of a purchased expectancy right upon expiration of the related lease contract.

The Lease Receivables and the Expectancy Rights have been purchased as follows:

Portfolio	Compartment	Value at initial purchase (in EUR)	Purchase price (in EUR)
Lease Receivables	C1	398,861,797	388,375,720
Expectancy Rights	C2	431,057,042	404,862,403

The Company may request Volkswagen Leasing GmbH, to buy the Leased Vehicles relating to Purchased Lease Receivables acquired by the issuer under the Vehicles and Receivables Purchase Agreements (the "Put Option") in the amount of the Initial Residual Value or Additional Residual Value.

The underlying car lease contracts are mainly for the leasing of vehicles originated by Volkswagen Leasing GmbH via the Volkswagen group dealership network (which, inter alia, comprises of Volkswagen, Audi, SEAT, Skoda and Volkswagen Nutzfahrzeuge) throughout Germany and are entered into with both private and business customers.

The purchase of the Lease Receivables and of the Expectancy Rights has been financed by the issue of Floating Rate Notes (the "Notes") and Subordinated Loans as follows:

Portfolio	Compartment	Notes (in EUR)	Maturity	Subordinated Loan (in EUR)
Lease Receivables	C1	345,000,000	2016	49,458,863
Expectancy Rights	C2	250,000,000	2016	168,112,247

The Notes are backed by substantially all of the assets of the Company consisting primarily of the Company's right, title and interest in the Lease Receivables and in the title ownership of the leased vehicles which have been transferred to the Company.

The Subordinated Loan has been granted to the Company by Volkswagen International Payment Service N.V. for the purpose of credit enhancement and it ranks junior to the Notes.

The Company has entered into swap agreements for each class of Notes to hedge the interest rate risk deriving from the scheduled periodic payments payable by the Lessees of the vehicles to the Company and the floating rate interest payments owed by the company under the Notes.

## **VCL Master S.A.**

### **1. DIRECTORS' REPORT**

Both the Notes and the Subordinated Loan are limited recourse obligations of the Company, whereby the Company pays only those amounts which are actually available to it, being essentially the amounts received from the Lease Receivables and the amounts received or paid under the interest rate swap agreements less costs.

#### Portfolio of Permitted Assets

During 2011, the Lease Receivables principal held by the Compartment 1 was increased by EUR 412,728,342 (EUR 162,652,231 in 2010) by way of reinvestment of funds collected (Top Up) and by EUR 2,333,052,673 (EUR 901,702,256 in 2010) by way of additional purchases (Tap Up). The Lease Receivables principal was also decreased by EUR 375,744,029 (EUR 245,477,282 in 2010) by way of payments collected from Volkswagen Leasing GmbH.

On 26 April 2011, Compartment 1 sold to VCL Multi-Compartment S.A. Compartment VCL 13 a part of its portfolio for an amount of EUR 850,010,124 ("Term take-out").

On 25 October 2011, Compartment 1 sold to VCL Multi-Compartment S.A. Compartment VCL 14 a part of its portfolio for an amount of EUR 854,063,194 ("Term take-out").

During the financial year, Compartment 2 has exercised its options and sold Expectancy Rights for a total amount of EUR 52,496,969 (EUR 36,904,279 in 2010).

On 25 October 2011, Compartment 2 increased its Expectancy Rights principal with EUR 42,452,541 by way of re-investment of funds collected (Top Up).

During the year 2011, the Compartment 1 has been granted an additional amount of EUR 248,265,438 (EUR 105,207,318 in 2010) and has redeemed an amount of EUR 213,790,912 (EUR 64,601,130 in 2010) on the Subordinated Loan principal.

During the year 2011, the Compartment 2 has been granted an additional amount of EUR 5,272,331 (EUR 4,715,565 in 2010) and has redeemed an amount of EUR 1,604,801 (nil in 2010) on the Subordinated Loan principal.

#### Floating Rate Notes

As at 31 December 2011, the Compartment 1 has issued additional notes for a total amount of EUR 1,709,200,000 (EUR 721,300,000 in 2010) and redeemed the amount of EUR 1,469,000,000 (EUR 476,500,000 in 2010) on the principal of the Notes. The redemptions took place following the Term Take-Outs.

The Compartment 2 has not issued or redeemed any Notes after the initial issuance date.

#### **Voting rights**

Each issued share holds one vote in a Meeting of Shareholders. No special voting rights exist, nor does the sole Shareholder have any special right of control.

#### **Acquisition of own shares**

The Company may, to the extent and under the terms permitted by law, purchase its own shares. During the year ended 31 December 2011 the Company has not purchased any of its own shares.

#### **Research and development activities**

The Company was neither involved nor participated in any kind of research or development activities in the period ended 31 December 2011.

#### **Branches and participations of the Company**

The Company does not have any branches or participations.

## **VCL Master S.A.**

### **1. DIRECTORS' REPORT**

#### **Board of Directors**

The Company is managed by a Board of Directors comprising of at least three members. The Directors, whether shareholders or not, who are appointed for a period not exceeding six years by the sole Shareholder, who may at any time remove them.

The Board of Directors is vested with the powers to perform all acts of administration and disposition in compliance with the corporate objects of the Company. The Company will be bound in any circumstances by the joint signatures of two members of the Board of Directors unless special decisions have been reached concerning the authorised signature in case of delegation of powers or proxies.

At incorporation date Mrs Z.H. Cammans, Mrs P.J.S. Dunselman and Mr B.H. Hoftijzer were appointed as Directors of the Company. No change has taken place in the Board of Directors since then.

#### **Internal control and risk management procedures**

The Management Board is responsible for managing the Company and carefully managing potential risks to the Company. Its members are jointly accountable for the management of the Company and ensure that the statutory and legal requirements and obligations of the Company are met and complied with.

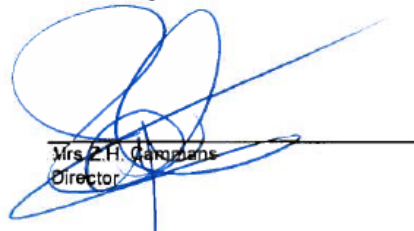
#### **Subsequent events**

No events have occurred subsequent to the period-end which would have a material impact on the financial statements as at 31 December 2011.


#### **Future outlook**

The Company intends to execute another Term-Take-Out at the end of March 2012, whereby a significant portion of the assets will be sold to VCL Multi-Compartment S.A., for and on behalf of its Compartment VCL 15. The proceeds of the Term-Take-Out will be used to partially redeem the outstanding Notes and Subordinated Loan.

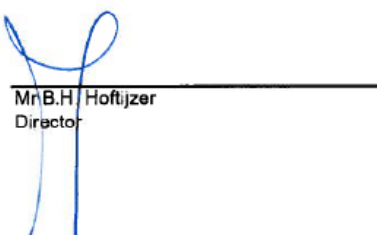
Luxembourg, 5 March 2012



Mrs Z.H. Cammans  
Director



Mrs P.J.S. Dunselman  
Director



Mr B.H. Hoftijzer  
Director



## **Audit report**

To the Shareholders of  
**VCL Master S.A.**

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### **Report on the annual accounts**

We have audited the accompanying annual accounts of VCL Master S.A., which comprise the balance sheet as at 31 December 2011, the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility for the annual accounts*

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

#### *Responsibility of the "Réviseur d'entreprises agréé"*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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PricewaterhouseCoopers S.à r.l., 400 Route d'Esch, B.P. 1443, L-1014 Luxembourg  
T: +352 494848 1, F: +352 494848 2900, [www.pwc.lu](http://www.pwc.lu)

Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°00123693)  
R.C.S. Luxembourg B 65 477 - Capital social EUR 516 950 - TVA LU17564447



*Opinion*

In our opinion, the annual accounts give a true and fair view of the financial position of VCL Master S.A. as of 31 December 2011, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

**Report on other legal and regulatory requirements**

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

PricewaterhouseCoopers S.à r.l.  
Represented by

Luxembourg, 5 March 2012

A blue ink handwritten signature, appearing to read 'Thomas Schiffler'.

Thomas Schiffler



**VCL Master S.A.**

**3. BALANCE SHEET AS AT 31 DECEMBER 2011**

	Notes	31/12/2011		31/12/2010	
ASSETS		EUR	EUR	EUR	EUR
<b>A. Fixed assets</b>					
Financial fixed assets	3	1,776,225,902		1,092,181,870	
Total fixed assets			1,776,225,902		1,092,181,870
<b>B. Current assets</b>					
Debtors	4				
Other receivables					
- becoming due and payable within one year		1,904,314		33,321,054	
Cash at bank	5	124,732,648		123,231,570	
Total current assets			126,636,962		156,552,624
Total Assets			<u>1,902,862,864</u>		<u>1,248,734,494</u>
<b>LIABILITIES</b>					
<b>A. Equity</b>					
Subscribed capital	6	31,000		31,000	
Total equity			31,000		31,000
<b>B. Subordinated debts</b>					
Subordinated Loan	8				
- becoming due and payable after more than one year		301,034,919		230,835,808	
- becoming due and payable within one year		-		32,057,055	
<b>C. Non-subordinated debts</b>					
Notes issued	8				
- becoming due and payable after more than one year		885,546,737		754,525,784	
- becoming due and payable within one year		194,453,263		85,274,216	
Other creditors					
- becoming due and payable within one year	9	521,796,945		146,010,631	
Total creditors			1,902,831,864		1,248,703,494
Total Liabilities			<u>1,902,862,864</u>		<u>1,248,734,494</u>

The accompanying notes form an integral part of these annual accounts.

**VCL Master S.A.**

**4. BALANCE SHEET AS AT 31 DECEMBER 2011 OF EACH COMPARTMENT**

ASSETS	Notes	31/12/2011	31/12/2010	31/12/2011	31/12/2010
		Compartment 1	Compartment 1	Compartment 2	Compartment 2
		EUR	EUR	EUR	EUR
<b>A. Fixed assets</b>					
Financial assets	3	1,337,250,594	671,286,926	438,975,308	420,894,944
<b>Total fixed assets</b>		<u>1,337,250,594</u>	<u>671,286,926</u>	<u>438,975,308</u>	<u>420,894,944</u>
<b>B. Current assets</b>					
Other debtors					
- becoming due and payable within one year	4	76,364	27,615,606	1,827,950	5,705,448
Cash at bank	5	82,585,110	83,177,608	42,147,538	40,053,962
<b>Total current assets</b>		<u>82,661,474</u>	<u>110,793,214</u>	<u>43,975,488</u>	<u>45,759,410</u>
<b>Total Assets</b>		<u>1,419,912,068</u>	<u>782,080,140</u>	<u>482,950,796</u>	<u>466,654,354</u>
<b>LIABILITIES</b>					
<b>A. Equity</b>					
Subscribed capital	6	31,000	31,000	-	-
<b>Total equity</b>		<u>31,000</u>	<u>31,000</u>	<u>-</u>	<u>-</u>
<b>B. Subordinated debts</b>					
Subordinated Loan	8				
- becoming due and payable after more than one year		124,539,577	58,007,996	176,495,342	172,827,812
- becoming due and payable within one year		-	32,057,055	-	-
<b>C. Non-subordinated debts</b>					
Notes issued	9				
- becoming due and payable after more than one year		711,735,477	525,159,193	173,811,260	229,366,591
- becoming due and payable within one year		118,264,523	64,640,807	76,188,740	20,633,409
Other creditors					
- becoming due and payable within one year	9	465,341,491	102,184,089	56,455,454	43,826,542
<b>Total creditors</b>		<u>1,419,881,068</u>	<u>782,049,140</u>	<u>482,950,796</u>	<u>466,654,354</u>
<b>Total Liabilities</b>		<u>1,419,912,068</u>	<u>782,080,140</u>	<u>482,950,796</u>	<u>466,654,354</u>

The accompanying notes form an integral part of these annual accounts.

**VCL Master S.A.**

**5. PROFIT AND LOSS ACCOUNT FOR THE YEAR FROM 1 JANUARY 2011 TO 31 DECEMBER 2011**

	Notes	01/01/2011 - 31/12/2011		27/10/2009 - 31/12/2010	
		EUR	EUR	EUR	EUR
<b>A. CHARGES</b>					
Other operating charges	10		14,488,023		10,339,364
Other external charges	11		101,672		63,668
Interest and other financial charges	12				
- concerning affiliated undertakings		9,377,713		6,568,499	
- other interest and charges		<u>58,575,504</u>		<u>45,188,218</u>	
			67,953,217		51,756,717
Total charges			<u>82,542,912</u>		<u>62,159,749</u>
<b>B. INCOME</b>					
Other interest and other financial income	13				
- derived from affiliated undertakings		82,016,711		62,069,908	
- other interest and financial income		<u>526,201</u>		<u>89,841</u>	
			82,542,912		62,159,749
Total income			<u>82,542,912</u>		<u>62,159,749</u>

The accompanying notes form an integral part of these annual accounts.

**VCL Master S.A.**

**6. PROFIT AND LOSS ACCOUNT FOR THE YEAR FROM 1 JANUARY 2011 TO 31 DECEMBER 2011  
OF EACH COMPARTMENT**

	Notes	01/01/2011 -	27/10/2009 -	01/01/2011 -	27/10/2009 -
		31/12/2011	31/12/2010	31/12/2011	31/12/2010
		Compartment 1		Compartment 2	
		EUR	EUR	EUR	EUR
<b>A. CHARGES</b>					
Other operating charges	10	10,006,038	6,346,434	4,481,985	3,992,930
Other external charges	11	56,898	23,275	44,774	40,393
Interest and other financial charges	12				
- concerning affiliated undertakings		3,527,409	1,824,503	5,850,304	4,743,996
- other interest and charges		39,116,637	26,755,276	19,458,867	18,432,942
		42,644,046	28,579,779	25,309,171	23,176,938
<b>Total charges</b>		<b>52,706,982</b>	<b>34,949,488</b>	<b>29,835,930</b>	<b>27,210,261</b>
<b>B. INCOME</b>					
Other interest and other financial income	13				
- derived from affiliated undertakings		52,348,735	34,881,795	29,667,976	27,188,113
- other interest and financial income		358,247	67,693	167,954	22,148
		52,706,982	34,949,488	29,835,930	27,210,261
<b>Total income</b>		<b>52,706,982</b>	<b>34,949,488</b>	<b>29,835,930</b>	<b>27,210,261</b>

The accompanying notes form an integral part of these annual accounts.

## **VCL Master S.A.**

### **7. NOTES TO THE ANNUAL ACCOUNTS**

#### **Note 1 - General information**

The Company is a Luxembourg public limited liability company incorporated in Luxembourg on 27 October 2009 under the legal form of "Société Anonyme" having its corporate office at 52-54, Avenue du X Septembre, L-2550 Luxembourg, Grand-Duchy of Luxembourg. The Company is registered at the Registre du Commerce et Sociétés of Luxembourg City under number B 149.052.

The accounting period of the Company begins 1st January and terminates on 31st December, except for the first period of activity which began on 27 October 2009, date of incorporation, and terminated on 31 December 2010.

The purpose of the Company is the Securitization, within the meaning of the Luxembourg Law of 22 March 2004 on Securitizations (hereinafter the "Securitization Law"), of Lease Receivables (the "Permitted Assets"). The Company may enter into any agreement and perform any action necessary or useful for the purposes of securitising Permitted Assets, including, without limitation, disposing of its assets in accordance with the relevant agreements.

The Company may only carry out the above activities if and to the extent that they are compatible with the Securitization Law.

The Company is included in the consolidated accounts of Volkswagen AG, forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. The registered office of that company is located at Berliner Ring 2, 38440 Wolfsburg, (HRB Nr. 100484) and the consolidated accounts are available at the same address.

In addition, the Company is included in the consolidated accounts of Volkswagen Finance Services AG, forming the smallest body of undertakings included in the body of undertakings referred to in the above-mentioned paragraph of which the Company forms a part as a subsidiary undertaking.

The registered office of that company is located at Gifhorner Str. 57, 38112 Braunschweig, (HRB Nr. 1858) and the consolidated accounts are available at the same address.

#### **Note 2 - Summary of significant accounting principles**

##### **2.1 Basis of preparation**

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002, determined and applied by the Board of Directors.

The preparation of annual accounts required the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **2.2 Significant accounting policies**

The main valuation rules applied by the Company are the following:

###### **2.2.1 Formation expenses**

The formation expenses of the Company are directly charged to the profit and loss account of the period.

###### **2.2.2 Financial fixed assets**

Permitted Assets included in financial assets are recorded at their acquisition cost less any impairment in value, which, in the opinion of the management, can be considered as permanent.

## VCL Master S.A.

### 7. NOTES TO THE ANNUAL ACCOUNTS

#### Note 2 - Summary of significant accounting principles (continued)

##### 2.2.3 Debtors

Other debtors are recorded at their nominal value. They are subject to value adjustments where their recoverability is either uncertain or compromised. These value adjustments are not continued if the reason for which the value adjustments were made has ceased to apply.

##### 2.2.4 Derivative financial instruments

The Company may enter into derivative financial instruments such as swaps in order to reduce its exposure coming from floating rate against the fixed rate of the notes. The Interests linked to derivatives instruments are recorded on accrual basis at the closing date.

##### 2.2.5 Foreign currency translation

The annual accounts are stated in EUR.

##### 2.2.6 Accruals and deferred income

This liability item includes income received during the financial period but relating to a subsequent financial period.

##### 2.2.7 Notes issued

Notes issued are stated at par value less any repayments made to their principal.

##### 2.2.8 Debts

Where the amount repayable on account is greater than the amount received, the difference may be accounted for in the profit and loss account when the debt is issued.

##### 2.2.9 Interest receivable and payable

Interest receivable and payable are recorded on an accrual basis.

#### Note 3 - Financial fixed assets

	31/12/2011	31/12/2010
<u>Permitted Assets</u>	EUR	EUR
Balance as at 1 January / Initial purchase	1,092,181,870	829,918,839
Acquisition via reinvestment of funds collected (Top-Up)	455,180,883	162,652,231
Acquisition via additional purchases (Tap-Up)	2,333,052,673	901,702,256
Redemption during the year / period	(375,744,029)	(245,477,282)
Term take-out	(1,704,073,318)	(546,452,076)
Sales / Put Options during the period	(53,748,561)	(36,904,279)
Variation between Nominal Value and Discounted Value of Expectancy Rights	29,376,384	26,742,181
Balance as at the 31 December	<u>1,776,225,902</u>	<u>1,092,181,870</u>

## VCL Master S.A.

### 7. NOTES TO THE ANNUAL ACCOUNTS

#### Note 3 - Financial fixed assets (continued)

Permitted Assets	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	Compartment 1	Compartment 1	Compartment 2	Compartment 2
	EUR	EUR	EUR	EUR
Balance as at 1 January / Initial purchase	671,286,926	398,861,797	420,894,944	431,057,042
Acquisition via reinvestment of funds collected (Top-Up)	412,728,342	162,652,231	42,452,541	-
Acquisition via additional purchases (Tap-Up)	2,333,052,673	901,702,256	-	-
Redemption during the year / period	(375,744,029)	(245,477,282)	-	-
Term take-out	(1,704,073,318)	(546,452,076)	-	-
Sales / Put Options during the period	-	-	(53,748,561)	(36,904,279)
Variation between Nominal Value and Discounted Value of Expectancy Rights	-	-	29,376,384	26,742,181
Balance as at the 31 December	1,337,250,594	671,286,926	438,975,308	420,894,944

In 2010 the Compartment 1 has purchased a pool of monthly paid car lease receivables (the Lease Receivables), and the Compartment 2 has acquired the Expectancy Rights to the leased vehicles related to the lease contracts purchased by the Compartment 1. The Expectancy Rights correspond to the property of the residual value of the leased cars.

In addition to that Compartment 2 may exercise a Put Option, which allows Compartment 2 to sell every residual value to Volkswagen Leasing GmbH.

On 19 January 2010, the Compartment 1 purchased from Volkswagen Leasing GmbH a portfolio of Permitted Assets valued at EUR 398,861,797 for a price of EUR 388,375,720. The purchase price was calculated as the sum of the Lease Receivables discounted by 5.7016 per cent per annum on the basis of a 360/360 day year, less (i) an amount of EUR 4,402,934 for overcollateralisation purposes, less (ii) an amount of EUR 4,830,000 for the endowment of the cash collateral account and less (iii) a provision for certain costs related to the issue of the Notes.

On 25 February 2010, the Compartment 2 purchased from Volkswagen Leasing GmbH a portfolio of Permitted Assets valued at EUR 431,057,042 for a price of EUR 404,862,403. The purchase price was calculated as the sum of the Lease Receivables discounted by 6.8466 per cent per annum on the basis of a 360/360 day year, less (i) an amount of EUR 12,944,796 for overcollateralisation purposes, less (ii) an amount of EUR 12,950,000 for the endowment of the cash collateral account and less (iii) a provision for certain costs related to the issue of the Notes.

The discount rate used to determine the sale price of the Permitted Assets includes an additional margin (the Buffer), which has been implemented in order to cover the risk linked to the variable spreads and to avoid any subsequent cash shortage for the payment of the Swaps. The Buffer is released on a monthly basis. The Buffer Release is based on the difference between the discount rate and the weighted average rate of the period (see also Note 9).

During 2011, the Lease Receivables principal held by the Compartment 1 was increased by EUR 412,728,342 (EUR 162,652,231 in 2010) by way of reinvestment of funds collected (Top Up) and by EUR 2,333,052,673 (EUR 901,702,256 in 2010) by way of additional purchases (Tap Up). The Lease Receivables principal was also decreased by EUR 375,744,029 (EUR 245,477,282 in 2010) by way of payments collected from Volkswagen Leasing GmbH.

On 26 April 2011, Compartment 1 sold to VCL Multi-Compartment S.A. Compartment VCL 13 a part of its portfolio for an amount of EUR 850,010,124 (Term take-out).

On 25 October 2011, Compartment 1 sold to VCL Multi-Compartment S.A. Compartment VCL 14 a part of its portfolio for an amount of EUR 854,063,194 (Term take-out).

During the financial year, Compartment 2 has exercised its options and sold Expectancy Rights for a total amount of EUR 52,496,969 (EUR 36,904,279 in 2010).

On 25 October 2011, Compartment 2 increased its Expectancy Rights principal with EUR 42,452,541 by way of re-investment of funds collected (Top Up).

Interest income for the period ended 31 December 2011 amounted to EUR 52,348,735 (EUR 34,881,795 in 2010) for the Compartment 1 and to EUR 29,667,976 (EUR 27,188,113 in 2010) for the Compartment 2.

Acquisition of the Permitted Assets was financed by the issue of Permanent Global Floating Rate Notes and through receipt of a Subordinated Loan (see also Note 8).



# **VCL Master S.A.**

## **7. NOTES TO THE ANNUAL ACCOUNTS**

### **Note 4 - Debtors**

This amount mainly stands for the receivable due from Volkswagen Leasing GmbH for the December 2011 amortisation of the Permitted Assets, which is due in January 2012.

### **Note 5 - Cash at bank**

#### Cash at bank

	31/12/2011	31/12/2010
	EUR	EUR
Current account	25,543	25,667
Disbursement account	80,415,846	80,922,854
Cash collateral account	22,420,000	21,208,819
Accumulation account	21,871,259	21,074,230
<b>Total</b>	<b>124,732,648</b>	<b>123,231,570</b>

	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
<u>Cash at bank</u>				
Current account	30,626	30,750	(5,083)	(5,083)
Disbursement account	70,934,484	74,889,658	9,481,362	6,033,196
Cash collateral account	11,620,000	8,257,200	10,800,000	12,951,619
Accumulation account	-	-	21,871,259	21,074,230
<b>Total</b>	<b>82,585,110</b>	<b>83,177,608</b>	<b>42,147,538</b>	<b>40,053,962</b>

### **Note 6 - Subscribed capital**

As of 31 December 2011, the subscribed capital amounts to EUR 31,000 and is divided into 3,100 shares fully paid-up with a par value of EUR 10 each. The authorised capital amounts to EUR 31,000.

### **Note 7 - Legal reserve**

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

### **Note 8 - Debts**

#### Subordinated Loan

	31/12/2011	31/12/2010
	EUR	EUR
Due and payable after more than one year	301,034,919	230,835,808
Due and payable within one year	-	32,057,055
<b>Total</b>	<b>301,034,919</b>	<b>262,892,863</b>



VCL Master S.A.

7. NOTES TO THE ANNUAL ACCOUNTS

Note 8 - Debts (continued)	31/12/2011	31/12/2010
<u>Subordinated Loan, changes during the year / period</u>	EUR	EUR
Balance as at 1 January / initial subscription	262,892,863	217,571,110
Increase during the year / period	253,537,769	109,922,883
Redemption during the year / period	(215,395,713)	(64,601,130)
	301,034,919	262,892,863
Thereof scheduled for redemption within one year	-	(32,057,055)
Due and payable after more than one year	301,034,919	230,835,808

	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
<u>Changes during the year / period</u>				
Balance as at 1 January / initial subscription	90,065,051	49,458,863	172,827,812	168,112,247
Increase during the year / period	248,265,438	105,207,318	5,272,331	4,715,565
Redemption during the year / period	(213,790,912)	(64,601,130)	(1,604,801)	-
	124,539,577	90,065,051	176,495,342	172,827,812
Thereof scheduled for redemption within one year	-	(32,057,055)	-	-
Due and payable after more than one year	124,539,577	58,007,996	176,495,342	172,827,812

On 19 January 2010, Compartment 1 has been granted a Subordinated Loan in the amount of EUR 49,458,863 from Volkswagen International Payment Services N.V. As from 25 November 2011, the loan carries an interest rate of one month Euribor plus 1.60% (1.90% previously).

During the year 2011, the Compartment 1 has been granted an additional amount of EUR 248,265,438 (EUR 105,207,318 in 2010) and has redeemed an amount of EUR 213,790,912 (EUR 64,601,130 in 2010) on the Subordinated Loan principal.

On 23 February 2010, Compartment 2 has been granted a Subordinated Loan in the amount of EUR 168,112,247 from Volkswagen International Payment Services N.V. As from 25 November 2011, the loan carries an interest rate of one month Euribor plus 2.00% (2.75% previously).

During the year 2011, the Compartment 2 has been granted an additional amount of EUR 5,272,331 (EUR 4,715,565 in 2010) and has redeemed an amount of EUR 1,604,801 (nil in 2010) on the Subordinated Loan principal.

Interest charge on the Subordinated Loans amounted to EUR 9,377,713 for the period ended 31 December 2011 (EUR 6,568,499 in 2010).

	31/12/2011	31/12/2010
<u>Amount due and payable after more than one year</u>	EUR	EUR
Floating Rate Notes	885,548,737	754,525,784

	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Floating Rate Notes	711,735,477	525,159,193	173,811,260	229,366,591

**VCL Master S.A.**

**7. NOTES TO THE ANNUAL ACCOUNTS**

<b>Note 8 - Debts (continued)</b>	<b>31/12/2011</b>	<b>31/12/2010</b>
	<b>EUR</b>	<b>EUR</b>
<b><u>Amount due and payable within one year</u></b>		
Floating Rate Notes	<u>194,453,263</u>	<u>85,274,216</u>

	<b>31/12/2011</b>	<b>31/12/2010</b>	<b>31/12/2011</b>	<b>31/12/2010</b>
	<b>Compartment 1</b>		<b>Compartment 2</b>	
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Floating Rate Notes	<u>118,264,523</u>	<u>64,640,807</u>	<u>76,188,740</u>	<u>20,633,409</u>

	<b>31/12/2011</b>	<b>31/12/2010</b>
	<b>EUR</b>	<b>EUR</b>
<b><u>Changes during the year / period</u></b>		
<b><u>Floating Rate Notes</u></b>		
Balance as at 1 January / Initial Issuance	839,800,000	595,000,000
Additional issuance during the year / period	1,709,200,000	721,300,000
Redeemed during the year / period	(1,469,000,000)	(476,500,000)
	<u>1,080,000,000</u>	<u>839,800,000</u>
Thereof scheduled for redemption within one year	(194,453,263)	(85,274,216)
Amount due and payable after more than one year	<u>885,546,737</u>	<u>754,525,784</u>

	<b>31/12/2011</b>	<b>31/12/2010</b>	<b>31/12/2011</b>	<b>31/12/2010</b>
	<b>Compartment 1</b>		<b>Compartment 2</b>	
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b><u>Changes during the year/period</u></b>				
<b><u>Floating Rate Notes</u></b>				
Balance as at 1 January / Initial Issuance	589,800,000	345,000,000	250,000,000	250,000,000
Additional issuance during the year / period	1,709,200,000	721,300,000	-	-
Redemption during the year / period	(1,469,000,000)	(476,500,000)	-	-
	<u>830,000,000</u>	<u>589,800,000</u>	<u>250,000,000</u>	<u>250,000,000</u>
Thereof scheduled for redemption within one year	(118,264,523)	(64,640,807)	(76,188,740)	(20,633,409)
Amount due and payable after more than one year	<u>711,735,477</u>	<u>525,159,193</u>	<u>173,811,260</u>	<u>229,366,591</u>

During the year under review, the Company has issued the following additional new notes:

<b>Compartment 1</b>	<b>new notes</b>	<b>Nominal value</b>	<b>total value</b>
As at 25 February 2011	7,092	50,000	354,600,000
As at 25 March 2011	2,400	50,000	120,000,000
As at 25 May 2011	4,858	50,000	242,900,000
As at 27 June 2011	3,410	50,000	170,500,000
As at 27 July 2011	3,486	50,000	174,300,000
As at 25 August 2011	3,348	50,000	167,400,000
As at 26 September 2011	3,038	50,000	151,900,000
As at 25 November 2011	6,552	50,000	327,600,000
<b>Total newly issued notes</b>			<u>1,709,200,000</u>

## VCL Master S.A.

### 7. NOTES TO THE ANNUAL ACCOUNTS

#### Note 8 - Debts (continued)

During the year under review, the Company has redeemed the following new notes:

Compartment 1	new notes	Nominal value	total value
As at 26 April 2011	14,894	50,000	734,700,000
As at 25 October 2011	14,686	50,000	734,300,000
Total newly issued notes			<u>1,469,000,000</u>

The redemption of 26 April 2011 took place following the successful sale of Permitted Assets for a total amount of EUR 850,010,124 to VCL Multi-Compartment S.A. for and on behalf of its Compartment 13.

The redemption of 25 October 2011 took place following the successful sale of Permitted Assets for a total amount of EUR 854,063,194 to VCL Multi-Compartment S.A. for and on behalf of its Compartment 14.

As from 25 November 2011, the Notes bear a floating rate interest of one month Euribor plus 0.65% for Compartment 1 (0.70% previously) and of one month Euribor plus 1.15% for Compartment 2 (1.25% previously). Payments on the Notes are made monthly in arrears on the 25th of each month. The Notes mature in 2018.

All payments of interest on and principal of each Note will be due and payable at the latest in 2016, the legal maturity date of the Class A Notes.

The floating rate interest on the Notes has been swapped to a fixed rate interest of 1.70% (2.0378% previously) for Compartment 1 and 2.20% (2.6641% previously) for Compartment 2 (see also Note 14).

Interest payable on the Notes amounts to EUR 226,421 as at 31 December 2011 (EUR 117,266 as at 31 December 2010) (see also Note 9) and total interest charge for the period ended 31 December 2011 amounts to EUR 20,963,667 (EUR 12,630,354 for the period ended 31 December 2010) (see also Note 11).

As at 31 December 2010 the board of directors had estimated that the amount of EUR 85,274,216 would be repaid in the course of 2011 and had thus classified this amount as becoming due and payable within one year. Effectively no notes have been redeemed based on the amortisation of the Permitted Assets, but only due to the sale of Permitted Assets.

The Company does not intend to make any repayments on the outstanding principal of the Notes during the year 2012 following the received payments from the Permitted Assets. Hence no Notes have been reclassified as becoming due and payable within one year.

	31/12/2011	31/12/2010
	EUR	EUR
<b>Note 9 - Other creditors</b>		
Overcollateralisation payable	106,217,809	61,581,648
Reserve bond issue expenses	184,318	184,318
Interest on Floating Rate Notes	226,421	117,266
Interest on Subordinated Loan	98,857	47,276
Interest on Swaps	7,044	90,151
Servicer fees	391,777	936,987
Audit fees	11,250	11,040
Tax advisory fees	1,000	3,500
Other accruals	-	1,413,906
Advanced payments	412,062,642	80,180,714
German VAT to be paid	2,582,177	1,436,910
Luxembourg VAT to be paid	13,650	6,915
<b>Total</b>	<u>521,796,945</u>	<u>146,010,631</u>

VCL Master S.A.

7. NOTES TO THE ANNUAL ACCOUNTS

Note 9 - Other creditors (continued)

	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	Compartment 1		Compartment 2	
<u>Other creditors</u>	EUR	EUR	EUR	EUR
Overcollateralisation payable	53,005,530	24,243,775	53,212,279	37,337,873
Reserve bond issue expenses	97,253	97,253	87,065	87,065
Interest on Floating Rate Notes	163,345	74,316	63,076	42,950
Interest on Subordinated Loan	37,652	18,846	61,205	28,430
Interest on Swaps	4,651	73,293	2,393	16,858
Servicer fees	18,486	580,113	373,291	356,874
Audit fees	5,625	5,520	5,625	5,520
Tax advisory fees	500	1,750	500	1,750
Other accruals	-	1,413,906	-	-
Advanced payments	411,998,218	75,671,492	64,424	4,509,222
German VAT to be paid	-	-	2,582,177	1,436,910
Luxembourg VAT to be paid	10,231	3,825	3,419	3,090
<b>Total</b>	<b>465,341,491</b>	<b>102,184,089</b>	<b>56,455,454</b>	<b>43,826,542</b>

The advanced payments relate to the amounts paid in advance by Volkswagen Leasing GmbH to cover the future purchase of Permitted Assets.

Overcollateralisation payable represents an excess of the Permitted Assets' nominal value over the nominal value of the Notes and the Subordinated Loan and period-end payable towards Volkswagen Leasing GmbH.

	31/12/2011	31/12/2010
<u>Overcollateralisation payable</u>	EUR	EUR
Balance as at 1 January / Initial Overcollateralisation payable	61,581,648	35,127,730
Addition made during the year / period under review	73,498,627	25,133,734
Utilization made during the year / period under review	(64,876,724)	(24,612,741)
Allocation made during the year / period under review	36,014,258	25,932,925
<b>Total</b>	<b>106,217,809</b>	<b>61,581,648</b>

	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	Compartment 1		Compartment 2	
<u>Overcollateralisation payable</u>	EUR	EUR	EUR	EUR
Balance as at 1 January / Initial Issuance	24,243,775	9,232,934	37,337,873	25,894,796
Addition made during the year	70,497,156	25,133,734	3,001,471	-
Utilization made during the year	(64,876,724)	(24,612,741)	-	-
Allocation made during the year	23,141,323	14,489,848	12,872,935	11,443,077
<b>Total</b>	<b>53,005,530</b>	<b>24,243,775</b>	<b>53,212,279</b>	<b>37,337,873</b>

The addition made during the period under review corresponds to the overcollateralisation reserve on additional portfolio purchases including Tap-up and the Top-up.

The utilisation made during the period under review relates to term take out of the lease receivable of the period (EUR 40,897,523 in 2011; EUR 12,021,946 in 2010) and to the buffer release (EUR 23,979,203 in 2011; EUR 12,590,795 in 2010) (see also Note 3).

The allocation made during the period under review relates to the result of the period.

**VCL Master S.A.**

**7. NOTES TO THE ANNUAL ACCOUNTS**

	31/12/2011	31/12/2010
	EUR	EUR
<b>Note 10 - Other operating charges</b>		
Servicer fees	14,274,103	10,253,000
Rating agency fees	114,990	27,340
Trustee services	50,201	3,544
Corporate servicer fees	45,000	28,960
Corporate income tax	1,576	-
Other miscellaneous operating charges	2,153	26,520
<b>Total</b>	<b>14,488,023</b>	<b>10,339,364</b>

	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Servicer fees	9,854,874	6,272,226	4,419,229	3,980,774
Rating agency fees	102,790	25,650	12,200	1,690
Trustee services	24,008	1,772	26,193	1,772
Corporate servicer fees	22,500	28,960	22,500	-
Corporate income tax	788	-	788	-
Other miscellaneous operating charges	1,078	17,826	1,075	8,694
<b>Total</b>	<b>10,006,038</b>	<b>6,346,434</b>	<b>4,481,985</b>	<b>3,992,930</b>

	31/12/2011	31/12/2010
	EUR	EUR
<b>Note 11 - Other external charges</b>		
Audit fees	51,500	36,800
Tax advisory fees	-1,512	3,500
Legal fees	39,560	23,118
Bank charges	12,124	250
<b>Total</b>	<b>101,672</b>	<b>63,668</b>

	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Audit fees	25,750	18,400	25,750	18,400
Tax advisory fees	-756	1,750	-756	1,750
Legal fees	19,780	2,875	19,780	20,243
Bank charges	12,124	250	-	-
<b>Total</b>	<b>56,898</b>	<b>23,275</b>	<b>44,774</b>	<b>40,393</b>

	31/12/2011	31/12/2010
	EUR	EUR
<b>Note 12 - Interest and other financial charges</b>		
<b><u>Concerning affiliated undertakings</u></b>		
Interest payable on Subordinated Loan	9,377,713	6,568,499

VCL Master S.A.

7. NOTES TO THE ANNUAL ACCOUNTS

**Note 12 - Interest and other financial charges (continued)**

	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Interest payable on Subordinated Loan	3,527,409	1,824,503	5,850,304	4,743,996

**Other interest and charges**

Interest charges on Floating Rate Notes  
Net interest payable on Swaps  
Overcollateralisation expense

Total

	31/12/2011	31/12/2010
	EUR	EUR
Interest charges on Floating Rate Notes	20,963,667	12,630,354
Net interest payable on Swaps	1,597,579	6,624,939
Overcollateralisation expense	36,014,258	25,932,925
Total	58,575,504	45,188,218

	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Interest charges on Floating Rate Notes	14,882,867	7,770,104	6,080,800	4,860,250
Net interest payable on Swaps	1,092,447	4,495,324	505,132	2,129,615
Overcollateralisation expense	23,141,323	14,489,848	12,872,935	11,443,077
Total	39,116,637	26,755,276	19,458,867	18,432,942

**Note 13 - Other Interest and other financial income**

**Derived from affiliated undertakings**

Interest income from Permitted Assets

	31/12/2011	31/12/2010
	EUR	EUR
Interest income from Permitted Assets	82,016,711	62,069,908

	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Interest income from Permitted Assets	52,348,735	34,881,795	29,667,976	27,188,113

**Other interest and financial income**

Interest income on bank accounts

	31/12/2011	31/12/2010
	EUR	EUR
Interest income on bank accounts	526,201	89,841

	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Interest income on bank accounts	358,247	67,693	167,954	22,148

**Note 14 - Taxes**

The Company is subject to all taxes applicable to commercial companies in Luxembourg incorporated under the Securitization law of March 22, 2004.



## VCL Master S.A.

### 7. NOTES TO THE ANNUAL ACCOUNTS

#### Note 15 - Staff

The Company did not employ any staff during the year under review (2010: nil).

#### Note 16 - Emoluments granted to the Members of the Board of Directors

No emoluments have been granted to any member of the Board of Directors, nor have any obligations arisen or been entered into by the Company in respect of retirement pensions for former members of the Board of Directors.

#### Note 17 - Loans or advances granted to the Members of the Board of Directors

No loans or advances have been granted to any member of the Board of Directors.

#### Note 18 - Auditor's fees

The total fees accrued by the Company and paid to the audit firm are presented as follows:

	31/12/2011	31/12/2010
	EUR	EUR
Audit fees	51,500	36,800

	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Audit fees	25,750	18,400	25,750	18,400

#### Note 19 - Off balance sheet commitments

The Compartment 2 acquires automatically full legal title to the leased vehicles related to the purchased Expectancy Rights upon expiration of the related lease contracts. In addition to that, Compartment 2 may request Volkswagen Leasing GmbH to buy the related leased vehicles (the Put Option as per Put Option Agreement dated 23 February 2010) in the amount of the Initial residual value (see Note 3).

The Company had entered into Swap Agreements with Commerzbank AG, DZ Bank AG and HSBC Plc to hedge the Company's interest rate risk derived from floating interest rate on the Notes issued (see also Note 8). Settlement of the Swaps is performed on the 25th day of each month. These contracts were terminated on 23 November and were replaced by new contracts with DZ Bank AG and Banco Bilbao Vizcaya Argentaria S.A. The termination date of the Swap contracts is 25 November 2018.

The interest rate swaps can be detailed as follows:

	Curr	Nominal amount	Spread interest rate received	Interest rate Paid	Fair value
Compartment 1 - BVBA	EUR	162,600,000	0.65%	1.7000%	750,706
Compartment 1 - BVBA	EUR	162,600,000	0.65%	1.7000%	750,706
Compartment 1 - BVBA	EUR	162,600,000	0.65%	1.7000%	750,706
Compartment 1 - BVBA	EUR	162,600,000	0.65%	1.7000%	750,706
Compartment 1 - DZ Bank	EUR	101,600,000	0.65%	1.7000%	768,365
Compartment 1 - DZ Bank	EUR	78,000,000	0.65%	1.7000%	589,886
		830,000,000			4,361,075

VCL Master S.A.

7. NOTES TO THE ANNUAL ACCOUNTS

Note 19 - Off balance sheet commitments (continued)

	Curr	Nominal amount	Spread interest rate received	Interest rate Paid	Fair value
Compartment 2 - BVBA	EUR	75,000,000	1.15%	2.2000%	285,016
Compartment 2 - BVBA	EUR	50,000,000	1.15%	2.2000%	190,011
Compartment 2 - BVBA	EUR	50,000,000	1.15%	2.2000%	190,011
Compartment 2 - BVBA	EUR	75,000,000	1.15%	2.2000%	285,016
		<u>250,000,000</u>			<u>950,054</u>

The interest rate received for each swap consists of 1 month Euribor plus the spread as mentioned above.

As at 31 December 2011, the Swaps have a nominal value of EUR 830,000,000 (EUR 589,800,000 in 2010) for Compartment 1 and EUR 250,000,000 (EUR 250,000,000 in 2010) for Compartment 2.

During 2011, the total Swaps interest payable amounted EUR 1,597,579 (EUR 6,624,939 in 2010) (see Note 11).

Note 20 - Subsequent events

No events have occurred subsequent to the year-end which would have a material impact on the financial statements as at 31 December 2011.

Luxembourg, 5 March 2012

  
\_\_\_\_\_  
Mrs. J.H. Ophmans  
Director

\_\_\_\_\_  
Mr B.H. Houtijzer  
Director

  
\_\_\_\_\_  
Mrs. P.J.S. Damselma  
Director



**VCL Master S.A.  
Société Anonyme**

**AUDITED ANNUAL ACCOUNTS  
FOR THE FINANCIAL YEAR  
ENDING 31 DECEMBER 2012**

**Address:**  
52-54 Avenue du X Septembre  
L-2550 Luxembourg

**RCS Luxembourg :**

**B 149.052**

**VCL Master S.A.**

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## VCL Master S.A.

### 1. DIRECTORS' REPORT

The Board of Directors of VCL Master S.A. (the "Company") herewith submits its report for the year ending 31 December 2012.

#### General

The Company is a Securitization company within the meaning of the law of March 22, 2004 on Securitization and has as its corporate purpose the Securitization of car lease receivables.

#### Summary of activities

During 2010 the Company has created two compartments named Compartment 1 ("C1") and Compartment 2 ("C2"). The Compartment 1 has purchased a pool of monthly paid car lease receivables (the "Lease Receivables"), and the Compartment 2 has acquired the expectancy rights ("Expectancy Rights") to the leased vehicles related to the lease contracts purchased by the Compartment 1. The Compartment 2 will automatically acquire full legal title to the related leased vehicles of a purchased expectancy right upon expiration of the related lease contract.

The Lease Receivables and the Expectancy Rights have been purchased as follows:

Portfolio	Compartment	Value at initial purchase (in EUR)	Purchase price (in EUR)
Lease Receivables	C1	398.861.797	388.375.720
Expectancy Rights	C2	431.057.042	404.862.403

The Company may request Volkswagen Leasing GmbH, to buy the Leased Vehicles relating to Purchased Lease Receivables acquired by the Issuer under the Vehicles and Receivables Purchase Agreements (the "Put Option") in the amount of the Initial Residual Value or Additional Residual Value.

The underlying car lease contracts are mainly for the leasing of vehicles originated by Volkswagen Leasing GmbH via the Volkswagen group dealership network (which, inter alia, comprises of Volkswagen, Audi, SEAT, Skoda and Volkswagen Nutzfahrzeuge) throughout Germany and are entered into with both private and business customers.

The purchase of the Lease Receivables and of the Expectancy Rights has been financed by the issue of Floating Rate Notes (the "Notes") and Subordinated Loans as follows:

Portfolio	Compartment	Notes (in EUR)	Maturity	Subordinated Loan (in EUR)
Lease Receivables	C1	345.000.000	2016	49.458.863
Expectancy Rights	C2	250.000.000	2016	168.112.247

The Notes are backed by substantially all of the assets of the Company consisting primarily of the Company's right, title and interest in the Lease Receivables and in the title ownership of the leased vehicles which have been transferred to the Company.

In 2012, Volkswagen International Payment Servicer N.V. has been replaced as Subordinated Lender by Volkswagen International Luxembourg S.A. for Compartment 1 and by Volkswagen Bank GmbH for Compartment 2. The Subordinated Loan has been granted for the purpose of credit enhancement and it ranks junior to the Notes.

The Company has entered into swap agreements for each class of Notes to hedge the interest rate risk deriving from the scheduled periodic payments payable by the Lessees of the vehicles to the Company and the floating rate interest payments owed by the company under the Notes.

Both the Notes and the Subordinated Loan are limited recourse obligations of the Company, whereby the Company pays only those amounts which are actually available to it, being essentially the amounts received from the Lease Receivables and the amounts received or paid under the interest rate swap agreements less costs.

## VCL Master S.A.

### 1. DIRECTORS' REPORT

#### Portfolio of Permitted Assets

During 2012, the Lease Receivables principal held by the Compartment 1 was increased by EUR 459,556,565 (EUR 412,728,342 in 2011) by way of reinvestment of funds collected (Top Up) and by EUR 2,198,826,080 (EUR 2,333,052,673 in 2011) by way of additional purchases (Tap Up). The Lease Receivables principal was also decreased by EUR 487,920,327 (EUR 375,744,029 in 2011) by way of payments collected from Volkswagen Leasing GmbH.

On 26 March 2012, Compartment 1 sold to VCL Multi-Compartment S.A. Compartment VCL 15 a part of its portfolio for an amount of EUR 1,000,005,490 (Term take-out).

On 25 October 2012, Compartment 1 sold to VCL Multi-Compartment S.A. Compartment VCL 16 a part of its portfolio for an amount of EUR 1,075,271,648 (Term take-out).

During the financial year, Compartment 2 has exercised its options and sold Expectancy Rights for a total amount of EUR 247,574,772 (EUR 53,748,561 in 2011).

During the year 2012, Compartment 2 increased its Expectancy Rights principal with EUR 288,672,923 (EUR 42,452,541 in 2011) by way of reinvestment of funds collected (Top Up) and by EUR 433,349,226 (nil in 2011) by way of additional purchases (Tap Up).

#### Subordinated loan

On 26 November 2012, Volkswagen International Payment Services N.V. has been replaced by Volkswagen International Luxembourg S.A. as Subordinated Lender for Compartment 1.

On 26 November 2012, Volkswagen International Payment Services N.V. has been replaced by Volkswagen Bank GmbH as Subordinated Lender for Compartment 2.

During the year 2012, the Compartment 1 has been granted an additional amount of EUR 417,156,055 (EUR 248,265,438 in 2011) and has redeemed an amount of EUR 374,708,977 (EUR 213,790,912 in 2011) on the Subordinated Loan principal.

During the year 2012, the Compartment 2 has been granted an additional amount of EUR 523,054,939 (EUR 5,272,331 in 2011) and has redeemed an amount of EUR 349,733,430 (EUR 1,604,801 in 2011) on the Subordinated Loan principal.

On 26 November 2012, the Company redeemed the loan granted by Volkswagen International Payment Services N.V. and was granted a new loan in the amount of 180,823,799 to Volkswagen International Luxembourg S.A. for Compartment 1 and was granted a new loan in the amount of 349,733,430 to Volkswagen Bank GmbH for Compartment 2.

#### Floating Rate Notes

As at 31 December 2012, the Compartment 1 has issued additional notes for a total amount of EUR 2,049,000,000 (EUR 1,709,200,000 in 2011) and redeemed the amount of EUR 1,834,000,000 (EUR 1,469,100,000 in 2011) on the principal of the Notes. The redemptions took place following the Term Take-Outs.

As at 31 December 2012, the Compartment 2 has issued additional notes for a total amount of EUR 233,900,000 (2011: nil) and redeemed the amount of EUR 10,240,900 (2011: nil) on the principal of the Notes.

#### Voting rights

Each issued share holds one vote in a Meeting of Shareholders. No special voting rights exist, nor does the sole Shareholder have any special right of control.

#### Acquisition of own shares

The Company may, to the extent and under the terms permitted by law, purchase its own shares. During the year ended 31 December 2012 the Company has not purchased any of its own shares.

VCL Master S.A.

## 1. DIRECTORS' REPORT

### Research and development activities

The Company was neither involved nor participated in any kind of research or development activities in the year ended 31 December 2012.

### Branches and participations of the Company

The Company does not have any branches or participations.

### Board of Directors

The Company is managed by a Board of Directors comprising of at least three members. The Directors, whether shareholders or not, who are appointed for a period not exceeding six years by the sole Shareholder, who may at any time remove them.

The Board of Directors is vested with the powers to perform all acts of administration and disposition in compliance with the corporate objects of the Company. The Company will be bound in any circumstances by the joint signatures of two members of the Board of Directors unless special decisions have been reached concerning the authorised signature in case of delegation of powers or proxies.

At incorporation date Ms Z.H. Cammans, Ms P.J.S. Dunselman and Mr B.H. Hoftijzer were appointed as Directors of the Company. Effective as of 3rd June 2013, Mr B. H. Hoftijzer has resigned from his position as Director of the Company and has been replaced by Ms. P. Kotwani - Khitri.

### Internal control and risk management procedures

The Management Board is responsible for managing the Company and carefully managing potential risks to the Company. Its members are jointly accountable for the management of the Company and ensure that the statutory and legal requirements and obligations of the Company are met and complied with.

### Subsequent events


The Company executed another Term-Take-Out at the end of March 2013, whereby a significant portion of the assets has been sold to VCL Multi-Compartment S.A., for and on behalf of its Compartment VCL 17. The proceeds of the Term-Take-Out has been used to partially redeem the outstanding Notes and Subordinated Loan.

Effective as of 3 June 2013, Mr. B.H. Hoftijzer resigned as director of the Company and was replaced by Ms. P. Kotwani-Khitri.

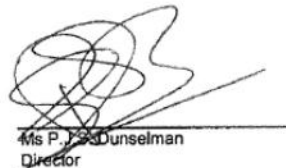
### Future outlook

No material changes in activities are contemplated for the year 2013.

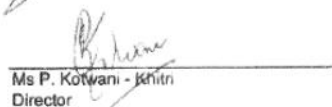
Luxembourg, 27 June 2013



Ms Z.H. Cammans  
Director



Ms P.J.S. Dunselman  
Director



Ms P. Kotwani - Khitri  
Director



## Audit report

To the Shareholder of  
**VCL Master S.A.**

We have audited the accompanying annual accounts of VCL Master S.A. and of each of its compartments, which comprise the balance sheet as at 31 December 2012, the profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

### *Board of Directors' responsibility for the annual accounts*

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

### *Responsibility of the "Réviseur d'entreprises agréé"*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)  
R.C.S. Luxembourg B 65 477 - TVA LU25482518



*Opinion*

In our opinion, the annual accounts give a true and fair view of the financial position of VCL Master S.A. and of each of its compartments as of 31 December 2012, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

*Report on other legal and regulatory requirements*

The Director's report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 27 June 2013

A handwritten signature in black ink, appearing to be 'Thomas Schiffler'.

Thomas Schiffler

VCL Master S.A.

3. BALANCE SHEET AS AT 31 DECEMBER 2012

ASSETS	Notes	31/12/2012		31/12/2011	
		EUR	EUR	EUR	EUR
<b>A. Fixed assets</b>					
Financial assets					
Loans and claims held as fixed assets	3	2.305.913.002		1.776.225.902	
			2.305.913.002		1.776.225.902
<b>B. Current assets</b>					
Debtors	4				
Other debtors					
- becoming due and payable after less than one year		10.835.201		1.904.314	
Cash at bank and in hand	5	189.825.178		124.732.648	
			200.660.379		126.636.962
<b>Total Assets</b>			<u>2.506.573.381</u>		<u>1.902.862.864</u>
<b>LIABILITIES</b>					
<b>A. Capital and reserves</b>					
Subscribed capital	6	31.000		31.000	
			31.000		31.000
<b>B. Subordinated creditors</b>					
Subordinated Loan	8				
- becoming due and payable after more than one year		481.535.492		301.034.919	
- becoming due and payable after less than one year		35.268.014		-	
<b>C. Non-subordinated debts</b>					
Debtenture loans					
Non convertibles loans					
Notes issued	8				
- becoming due and payable after more than one year		1.295.954.616		885.546.737	
- becoming due and payable after less than one year		222.704.484		194.453.263	
Other creditors	9				
- becoming due and payable after less than one year		471.079.775		521.796.945	
			2.506.542.381		1.902.831.864
<b>Total Liabilities</b>			<u>2.506.573.381</u>		<u>1.902.862.864</u>

The accompanying notes form an integral part of these annual accounts.



VCL Master S.A.

4. BALANCE SHEET AS AT 31 DECEMBER 2012 OF EACH COMPARTMENT

	Notes	31/12/2012	31/12/2011	31/12/2012	31/12/2011
		Compartment 1		Compartment 2	
ASSETS		EUR	EUR	EUR	EUR
<b>A. Fixed assets</b>					
Financial assets					
Loans and claims held as fixed assets	3	1.432.435.774	1.337.250.594	873.477.228	438.975.308
		<u>1.432.435.774</u>	<u>1.337.250.594</u>	<u>873.477.228</u>	<u>438.975.308</u>
<b>B. Current assets</b>					
Debtors					
Other debtors	4				
- becoming due and payable after less than one year		9.157.878	76.364	1.677.323	1.827.950
Cash at bank and in hand	5	97.628.622	82.585.110	92.196.556	42.147.538
		<u>106.786.500</u>	<u>82.661.474</u>	<u>93.873.879</u>	<u>43.975.488</u>
<b>Total Assets</b>		<u>1.539.222.274</u>	<u>1.419.912.068</u>	<u>967.351.107</u>	<u>482.950.796</u>
<b>LIABILITIES</b>					
<b>A. Capital and reserves</b>					
Subscribed capital	6	31.000	31.000	-	-
		<u>31.000</u>	<u>31.000</u>	<u>-</u>	<u>-</u>
<b>B. Subordinated creditors</b>					
Subordinated Loan	8				
- becoming due and payable after more than one year		142.635.842	124.539.577	338.899.650	176.495.342
- becoming due and payable after less than one year		24.350.813	-	10.917.201	-
<b>C. Non-subordinated creditors</b>					
Debenture loans					
Non convertibles loans					
Notes issued	9				
- becoming due and payable after more than one year		872.157.791	711.735.477	423.796.825	173.811.260
- becoming due and payable after less than one year		172.842.209	118.264.523	49.862.275	76.188.740
Other creditors	9				
- becoming due and payable after less than one year		327.204.619	465.341.491	143.875.156	56.455.454
		<u>1.539.191.274</u>	<u>1.419.881.068</u>	<u>967.351.107</u>	<u>482.950.796</u>
<b>Total Liabilities</b>		<u>1.539.222.274</u>	<u>1.419.912.068</u>	<u>967.351.107</u>	<u>482.950.796</u>

The accompanying notes form an integral part of these annual accounts.

**VCL Master S.A.**

**5. PROFIT AND LOSS ACCOUNT FOR THE YEAR FROM 1 JANUARY 2012 TO 31 DECEMBER 2012**

	Notes	01/01/2012 - 31/12/2012		01/01/2011 - 31/12/2011	
		EUR	EUR	EUR	EUR
<b>A. CHARGES</b>					
Other operating charges	10		18.114.739		14.486.448
Other external charges	11		215.308		101.672
Interest payable and similar charges	12				
- concerning affiliated undertakings		7.460.313		9.377.713	
- other interest payable and similar charges		<u>80.423.403</u>		<u>58.575.504</u>	
			87.883.716		67.953.217
Tax on profit or loss	14		1.575		1.575
Total charges			<u>106.215.338</u>		<u>82.542.912</u>
<b>B. INCOME</b>					
Other interest and other financial income	13				
- derived from affiliated undertakings		106.103.499		82.016.711	
- other interest receivable and similar income		<u>111.839</u>		<u>526.201</u>	
			106.215.338		82.542.912
Total income			<u>106.215.338</u>		<u>82.542.912</u>

The accompanying notes form an integral part of these annual accounts.

VCL Master S.A.

6. PROFIT AND LOSS ACCOUNT FOR THE YEAR FROM 1 JANUARY 2012 TO 31 DECEMBER 2012  
OF EACH COMPARTMENT

	Notes	01/01/2012 - 31/12/2012	01/01/2011 - 31/12/2011	01/01/2012 - 31/12/2012	01/01/2011 - 31/12/2011
		Compartment 1		Compartment 2	
		EUR	EUR	EUR	EUR
<b>A. CHARGES</b>					
Other operating charges	10	12.353.600	10.005.250	5.761.139	4.481.198
Other external charges	11	115.680	56.898	99.628	44.774
Interest payable and similar charges	12				
- concerning affiliated undertakings		3.114.182	3.527.409	4.346.131	5.850.304
- other interest payable and similar charges		51.124.093	39.116.637	29.299.310	19.458.867
		54.238.275	42.644.046	33.645.441	25.309.171
Tax on profit or loss	14	787	788	787	788
Total charges		66.708.342	52.706.982	39.506.995	29.835.931
<b>B. INCOME</b>					
Other interest and other financial income	13				
- derived from affiliated undertakings		66.631.943	52.348.735	39.471.556	29.667.976
- other interest receivable and similar income		76.399	358.247	35.440	167.954
		66.708.342	52.706.982	39.506.996	29.835.930
Total income		66.708.342	52.706.982	39.506.996	29.835.930

The accompanying notes form an integral part of these annual accounts.

**VCL Master S.A.**

## **7. NOTES TO THE ANNUAL ACCOUNTS**

### **Note 1 - General information**

The Company is a Luxembourg public limited liability company incorporated in Luxembourg on 27 October 2009 under the legal form of "Société Anonyme" having its corporate office at 52-54, Avenue du X Septembre, L-2550 Luxembourg, Grand-Duchy of Luxembourg. The Company is registered at the Registre du Commerce et Sociétés of Luxembourg City under number B 149.052.

The accounting period of the Company begins January 1st and terminates on December 31st, except for the first period of activity which began on 27 October 2009, date of incorporation, and terminated on 31 December 2010.

The purpose of the Company is the Securitization, within the meaning of the Luxembourg Law of 22 March 2004 on Securitizations (hereinafter the "Securitization Law"), of Lease Receivables (the "Permitted Assets"). The Company may enter into any agreement and perform any action necessary or useful for the purposes of securitising Permitted Assets, including, without limitation, disposing of its assets in accordance with the relevant agreements.

The Company may only carry out the above activities if and to the extent that they are compatible with the Securitization Law.

The Company is included in the consolidated accounts of Volkswagen AG, forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. The registered office of that company is located at Berliner Ring 2, 38440 Wolfsburg, (HRB Nr. 100484) and the consolidated accounts are available at the same address. In addition, the Company is included in the consolidated accounts of Volkswagen Finance Services AG, forming the smallest body of undertakings included in the body of undertakings referred to in the above-mentioned paragraph of which the Company forms a part as a subsidiary undertaking. The registered office of that company is located at Gifhorn Str. 57, 38112 Braunschweig, (HRB Nr. 1858) and the consolidated accounts are available at the same address.

### **Note 2 - Summary of significant accounting principles**

#### **2.1 Basis of preparation**

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002, determined and applied by the Board of Directors.

The preparation of annual accounts required the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The comparative figures at year ending 31 December 2011 have been reclassified to the layout as per the Law dated 19 December 2002 as amended on 10 December 2010.

#### **2.2 Significant accounting policies**

The main valuation rules applied by the Company are the following:

##### **2.2.1 Formation expenses**

The formation expenses of the Company are directly charged to the profit and loss account of the period.

##### **2.2.2 Financial fixed assets**

Permitted Assets included in financial assets are recorded at their acquisition cost less any impairment in value, which, in the opinion of the management, can be considered as permanent.

VCL Master S.A.

## 7. NOTES TO THE ANNUAL ACCOUNTS

### Note 2 - Summary of significant accounting principles (continued)

#### 2.2.3 Debtors

Other debtors are recorded at their nominal value. They are subject to value adjustments where their recoverability is either uncertain or compromised. These value adjustments are not continued if the reason for which the value adjustments were made has ceased to apply.

#### 2.2.4 Derivative financial instruments

The Company may enter into derivative financial instruments such as swaps in order to reduce its exposure coming from floating rate against the fixed rate of the notes. The Interests linked to derivatives instruments are recorded on accrual basis at the closing date. Commitments relating to swap transactions are recorded in the off-balance sheet accounts.

#### 2.2.5 Foreign currency translation

The annual accounts are stated in EUR.

#### 2.2.6 Accruals and deferred income

This liability item includes income received during the financial period but relating to a subsequent financial period.

#### 2.2.7 Notes issued

Notes issued are stated at par value less any repayments made to their principal.

#### 2.2.8 Debts

Where the amount repayable on account is greater than the amount received, the difference may be accounted for in the profit and loss account when the debt is issued.

#### 2.2.9 Interest receivable and payable

Interest receivable and payable are recorded on an accrual basis.

### Note 3 - Financial fixed assets

	31/12/2012	31/12/2011
<u>Permitted Assets</u>	EUR	EUR
Balance as at 1 January	1.776.225.902	1.092.181.870
Acquisition via reinvestment of funds collected (Top-Up)	748.229.488	455.180.883
Acquisition via additional issuances of Notes (Tap-Up)	2.632.175.306	2.333.052.673
Redemption during the year	(487.920.327)	(375.744.029)
Term take-out	(2.075.277.138)	(1.704.073.318)
Sales / Put Options during the year	(247.574.772)	(53.748.561)
Variation between Nominal Value and Discounted Value of Expectancy Rights	(39.945.457)	29.376.384
Balance as at the 31 December	<u>2.305.913.002</u>	<u>1.776.225.902</u>

## VCL Master S.A.

## 7. NOTES TO THE ANNUAL ACCOUNTS

Note 3 - Financial fixed assets (continued)	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	Compartment 1		Compartment 2	
Permitted Assets	EUR	EUR	EUR	EUR
Balance as at 1 January	1.337.250.594	671.286.926	438.975.308	420.894.944
Acquisition via reinvestment of funds collected (Top-Up)	459.556.565	412.728.342	288.672.923	42.452.541
Acquisition via additional issuances of Notes (Tap-Up)	2.198.826.080	2.333.052.673	433.349.226	-
Redemption during the year	(487.920.327)	(375.744.029)	-	-
Term take-out	(2.075.277.138)	(1.704.073.318)	-	-
Sales / Put Options during the year	-	-	(247.574.772)	(53.748.561)
Variation between Nominal Value and Discounted Value of Expectancy Rights	-	-	(39.945.457)	29.376.384
Balance as at the 31 December	1.432.435.774	1.337.250.594	873.477.228	438.975.308

In 2010 the Compartment 1 has purchased a pool of monthly paid car lease receivables (the Lease Receivables), and the Compartment 2 has acquired the Expectancy Rights to the leased vehicles related to the lease contracts purchased by the Compartment 1. The Expectancy Rights correspond to the property of the residual value of the leased cars.

In addition to that Compartment 2 may exercise a Put Option, which allows Compartment 2 to sell every residual value to Volkswagen Leasing GmbH.

On 19 January 2010, the Compartment 1 purchased from Volkswagen Leasing GmbH a portfolio of Permitted Assets valued at EUR 398,861,797 for a price of EUR 388,375,720. The purchase price was calculated as the sum of the Lease Receivables discounted by 5.7016 per cent per annum on the basis of a 360/360 day year, less (i) an amount of EUR 4,402,934 for overcollateralisation purposes, less (ii) an amount of EUR 4,830,000 for the endowment of the cash collateral account and less (iii) a provision for certain costs related to the issue of the Notes.

On 25 February 2010, the Compartment 2 purchased from Volkswagen Leasing GmbH a portfolio of Permitted Assets valued at EUR 431,057,042 for a price of EUR 404,862,403. The purchase price was calculated as the sum of the Lease Receivables discounted by 6.8466 per cent per annum on the basis of a 360/360 day year, less (i) an amount of EUR 12,944,796 for overcollateralisation purposes, less (ii) an amount of EUR 12,950,000 for the endowment of the cash collateral account and less (iii) a provision for certain costs related to the issue of the Notes.

The discount rate used to determine the sale price of the Permitted Assets includes an additional margin (the Buffer), which has been implemented in order to cover the risk linked to the variable spreads and to avoid any subsequent cash shortage for the payment of the Swaps. The Buffer is released on a monthly basis. The Buffer Release is based on the difference between the discount rate and the weighted average rate of the period (see also Note 9).

During 2012, the Lease Receivables principal held by the Compartment 1 was increased by EUR 459,556,565 (EUR 412,728,342 in 2011) by way of reinvestment of funds collected (Top Up) and by EUR 2,198,826,080 (EUR 2,333,052,673 in 2011) by way of additional purchases (Tap Up). The Lease Receivables principal was also decreased by EUR 487,920,327 (EUR 375,744,029 in 2011) by way of payments collected from Volkswagen Leasing GmbH.

On 26 March 2012, Compartment 1 sold to VCL Multi-Compartment S.A. Compartment VCL 15 a part of its portfolio for an amount of EUR 1,000,005,490 (Term take-out).

On 25 October 2012, Compartment 1 sold to VCL Multi-Compartment S.A. Compartment VCL 16 a part of its portfolio for an amount of EUR 1,075,271,648 (Term take-out).

During the financial year, Compartment 2 has exercised its options and sold Expectancy Rights for a total amount of EUR 247,574,772 (EUR 53,748,561 in 2011).

On 25 July 2012, Compartment 2 increased its Expectancy Rights principal with EUR 51,442,260 by way of reinvestment of funds collected (Top Up).

On 25 October 2012, Compartment 2 increased its Expectancy Rights principal by EUR 62,950,050 by way of reinvestment of funds collected (Top Up) and by EUR 433,349,226 by way of additional purchase (Tap Up).

On 25 December 2012, Compartment 2 increased its Expectancy Rights principal with EUR 174,280,612 by way of reinvestment of funds collected (Top Up).

## VCL Master S.A.

### 7. NOTES TO THE ANNUAL ACCOUNTS

#### Note 3 - Financial fixed assets (continued)

Interest income for the year ended 31 December 2012 amounted to EUR 66,631,943 (EUR 52,348,735 in 2011) for the Compartment 1 and to EUR 39,471,556 (EUR 29,667,976 in 2011) for the Compartment 2.

Acquisition of the Permitted Assets was financed by the issue of Permanent Global Floating Rate Notes and through receipt of a Subordinated Loan (see also Note 8).

#### Note 4 - Debtors

This amount stands for the receivable due from Volkswagen Leasing GmbH for the December 2012 amortisation of the Permitted Assets, which is due in January 2013 and for an amount of EUR 9,100,000 to be received on the principal of the Notes series 2011-2 for the Compartment 1.

#### Note 5 - Cash at bank and in hand

	31/12/2012	31/12/2011
	EUR	EUR
<u>Cash at bank</u>		
Current account	25.419	25.543
Disbursement account	154.015.279	80.415.846
Cash collateral account	35.534.480	22.420.000
Accumulation account	-	21.871.259
Counterparty Downgrade collateral account *	250.000	-
<b>Total</b>	<b>189.825.178</b>	<b>124.732.648</b>

	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
<u>Cash at bank</u>				
Current account	30.502	30.626	(5.083)	(5.083)
Disbursement account	82.718.120	70.934.484	71.297.159	9.481.362
Cash collateral account	14.630.000	11.620.000	20.904.480	10.800.000
Accumulation account	-	-	-	21.871.259
Counterparty Downgrade collateral account	250.000	-	-	-
<b>Total</b>	<b>97.628.622</b>	<b>82.585.110</b>	<b>92.196.556</b>	<b>42.147.538</b>

\* In June 2012, due to the decrease of the rating of one Swap counterparty, this counterparty has posted collateral to the downgrade collateral account with an initial amount of EUR 94,400,000 for C1 and EUR 35,400,000 for C2. All agreements with this swap counterparty have been terminated as per December 18, 2012 and have been taken over by Landesbank Hessen Thuringen Girozentrale. The remaining balance of the downgrade collateral account of C1 was returned to the swap counterparty in January 2013.

#### Note 6 - Subscribed capital

As of 31 December 2012, the subscribed capital amounts to EUR 31,000 and is divided into 3,100 shares fully paid-up with a par value of EUR 10 each. The authorised capital amounts to EUR 31,000.

#### Note 7 - Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

# VCL Master S.A.

## 7. NOTES TO THE ANNUAL ACCOUNTS

### Note 8 - Subordinated Creditors and debenture loans

#### Subordinated Loan

	31/12/2012	31/12/2011
	EUR	EUR
Due and payable after more than one year	481.535.492	301.034.919
Due and payable after less than one year	35.268.014	-
	<u>516.803.506</u>	<u>301.034.919</u>

	31/12/2012	31/12/2011
	EUR	EUR
<u>Subordinated Loan, changes during the year / period</u>		
Balance as at 1 January	301.034.919	262.892.863
Increase during the year	940.210.994	253.537.769
Redemption during the year	(724.442.407)	(215.395.713)
	<u>516.803.506</u>	<u>301.034.919</u>
Thereof scheduled for redemption after less than one year	(35.268.014)	-
Due and payable after more than one year	<u>481.535.492</u>	<u>301.034.919</u>

	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	Compartment 1	Compartment 1	Compartment 2	Compartment 2
	EUR	EUR	EUR	EUR
<u>Changes during the year</u>				
Balance as at 1 January	124.539.577	90.065.051	176.495.342	172.827.812
Increase during the year	417.156.055	248.265.438	523.054.939	5.272.331
Redemption during the year	(374.708.977)	(213.790.912)	(349.733.430)	(1.604.801)
	<u>166.986.655</u>	<u>124.539.577</u>	<u>349.816.851</u>	<u>176.495.342</u>
Thereof scheduled for redemption after less than one year	(24.350.813)	-	(10.917.201)	-
Due and payable after more than one year	<u>142.635.842</u>	<u>124.539.577</u>	<u>338.899.650</u>	<u>176.495.342</u>

On 19 January 2010, Compartment 1 has been granted a Subordinated Loan in the amount of EUR 49,458,863 from Volkswagen International Payment Services N.V..

During the year 2012, the Compartment 1 has been granted an additional amount of EUR 417,156,055 (EUR 248,265,438 in 2011) and has redeemed an amount of EUR 374,708,977 (EUR 213,790,912 in 2011) on the Subordinated Loan principal. On 26 November 2012, Volkswagen International Payment Services N.V. has been replaced by Volkswagen International Luxembourg S.A. as Subordinated Lender for Compartment 1. The loan carries an interest rate of one month Euribor plus 1.47% (1.60% previously).

On 23 February 2010, Compartment 2 has been granted a Subordinated Loan in the amount of EUR 168,112,247 from Volkswagen International Payment Services N.V.. During the year 2012, the Compartment 2 has been granted an additional amount of EUR 523,054,939 (EUR 5,272,331 in 2011) and has redeemed an amount of EUR 349,733,430 (EUR 1,604,801 in 2011) on the Subordinated Loan principal. On 26 November 2012, Volkswagen International Payment Services N.V. has been replaced by Volkswagen Bank GmbH as Subordinated Lender for Compartment 2. The loan carries an interest rate of one month Euribor plus 1.70% (1.60% previously).

Interest charge on the Subordinated Loans for the year 2012 amounted to EUR 3,114,182 (EUR 3,527,409 in 2011) for the Compartment 1 and to EUR 4,346,131 (EUR 5,850,304 in 2011) for the Compartment 2. (Note 12)



VCL Master S.A.

7. NOTES TO THE ANNUAL ACCOUNTS

Note 8 - Subordinated Creditors and debenture loans (continued)

Notes

	31/12/2012	31/12/2011
<u>Amount due and payable after more than one year</u>	EUR	EUR
Floating Rate Notes	1.295.954.616	885.546.737
	31/12/2012	31/12/2011
<u>Amount due and payable after less than one year</u>	EUR	EUR
Floating Rate Notes	222.704.484	194.453.263
	31/12/2012	31/12/2011
<u>Changes during the year / Floating Rate Notes</u>	EUR	EUR
Balance as at 1 January	1.080.000.000	839.900.000
Additional issuance during the year	2.282.900.000	1.709.200.000
Redemption during the year	(1.844.240.900)	(1.469.100.000)
	1.518.659.100	1.080.000.000
Thereof scheduled for redemption after less than one year	(222.704.484)	(194.453.263)
Amount due and payable after more than one year	1.295.954.616	885.546.737

	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	Compartment 1		Compartment 2	
<u>Changes during the year / Floating Rate Notes</u>	EUR	EUR	EUR	EUR
Balance as at 1 January	830.000.000	589.900.000	250.000.000	250.000.000
Additional issuance during the year	2.049.000.000	1.709.200.000	233.900.000	-
Redemption during the year	(1.834.000.000)	(1.469.100.000)	(10.240.900)	-
Balance as at 31 December	1.045.000.000	830.000.000	473.659.100	250.000.000
Thereof scheduled for redemption after less than one year	(172.842.209)	(118.264.523)	(49.862.275)	(76.188.740)
Amount due and payable after more than one year	872.157.791	711.735.477	423.796.825	173.811.260

During the year under review, the Company has issued the following additional new notes:

Compartment 1	new notes	Nominal value	total value
As at 25 January 2012	3.030	100.000	303.000.000
As at 27 February 2012	1.600	100.000	160.000.000
As at 26 March 2012	1.305	100.000	130.500.000
As at 25 April 2012	1.818	100.000	181.800.000
As at 25 May 2012	1.885	100.000	188.500.000
As at 27 July 2012	2.894	100.000	289.400.000
As at 28 August 2012	1.258	100.000	125.800.000
As at 25 September 2012	2.000	100.000	200.000.000
As at 26 November 2012	2.820	100.000	282.000.000
As at 27 December 2012	1.880	100.000	188.000.000
Total newly issued notes			2.049.000.000

## VCL Master S.A.

### 7. NOTES TO THE ANNUAL ACCOUNTS

#### Note 8 - Subordinated Creditors and debenture loans (continued)

Compartment 2	new notes	Nominal value	total value
As at 25 October 2012	2.339	100.000	233.900.000
Total newly issued notes			<u>233.900.000</u>

During the year under review, the Company has redeemed the following new notes:

Compartment 1	new notes	Nominal value	total value
As at 26 March 2012	8.595	100.000	859.500.000
As at 25 October 2012	9.745	100.000	974.500.000
Total newly issued notes			<u>1.834.000.000</u>

Compartment 2	new notes	Nominal value	total value
As at 27 December 2012	102,41	100.000	10.240.900
Total newly issued notes			<u>10.240.900</u>

The redemption of 26 March 2012 of Compartment 1 took place following the successful sale of Permitted Assets (Term Take-Out) for a total amount of EUR 1,000,005,490 to VCL Multi-Compartment S.A. for and on behalf of its Compartment 15.

The redemption of 25 October 2012 of Compartment 1 took place following the successful sale of Permitted Assets (Term Take-Out) for a total amount of EUR 1,075,271,649 to VCL Multi-Compartment S.A. for and on behalf of its Compartment 16.

As from 26 November 2012, the Notes (except series 2010-3 and 2011-1), bear a floating rate of one month Euribor plus 0.30% for Compartment 1 (0.65% previously) and of one month Euribor plus 0.55% (excepted series 2010-3) for Compartment 2 (1.15% previously). Notes series 2010-3 and 2011-1 bear a floating rate of 0,65% for C1 and Notes series 2010-3 bear a floating rate of 1,15%. Payments on the Notes are made monthly in arrears on the 25th of each month. The Notes mature in 2019.

All payments of interest on and principal of each Note will be due and payable at the latest in 2018.

The floating rate interest on the Notes has been swapped to a fixed rate interest between 0.492% and 1.70% (1.70% previously) for Compartment 1 and between 0.775% and 2.20% (2.20% previously) for Compartment 2 (see also Note 19).

Interest payable on the Notes amounts to EUR 111,641 as at 31 December 2012 (EUR 226,421 as at 31 December 2011) (see also Note 9) and total interest charge for the year ended 31 December 2012 amounts to EUR 14,216,829 (EUR 20,963,667 for the year ended 31 December 2011) (see also Note 12).

	31/12/2012	31/12/2011
Note 9 - Other creditors	EUR	EUR
Overcollateralisation payable	207.266.227	106.217.809
Reserve bond issue expenses	126.440	184.318
Interest on Floating Rate Notes	111.641	226.421
Interest on Subordinated Loan	50.248	98.857
Interest on Swaps	43.005	7.044
Service fees	779.630	391.777
Audit fees	77.338	11.250
Tax advisory fees	1.990	1.000
Other accruals	12.000	-
BBVA guarantee payable	250.000	-
Advanced payments	256.928.377	412.062.642
German VAT to be paid	5.355.485	2.582.177
Luxembourg VAT to be paid	19.515	13.650
Total	<u>471.021.896</u>	<u>521.796.945</u>

VCL Master S.A.

7. NOTES TO THE ANNUAL ACCOUNTS

Note 9 - Other creditors (continued)

	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	Compartment 1		Compartment 2	
Other creditors	EUR	EUR	EUR	EUR
Overcollateralisation payable	69.796.903	53.005.530	137.469.325	53.212.279
Reserve bond issue expenses	97.253	97.253	29.187	87.065
Interest on Floating Rate Notes	64.909	163.345	46.732	63.076
Interest on Subordinated Loan	36.644	37.652	13.604	61.205
Interest on Swaps	28.597	4.651	14.408	2.393
Servicer fees	-	18.486	779.630	373.291
Audit fees	47.725	5.625	29.613	5.625
Tax advisory fees	995	500	995	500
Other accruals	6.000	-	6.000	-
BBVA guarantee payable	250.000	-	-	-
Advanced payments	256.863.953	411.998.218	64.424	64.424
German VAT to be paid	-	-	5.355.485	2.582.177
Luxembourg VAT to be paid	11.640	10.231	7.875	3.419
Payable to Compartment 1	-	-	57.878	-
Total	327.204.619	465.341.491	143.875.156	56.455.454

The advanced payments relate to the amounts paid in advance by Volkswagen Leasing GmbH to cover the future purchase of Permitted Assets.

Overcollateralisation payable represents an excess of the Permitted Assets' nominal value over the nominal value of the Notes and the Subordinated Loan and period-end payable towards Volkswagen Leasing GmbH.

	31/12/2012	31/12/2011
Overcollateralisation payable	EUR	EUR
Balance as at 1 January	106.217.809	61.581.648
Addition made during the year	128.492.377	73.498.627
Utilization made during the year	(86.022.353)	(64.876.724)
Allocation made during the year	58.578.395	36.014.258
Balance as at 31 December	207.266.228	106.217.809

	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	Compartment 1		Compartment 2	
Overcollateralisation payable	EUR	EUR	EUR	EUR
Balance as at 1 January	53.005.530	24.243.775	53.212.279	37.337.873
Addition made during the year	67.840.354	70.497.156	60.652.023	3.001.471
Utilization made during the year	(86.022.353)	(64.876.724)	-	-
Allocation made during the year	34.973.372	23.141.323	23.605.023	12.872.935
Balance as at 31 December	69.796.903	53.005.530	137.469.325	53.212.279

The addition made during the year under review corresponds to the overcollateralisation reserve on additional portfolio purchases including Tap-up and the Top-up.

The utilisation made during the year under review relates to term take out of the lease receivable of the period (EUR 49,806,000 in 2012; EUR 40,897,523 in 2011) and to the buffer release (EUR 36,216,353 in 2012; EUR 23,979,203 in 2011) (see also Note 3).

The allocation made during the period under review relates to the result of the year.

**VCL Master S.A.**

**7. NOTES TO THE ANNUAL ACCOUNTS**

**Note 10 - Other operating charges**

	31/12/2012	31/12/2011
	EUR	EUR
Servicer fees	17.856.126	14.274.103
Rating agency fees	179.870	114.990
Trustee services	28.657	50.201
Corporate servicer fees	49.000	45.000
Other miscellaneous operating charges	1.086	2.154
<b>Total</b>	<b>18.114.739</b>	<b>14.486.448</b>

	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Servicer fees	12.200.547	9.854.874	5.655.579	4.419.229
Rating agency fees	115.300	102.790	64.570	12.200
Trustee services	12.710	24.008	15.947	26.193
Corporate servicer fees	24.500	22.500	24.500	22.500
Other miscellaneous operating charges	543	1.078	543	1.076
<b>Total</b>	<b>12.353.600</b>	<b>10.005.250</b>	<b>5.761.139</b>	<b>4.481.198</b>

**Note 11 - Other external charges**

	31/12/2012	31/12/2011
	EUR	EUR
Audit fees	101.381	51.500
Tax advisory fees	990	(1.512)
Legal fees	100.788	39.560
Bank charges	12.149	12.124
<b>Total</b>	<b>215.308</b>	<b>101.672</b>

	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Audit fees	59.747	25.750	41.634	25.750
Tax advisory fees	495	(756)	495	(756)
Legal fees	43.289	19.780	57.499	19.780
Bank charges	12.149	12.124	-	-
<b>Total</b>	<b>115.680</b>	<b>56.898</b>	<b>99.628</b>	<b>44.774</b>

VCL Master S.A.

7. NOTES TO THE ANNUAL ACCOUNTS

Note 12 - Interest payable and similar charges

	31/12/2012	31/12/2011
<u>Concerning affiliated undertakings</u>	EUR	EUR
Interest payable on Subordinated Loan	7.460.313	9.377.713

	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Interest payable on Subordinated Loan	3.114.182	3.527.409	4.346.131	5.850.304

	31/12/2012	31/12/2011
<u>Other interest payable and similar charges</u>	EUR	EUR
Interest charges on Floating Rate Notes	14.216.829	20.963.667
Net interest payable on Swaps	7.628.179	1.597.579
Overcollateralisation expense	58.578.395	36.014.258
Total	80.423.403	58.575.504

	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Interest charges on Floating Rate Notes	10.043.781	14.882.867	4.173.048	6.080.800
Net interest payable on Swaps	6.106.940	1.092.447	1.521.239	505.132
Overcollateralisation expense	34.973.372	23.141.323	23.605.023	12.872.935
Total	51.124.093	39.116.637	29.299.310	19.458.867

Note 13 - Other interest and other financial income

	31/12/2012	31/12/2011
<u>Derived from affiliated undertakings</u>	EUR	EUR
Interest income from Permitted Assets	106.103.499	82.016.711

	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Interest income from Permitted Assets	66.631.943	52.348.735	39.471.556	29.667.976

**VCL Master S.A.**

**7. NOTES TO THE ANNUAL ACCOUNTS**

<b>Note 13 - Other interest and other financial income (continued)</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
<b><u>Other interest receivables and similar income</u></b>	<b>EUR</b>	<b>EUR</b>
Interest income on bank accounts	111.839	526.201

	<b>31/12/2012</b>	<b>31/12/2011</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
	<b>Compartment 1</b>		<b>Compartment 2</b>	
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Interest income on bank accounts	76.399	358.247	35.440	167.954

**Note 14 - Taxes**

The Company is subject to all taxes applicable to commercial companies in Luxembourg incorporated under the Securitization law of March 22, 2004.

**Note 15 - Staff**

The Company did not employ any staff during the year under review (2011: nil).

**Note 16 - Emoluments granted to the Members of the Board of Directors**

No emoluments have been granted to any member of the Board of Directors, nor have any obligations arisen or been entered into by the Company in respect of retirement pensions for former members of the Board of Directors.

**Note 17 - Loans or advances granted to the Members of the Board of Directors**

No loans or advances have been granted to any member of the Board of Directors.

**Note 18 - Auditor's fees**

The total fees accrued by the Company and paid to the audit firm are presented as follows:

	<b>31/12/2012</b>	<b>31/12/2011</b>
	<b>EUR</b>	<b>EUR</b>
Audit fees	101.381	51.500

	<b>31/12/2012</b>	<b>31/12/2011</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
	<b>Compartment 1</b>		<b>Compartment 2</b>	
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Audit fees	59.747	25.750	41.634	25.750

**Note 19 - Off balance sheet commitments**

The Compartment 2 acquires automatically full legal title to the leased vehicles related to the purchased Expectancy Rights upon expiration of the related lease contracts. In addition to that, Compartment 2 may request Volkswagen Leasing GmbH to buy the related leased vehicles (the Put Option as per Put Option Agreement dated February 23, 2010) in the amount of the Initial residual value (see Note 3).

## VCL Master S.A.

### 7. NOTES TO THE ANNUAL ACCOUNTS

#### Note 19 - Off balance sheet commitments (continued)

The Company had entered into Swap Agreements to hedge the Company's interest rate risk derived from floating interest rate on the Notes issued (see also Note 8). Settlement of the Swaps is performed on the 25th day of each month. As per 23 November 2012, contracts with DZ Bank were replaced by new contracts with Raiffeisen Bank International AG, Skandinaviska Enskilda Banken AB, Credit Agricole and Investment Bank, Commerzbank AG and DZ Bank. The termination date of the Swap contracts is 25 November 2018.

As per 18 December 2012, the Company replaced BBVA by Landesbank Hessen Thuringen Girozentrale as Swap Partner.

The interest rate swaps can be detailed as follows:

	Curr	Nominal amount	Spread interest rate received	Interest rate Paid	Fair value
Compartment 1 - RBI	EUR	156.900.000	0,30%	0,4920%	97.126
Compartment 1 - CoBa	EUR	156.900.000	0,30%	0,5000%	(92.006)
Compartment 1 - Helaba	EUR	36.900.000	0,65%	1,7000%	193.867
Compartment 1 - DZ Bank	EUR	175.800.000	0,30%	0,4950%	(83.570)
Compartment 1 - DZ Bank	EUR	74.200.000	0,65%	1,7000%	(390.311)
Compartment 1 - SEB	EUR	83.300.000	0,30%	0,4900%	57.182
Compartment 1 - RBI	EUR	84.600.000	0,30%	0,4920%	49.819
Compartment 1 - Credit Agricole	EUR	63.600.000	0,30%	0,4950%	141.285
Compartment 1 - DZ Bank	EUR	63.600.000	0,30%	0,4950%	(30.233)
Compartment 1 - DZ Bank	EUR	149.200.000	0,30%	0,4950%	(70.925)
		1.045.000.000		%	(127.766)

	Curr	Nominal amount	Spread interest rate received	Interest rate Paid	Fair value
Compartment 2 - Credit Agricole	EUR	75.000.000	0,55%	0,7750%	251.654
Compartment 2 - CoBa	EUR	50.000.000	0,55%	0,7800%	(26.538)
Compartment 2 - Helaba	EUR	39.759.100	1,15%	2,2000%	494.371
Compartment 2 - CoBa	EUR	308.900.000	0,55%	0,7800%	(163.949)
		473.659.100			555.538

The interest rate received for each swap consists of 1 month Euribor plus the spread as mentioned above.

As at 31 December 2012, the Swaps have a nominal value of EUR 1,045,000,000 (EUR 830,000,000 in 2011) for Compartment 1 and EUR 473,659,100 (EUR 250,000,000 in 2011) for Compartment 2.

During 2012, the total Swaps interest amounted EUR 7,628,179 (EUR 1,597,579 in 2011) (see Note 12).

#### Note 20 - Subsequent events

The Company executed another Term-Take-Out at the end of March 2013, whereby a significant portion of the assets has been sold to VCL Multi-Compartment S.A., for and on behalf of its Compartment VCL 17. The proceeds of the Term-Take-Out has been used to partially redeem the outstanding Notes and Subordinated Loan.

Effective as of 3rd June 2013, Mr B. H. Hoftijzer has resigned from his position as Director of the Company and has been replaced by Ms. P. Kotwani - Khitri.

VCL Master S.A.

7. NOTES TO THE ANNUAL ACCOUNTS

Luxembourg, 27 June 2013

Ms Z.H. Carapans  
Director

Ms P. Kojani - Khitri  
Director

Ms B.J.S. Dunselman  
Director



#### 14. Inspection of Documents

For the life of the Notes, but at least for the life of this Base Prospectus, the following documents (or copies thereof)

- (a) the Articles of Incorporation of the Issuer;
- (b) minutes of the meeting of the board of directors of the Issuer approving the issue of the Compartment 2 Notes, the issue of the Base Prospectus and the Transaction as a whole;
- (c) the shareholder's resolution approving the negative covenants as set out in Clauses 38 (g), 39.4, 39.8, 39.9, 39.10 and 39.12 of the Trust Agreement;
- (d) the Base Prospectus, the Master Definitions Schedule (including the Compartment 2 Master Definitions Schedule Addendum) and all the Transaction Documents referred in this Base Prospectus; and
- (e) the historical financial information for the years ending in December 2010, December 2011 and December 2012 of the Issuer,

may be inspected at the Issuer's registered office at 52-54, Avenue du X Septembre, L-2550 Luxembourg.

*The Compartment 2 Notes will be obligations of the Issuer acting with respect to its Compartment 2 only and will not be guaranteed by, or be the responsibility of Volkswagen Leasing GmbH, Volkswagen AG or any other person or entity. It should be noted, in particular, that the Notes will not be obligations of, and will not be guaranteed by the Seller, the Servicer (if different), the Interest Determination Agent, the Security Trustee, the Expectancy Rights Trustee, the Lead Manager, the Managers, the Co-Arrangers or any of their respective Affiliates, the Subordinated Lender, the Account Bank, the Principal Paying Agent, the Calculation Agent, the Swap Counterparties, the Data Protection Trustee or the Corporate Services Provider or any other party described under this Base Prospectus.*

## CORPORATE ADMINISTRATION AND ACCOUNTS

### Corporate Administration

Pursuant to the Corporate Services Agreement, the Issuer has appointed Wilmington Trust SP Services (Luxembourg) S.A., 52-54 Avenue du X Septembre, L-2550 Luxembourg as Corporate Services Provider to provide management, secretarial and administrative services to the Issuer including the provision of directors of the Issuer. The Corporate Services Provider is a public limited liability company (société anonyme) incorporated in Luxembourg. It is not in any manner associated with the Issuer or with the Volkswagen Group. The Corporate Services Provider will *inter alia* provide the following services to the Issuer:

- provide three directors and secretarial, clerical, administrative services;
- convene meetings of shareholders;
- maintain accounting records; and
- procure that the annual accounts of the Issuer are prepared, audited and filed,

The Corporate Services Provider will, furthermore, fulfil or cause to be fulfilled all the obligations of the Issuer under the contracts to which it is a party and which are mentioned in this Base Prospectus, which are as follows:

- Vehicles and Receivables Purchase Agreements;
- Servicing Agreement;
- Corporate Services Agreement;
- Trust Agreement and Compartment 2 Deed of Charge and Assignment;
- Data Protection Trust Agreement;
- Swap Agreements;
- Compartment 1 Agency Agreement;
- Compartment 2 Agency Agreement;
- Compartment 1 Subordinated Loan Agreement;
- Compartment 2 Subordinated Loan Agreement
- Compartment 1 Account Agreement;
- Compartment 2 Account Agreement; and
- Note Purchase Agreements,

As consideration for the performance of its services and functions under the Corporate Services Agreement, the Issuer will pay the Corporate Services Provider a fee as separately agreed. Recourse of the Corporate Services Provider against the Issuer is limited accordingly. See “TERMS AND CONDITIONS OF THE NOTES”.

The Corporate Services Agreement may be terminated at any time by either party to the Agreement, without any justification, subject to 3 months prior written notice from the date of the dispatch of a registered letter sent in the case of the Issuer by a director of the Issuer on behalf of the Issuer, or in the case of the Corporate Services Provider by a director of the Corporate Services Provider on behalf of the Corporate Services Provider to, as the case may require, the address of the Corporate Services Provider, or to the address of the Issuer. The termination shall only become effective once a replacement Corporate Services Provider has been appointed with the Security Trustee's consent.

Wilmington Trust SP Services (Luxembourg) S.A., a société anonyme incorporated in Luxembourg and having its registered address at 52-54 Avenue du X Septembre, L-2550 Luxembourg, Grand Duchy of Luxembourg, and acting through its managing director Petronella J. S. Dunselman (the "**Data Protection Trustee**") will provide the corporate services pursuant the Corporate Services Agreement. Wilmington Trust SP Services (Luxembourg) S.A. belongs to the worldwide active Wilmington Trust group with Wilmington Trust Corporation as its head.

Wilmington Trust Corporation is a 100% subsidiary of the M&T Bank Corp., Buffalo/New York, USA, the stock of which is traded on the New York Stock Exchange (NYSE, stock trading symbol: MTB).

The Wilmington Trust group exists since more than 100 years being a major player in the trust business.

Wilmington Trust is mandated in over 3,000 mortgage and asset-backed securitisations representing nearly 200 issuers and a wide variety of asset classes. Wilmington Trust is the independent and neutral partner with no lending or securities underwriting conflicts.

The information in the preceding 4 paragraphs has been provided by Wilmington Trust SP Services (Luxembourg) S.A. for use in this Base Prospectus and Wilmington Trust SP Services (Luxembourg) S.A. is solely responsible for the accuracy of the preceding 4 paragraphs. Except for the foregoing 4 paragraphs, Wilmington Trust SP Services (Luxembourg) S.A. in its capacity as Corporate Services Provider, and its affiliates have not been involved in the preparation of, and do not accept responsibility for, this Base Prospectus.

To the best knowledge and belief of the Issuer, the above information has been accurately reproduced. The Issuer is able to ascertain from the above information published by the Corporate Services Provider that no facts have been omitted which would render the reproduced information inaccurate or misleading.

## TERMS AND CONDITIONS OF THE COMPARTMENT 2 NOTES

The terms and conditions of the Compartment 2 Notes (the “**Conditions**”) are set out below. Annex A to the Conditions sets out the “TRUST AGREEMENT”, Annex B to the Conditions sets out the “MASTER DEFINITIONS SCHEDULE” and the “COMPARTMENT 2 MASTER DEFINITIONS SCHEDULE ADDENDUM”. In case of any overlap or inconsistency in the definition of a term or expression in the Conditions and elsewhere in this Base Prospectus, the definition contained in the Conditions will prevail. For Annex A referred to under the Conditions of the Compartment 2 Notes see “TRUST AGREEMENT”.

### 1. Form and Nominal Amount of the Notes

- (a) The issue by VCL Master S.A., acting with respect to its Compartment 2 (the “**Issuer**”) in an aggregate nominal amount of up to EUR 2,000,000,000 (the “**Nominal Amount**”) is divided into up to

20,000 Compartment 2 Notes payable to bearer,  
(the “**Compartment 2 Notes**”)  
each having a nominal amount of EUR 100,000,

- (b) The Compartment 2 Notes of each Series are represented by a permanent global bearer note (the “**Permanent Global Note**”) without coupons. The Permanent Global Note will be kept in custody by or on behalf of the Clearing System. “**Clearing System**” means each of the following: Clearstream Banking, société anonyme (42 Avenue JF Kennedy, 1855 Luxembourg, Luxembourg) (“**Clearstream, Luxembourg**”) and Euroclear Bank SA/NV (Boulevard du Roi Albert II, 1210 Brussels, Belgium) (“**Euroclear**”) (CBL and Euroclear each an “**ICSD**” and together the “**ICSDs**”) and any successor in such capacity. The Permanent Global Note is issued in new global note (“**NGN**”) form and is kept in custody by a common safekeeper on behalf of both ICSDs. Any reference to the “**holder**” shall be a reference to any holder of a proportionate co-ownership or other beneficial interest or right in the Note. The Permanent Global Note will bear the personal signatures of two directors of VCL Master S.A. and will be authenticated by an authorised signatory of the Principal Paying Agent.
- (c) The interests in the Compartment 2 Notes are transferable only according to applicable rules and regulations of Clearstream, Luxembourg and Euroclear, as the case may be. The Permanent Global Note issued for a particular Series of Compartment 2 Notes will not be exchangeable for definitive Compartment 2 Notes of such Series.
- (d) The Issuer will borrow from the Subordinated Lender the Compartment 2 Subordinated Loan for the Compartment 2 Closing Date and the Compartment 2 Subordinated Loan Increase Amount for each Additional Purchase Date, which ranks junior to the Compartment 2 Notes with respect to the Compartment 2 Notes with respect to payment of interest and principal as described in the Order of Priority.
- (e) The Compartment 2 Notes are subject to the provisions of the Trust Agreement between, *inter alia*, the Issuer also acting with respect to its Compartment 2, the Security Trustee, the Expectancy Rights Trustee and VWL. The provisions of the Trust Agreement are set out in Annex A. Annex A constitutes part of these Conditions. The Trust Agreement is available for inspection during normal business hours at the specified offices of Banque Internationale à Luxembourg, société anonyme (the “**Listing Agent**”).

- (f) The aggregate principal amount of a Series of Compartment 2 Notes represented by the relevant Permanent Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Compartment 2 Notes of such Series) shall be conclusive evidence of the aggregate principal amount of the Compartment 2 Notes of such Series represented by the Permanent Global Note and, for these purposes, a statement issued by an ICSD stating the aggregate principal amount of the Compartment 2 Notes of such Series so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time. On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Compartment 2 Notes represented by a Permanent Global Note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of such Permanent Global Note shall be entered accordingly in the records of the ICSDs and, upon any such entry being made, the aggregate principal amount of the Compartment 2 Notes recorded in the records of the ICSDs and represented by such Permanent Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid.

## **2. Series**

### **(a) Series of Notes:**

On a given Issue Date falling within the Compartment 2 Revolving Period, all Compartment 2 Notes issued on that date will constitute one or several Series of Compartment 2 Notes, which shall be identified by means of:

- (i) a four digit number representing the year on which the Series was issued, in the following format: Series "20xx", followed by:
- (ii) the number of such Series in respect of the relevant year, in the following format "y".
- (iii) in the following format: Series 20xx-y.

### **(b) General principles relating to the Series of Compartment 2 Notes:**

The Compartment 2 Notes of different Series shall not be fungible among themselves.

All Compartment 2 Notes issued within the same Series shall be fungible among themselves in accordance with and subject to the following provisions:

- (i) the Compartment 2 Series 20xx-y Notes of the same Series shall all bear the same interest rate in accordance with the provisions of Condition 8;
- (ii) the interest rate payable under the Compartment 2 Series 20xx-y Notes of a given Series shall be paid on the same Payment Dates; and
- (iii) The Compartment 2 Series 20xx-y Notes in respect of a given Series shall have the same Compartment 2 Scheduled Repayment Date and the same Compartment 2 Series 20xx-y Legal Maturity Date as set out in Condition 9(c).

### 3. Status and Ranking

- (a) The Compartment 2 Notes of any Series constitute direct, unconditional and unsubordinated obligations of the Issuer. The Compartment 2 Notes rank *pari passu* among themselves.
- (b) The claims of the holders of the Compartment 2 Notes under the Compartment 2 Notes are ranked against the claims of all other creditors of the Issuer in accordance with the Order of Priority, unless mandatory provisions of law provide otherwise.

### 4. The Issuer

The Issuer which Articles of Incorporation are subject to the Luxembourg Securitisation Law is a company incorporated with limited liability under the laws of Luxembourg and which has been founded solely for the purpose of issuing the Notes and raising the Subordinated Loans and concluding and executing various agreements in connection with the Issue of the Notes and the raising of the Subordinated Loans.

### 5. Assets of the Issuer for the Purpose of Payments on the Compartment 2 Notes and on the Compartment 2 Subordinated Loans, Provision of Security, Limited Payment Obligation

- (a) The Issuer will use the proceeds of the Issue of the Compartment 2 Notes and of the Compartment 2 Subordinated Loan to acquire from VWL during the Compartment 2 Revolving Period as determined in the Condition 5.(a) pursuant to the Additional Vehicles and Receivables Purchase Agreements (i) Expectancy Rights, Final Payment Receivables and Expectancy Rights Related Collateral (ii) claims against the insurer pursuant to loss insurance policies covering the respective Leased Vehicles, damage claims arising from a breach of contract or in tort against a respective Lessee, in particular claims to lump-sum damages in case of default of the Lessee as well as any interest due and claims against third parties due to damage to or loss of the Leased Vehicles and the right to require VWL to repurchase the Purchased Expectancy Rights in case of a breach of warranties. The realisation of the Leased Vehicle shall be carried out on the basis of the Servicing Agreement by VWL (in this capacity, the “**Servicer**”). In addition, subject to revocation by the Security Trustee, VWL is entitled and obligated according to the provisions of the Trust Agreement to realise the Leased Vehicles on behalf of the Security Trustee as necessary. Furthermore, the Issuer has entered into additional agreements in connection with the acquisition of the Purchased Expectancy Rights, Final Payment Receivables and Expectancy Rights Related Collateral and the issue of the Compartment 2 Notes and the raising of the Compartment 2 Subordinated Loan, in particular, the Compartment 2 Subordinated Loan Agreement with an Affiliate of Volkswagen AG, the Data Protection Trust Agreement with Volkswagen Bank GmbH and the Expectancy Rights Trustee, a Corporate Services Agreement with the Corporate Services Provider, the Compartment 2 Swap Agreement(s) with the Swap Counterparties, the Compartment 2 Agency Agreement with VWL and the Principal Paying Agent, and the Compartment 2 Account Agreement with the Account Bank. The agreements and documents referred to in this paragraph (a) are collectively referred to as the “**Compartment 2 Transaction Documents**” and the creditors of the Issuer under these Compartment 2 Transaction Documents are referred to as “**Compartment 2 Transaction Creditors**”, “**Compartment 2 Revolving Period**” means the period from (and including) the Compartment 2 Closing Date and ending on the earlier of (i) the Series Compartment 2 Revolving Period Expiration Date of the last outstanding Series of Compartment 2 Notes and (ii) the occurrence of an Early Amortisation Event.
- (b) All payment obligations of the Issuer under the Compartment 2 Notes and the Compartment 2 Subordinated Loan Agreement constitute solely obligations to distribute amounts out of the Compartment 2 Available Distribution Amount as generated, *inter alia*, by payments to the Issuer by the Lessees and by the Compartment 2 Swap Counterparties under the Compartment 2 Swap Agreement(s), as available on the respective Payment Dates according

to the Order of Priority of distribution. The Compartment 2 Notes of any Series shall not give rise to any payment obligation in excess of the foregoing and recourse shall be limited accordingly. The Issuer shall hold all moneys paid to it – save for certain investments permitted under Clause 22.2 of the Trust Agreement – pursuant to Clause 21 of the Trust Agreement in the Compartment 2 Distribution Account. Further, the Issuer will on or around the Issue Date establish and thereafter maintain the Compartment 2 Cash Collateral Account pursuant to Clause 23 of the Trust Agreement to provide limited coverage for payments of interest and principal on the Compartment 2 Notes and certain other amounts. Furthermore, the Issuer shall exercise all of its rights under the Compartment 2 Transaction Documents with the due care of a prudent businessman such that obligations under the Compartment 2 Notes may, subject always to the provisions of these Conditions of the Compartment 2 Notes as to the Order of Priority, be performed to the fullest extent possible. To the extent that upon the exercise of such rights funds in the Compartment 2 Distribution Account and the Compartment 2 Cash Collateral Account are insufficient to satisfy in full the claims of all Compartment 2 Transaction Creditors any claims of holders of Compartment 2 Notes of the respective Series remaining unpaid shall be extinguished at the Legal Maturity Date applicable to the respective Series of Compartment 2 Notes and the Issuer shall have no further obligations thereto and, for the avoidance of doubt, neither the holders of the Compartment 2 Notes of the respective Series nor the Expectancy Rights Trustee shall have any further claims against the Issuer in respect of such claims remaining unpaid.

- (c) The enforcement of the payment obligations under the Compartment 2 Notes, the Compartment 2 Subordinated Loan Agreement and the Compartment 2 Swap Agreement(s) pursuant to paragraph (c) shall only be effected by the Security Trustee for the benefit of all Compartment 2 Noteholders, the Compartment 2 Swap Counterparties and the Subordinated Lender. The Security Trustee is required to foreclose on the Purchased Expectancy Rights and Lease Collateral in case of a Foreclosure Event, on the conditions and in accordance with the terms set forth in Clauses 17 through 21 of the Trust Agreement.
- (d) The other parties to the Compartment 2 Transaction Documents shall not be liable for the obligations of the Issuer.
- (e) No shareholder, officer, director, employee or manager of the Issuer or of Volkswagen AG or its Affiliates shall incur any personal liability as a result of the performance or non-performance by the Issuer of its obligations under the Compartment 2 Transaction Documents, Any recourse against such a person is excluded accordingly.
- (f) The recourse of the Transaction Creditors is limited to the assets allocated to Compartment 2 of the Issuer.

## **6. Further Covenants of the Issuer**

- (a) As long as any of the Notes and/or the Subordinated Loans remains outstanding, the Issuer is not entitled, without the prior consent of the Security Trustee, to develop any activities described in Clause 39 of the Trust Agreement.
- (b) The counterparties of the Compartment 2 Transaction Documents are not liable for covenants of the Issuer.

## **7. Payment Date, Payment Related Information**

The Issuer shall inform the holders of the Compartment 2 Notes, not later than on the “Service Report Performance Date” which is the 5<sup>th</sup> Business Day prior to each Payment Date by means of the publication provided for under Condition 13, with reference to the Payment Date (as described below) of such month, as follows:

- (a) the repayment of the nominal amount payable on each Series of the Compartment 2 Notes (if any) and the amount of interest calculated and payable on each Series of Compartment 2 Notes on the succeeding 25<sup>th</sup> day of such calendar month or, if this is not a Business Day, on the next following Business Day unless that day falls in the next calendar month, in which case the date will be the first preceding day that is a Business Day (each respectively a “**Payment Date**”);
- (b) the nominal amount remaining outstanding on each Series of Compartment 2 Notes on each respective Payment Date and the amount of interest remaining unpaid, if any, on the Compartment 2 Notes of each Series as from such Payment Date;
- (c) the Compartment 2 Notes Factor for each Series of Compartment 2 Notes;
- (d) the remaining Compartment 2 General Cash Collateral Amount; and
- (e) in the event of the final Payment Date with respect to a Series of Compartment 2 Notes, the fact that this is the last Payment Date.

The Issuer shall make available for inspection by the holders of the Compartment 2 Notes, in its offices at 52-54 avenue du X Septembre, L-2550 Luxembourg and during normal business hours, the documents from which the figures reported to the holders of the Compartment 2 Notes are calculated.

## 8. **Payments of Interest**

- (a) Subject to the limitations set forth in Condition 5(c) the outstanding principal amount in respect of the Compartment 2 Notes shall bear interest from (and including) 25 September 2013 (the “**Further Initial Issue Date**”) until (and including) the day preceding the day on which the principal amount has been reduced to zero.
- (b) Interest shall be paid in arrears on each Payment Date. The amount of interest payable in respect of the relevant Series of Compartment 2 Notes on any Payment Date shall be calculated by the Interest Determination Agent by applying the relevant Series of Compartment 2 Notes Interest Rate for the relevant Interest Accrual Period to the principal amount outstanding of the Compartment 2 Notes immediately prior to the relevant Payment Date and multiplying the result by the actual number of days in the relevant Interest Accrual Period divided by 360 and rounding the result to the nearest full cent, all as determined by HSBC Bank plc (the “**Interest Determination Agent**”).
- (c) The interest rate to be used for calculating the amount of interest payable pursuant to paragraph (c) shall be the EURIBOR rate for one month Euro deposits plus the relevant Margin as set out in the Relevant Final Terms (the “**Margin**”) per annum (the “**Compartment 2 Notes Interest Rate**”). Such determination shall also apply to the first Interest Accrual Period.
- (d) Accrued Interest not paid on a Compartment 2 Notes on the Payment Date related to the Interest Accrual Period in which it accrued, will be an “**Interest Shortfall**” with respect to such Compartment 2 Note and will constitute a Foreclosure Event as defined in Clause 17.1 of the Trust Agreement.



## 9. Payment obligations, Agents

- (a) On each Payment Date the Issuer shall, subject to Condition 5(c), pay to each holder of a Compartment 2 Note interest at the Compartment 2 Notes Interest Rate on the Nominal Amount of the Compartment 2 Notes outstanding immediately prior to the respective Payment Date and during the amortizing period redeem the Nominal Amount of the Compartment 2 Notes by applying the amount remaining thereafter in accordance with the Order of Priority.
- (b) Sums which are to be paid to holders of a Compartment 2 Notes shall be rounded down to the next lowest cent amount for each of the Compartment 2 Notes. The amount of such rounding down to the next cent amount shall be used in the next following Payment Date and the surplus carried over to the following Payment Date. The Servicer shall be entitled to retain any amount less than EUR 500 remaining on the Compartment 2 Legal Maturity Date (as defined below).
- (c) Payments of principal and interest, if any, on the Compartment 2 Notes shall be made by the Principal Paying Agent on the Issuer's behalf for further payment to Clearstream, Luxembourg and Euroclear or to their order for credit to the relevant account holders of Euroclear and Clearstream, Luxembourg. All Payments in respect of any Compartment 2 Note made by, or on behalf of, the Issuer to, or to their order of Euroclear or Clearstream, Luxembourg shall discharge the liability of the Issuer under such Compartment 2 Note to the extent of sums so paid.

The first Payment Date for the Compartment 2 Notes shall be December 2012. The final payment of the then outstanding principal amount plus interest thereon is expected to take place on or before the Payment Date falling in November 2018 (the “**Compartment 2 Scheduled Repayment Date**”).

Notwithstanding Condition 8 (d), all payments of interest on and principal of the Compartment 2 Notes will be due and payable at the latest in full on the legal final maturity date of the Compartment 2 Notes, which shall be the Payment Date falling in November 2019 (the “**Compartment 2 Legal Maturity Date**”).

Provided that the Noteholders have received a notice to that effect by the Issuer in accordance with Condition 13 and substantially in the form set out in Schedule 1 to these Conditions no later than four calendar months prior to the then current revolving period expiration date (the “**Compartment 2 Revolving Period Expiration Date**”), the holders of the Compartment 2 Notes, acting collectively, shall have the right to exercise by written notice to the Principal Paying Agent, the Expectancy Rights Trustee and the Issuer in the form of Schedule 2 to these Conditions to be received not later than two calendar months immediately preceding the then current Compartment 2 Revolving Period Expiration Date to request:

- (i) the extension of the Compartment 2 Revolving Period Expiration Date for a period specified in the relevant notice,
- (ii) an amendment to the Margin, and
- (iii) the extension of the Compartment 2 Legal Final Maturity Date for a period to be specified in the relevant notice, which shall be equal to the period specified in such notice for the extension of the Compartment 2 Revolving Period Expiration Date

Any amendments so requested shall become effective only if (A) the Issuer has received confirmation from the Rating Agencies that the rating of the Compartment 2 Notes will not be affected by such amendments, or the Rating Agencies have confirmed that the assignment of new ratings are not lower than the rating for the then outstanding Notes before the Compartment 2 Revolving Period Expiration Date was extended, or, as applicable, the Issuer

has received a new rating confirmation stating the same rating for the Compartment 2 Notes as applicable prior to the amendments and (B) by no later than the third Business Day prior to the then current Compartment 2 Revolving Period Expiration Date, the Issuer has confirmed by notice to the holders in the form prescribed by Condition 13 that it has received such reaffirmation and that it agrees to the requested amendments and (D) that the Issuer had arranged sufficient interest hedging for the amended Compartment 2 Revolving Period Expiration Date.

The Issuer shall procure that the amendments that have become effective in accordance with these provisions will be notified to the Principal Paying Agent for further communication to the Common Safekeeper for Euroclear and Clearstream, Luxembourg immediately after the notice specified under (C) in the previous paragraph has been given.

- (d) Payments of interest and principal shall be made from the Issuer's accounts with The Bank of New York Mellon, Frankfurt Branch (the "**Account Bank**") by the Principal Paying Agent, which may also include a substitute or alternative paying agent pursuant to paragraph (5)) without having to execute an affidavit or fulfil any formalities other than the compliance with tax, currency exchange or other regulations of the country where the payment takes place. The Issuer is entitled to transfer paid-in amounts to the Account Bank prior to the Payment Date and leave with the Account Bank any amounts not claimed by the Noteholders upon maturity.
- (e) In their capacity as such, the Principal Paying Agent, the Calculation Agent and the Interest Determination Agent, respectively, shall act solely as the agent of the Issuer and shall not maintain an agency or trust relationship with the holders of the Compartment 2 Notes. The Issuer may appoint a new principal paying agent, calculation agent and/or an interest determination agent, or if there are grounds to do so, appoint an alternative principal paying agent, calculation agent and/or an alternative interest determination agent and revoke the appointment of the Principal Paying Agent and/or the Interest Determination Agent as provided for in Clause 18 of the Trust Agreement. Appointments and revocations thereof shall be announced pursuant to Condition 13. The Issuer will ensure that during the term of the Compartment 2 Notes and as long as the Compartment 2 Notes are listed on the official list of the Luxembourg Stock Exchange a paying agent, an interest determination agent and a calculation agent will be appointed at all times and will be released from the restrictions of section 181 of the German Civil Code.

## **10. Taxes**

Payments shall only be made after the deduction and withholding of current or future taxes, levies or government charges, regardless of their nature, which are imposed, raised or collected ("taxes") on the basis of the applicable laws of, or for the account of, an authority or government agency authorised to levy taxes or of any country which claims fiscal jurisdiction, to the extent that such a collection is prescribed by statute. The Issuer shall render an account of the deducted or withheld taxes accruing to the competent government agencies and shall, upon a Noteholder's request, provide proof thereof. It is not obligated to pay any additional amounts to settle tax claims.

## **11. Replacement of Issuer**

- (a) The Issuer is at any time entitled to appoint another company (the “**New Issuer**”) in place of the Issuer as debtor for all obligations arising from and in connection with the Compartment 2 Notes insofar as (i) the New Issuer assumes all rights and duties of the Issuer under or pursuant to the Compartment 2 Notes, the Compartment 2 Subordinated Loan, the Vehicles and Receivables Purchase Agreements, the Trust Agreement, the Servicing Agreement, the Corporate Services Agreement, the Data Protection Trust Agreement, the Compartment 2 Swap Agreements and the Compartment 2 Agency Agreement by means of an agreement with the Issuer; provided further, the Security is, upon the Issuer’s replacement, to be held by the Expectancy Rights Trustee for the purpose of securing the obligations of the New Issuer, (ii) the holders of the Compartment 2 Notes and the Subordinated Lender of the Compartment 2 Subordinated Loan confirm that no further expenses or legal disadvantages of any kind arise for any of them from such an assumption of debt and this fact has been established in legal opinions which can be examined at the premises of the Principal Paying Agent, (iii) the New Issuer provides proof that it has obtained all of the necessary governmental approvals in the country in which it has its corporate seat and that it may fulfil all of the duties arising out of or in connection with the Trust Agreement without discrimination against the holders of the Compartment 2 Notes or the Subordinated Lender of the Compartment 2 Subordinated Loan as a whole, (iv) the Issuer and the New Issuer conclude such agreements and execute such documents which the Expectancy Rights Trustee considers necessary for the effectiveness of the replacement. The Issuer will notify Fitch and S&P on the replacement of the Issuer. Upon fulfilment of the aforementioned conditions the New Issuer shall in every respect replace the Issuer, and the Issuer shall be released from all obligations relating to the function of an issuer vis-à-vis the holders of the Compartment 2 Notes under or in connection with the Compartment 2 Notes and the Subordinated Lender under or in connection with the Compartment 2 Subordinated Loan.
- (b) Such replacement of the Issuer must be published in accordance with Condition 13.
- (c) In the event of such replacement of the Issuer, each reference to the Issuer in these Conditions of the Compartment 2 Notes shall be deemed to be a reference to the New Issuer.

## **12. Loss of Notes**

- (a) The period for presenting the Global Note prescribed in section 801 para. 1 German Civil Code shall end five (5) years after the final Payment Date.
- (b) Should the Global Note become lost, stolen, damaged or destroyed, then it may be replaced at the Issuer’s offices upon payment by the claimant of the costs arising in connection thereto. The Issuer may require proof of a declaration of exemption and/or adequate security prior to replacement. In the event of damage, the Global Note shall be surrendered before a replacement is issued. In the event of the loss or destruction of the Global Note, the possibility of invalidation under statutory provisions shall remain unaffected.

## **13. Notices**

All notices to the Noteholders regarding the Compartment 1 Notes shall be (i) published in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) as long as the Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of such exchange so require and (ii) (a) be delivered to the applicable clearing systems for communication by them to the Noteholders and (b) be sent directly to the relevant Noteholder by the Security Trustee. Any notice referred to under (ii) (a) above shall be deemed to have been given to all Noteholders on the seventh day after the day on which the said notice was delivered to the respective clearing system. Any notice referred to under (i)

above shall be deemed to have been given to all Noteholders on the seventh day after the day on which the said notice was published in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any notice referred to under (ii) (b) above shall be deemed to have been given upon confirmation of receipt by the respective Noteholder.

#### **14. Miscellaneous**

- (a) The form and content of the Compartment 2 Notes and all of the rights and obligations of the holders of the Compartment 2 Notes, the Issuer, the Principal Paying Agent and the Servicer under these Compartment 2 Notes shall be subject in all respects to the laws of Germany. The Conditions of any Series of the Compartment 2 Notes may only be modified through contractual agreement to be concluded between the Issuer and all Compartment 2 Notes Noteholders with a prior notification to the Rating Agencies as provided for in Sec. 4 of the German Act on the Reformation of the Legal Relationship of Bonds Emissions (*Gesetz zur Neuregelung der Rechtsverhältnisse bei Schuldverschreibungen aus Gesamtemissionen und zur verbesserten Durchsetzbarkeit von Ansprüchen von Anlegern aus Falschberatung*) or by a Noteholder's resolution adopted with unanimous consent of the Compartment 2 Notes Noteholders pursuant to Sections 5 to 22 of aforementioned act.
- (b) Should any of the provisions hereof be or become invalid in whole or in part, the other provisions shall remain in force. The invalid provision shall, according to the intent and purpose of these Conditions, be replaced by such valid provision which in its economic effect comes as close as legally possible to that of the invalid provision.
- (c) The place of performance and venue is Frankfurt am Main. The German courts have jurisdiction for the annulment of the Global Note in the event of loss or destruction.
- (d) For any legal proceedings brought in connection with these Conditions of the Compartment 2 Notes which have been initiated against the Issuer in a court of Germany, the Issuer grants Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Federal Republic of Germany the authority to accept service of process. The Issuer undertakes to maintain an agent for accepting such service in the Federal Republic of Germany as long as any of the Compartment 2 Notes are outstanding.

## ANNEX A

### TRUST AGREEMENT

#### 1. DEFINITIONS AND INTERPRETATION

- 1.1 Unless otherwise defined herein, capitalised terms shall have the respective meanings set forth in Clause 1 of the master definitions schedule dated the Signing Date, as amended from time to time and signed by, *inter alios*, the parties hereto (the “**Master Definitions Schedule**”). The terms of the Master Definitions Schedule are hereby expressly incorporated into this Agreement by reference.
- 1.2 If there is any conflict between the Master Definitions Schedule and this Agreement, this Agreement shall prevail.
- 1.3 Terms in this Agreement, except where otherwise stated or the context otherwise requires, shall be interpreted in the same way as set forth in Clause 2 of the Master Definitions Schedule.

#### PART A.

#### DUTIES AND POSITION OF THE SECURITY TRUSTEE AND THE EXPECTANCY RIGHTS TRUSTEE

#### 2. DUTIES OF THE SECURITY TRUSTEE AND THE EXPECTANCY RIGHTS TRUSTEE

- 2.1 This Agreement establishes the rights and obligations of the Security Trustee and the Expectancy Rights Trustee to carry out the tasks assigned to them in this Agreement. Furthermore, the Security Trustee will perform certain tasks (as set forth in Clause 8.5 of this Agreement) also on behalf of the Expectancy Rights Trustee. Unless otherwise set forth in this Agreement, the Security Trustee and the Expectancy Rights Trustee are not obligated to supervise the discharge of the payment and other obligations of the Issuer arising from the Funding and the Transaction Documents or to carry out duties which are the responsibility of the management of VCL Master S.A.
- 2.2 The Issuer agrees and authorises that the Security Trustee and the Expectancy Rights Trustee each act for the Transaction Creditors pursuant to the terms of this Agreement and the English law Compartment 1 Deed of Charge and Assignment as well as under a future English law Compartment 2 Deed of Charge and Assignment. Each of the Security Trustee and the Expectancy Rights Trustee agrees to act accordingly.

#### 3. POSITION OF THE SECURITY TRUSTEE AND THE EXPECTANCY RIGHTS TRUSTEE IN RELATION TO THE TRANSACTION CREDITORS

- 3.1 Each of the Security Trustee and the Expectancy Rights Trustee carries out the duties specified in this Agreement as a trustee for the benefit of the Transaction Creditors. The Security Trustee and the Expectancy Rights Trustee shall exercise their respective duties hereunder with particular regard to the interests of the Transaction Creditors, giving priority to the interests of each Transaction Creditor in accordance with the Order of Priority, especially to the interests of the Noteholders.

**3.2** This Agreement grants all Transaction Creditors the right to demand that each of the Security Trustee and the Expectancy Rights Trustee performs their duties under Clause 2 (*Duties of the Security Trustee and the Expectancy Rights Trustee*) and all their other duties hereunder in accordance with this Agreement and therefore this Agreement constitutes, in favour of the Transaction Creditors that are not (validly) parties to this Agreement (in particular the Noteholders) a contract for the benefit of a third party pursuant to section 328 of the German Civil Code (*Bürgerliches Gesetzbuch*) (*echter Vertrag zugunsten Dritter*). The rights of the Issuer pursuant to Clause 4.3 (*Position of the Security Trustee and the Expectancy Rights Trustee in Relation to the Issuer*) shall not be affected.

#### **4. POSITION OF THE SECURITY TRUSTEE AND THE EXPECTANCY RIGHTS TRUSTEE IN RELATION TO THE ISSUER**

**4.1** With respect to the Security, each of the Security Trustee and the Expectancy Rights Trustee are legally a secured party (*Sicherungsnehmer*) in relation to the Issuer. Accordingly, to the extent that the Purchased Lease Receivables and the Lease Collateral will be transferred by the Issuer through its Compartment 1 to the Security Trustee for collateral purposes in accordance with Clause 5.1 (*Assignment for Security Purposes; Transfer of Title for Security Purposes*) and the Purchased Expectancy Rights, the Final Payment Receivables and the other Expectancy Rights' Related Collateral will be transferred by the Issuer through its Compartment 2 to the Expectancy Rights Trustee for collateral purposes in accordance with Clause 5.2 (*Assignment for Security Purposes; Transfer of Title for Security Purposes*), in insolvency proceedings on the Security Trustee's and/or the Expectancy Rights Trustee's estate, as the case may be, such rights would be segregated (*Aussonderungsrecht*) as assets of the Issuer (to be allocated to Compartment 1 and/or Compartment 2, as applicable) held in trust.

**4.2** The Issuer hereby grants to each of the Security Trustee and the Expectancy Rights Trustee a separate Trustee Claim, entitling each of the Security Trustee and the Expectancy Rights Trustee to demand from the Issuer:

- (a) that any present or future obligation of the Issuer in relation to the Compartment 1 Noteholders and the Compartment 2 Noteholders shall be fulfilled;
- (b) that any present or future obligation of the Issuer in relation to a Compartment 1 Transaction Creditor and to a Compartment 2 Transaction Creditor of the Compartment 1 Transaction Documents and the Compartment 2 Transaction Documents, respectively, shall be fulfilled; and
- (c) (if the Issuer is in default with any Secured Obligation(s) and insolvency proceedings according to the Applicable Insolvency Law have not been instituted against the estate of the Security Trustee) that any payment owed under the respective Secured Obligation will be made to the Security Trustee (acting for itself or on behalf of the Expectancy Rights Trustee) for on-payment to the Compartment 1 Transaction Creditors and/or the Compartment 2 Transaction Creditors, as applicable, and discharge the Issuer's obligation accordingly.

The right of the Issuer to make payments to the respective Transaction Creditor shall remain unaffected. The Trustee Claim in whole or in part may be enforced separately from the relevant Transaction Creditor's claim related thereto. In the case of a payment pursuant to Clause 4.2(c), the Issuer shall have a claim against the Security Trustee for on-payment to the respective Transaction Creditors.

- 4.3** The obligations of each of the Security Trustee and the Expectancy Rights Trustee under this Agreement are owed exclusively to the Transaction Creditors, except for the obligations and declarations of the Security Trustee and the Expectancy Rights Trustee to the Issuer pursuant to Clause 4.1, Clause 4.2 last sentence, Clause 10, Clause 34 and Clauses 39 through 44.

## **PART B.**

### **GRANTING OF COLLATERAL**

#### **5. ASSIGNMENT FOR SECURITY PURPOSES; TRANSFER OF TITLE FOR SECURITY PURPOSES**

- 5.1** The Issuer acting with respect to its Compartment 1 hereby assigns or transfers (as applicable) the following rights and claims to the Security Trustee for security purposes:

- (a) all present and future Purchased Lease Receivables and the related Lease Collateral which the Seller transfers to Compartment 1 of the Issuer pursuant to the provisions of the Vehicles and Receivables Purchase Agreement, and all rights arising from the Purchased Lease Receivables and related Lease Collateral and all rights against the Security Trustee of participation in the respective realisation proceeds pursuant to Clause 18 (*Realisation of the Leased Vehicles*) of the this Agreement;
- (b) all its claims and other rights arising from the Transaction Documents (including the rights to unilaterally alter a legal relationship (*unselbständige Gestaltungsrechte*)) and from all present and future contracts the Issuer acting with respect to its Compartment 1 has entered or may enter into in connection with the Compartment 1 Notes, the Compartment 1 Subordinated Loan, the Compartment 1 Swap Agreements, or the Purchased Lease Receivables and Lease Collateral; and
- (c) all transferable claims (i) in respect of the Compartment 1 Accounts of the Issuer acting with respect to its Compartment 1 opened pursuant to the Compartment 1 Account Agreement and (ii) in respect of all bank accounts which will be opened under this Agreement in the name of the Issuer acting with respect to its Compartment 1 in the future.

Without affecting the provisions under the Vehicles and Receivables Purchase Agreement that the granting of security title to the Leased Vehicles is subject to the agreed resolatory condition (*auflösende Bedingung*) the Security Trustee hereby accepts the assignment and, in particular, recognises the obligations of the Issuer acting with respect to its Compartment 1 to release the Purchased Lease Receivables and the Lease Collateral pursuant to the provisions of the Vehicles and Receivables Purchase Agreement directly to the Seller and confirms to be bound by such obligations as if such obligations were directly owed by the Security Trustee to the Seller.

- 5.2** The Issuer (acting with respect to its Compartment 2) hereby assigns or transfers (as applicable) the following rights and claims to the Expectancy Rights Trustee for security purposes:

- (a) all present and future Purchased Expectancy Rights, Final Payment Receivables and corresponding Expectancy Rights' Related Collateral which the Seller transfers to Compartment 2 of the Issuer pursuant to the provisions of the Vehicles and Receivables Purchase Agreement, and all rights arising from the Purchased

Expectancy Rights, Final Payment Receivables and corresponding Expectancy Rights' Related Collateral; and

- (b) all its claims and other rights arising from the Transaction Documents (including the rights to unilaterally alter a legal relationship (*unselbständige Gestaltungsrechte*));
- (c) all its claims and other rights from all present and future contracts the Issuer acting with respect to its Compartment 2 has entered or may enter into in connection with the Compartment 2 Notes, the Compartment 2 Subordinated Loan, the Compartment 2 Swap Agreements, or Purchased Expectancy Rights, the Final Payment Receivables and corresponding Expectancy Rights' Related Collateral; and
- (d) all transferable claims (i) in respect of the Compartment 2 Accounts of the Issuer opened pursuant to the Compartment 2 Account Agreement and (ii) in respect of all bank accounts which will be opened under this Agreement in the name of the Issuer acting with respect to its Compartment 2 in the future.

The Expectancy Rights Trustee hereby accepts the assignment and, in particular, recognises the obligations of the Issuer acting with respect to its Compartment 2 to release the Purchased Expectancy Rights, the Final Payment Receivables and the corresponding Expectancy Rights' Related Collateral pursuant to the provisions of the Vehicles and Receivables Purchase Agreement to the Seller and confirms to be bound by such obligations as if such obligations were directly owed by the Expectancy Rights Trustee to the Seller.

- 5.3 The right of the Security Trustee and the Expectancy Rights Trustee under section 402 of the German Civil Code (*Bürgerliches Gesetzbuch*) to demand from the Seller information and/or documents is limited to the extent that such demand does not result in a violation of German Data Protection Rules, otherwise, the Seller shall deliver such information to the Data Protection Trustee in encrypted form together with a sealed containment containing the relevant Portfolio Decryption Key(s) who may in turn release such information and/or documents only to a substitute Servicer.
- 5.4 The assignments for collateral purposes pursuant to Clause 5.1 and Clause 5.2 are subject to the condition precedent that the transfer of the rights specified in Clause 5.1 and Clause 5.2 from the Seller to the Issuer becomes effective.
- 5.5 If an express or implied current account relationship exists or is later established between the Issuer and a third party, the Issuer hereby assigns to the Security Trustee – without prejudice to the generality of the provisions in Clauses 5.1 and 5.2 – the right to receive a periodic account statement and the right to payment of present or future balances (including a final net balance determined upon the institution of any insolvency proceedings according to the Applicable Insolvency Law regarding the estate of the Issuer), as well as the right to terminate the current account relationship and to the determination and payment of the closing net balance upon termination.
- 5.6 Together with the rights assigned in accordance with this Clause 5 (*Assignment for Security Purposes; Transfer of Title for Security Purposes*), all of the Lease Collateral securing such rights, as well as the rights arising from the underlying contracts (including the rights to alter the legal relationship), are hereby transferred to the Security Trustee which hereby accepts such transfer.



## **6. PLEDGE**

- 6.1** The Issuer hereby pledges to the Security Trustee all its present and future claims against the Security Trustee arising under this Agreement as well as its present and future claims under the Distribution Accounts, the Accumulation Accounts and the Cash Collateral Accounts as well as its present and future claims under the Account Agreements, which have not yet been transferred for security purposes under Clause 5.1 and 5.2. The Issuer hereby gives notice to the Security Trustee of such pledge and the Security Trustee hereby confirms the receipt of such notice. The Issuer informed the Account Bank on the pledge and the Account Bank confirmed receipt of such notification in the Account Agreements.
- 6.2** The Issuer hereby pledges to the Expectancy Rights Trustee all its present and future claims against the Expectancy Rights Trustee arising under this Agreement. The Issuer hereby gives notice to the Expectancy Rights Trustee of such pledge and the Expectancy Rights Trustee hereby confirms the receipt of such notice. The Issuer undertakes to implement in the Compartment 2 Account Agreement all provisions, which are required for the pledge of Issuer's present and future rights in the Compartment 2 Accounts and the Compartment 2 Account Agreement which have not yet been transferred for security purposes pursuant to Clause 5.2 of this Agreement.

## **7. SECURITY PURPOSE**

The assignment and/or transfer for security purposes pursuant to Clauses 5.1 through 5.6 and the pledge pursuant to Clause 6 (*Pledge*) serve to secure the respective Trustee Claim of the Security Trustee and the Expectancy Rights Trustee, respectively. In addition, the assignment pursuant to Clause 5.1 is made for the purpose of securing the rights of the Compartment 1 Transaction Creditors against the Issuer acting with respect to its Compartment 1 arising under the Funding (with respect to the Compartment 1 Notes and the Compartment 1 Subordinated Loan) and the Compartment 1 Transaction Documents. The assignment pursuant to Clause 5.2 is made for the purpose of securing the rights of the Compartment 2 Transaction Creditors against the Issuer acting with respect to its Compartment 2 arising under the Funding (with respect to the Compartment 2 Notes and the Compartment 2 Subordinated Loan) and the Compartment 2 Transaction Documents. The assignments pursuant to Clauses 5.3 through 5.6 and the pledge pursuant to Clause 6 (*Pledge*) is made for the purpose of securing the rights of the Transaction Creditors against the Issuer arising under the Funding and the Transaction Documents.

## **8. AUTHORITY TO COLLECT; ASSUMPTION OF OBLIGATIONS; FURTHER ASSIGNMENT**

- 8.1** The Issuer is authorised to collect, to have collected, to realise and to have realised in the ordinary course of its business or otherwise to use the rights and assets assigned for security purposes pursuant to Clause 5 (*Assignment for Security Purposes; Transfer of Title for Security Purposes*) and the rights pledged pursuant to Clause 6 (*Pledge*) for allocation to Compartment 1 and/or Compartment 2, as applicable.

- 8.2 The authority provided in Clause 8.1 is deemed to be granted only to the extent that all obligations of the Issuer are fulfilled in accordance with the Order of Priority prior to a Foreclosure Event. The authority may be revoked by the Security Trustee at any time if this is necessary in the opinion of the Security Trustee to avoid endangering the Security or its value. The authority shall automatically terminate upon the occurrence of a Foreclosure Event pursuant to Clause 17 (*Foreclosure on the Security; Foreclosure Event*).
- 8.3 The Security Trustee and the Expectancy Rights Trustee shall in their respective relationship to the Issuer and to VWL comply with the continuing duties of care of the Issuer arising from the Vehicles and Receivables Purchase Agreement and the Servicing Agreement (including the treatment of the transfer to the Issuer as silent assignment and compliance with security agreements entered into between VWL and the Lessees). Such continuing duties shall not include, in particular, any of the payment obligations of the Issuer, including the payment obligations of the Issuer (i) pursuant to Clause 3.2 (*Assignment and Transfer of Purchased Initial Lease Receivables and Initial Leased Vehicles*), Clause 5.2 (*Assignment and Transfer of Purchased Additional Lease Receivables and Additional Leased Vehicles*), Clause 7.4 (*Transfer of Title to the Purchased Initial Expectancy Rights*) and Clause 9.4 (*Transfer of Title to the Purchased Additional Expectancy Rights*) of the Vehicles and Receivables Purchase Agreement, or (ii) as compensation for damages.
- 8.4 The Security Trustee is authorised to (and in the case of (a) below, shall) assign the Purchased Lease Receivables, the Lease Collateral (which includes, without being limited to it, security title to the Leased Vehicles) assigned in accordance with Clause 5.1 (*Assignment for Security Purposes; Transfer of Title for Security Purposes*) for security purposes and the Expectancy Rights Trustee is authorised to (and in the case of (a) below, shall) assign the Purchased Expectancy Rights, the Final Payment Receivables and the other Expectancy Rights' Related Collateral assigned in accordance with Clause 5.2 (*Assignment for Security Purposes; Transfer of Title for Security Purposes*) for security purposes:
- (a) in the event the Security Trustee and/or the Expectancy Rights Trustee is replaced and all Purchased Rights are assigned to a new Security Trustee and/or a new Expectancy Rights Trustee (the “**New Security Trustee**” and the “**New Expectancy Rights Trustee**”); or
  - (b) upon occurrence of a Foreclosure Event pursuant to Clause 17 (*Foreclosure on the Security; Foreclosure Event*); or
  - (c) if the Foreclosure Event pursuant to Clause 17 (*Foreclosure on the Security; Foreclosure Event*) threatens to occur because taxes are levied by German and/or Luxembourg tax authorities on payments under the Purchased Lease Receivables and/or the Purchased Expectancy Rights, or if such levy is to be introduced, and if the negative consequences thereof can be avoided in whole or in part through the transfer, or
  - (d) if – as long as VWL is the Servicer – VWL has given its consent to such assignment or if it unreasonably withholds its consent; such a withholding of consent shall as a rule be considered unreasonable if a transfer does not negatively and materially affect the interests of VWL, the Lessees or the Issuer and the Transaction Creditors risk material disadvantages without such a transfer.

- 8.5** The Expectancy Rights Trustee has been appointed to exclusively hold the Purchased Expectancy Rights, the Final Payment Receivables and corresponding other Expectancy Rights' Related Collateral. The Expectancy Rights Trustee herewith authorises the Security Trustee to realise and to have realised, to administer and to do such other acts as are necessary in connection with the holding, administration and realisation of the Purchased Expectancy Rights, the Final Payment Receivables and corresponding other Expectancy Rights' Related Collateral assigned to the Expectancy Rights Trustee in accordance with Clause 5.2 (*Assignment for Security Purposes; Transfer of Title for Security Purposes*) for security purposes.
- 8.6** In the case of an assignment pursuant to Clause 8.4 above, the Security Trustee and/or the Expectancy Rights Trustee, as the case may be, shall agree with the respective transferee that the transferee:
- (a) in the case of an assignment pursuant to Clause 8.4(a), shall assume the obligations of Security Trustee and/or the Expectancy Rights Trustee, as applicable, pursuant to Clause 8.3, and
  - (b) in all other cases under Clause 8.4 with regard to the Purchased Lease Receivables, the Lease Collateral or the Purchased Expectancy Rights, the Final Payment Receivables and the other Expectancy Rights' Related Collateral, as applicable, shall assume the rights and continuing obligations of the Issuer under the Vehicles and Receivables Purchase Agreement and under the Servicing Agreement (within the meaning of Clause 8.3).

## **9. REPRESENTATION OF THE ISSUER**

- 9.1** The Issuer represents and warrants to each of the Security Trustee and the Expectancy Rights Trustee that:
- (a) the Security has not already been assigned or pledged to a third party; and
  - (b) the Issuer has not established any third-party rights on or in connection with the Security.
- 9.2** The Issuer shall pay damages pursuant to sections 280(1) and 280(3) of the German Civil Code (*Bürgerliches Gesetzbuch*) (*Schadensersatz statt der Leistung*) if the legal existence of the Security transferred for security purposes in accordance with this Agreement is invalid as a consequence of any action or omission by the Issuer contrary to Clause 9.1.

## **10. REPRESENTATIONS OF THE SECURITY TRUSTEE AND THE EXPECTANCY RIGHTS TRUSTEE**

Each of the Security Trustee and the Expectancy Rights Trustee represents and warrants to the Issuer that it is legally competent and in a position to perform the duties assigned to it in this Agreement in accordance with the provisions of this Agreement, and that, as of the time of signing this Agreement, a ground for termination pursuant to Clause 32 (*Termination by the Security Trustee or the Expectancy Rights Trustee for Good Cause*) is neither known nor is reasonably foreseen by the Security Trustee or the Expectancy Rights Trustee, as applicable.

## **11. UNDERTAKINGS OF THE TRANSACTION CREDITORS**

The Transaction Creditors (other than the Security Trustee acting in its capacity as Security Trustee on behalf of the Transaction Creditors and the Expectancy Rights Trustee acting in its capacity as Expectancy Rights Trustee on behalf of the Transaction Creditors) undertake to the Issuer until one year and one day has passed after the last payment is effected on the Notes and the Subordinated Loans:

- (a) not to take or induce any action the subject of which is a dissolution, liquidation, or bankruptcy or other insolvency proceedings with respect to VCL Master S.A. of any or all of its revenue or property or the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator or similar officer of VCL Master S.A.; and
- (b) neither to assert judicially or extra-judicially claims for payment against the Issuer to which the Security Trustee and/or the Expectancy Rights Trustee is entitled under or in connection with this Agreement and its performance, nor to permit third parties to assert such claims on their behalf.

## **12. RELEASE OF SECURITY**

- 12.1** Subject to the condition precedent of full discharge and satisfaction of (i) any amount due and payable (*fällig*) by the Seller to the Issuer at the relevant time and of (ii) the respective secured Purchased Lease Receivables, the Security Trustee hereby retransfers and/or reassigns, as applicable, directly to the Seller (and the Seller hereby accepts, and the Issuer hereby agrees to and authorises the Security Trustee to make such transfer and/or assignment) title to the respective Leased Vehicles and any other Lease Collateral, except where such Leased Vehicles or other Lease Collateral have been realised.
- 12.2** As soon as the Issuer has fully performed and discharged all Secured Obligations and any other obligations secured by this Agreement, the Security Trustee and the Expectancy Rights Trustee shall promptly retransfer any remaining Security transferred to them under this Agreement and that they still hold at such time to or to the order of the Issuer. Each of the Security Trustee and the Expectancy Rights Trustee undertake to notify the shareholder of the Issuer of the full discharge and satisfaction of all obligations secured hereunder and of the retransfer of the Security. For the purpose of release, the Security Trustee and the Expectancy Rights Trustee may rely on evidence which shows that all moneys necessary for the discharge and satisfaction of the obligations secured by this Agreement have been transferred to the Principal Paying Agent for further distribution in accordance with the Compartment 1 Agency Agreement or the Compartment 2 Agency Agreement. A written confirmation of the Principal Paying Agent will be sufficient evidence.

## **PART C.**

### **DUTIES OF THE SECURITY TRUSTEE PRIOR TO OCCURRENCE OF THE FORECLOSURE EVENT**

## **13. ACCEPTANCE, SAFEKEEPING, AND REVIEW OF DOCUMENTS; NOTIFICATION OF THE ISSUER**

- 13.1** The Security Trustee may demand from the Issuer the on-transfer of the documents delivered to the Issuer in connection with the reporting of the Seller pursuant to Clause 2.4 (*Purchase Agreement concerning the Purchased Initial Lease Receivables*), Clause 4.5

(*Purchase Agreement concerning the Purchased Additional Lease Receivables*), Clause 6.3 (*Purchase Agreement concerning the Purchased Initial Expectancy Rights*) and Clause 8.3 (*Purchase Agreement concerning the Purchased Additional Expectancy Rights*) of the Vehicles and Receivables Purchase Agreement and Clause 10 (*Reporting Duties*) of the Servicing Agreement and the Security Trustee shall:

- (a) keep such documents for one year after the termination of this Agreement and, at the discretion of the Issuer, thereafter either destroy such documents or deliver the same to the Issuer or to the Seller; or
- (b) forward the documents to the New Security Trustee if the Security Trustee is replaced in accordance with Clauses 32 through 34.

**13.2** The Security Trustee shall to a reasonable extent check the conformity of the documents provided to it in accordance with Clause 10 (*Reporting Duties*) of the Servicing Agreement without being obligated to recalculate the figures. If this does not reveal any indication of a breach of duties or any risk for the Security, the Security Trustee is not obliged to examine such documents any further. If, on the basis of such checks, the Security Trustee comes to the conclusion that a Transaction Creditor is not properly fulfilling its obligations under a Transaction Document, the Security Trustee shall promptly inform the directors of the Issuer thereof. The right of the Security Trustee to obtain additional information from the Seller shall not be affected hereby.

## **14. ACCOUNTS**

**14.1** The terms of the Accounts are set out in the respective Account Agreement. Should any Account Bank cease to have the Account Bank Required Ratings, the Account Bank shall notify the Security Trustee thereof and within thirty (30) days from the loss of the Account Bank Required Rating procure transfer of the accounts held with it to an Eligible Collateral Bank, notified to it by the Issuer. If within this thirty (30) day period the measure set out above is not taken, the Issuer shall arrange the opening of the accounts with a Successor Bank pursuant to Clause 14.2 and shall terminate the respective Account Agreement, effective to the date of the opening of the accounts with such Successor Bank.

**14.2** Should one of the Accounts be terminated either by the Account Bank, or by the Issuer, the Issuer shall promptly inform the Security Trustee and in case of Compartment 2 Accounts also the Expectancy Rights Trustee of such termination. The Issuer shall, together with the Security Trustee, open an account, on conditions as close as possible to those previously received, with the Successor Bank specified by the Security Trustee, which has at least the Account Bank Required Ratings. The Issuer shall conclude a new Account Agreement with the Successor Bank as counterparty and with the consent of the Security Trustee the new Account Agreement shall include a provision, in which the Successor Bank undertakes to promptly notify the other contract parties of any downgrade in its rating.

**14.3** For the avoidance of doubt, in case one of the Accounts is at any time held with a Successor Bank, and the Issuer or the Security Trustee receives a notice pursuant to Clause 14.1 with regard to the Successor Bank, then the procedure laid out in Clause 14.1 and 14.2 shall also apply for such Successor Bank.

## **15. BREACH OF OBLIGATIONS BY THE ISSUER**

**15.1** If the Security Trustee or the Expectancy Rights Trustee in the course of its respective activities becomes aware that the existence or the value of the Security is at risk due to any

failure of the Issuer to properly comply with its obligations under this Agreement, the Security Trustee and/or the Expectancy Rights Trustee shall, subject to the provisions in Clause 15.2, deliver a notice to the Issuer in reasonable detail of such failure (with a copy to the Servicer) and, if the Issuer does not remedy such failure within ninety (90) days after the delivery of such notice, the Security Trustee (on behalf of the Expectancy Rights Trustee, if applicable) shall at its discretion take or induce all actions which in the opinion of the Security Trustee are necessary to avoid such threat. To the extent that the Issuer does not comply with its obligations pursuant to Clause 37 (*Undertakings of the Issuer in Respect of the Security*) in respect of the Security and does not remedy such failure within the 90-day period after the notice set forth above, the Security Trustee is in particular authorised and shall exercise all rights arising under the Transaction Documents on behalf of the Issuer.

- 15.2** The Security Trustee shall only intervene in accordance with Clause 15.1 if and to the extent that it is assured that it will be indemnified to its satisfaction, at its discretion either by reimbursement of costs or in any other way it deems appropriate, against all costs and expenses resulting from its activities (including fees for retaining counsel, banks, auditors, or other experts as well as the expenses for retaining third parties to perform certain duties) and against all liability, any other obligations and legal proceedings. Clause 35 (*Standard of Care*) shall not be affected hereby.

## **16. POWER OF ATTORNEY**

The Issuer hereby grants by way of security power of attorney to the Security Trustee, waiving the restrictions set forth in section 181 of the German Civil Code, and with the right to grant substitute power of attorney, to act in the name of the Issuer with respect to all rights of the Issuer arising under the Transaction Documents (except for the rights vis-à-vis the Security Trustee). Such power of attorney is irrevocable. It shall expire as soon as a New Security Trustee has been appointed pursuant to Clauses 32 (*Termination by the Security Trustee for Good Cause*) through 34 (*Transfer of Security; Costs; Publication*) and the Issuer has issued a power of attorney to such New Security Trustee having the same contents as the above power of attorney. The Security Trustee shall only act under this power of attorney in the context of its rights and obligations pursuant to this Agreement.

## **PART D.**

### **DUTIES OF THE SECURITY TRUSTEE AFTER OCCURRENCE OF A FORECLOSURE EVENT**

## **17. FORECLOSURE ON THE SECURITY; FORECLOSURE EVENT**

- 17.1** Subject to Clause 18 (*Realisation of the Leased Vehicles*), the Security shall be subject to enforcement and/or foreclosure upon the occurrence of a Foreclosure Event. A Foreclosure Event shall occur when:

- (a) an Insolvency Event occurs with respect to VCL Master S.A.;
- (b) the Issuer defaults in the payment of any interest on any Note when the same becomes due and payable, and such default shall continue for a period of five Business Days; or
- (c) the Issuer defaults in the payment of principal of any Note on the respective Legal Maturity Date; or

(d) an Interest Shortfall occurs.

The Security Trustee shall without undue delay give notice to the Expectancy Rights Trustee, the Noteholders, the Compartment 1 Subordinated Lender and the Compartment 2 Subordinated Lender pursuant to Clause 40.3 and notify the Rating Agencies of the occurrence of a Foreclosure Event.

**17.2** After the occurrence of a Foreclosure Event, the Security Trustee will at its reasonable discretion and in case of Expectancy Rights which have been transferred to the Expectancy Rights Trustee with consent of the Expectancy Rights Trustee foreclose or enforce or cause the foreclosure or the enforcement of the Security. Unless compelling grounds to the contrary exist, the foreclosure and enforcement shall be performed by collecting payments made into the Accounts from the Security or, *inter alia*, by assignment pursuant to Clause 8.4(b) (*Authority to Collect; Assumption of Obligations; Further Assignment*). The provisions of the Corporate Services Agreement shall be unaffected by the foreclosure of the Security (subject to the provisions of Clause 8.4 (*Authority to Collect; Assumption of Obligations; Further Assignment*)).

**17.3** Within fifteen (15) days after the occurrence of a Foreclosure Event, the Security Trustee shall give notice to the Expectancy Rights Trustee, the Noteholders, the Compartment 1 Subordinated Lender, the Compartment 2 Subordinated Lender and each Swap Counterparty, specifying the manner in which it intends to foreclose and enforce on the Security, in particular, whether it intends to sell the Security, and apply the proceeds from such foreclosure and/or enforcement to satisfy the obligations of the Issuer, subject to the Order of Priority in Clause 22.3 and 22.4. If, within 60 days after the publication of such notice, the Security Trustee receives written notice from a Noteholder or Noteholders representing more than 50 per cent. of the outstanding principal amount of the Notes, whereby any notice of a Noteholder VW Bank GmbH and its affiliates will not be taken into account, objecting to the action proposed in the Security Trustee's notice, the Security Trustee shall not undertake or shall cease undertaking such action (other than the collection of payments on the Accounts from the Security). Furthermore, the Security Trustee is obliged to provide the Rating Agencies upon their request, with all relevant information pertaining to the Enforcement Event.

## **18. REALISATION OF THE LEASED VEHICLES AND ALLOCATION OF PAYMENTS**

The Leased Vehicles the ownership of which has been transferred for security purposes (*Sicherungseigentum*) to the Security Trustee or the Expectancy Rights to Leased Vehicles which have been transferred to the Expectancy Rights Trustee for security purposes shall be realised by the Security Trustee or by agents of the Security Trustee (including VWL) and in case of Expectancy Rights transferred to the Expectancy Rights Trustee with consent of the Expectancy Rights Trustee upon the occurrence of an event described in Clause 8.4 (*Authority to Collect; Assumption of Obligations; Further Assignment*) (irrespective of the occurrence of a Foreclosure Event), as follows:

- 18.1** Realisation Proceeds or proceeds from the Lessee paid due to the premature termination of a Lease Contract on its own behalf or for the account of the Purchaser (for the benefit of Compartment 1 and/or Compartment 2, as applicable) and proceeds from a realisation of the Lease Collateral which VWL has received (based on the authorisation as per Clause 13 (*Realisation of Leased Vehicles*) of the *Vehicles and Receivables Purchase Agreement*) for the account of the Purchaser acting with respect to its Compartment 1 and/or Compartment 2 or for the account of the Security Trustee or the Expectancy Rights Trustee, as applicable or which the Security Trustee or the Expectancy Rights Trustee have received on their own behalf shall be allocated by VWL to the Purchased Lease Receivables and the Purchased Expectancy Rights on a proportionate basis as provided for under Clause 18.4 of this Agreement.
- 18.2** If the Lessee makes a combined payment on the lease receivable for all lease contracts that it has with VWL and does not instruct which payment needs to be allocated to which Lease Contract, then the allocation between the Purchased Lease Receivables and the other lease receivables still held by VWL or third parties shall be made by VWL after consulting the Lessee. The Lessee will then instruct VWL how to allocate this combined payment. In case this combined payment covers the total amount of all his respective monthly instalments, VWL will allocate the payment to each contract of the Lessee in accordance with the respective payment schedules for such lease contracts.
- 18.3** All proceeds of the Purchased Lease Receivables and Purchased Expectancy Rights shall be allocated, in the event of the assertion of claims of the Issuer against VWL resulting from a breach of warranties and obligations as set forth in Clause 10 (*Warranties by VWL with respect to the Purchased Lease Receivables and the Purchased Expectancy Rights*) of the *Vehicles and Receivables Purchase Agreement* or the obligation to credit collected Lease Receivables and/or Realisation Proceeds to the relevant Distribution Account, until these claims are fully satisfied.
- 18.4** In general proceeds resulting from any realisation of Leased Vehicles shall be allocated as follows:
- (a) In case of “Closed End Lease Contracts” (*Verträge ohne Gebrauchtwagen-abrechnung*) on a proportional basis between (i) Compartment 2 the cash value of the residual value of the Leased Vehicle as assessed by a vehicle expert (*Kraftfahrzeugsachverständiger*) at return of the car for the point in time of the originally agreed expiration of the Lease Contract and (ii) Compartment 1 the cash value of the outstanding Purchased Lease Receivables.
  - (b) In case of “Open End Lease Contracts” (*Verträge mit Gebrauchtwagen-abrechnung*) on a proportionate basis between (i) Compartment 2 the cash value of the residual value of the Leased Vehicle “as pre-agreed with the respective dealer” and (ii) Compartment 1 the cash value of the outstanding Purchased Lease Receivables. Any payments received on the Purchased Final Payment Receivables made by the respective Lessee under a Lease Contract shall be allocated to the Purchased Expectancy Rights
  - (c) In case of excess proceeds resulting from any realisation, such excess proceeds shall, provided that all amounts due to the Issuer under the *Vehicles and Receivables Purchase Agreement* in the context of the Purchased Lease Receivables and the Purchased Expectancy Rights have been paid, be allocated to VWL and 25 % of such proceeds shall be remitted directly to VWL outside of the applicable Order of Priority, the remaining 75% shall be distributed as part of the



Compartment 1 Available Distribution Amount or the Compartment 2 Available Distribution Amount, as applicable.

(d) .

- 18.5** With respect to any proceeds collected by the Purchaser from insurance enterprises pursuant to the assignment of claims pursuant to Clauses 3.7 and 5.7 of the Vehicles and Receivables Purchase Agreement, the Purchaser will allocate such collections on a pro rata basis in relation to the Discounted Lease Balance and the Discounted Expectancy Rights Balance outstanding on the respective Lease Contract and will allocate such fractional amounts which refer to the outstanding Discounted Lease Balance to the Purchaser acting with respect to its Compartment 1 and such fractional amounts which refer to the outstanding Discounted Expectancy Rights Balance to the Purchaser acting with respect to its Compartment 2 provided the Purchaser owns the respective Expectancy Rights and in all other cases to VWL.
- 18.6** Any proceeds allocated in accordance with Clause 18.1 to 18.5 of this Agreement on collected Purchased Lease Receivables (which shall include, for the avoidance of doubt, also proceeds from the realisation of the Leased Vehicles which have been allocated to Purchased Lease Receivables) shall be credited by VWL to the Compartment 1 Distribution Account and any Realisation Proceeds relating to Purchased Expectancy Rights, Expectancy Rights' Related Collateral and Purchased Final Payment Receivables shall be credited by VWL to the Compartment 2 Distribution Account.
- 18.7** The Issuer shall have a direct and independent claim to receive any payment owed to it under this Clause 18 against the Security Trustee. The amount of such claim shall be limited to the amount of payments actually received by the Security Trustee under this Clause 18 and not paid or payable to any Transaction Creditor.
- 18.8** Collections on Written Off Purchased Lease Receivables shall be allocated to VWL provided that no Insolvency Event has occurred with respect to VWL.

**19. PAYMENTS UPON OCCURRENCE OF THE FORECLOSURE EVENT**

- 19.1** Upon the occurrence of a Foreclosure Event the Security (except Security which pursuant to Clause 17.1 (*Foreclosure on the Security; Foreclosure Event*) must be administered by the Servicer) may be claimed exclusively by the Security Trustee. All payments from such Security hereafter shall only be made to the Security Trustee. The Security Trustee shall invest the payments which it receives in this manner, as provided for in Clause 22 (*Permitted Investment; Order of Priority*), until they are paid to the Transaction Creditors of the Issuer in accordance with the Order of Priority pursuant to Clause 1.1(d)(c) and Clause 22.4(c), as applicable (*Permitted Investment; Order of Priority*).
- 19.2** As of the Foreclosure Event, payments on the obligations of the Issuer may not be made as long as, in the opinion of the Security Trustee, such payment will jeopardise the fulfilment of any later maturing obligation of the Issuer with higher rank in accordance with the Order of Priority.
- 19.3** In the case of payments on the Notes or the Subordinated Loans, the Security Trustee shall provide the Noteholders and the Subordinated Lender with advance notice of the Payment Date pursuant to the Conditions of the Notes or the Subordinated Loans. In the case of such payment, the Security Trustee is only responsible for making the relevant amount available to the Principal Paying Agent. In order to do so, the Security Trustee shall rely on the records of the Relevant Clearing Systems in relation to any determination of the

principal amount outstanding of each Global Note. For this purpose, “records” means the records that each of the Relevant Clearing Systems holds for its customers which reflect the amount of such customer’s interest in the Notes.

- 19.4** After all obligations under the Transaction Documents have been finally discharged and paid in full the Security Trustee shall pay out any remaining amounts to the Issuer.

**20. CONTINUING DUTIES**

Clauses 13 (*Acceptance, Safekeeping and Review of Documents; Notification of the Issuer*) through 15 (*Breach of Obligations by the Issuer*) shall continue to apply after the Foreclosure Event has occurred.

**PART E.**

**ACCOUNTS; ORDER OF PRIORITY; PERMITTED INVESTMENTS**

**21. DISTRIBUTION ACCOUNTS; ACCUMULATION ACCOUNTS; SWAP PROVISIONS**

- 21.1** The Distribution Accounts shall be used for the fulfilment of the payment obligations of the Issuer.
- 21.2** The Issuer shall ensure that all payments made to it shall be made by way of a bank transfer to or deposit or in any other way into the respective Distribution Account.
- 21.3** The Accumulation Accounts shall be used on each Payment Date to collect moneys paid under item *tenth* of the respective Order of Priority for reinvestment in Additional Lease Receivables (as regards the Compartment 1 Accumulation Account) and Additional Expectancy Rights (as regards the Compartment 2 Accumulation Account) at any time after such Payment Date to deposit moneys arising from the repayment of principal under the Lease Receivables which amounts may be used to purchase Additional Lease Receivables during the Revolving Period and payments collected from the realisation of Expectancy Rights which amounts may be used to purchase Additional Expectancy Rights. No principal will be paid on the principal of the Notes during the Revolving Period, except (i) to the extent the relevant Series of Notes qualifies as an Amortising Series, or (ii) in the context of a disposal of assets by the Issuer acting with respect to its Compartment 1 as foreseen in Clause 12.8 of the Initial Vehicles and Receivables Purchase Agreement.

**21.4** The Issuer has entered into Swap Agreements to hedge the floating rate interest exposure on the respective series of Notes. The Issuer may in the following situations and under the following conditions enter into new swap transactions:

- (a) The Issuer may, from time to time, enter into replacement Swap Agreements with replacement Swap Counterparties in the event that a Swap Agreement is terminated prior to its scheduled expiration pursuant to an “event of default” or “termination event” under the respective Swap Agreement. The respective replacement Swap Agreement will have an initial notional amount equal to the applicable notional amount of the terminated Swap Agreement as at termination. The notional amount of the respective replacement Swap Agreement will decrease by the amount of any principal repayments on the series of Notes or increase by the amount of any principal increase on the series of Notes from time to time.
- (b) The Issuer will use reasonable efforts to enter into new interest rate Swap Agreements upon the issuance of further series of Notes, provided that:
  - (i) Such new interest rate Swap Agreements are basically on the same terms and conditions as the existing Swap Agreements; and
  - (ii) It is ensured that the notional amount under the new Swap Agreement will at all times be equal to the lower of (x) the maximum notional amount under the new swap Agreement and (y) the outstanding principal balance of the corresponding new issued series of Notes.

**21.5** The Servicer shall calculate and provide, by delivery of the monthly report, written notification to each Swap Counterparty and to the Security Trustee of the notional amount of each Swap Agreement as of each Payment Date on or before the reporting date in the month of the related Payment Date. The Interest Determination Agent shall provide the Servicer with the calculation of EURIBOR. The Servicer shall provide the calculation of EURIBOR to the Security Trustee under this Agreement and shall calculate the amount, for each Payment Date, of all Net Swap Payments, Net Swap Receipts and Swap Termination Payments payable in accordance with Clause 1.1(d)(a) and Clause 22.4(a), as applicable (*Permitted Investment; Order of Priority*) item *sixth* below on each Payment Date and shall provide written notification of such amounts to the Swap Counterparty and to the Security Trustee 5 Business Days prior to such Payment Date. The parties hereto hereby acknowledge that with respect to the obligations under each Swap Agreement of the parties thereto, all calculations shall be performed by the calculation agent thereunder.

**21.6** Any Swap Replacement Proceeds received by the Issuer or the Security Trustee on behalf of the Issuer from a replacement Swap Counterparty will be remitted directly to the respective Distribution Account, shall be treated as part of the respective Available Distribution Amount and shall be paid in accordance with the Order of Priority.

**21.7** In the event that a Compartment 1 Swap Counterparty or a Compartment 2 Swap Counterparty, as applicable, is required to provide collateral in the form of cash or securities pursuant to the terms of the Compartment 1 Swap Agreements or Compartment 2 Swap Agreement, the Issuer, acting with respect to its Compartment 1 or its Compartment 2, as applicable, shall establish the Counterparty Downgrade Collateral Account with an eligible collateral bank in accordance with the relevant Compartment 1 Swap Agreement or the relevant Compartment 2 Swap Agreement. In the event that a Compartment 1 Swap Counterparty or a Compartment 2 Swap Counterparty, as applicable, should transfer any eligible credit support in accordance with the relevant Compartment 1 Swap Agreement or the relevant Compartment 2 Swap Agreement in the

form of cash or securities to the Issuer, acting with respect to its Compartment 1 or its Compartment 2, as applicable, in connection with this Agreement, the Issuer, acting with respect to its Compartment 1 or its Compartment 2, as applicable, shall hold such eligible credit support in the Counterparty Downgrade Collateral Account which shall bear interest and shall be segregated from the Distribution Account and from the general cash flow of the Issuer, acting with respect to its Compartment 1 or its Compartment 2, as applicable. Funds deposited in such Counterparty Downgrade Collateral Account shall not constitute Collections and shall be monitored on a specific collateral ledger. If, on any day prior to the effective date of any replacement swap transaction entered into by the Issuer, acting with respect to its Compartment 1 or its Compartment 2, as applicable, any amount (the “**Defaulted Amount**”) is due (or would have become due but for the designation of an early termination date) but unpaid by a Compartment 1 Swap Counterparty or a Compartment 2 Swap Counterparty, as applicable, in respect of any Compartment 1 Notes swap transaction or Compartment 2 Notes swap transaction, as applicable, the calculation agent shall withdraw such collateral in the form of cash (the “**Withdrawn Cash Collateral**”) and/or sell such collateral in the form of securities (the proceeds of such sale being the “Sale Proceeds”) so that the aggregate Relevant Currency Value on such day of such Withdrawn Cash Collateral and Sale Proceeds equals the Defaulted Amount. Such Withdrawn Cash Collateral and Sale Proceeds shall constitute a part of the Compartment 1 Available Distribution Amount or a part of the Compartment 2 Available Distribution Amount, as applicable, and shall be deposited into the Compartment 1 Distribution Account or the Compartment 2 Distribution Account, as applicable for use in accordance with the terms of the Compartment 1 Deed of Charge or the Compartment 2 Deed of Charge, as applicable.

If, on any day, the Calculation Agent withdraws or sells collateral pursuant to the preceding paragraph, the related Defaulted Amount shall be deemed to be discharged and, notwithstanding anything to the contrary in the credit support annex, for the purpose any determinations of the credit support balance to be made pursuant to the credit support annex on or after such day, it shall be deemed that such collateral was never transferred under the credit support annex.

## **22. PERMITTED INVESTMENT; ORDER OF PRIORITY**

- 22.1** Prior to the full and unconditional discharge of all obligations of the Issuer to the Transaction Creditors, any credit in the Distribution Accounts (the “Credit”) and the Cash Collateral Accounts (other than repayments due to VWL in accordance with Clause 15.2 (*Payments; Repayment Claims*) of the Vehicles and Receivables Purchase Agreement) shall be distributed exclusively in accordance with Clauses 22.2, 22.3, 22.4, 22.5 and Clause 23 (*Cash Collateral Accounts; Accumulation Accounts*).
- 22.2** To the extent that no obligations of the Issuer are then due and payable, the Issuer is authorised and shall invest any credit with the Account Bank in Permitted Investments, VWL shall have the right to make non-binding suggestions to the Issuer regarding the selection of the Permitted Investments.
- 22.3** In respect of the Compartment 1 Notes, distributions will be made on each Payment Date from the Compartment 1 Available Distribution Amount according to the following Order of Priority, provided that any distributions arising from a disposal of assets by the Issuer acting with respect to its Compartment 1 to a separate securitisation vehicle in connection with term issuances of such separate securitisation vehicle shall not be distributed according to the following Order of Priority but shall be distributed first to the then outstanding Compartment 1 Notes, until the Compartment 1 Redeemable Amount of all

then outstanding Compartment 1 Notes have been redeemed in full, and second to the then outstanding Compartment 1 Subordinated Loan:

(a) on each Payment Date prior to the occurrence of an Enforcement Event:

*first*, amounts due and payable in respect of taxes (if any) by VCL Master S.A. and allocated to VCL Master S.A.'s Compartment 1;

*second*, amounts (excluding any payments under the Trustee Claims) due and payable and allocated to VCL Master S.A.'s Compartment 1 (i) to the Security Trustee under the Trust Agreement and (ii) *pari passu* to any successor of the Security Trustee (if applicable) appointed pursuant to Clauses 34 and 35 of the Trust Agreement or under any agreement replacing the Trust Agreement;

*third*, of equal rank amounts due and payable and allocated to VCL Master S.A.'s Compartment 1 (i) to the Corporate Services Provider under the Corporate Services Agreement, (ii) to the Data Protection Trustee under the Data Protection Trust Agreement; (iii) to the Servicer, the Servicer Fee, (iv) to the Rating Agencies the fees for the monitoring, and (v) to the Process Agent and the English Process Agent under the process agency agreements;

*fourth*, of equal rank amounts due and payable and allocated to VCL Master S.A.'s Compartment 1 (i) to the directors of VCL Master S.A. and (ii) in respect of other administration costs and expenses of the Issuer including without limitation, any costs relating to the listing of the Compartment 1 Notes, or amounts due and payable to the paying agents, any auditors' fees, any tax filing fees and any annual return which are to be allocated to Compartment 1;

*fifth*, of equal rank amounts due and payable and allocated to the Account Bank maintaining the Compartment 1 Accounts for account management fees and amounts payable to the Cash Administrator for cash administration fees due under the Compartment 1 Account Agreement and the Principal Paying Agent, the Interest Determination Agent and the Calculation Agent under the Compartment 1 Agency Agreement;

*sixth*, *pari passu* and rateably as to each other on all series of Compartment 1 Notes amounts due and payable by the Issuer to the Compartment 1 Swap Counterparties in respect of any Net Swap Payments or any Swap Termination Payments under a Compartment 1 Swap Agreement (if any and provided that a Compartment 1 Swap Counterparty under the respective Compartment 1 Swap Agreement is not a defaulting party (as defined in the respective Compartment 1 Swap Agreement) and there has been no termination of the transaction under the Compartment 1 Swap Agreement due to a termination event relating to the respective Compartment 1 Swap Counterparty's downgrade);

*seventh*, *pari passu* and rateably to each other amounts due and payable in respect of (a) interest accrued during the immediately preceding Interest Accrual Period plus (b) Interest Shortfalls (if any) *pari passu* and rateably as to each other on all series of Compartment 1 Notes;

*eighth*, to the Compartment 1 Cash Collateral Account (as defined below), until the Compartment 1 General Cash Collateral Amount is equal to the Compartment 1 Specified General Cash Collateral Account Balance;

*ninth*, after a Compartment 1 German Trade Tax Event to the Compartment 1 Cash Collateral Account until the amount of funds in the Compartment 1 Cash Collateral Account is equal to the sum of the Compartment 1 Specified General Cash Collateral Account Balance, plus the Compartment 1 German Trade Tax Risk Reserve;

*tenth*, *pari passu* and rateably, (a) the Amortisation Amounts to each Amortising Series of Compartment 1 Notes and (b) an amount no less than zero equal to the lesser of (i) the Accumulation Amount and (ii) (I) (A) the remaining balance of the Compartment 1 Notes after application of any Amortisation Amounts to Amortising Series of Compartment 1 Notes divided by (B) one minus the Compartment 1 Notes Overcollateralisation Percentage less (C) the Discounted Lease Balance outstanding at the end of the monthly period prior to purchase of Additional Lease Receivables multiplied by (II) one minus the Additional Lease Receivables Overcollateralisation Percentage, to the Compartment 1 Accumulation Account maintained for Non-Amortising Series of Compartment 1 Notes;

*eleventh*, *pari passu* and rateably as to each other by the Issuer to the Compartment 1 Swap Counterparties, any payments under the respective Compartment 1 Swap Agreements other than those made under item *sixth* above;

*twelfth*, upon the occurrence of an Insolvency Event with respect to VWL, all remaining excess shall be transferred to the Compartment 2 Distribution Account until all series of Compartment 2 Notes are redeemed in full;

*thirteenth*, amounts due and payable in respect of (a) interest accrued during the immediately preceding Interest Accrual Period plus (b) Interest Shortfalls (if any) on the Compartment 1 Subordinated Loan;

*fourteenth*, to the Compartment 1 Subordinated Lender to reduce the outstanding principal amount of the Compartment 1 Subordinated Loan; and

*fifteenth*, to pay all remaining excess to VWL by way of a final success fee.

- (b) Distribution will be made from the Compartment 1 Cash Collateral Account on any Payment Date prior to the occurrence of a Foreclosure Event on which the Compartment 1 General Cash Collateral Amount exceeds the Compartment 1 Specified General Cash Collateral Account Balance provided that no Credit Enhancement Increase Condition is in effect:

*first*, to VWL to the extent that a Compartment 1 German Trade Tax Decrease Event has occurred, amounts released from the Compartment 1 German Trade Tax Risk Reserve and/or Compartment 1 German Trade Tax Risk Reserve Increase Amount pursuant to Clause 23.5 of the Trust Agreement as the Compartment 1 German Trade Tax Decrease Amount up to the amount funded by VWL pursuant to Clauses 14.4 and 14.5 of the Vehicles and Receivables Purchase Agreement;

*second*, to the Compartment 1 Distribution Account to the extent that a Compartment 1 German Trade Tax Decrease Event has occurred, any relevant Compartment 1 German Trade Tax Decrease Amount that corresponds to an amount paid into the Compartment 1 Cash Collateral Account under item *ninth* of Clause 01.1(d)(a);

*third*, to the Compartment 1 Subordinated Lender, amounts payable in respect of accrued and unpaid interest on the Compartment 1 Subordinated Loan (including, without limitation, overdue interest);

*fourth*, to the Compartment 1 Subordinated Lender an amount necessary to reduce the outstanding principal amount of the Compartment 1 Subordinated Loan to the Required Compartment 1 Subordinated Loan Funding Amount; and

*fifth*, all remaining excess to VWL by way of a final success fee.

- (c) Following the occurrence of an Enforcement Event, distributions will be made by the Security Trustee from the Compartment 1 Available Distribution Amount and from any amounts standing to the credit of the Compartment 1 Cash Collateral Account, and according to the following Order of Priority:

*first*, amounts due and payable in respect of taxes (if any) by VCL Master S.A. and allocated to VCL Master S.A.'s Compartment 1;

*second*, amounts (excluding any payments under the Trustee Claim) due and payable and allocated to VCL Master S.A.'s Compartment 1 (i) to the Security Trustee under the Trust Agreement and (ii) *pari passu* to any successor of the Security Trustee (if applicable) appointed pursuant to Clauses 34 and 35 of the Trust Agreement or under any agreement replacing the Trust Agreement;

*third*, of equal rank amounts due and payable and allocated to VCL Master S.A.'s Compartment 1 (i) to the Corporate Services Provider under the Corporate Services Agreement, (ii) to the Data Protection Trustee under the Data Protection Trust Agreement; (iii) to the Servicer, the Servicer Fee, (iv) to the Rating Agencies the fees for the monitoring, and (v) to the Process Agent and the English Process Agent under the process agency agreements;

*fourth*, of equal rank amounts due and payable and allocated to VCL Master S.A.'s Compartment 1 (i) to the directors of VCL Master S.A. and (ii) in respect of other administration costs and expenses of the Issuer including without limitation, any costs relating to the listing of the Compartment 1 Notes, or any amounts due and payable to the paying agents, any auditors' fees, any tax filing fees and any annual return which are to be allocated to Compartment 1;

*fifth*, of equal rank amounts due and payable and allocated to the Account Bank maintaining the Compartment 1 Accounts for account management fees and amounts payable to the Cash Administrator for cash administration fees due under the Compartment 1 Account Agreement and the Principal Paying Agent, the Interest Determination Agent and the Calculation Agent under the Compartment 1 Agency Agreement;

*sixth*, *pari passu* and rateably as to each other on all series of Compartment 1 Notes amounts due and payable by the Issuer to the Compartment 1 Swap Counterparties in respect of any Net Swap Payments or any Swap Termination Payments under a Compartment 1 Swap Agreement (if any and provided that a Compartment 1 Swap Counterparty under the respective Compartment 1 Swap Agreement is not a defaulting party (as defined in the respective Compartment 1 Swap Agreement) and there has been no termination of the transaction under the Compartment 1 Swap Agreement due to a termination event relating to the respective Compartment 1 Swap Counterparty's downgrade);

*seventh, pari passu* and rateably to each other amounts due and payable in respect of (a) interest accrued during the immediately preceding Interest Accrual Period plus (b) Interest Shortfalls (if any) *pari passu* and rateably as to each other on all series of Compartment 1 Notes;

*eighth, pari passu* and rateably the Amortisation Amounts to each Amortising Series of Compartment 1 Notes in respect of principal until the Compartment 1 Notes are redeemed in full;

*ninth, pari passu* and rateably as to each other by the Issuer to the Swap Counterparty, any payments under the respective Compartment 1 Swap Agreements other than those made under item *sixth* above;

*tenth*, upon the occurrence of an Insolvency Event with respect to VWL, all remaining excess shall be transferred to the Compartment 2 Distribution Account to be used as Compartment 2 Available Distribution Amount on the immediately following Payment Date until all series of Compartment 2 Notes are redeemed in full;

*eleventh*, amounts due and payable in respect of (a) interest accrued during the immediately preceding Interest Accrual Period plus (b) Interest Shortfalls (if any) on the Compartment 1 Subordinated Loan;

*twelfth*, to the Compartment 1 Subordinated Lender until the Compartment 1 Subordinated Loan has been redeemed in full; and

*thirteenth*, to pay all remaining excess to VWL by way of a final success fee.

- 22.4** In respect of the Compartment 2 Notes, distributions will be made on each Payment Date from the Compartment 2 Available Distribution Amount according to the following Order of Priority, provided that any distributions arising from a disposal of assets by the Issuer acting with respect to its Compartment 2 to a separate securitisation vehicle in connection with term issuances of such separate securitisation vehicle shall not be distributed according to the following Order of Priority but shall be distributed first to the then outstanding Compartment 2 Notes, until the Compartment 2 Redeemable Amount of all then outstanding Compartment 2 Notes have been redeemed in full, and second to the then outstanding Compartment 2 Subordinated Loan until fully repaid:

- (a) on each Payment Date prior to the occurrence of an Enforcement Event:

*first*, amounts due and payable in respect of taxes (if any) by VCL Master S.A. and allocated to VCL Master S.A.'s Compartment 2;

*second*, amounts (excluding any payments under the Trustee Claims) due and payable and allocated to VCL Master S.A.'s Compartment 2 (i) to the Expectancy Rights Trustee under the Trust Agreement and (ii) *pari passu* to any successor of the Expectancy Rights Trustee (if applicable) appointed pursuant to Clauses 34 and 35 of the Trust Agreement or under any agreement replacing the Trust Agreement;



*third*, of equal rank amounts due and payable and allocated to VCL Master S.A.'s Compartment 2 (i) to the Corporate Services Provider under the Corporate Services Agreement, (ii) to the Data Protection Trustee under the Data Protection Trust Agreement; (iii) to the Servicer, the Servicer Fee, (iv) to the Rating Agencies the fees for the monitoring, and (v) to the Process Agent and the English Process Agent under the process agency agreements;

*fourth*, of equal rank amounts due and payable and allocated to VCL Master S.A.'s Compartment 2 (i) to the directors of VCL Master S.A. and (ii) in respect of other administration costs and expenses of the Issuer including without limitation, any costs relating to the listing of the Compartment 2 Notes, or any amounts due and payable to the paying agents, any auditors' fees, any tax filing fees and any annual return which are to be allocated to Compartment 2;

*fifth*, of equal rank amounts due and payable and allocated to the Account Bank maintaining the Compartment 2 Accounts for account management fees and amounts payable to the Cash Administrator for cash administration fees due under the Compartment 2 Account Agreement and the Principal Paying Agent, the Interest Determination Agent and the Calculation Agent under the Compartment 2 Agency Agreement;

*sixth*, *pari passu* and rateably as to each other on all series of Compartment 2 Notes amounts due and payable by the Issuer to the Swap Counterparties in respect of any Net Swap Payments or any Swap Termination Payments under a Compartment 2 Swap Agreement (if any and provided that a Swap Counterparty under the respective Compartment 2 Swap Agreement is not a defaulting party (as defined in the respective Compartment 2 Swap Agreement) and there has been no termination of the transaction under the Compartment 2 Swap Agreement due to a termination event relating to the respective Swap Counterparty's downgrade);

*seventh*, *pari passu* and rateably to each other amounts due and payable in respect of (a) interest accrued during the immediately preceding Interest Accrual Period plus (b) Interest Shortfalls (if any) *pari passu* and rateably as to each other on all series of Compartment 2 Notes;

*eighth*, to the Compartment 2 Cash Collateral Account (as defined below), until the Compartment 2 General Cash Collateral Amount is equal to the Compartment 2 Specified General Cash Collateral Account Balance;

*ninth*, after a Compartment 2 German Trade Tax Event to the Compartment 2 Cash Collateral Account until the amount of funds in the Compartment 2 Cash Collateral Account is equal to the sum of the Compartment 2 Specified General Cash Collateral Account Balance, plus the Compartment 2 German Trade Tax Risk Reserve;

*tenth*, *pari passu* and rateably, (a) the Amortisation Amounts to each Amortising Series of Compartment 2 Notes and (b) an amount no less than zero equal to the lesser of (i) the Accumulation Amount and (ii) (I) (A) the remaining balance of the Compartment 2 Notes after application of any Amortisation Amounts to Amortising Series of Compartment 2 Notes divided by (B) one minus the Compartment 2 Notes Overcollateralisation Percentage less (C) the Discounted Expectancy Rights Balance outstanding at the end of the monthly period prior to purchase of Additional Expectancy Rights multiplied by (II) one minus the Additional Expectancy Rights

Overcollateralisation Percentage, to the Compartment 2 Accumulation Account maintained for Non-Amortising Series of Compartment 2 Notes;

*eleventh, pari passu* and rateably as to each other by the Issuer to the Swap Counterparty, any payments under the respective Compartment 2 Swap Agreements other than those made under item *sixth* above;

*twelfth*, amounts due and payable in respect of (a) interest accrued during the immediately preceding Interest Accrual Period plus (b) Interest Shortfalls (if any) on the Compartment 2 Subordinated Loan;

*thirteenth*, to the Compartment 2 Subordinated Lender to reduce the outstanding principal amount of the Compartment 2 Subordinated Loan; and

*fourteenth*, to pay all remaining excess to VWL by way of a final success fee.

- (b) Distribution will be made from the Compartment 2 Cash Collateral Account on any Payment Date prior to the occurrence of a Foreclosure Event on which the Compartment 2 General Cash Collateral Amount exceeds the Compartment 2 Specified General Cash Collateral Account Balance provided that no Credit Enhancement Increase Condition is in effect:

*first*, to VWL to the extent that a Compartment 2 German Trade Tax Decrease Event has occurred, amounts released from the Compartment 2 German Trade Tax Risk Reserve and/or Compartment 2 German Trade Tax Risk Reserve Increase Amount pursuant to Clause 23.5 of the Trust Agreement as the Compartment 2 German Trade Tax Decrease Amount up to the amount funded by VWL pursuant to Clauses 14.4 and 14.5 of the Vehicles and Receivables Purchase Agreement;

*second*, to the Compartment 2 Distribution Account to the extent that a Compartment 2 German Trade Tax Decrease Event has occurred, any relevant Compartment 2 German Trade Tax Decrease Amount that corresponds to an amount paid into the Compartment 2 Cash Collateral Account under item *ninth* of Clause 22.4(a);

*third*, to the Compartment 2 Subordinated Lender, amounts payable in respect of accrued and unpaid interest on the Compartment 2 Subordinated Loan (including, without limitation, overdue interest);

*fourth*, to the Compartment 2 Subordinated Lender an amount necessary to reduce the outstanding principal amount of the Compartment 2 Subordinated Loan to the Required Compartment 2 Subordinated Loan Funding Amount; and

*fifth*, all remaining excess to VWL by way of a final success fee.

- (c) Following the occurrence of an Enforcement Event, distributions will be made by the Security Trustee from the Compartment 2 Available Distribution Amount and any amounts standing to the credit of the Compartment 2 Cash Collateral Account according to the following Order of Priority:

*first*, amounts due and payable in respect of taxes (if any) by VCL Master S.A. and allocated to VCL Master S.A.'s Compartment 2;

*second*, amounts (excluding any payments under the Trustee Claim) due and payable and allocated to VCL Master S.A.'s Compartment 2 (i) to the Expectancy

Rights Trustee under the Trust Agreement and (ii) *pari passu* to any successor of the Security Trustee (if applicable) appointed pursuant to Clauses 34 and 35 of the Trust Agreement or under any agreement replacing the Trust Agreement;

*third*, of equal rank amounts due and payable and allocated to VCL Master S.A.'s Compartment 2 (i) to the Corporate Services Provider under the Corporate Services Agreement, (ii) to the Data Protection Trustee under the Data Protection Trust Agreement; (iii) to the Servicer, the Servicer Fee, (iv) to the Rating Agencies the fees for the monitoring, and (v) to the Process Agent and the English Process Agent under the process agency agreements;

*fourth*, of equal rank amounts due and payable and allocated to VCL Master S.A.'s Compartment 2 (i) to the directors of VCL Master S.A. and (ii) in respect of other administration costs and expenses of the Issuer including without limitation, any costs relating to the listing of the Compartment 2 Notes, or any amounts due and payable to the paying agents, any auditors' fees, any tax filing fees and any annual return which are to be allocated to Compartment 2;

*fifth*, of equal rank amounts due and payable and allocated to the Account Bank maintaining the Compartment 2 Accounts for account management fees and amounts payable to the Cash Administrator for cash administration fees due under the Compartment 2 Account Agreement and the Principal Paying Agent, the Interest Determination Agent and the Calculation Agent under the Compartment 2 Agency Agreement;

*sixth*, *pari passu* and rateably as to each other on all series of Compartment 2 Notes amounts due and payable by the Issuer to the Swap Counterparties in respect of any Net Swap Payments or any Swap Termination Payments under a Compartment 2 Swap Agreement (if any and provided that a Swap Counterparty under the respective Compartment 2 Swap Agreement is not a defaulting party (as defined in the respective Compartment 2 Swap Agreement) and there has been no termination of the transaction under the Compartment 2 Swap Agreement due to a termination event relating to the respective Swap Counterparty's downgrade);

*seventh*, *pari passu* and rateably to each other amounts due and payable in respect of (a) interest accrued during the immediately preceding Interest Accrual Period plus (b) Interest Shortfalls (if any) *pari passu* and rateably as to each other on all series of Compartment 2 Notes;

*eighth*, *pari passu* the Amortisation Amounts to each Amortising Series of Compartment 2 Notes in respect of principal until the Compartment 2 Notes are redeemed in full;

*ninth*, *pari passu* and rateably as to each other by the Issuer to the Swap Counterparty, any payments under the respective Compartment 2 Swap Agreements other than those made under item *sixth* above;

*tenth*, upon the occurrence of an Insolvency Event with respect to VWL, all remaining excess shall be transferred to the Compartment 1 Distribution Account to be used as Compartment 1 Available Distribution Amount on the immediately following Payment Date until all series of Compartment 1 Notes are redeemed in full;

*eleventh*, amounts due and payable in respect of (a) interest accrued during the immediately preceding Interest Accrual Period plus (b) Interest Shortfalls (if any) on the Compartment 2 Subordinated Loan;

*twelfth*, to the Compartment 2 Subordinated Lender until the Compartment 2 Subordinated Loan has been redeemed in full; and

*thirteenth*, to pay all remaining excess to VWL by way of a final success fee.

**22.5** Notwithstanding the provisions of Clause 1.1(d)(a) and 22.4(a) (*Permitted Investment; Order of Priority*) amounts due and payable under items *first* through *fifth* (other than the German Trade Tax Risk Reserve) may be paid once a Monthly Period on any date other than a Payment Date from any funds available on the Accounts in the Order of Priority.

**22.6 Method for Calculating the Amortisation Amount in respect of Amortising Series of Compartment 1 Notes**

(a) The Amortisation Amounts in respect of Amortising Series of Compartment 1 Notes shall be calculated as follows:

- (i) if on the relevant Payment Date all outstanding Series of Compartment 1 Notes are Non-Amortising Series, zero; or
- (ii) for any Series of Compartment 1 Notes which on the relevant Payment Date qualifies as an Amortising Series (such Payment Date with respect to such Series referred to as the “**Compartment 1 Series Amortisation Date**”), the Amortisation Amount applicable to such Series with respect to all following Payment Dates shall be determined as the product of (A) the difference between the Compartment 1 Available Redemption Collections minus the sum of the Amortisation Amounts in respect of the other Amortising Series of Compartment 1 Notes with an earlier Compartment 1 Series Amortisation Date multiplied by (B) the Amortisation Factor applicable to such Amortising Series; or
- (iii) if on the relevant Payment Date all Series of Compartment 1 Notes are Amortising Series, the Amortisation Amount for any Series of Compartment 1 Notes will be determined as the product of (i) the Compartment 1 Principal Payment Amount multiplied by (ii) the ratio of the principal amount outstanding of the relevant Amortising Series of Compartment 1 Notes on such Payment Date as numerator and the sum of the principal amount outstanding of all Series of Compartment 1 Notes on such Payment Date as denominator.

**22.7 Method for Calculating the Amortisation Amount in respect of Amortising Series of Compartment 2 Notes**

(a) The Amortisation Amounts in respect of Amortising Series of Compartment 2 Notes shall be calculated as follows:

- (i) if on the relevant Payment Date all outstanding Series of Compartment 2 Notes are Non-Amortising Series, zero; or
- (ii) for any Series of Compartment 2 Notes which on the relevant Payment Date qualifies as an Amortising Series (such Payment Date with respect to such Series referred to as the “**Compartment 2 Series Amortisation Date**”), the Amortisation Amount applicable to such Series with respect to all following Payment Date shall

be determined as the product of (A) the difference between the Compartment 2 Available Redemption Collections minus the sum of the Amortisation Amounts in respect of the other Amortising Series of Compartment 2 Notes with an earlier Compartment 2 Series Amortisation Date multiplied by (B) the Amortisation Factor applicable to such Amortising Series; or

- (iii) if on the relevant Payment Date all Series of Compartment 2 Notes are Amortising Series, the Amortisation Amount for any Amortising Series of Compartment 2 Notes will be determined as the product of (i) the Compartment 2 Principal Payment Amount multiplied by (ii) the ratio of the principal amount outstanding of the relevant Amortising Series of Compartment 2 Notes on such Payment Date as numerator and the sum of the principal amount outstanding of all Series of Compartment 2 Notes on such Payment Date as denominator.

## 23. CASH COLLATERAL ACCOUNTS; ACCUMULATION ACCOUNTS

23.1 The Issuer will on the date of this Agreement in accordance with Clause 17 (*Cash Collateral Accounts*) of the Vehicles and Receivables Purchase Agreement establish at the Account Bank the Compartment 1 Cash Collateral Account to be used for the cash collateral in the initial amount of EUR 4,830,000.00. The amount of EUR 4,830,000.00 (1.4% per cent. of the Nominal Amount of the Initial Compartment 1 Notes as of the Closing Date) serves as the initial Compartment 1 General Cash Collateral Amount. The Issuer will prior to the Initial Compartment 2 Notes Issue Date establish at the Account Bank the Compartment 2 Cash Collateral Account to be used for the initial cash collateral in amount equal to the Compartment 2 General Cash Collateral Amount. The Compartment 1 German Trade Tax Risk Reserve and Compartment 2 German Trade Tax Risk Reserve is exclusively reserved to cover any potential German trade tax risk (*Gewerbesteuerrisiko*) upon the occurrence of a Compartment 1 German Trade Tax Event or a Compartment 2 German Trade Tax Event, respectively. VWL is obliged to pay the Required Compartment 2 Notes Interest Reserve upon issuance of Compartment 2 Notes. The Required Compartment 2 Notes Interest Reserve is reserved to pay any amounts required (for the avoidance of doubt after payment of all senior ranking items pursuant to the applicable Order of Priority of Payments) to pay interest and general on Compartment 2 Notes pursuant to Clause 22.4 (a) item *first* through *seventh* of the Trust Agreement. All funds in the Compartment 1 Cash Collateral Account other than the unused amount of Compartment 1 German Trade Tax Risk Reserve are referred to as the “**Compartment 1 Cash Collateral Amount**” and all funds in the Compartment 2 Cash Collateral Account other than the unused amount of Compartment 2 German Trade Tax Risk Reserve and of the unused amount of the Required Compartment 2 Notes Interest Reserve are referred to as the “**Compartment 2 Cash Collateral Amount**”.

23.2 If (a) Volkswagen Financial Services AG is rated no longer a short-term rating for unsecured and unguaranteed debt of at least "A-2" from S&P and a long-term rating for unsecured and unguaranteed debt of at least "BBB" from S&P, or (y) Volkswagen Financial Services AG no longer has a long-term rating for unsecured and unguaranteed debt of at least "BBB+" from S&P or an Insolvency Event has occurred to VWL, or (ii) VWL receives notification from Fitch that Fitch has determined that Volkswagen Financial Services AG's capacity for timely payment of financial commitments would no longer equal a short-term rating of at least "F2" and a long-term rating of at least "BBB+", VWL is obliged on the immediately following Payment Date, to post collateral in an amount equal to the Kilometer Settlement Reserve. The Kilometer Settlement Reserve is exclusively reserved to cover losses resulting from (i) the Lease Contracts being qualified as contracts providing for financial assistance against consideration within the meaning of section 506 of the German Civil Code by the German courts and the respective

Lessee having refused to pay the Lease Receivables due to the Lease Contracts violating the consumer credit rules set forth in section 506 para. 1 of the German Civil Code and (ii) VWL not having honoured its obligations under Clause 10.6 of this Agreement to settle the respective Purchased Lease Receivable.

- 23.3** On each Payment Date amounts payable under item *eighth* of the respective Order of Priority according to Clause 1.1(d)(a) and 22.4(a) above will be paid until the amount of funds in the Compartment 1 Cash Collateral Account and the Compartment 2 Cash Collateral Account is equal to the Compartment 1 Specified General Cash Collateral Account Balance and the Compartment 2 Specified General Cash Collateral Account Balance, respectively. Amounts on deposit in the Cash Collateral Accounts at any time shall be invested in Permitted Investments in accordance with the instructions of the Issuer (as set out in Clause 22.2) and on each Payment Date the Compartment 1 General Cash Collateral Amount and the Compartment 2 General Cash Collateral Amount shall be used with respect to (a) to cover any shortfalls in the amounts payable under items *first* through *seventh* of to the respective Order of Priority in Clause 22.3(a) and 22.4(a) above, (b) the amounts payable under Clause 1.1(d)(b) and 22.4(b) (*Permitted Investment; Order of Priority*) above and (c) the Compartment 1 General Cash Collateral Amount on the latest occurring Legal Maturity Date of any Series of Compartment 1 Notes also for amounts payable pursuant to Clause 1.1(d)(a) under item *tenth*, Clause 22.4(a) under the item *tenth*, Clause 1.1(d)(a) under items *twelfth*, *thirteenth* and *fourteenth* of the Order of Priority and for amounts payable pursuant to Clause 22.4(a) under the items *twelfth* and *thirteenth* of the Order of Priority, and the Compartment 2 General Cash Collateral Amount on the latest occurring Legal Maturity Date of any Series of Compartment 2 Notes also for amounts payable pursuant to Clause 22.4(a) under the items *tenth*, *twelfth* and *thirteenth* of the Order of Priority.
- 23.4** Upon full and final discharge of all obligations under the Notes and the Subordinated Loans and upon fulfilment of all claims of all Transaction Creditors, VWL shall be entitled to the sums remaining in the Cash Collateral Accounts together with all interest accrued thereon. The Cash Collateral Accounts shall be closed as soon as all Purchased Lease Receivables as well as all Purchased Expectancy Rights and rights to Security have been realised after final payment in full of the Notes and the Subordinated Loans. After the closing of the Cash Collateral Accounts, VWL is entitled to any Purchased Lease Receivables and Purchased Expectancy Rights still outstanding.
- 23.5** The Issuer will on the date of this Agreement establish at the Accumulation Account Bank the Accumulation Accounts to collect during the Revolving Period payments as set forth in item *tenth* of the respective Order of Priority according to Clause 1.1(d)(a) and 22.4(a). During the Revolving Period, amounts on deposit in the Compartment 1 Accumulation Account shall be used by the Issuer acting with respect to its Compartment 1 for the purchase of Additional Lease Receivables and amounts in deposit in the Compartment 2 Accumulation Account shall be used by the Issuer acting with respect to its Compartment 2 for the purchase of Additional Expectancy Rights from VWL according to the terms for the purchase of Additional Lease Receivables and the Additional Expectancy Rights as set forth in Clause 4 et seq. and 8 et seq. of the Initial Vehicles and Receivables Purchase Agreement pursuant to the relevant Additional Vehicles and Receivables Purchase Agreement. Upon the occurrence of an Early Amortisation Event, the Accumulation Accounts shall be closed on the subsequent Payment Date and any amounts on deposit in the Accumulation Accounts shall be transferred on the subsequent Payment Date to the respective Distribution Accounts.

- 23.6** Upon the occurrence of a Compartment 1 German Trade Tax Decrease Event, the Compartment 1 German Trade Tax Decrease Amount, which is no longer required to cover potential German trade tax risk exposure following such a Compartment 1 German Trade Tax Decrease Event, will be released from the Compartment 1 German Trade Tax Risk Reserve and from the Compartment 1 Cash Collateral Account. To the extent paid into the Compartment 1 Cash Collateral Account under item *ninth* of Clause 1.1(d)(a) it will form part of the Compartment 1 Available Distribution Amount. To the extent paid directly by VWL into the Compartment 1 Cash Collateral Account, it will be released to VWL.

Upon the occurrence of a Compartment 2 German Trade Tax Decrease Event, the Compartment 2 German Trade Tax Decrease Amount which is no longer required to cover potential German trade tax risk exposure following such a Compartment 2 German Trade Tax Decrease Event, will be released from the Compartment 2 German Trade Tax Risk Reserve and from the Compartment 2 Cash Collateral Account. To the extent paid into the Compartment 2 Cash Collateral Account under item *ninth* of Clause 22.4(a) it will form part of the Compartment 2 Available Distribution Amount. To the extent paid directly by VWL into the Compartment 2 Cash Collateral Account, it will be released to VWL.

## **24. RELATION TO THIRD PARTIES; OVERPAYMENT**

- 24.1** In respect of the Security, the Order of Priority shall be binding on all Transaction Creditors of the Issuer. In respect of other assets of the Issuer, such Order of Priority shall only be applicable internally between the Transaction Creditors, the Security Trustee, the Expectancy Rights Trustee and the Issuer; in third party relationships, the rights of the Transaction Creditors, the Expectancy Rights Trustee and the Security Trustee shall have equal rank to those of the third-party creditors of the Issuer.
- 24.2** The Order of Priority set forth in Clause 22 (*Permitted Investment; Order of Priority*) shall also be applicable if the claims are transferred to a third party by assignment, subrogation into a contract, or otherwise.
- 24.3** All payments to Transaction Creditors shall be subject to the condition that, if a payment is made to a Transaction Creditor in breach of the Order of Priority such Transaction Creditor shall repay - with commercial effect to the relevant Payment Date - the received amount to the Security Trustee; the Security Trustee shall then pay - with commercial effect to the relevant Payment Date - such moneys received in the way that they were payable in accordance with the aforementioned Order of Priority on the relevant Payment Date. If such non-complying payment is not repaid on the relevant Payment Date by such Transaction Creditor, following the non-complying payment or if the claim to repayment is not enforceable, the Security Trustee is authorised and obliged to adapt the distribution provisions pursuant to Clause 22 (*Permitted Investment; Order of Priority*) in such a way that any over- or underpayments made in breach of Clause 22 (*Permitted Investment; Order of Priority*) are set off by correspondingly increased or decreased payments on such Payment Date (and, to the extent necessary, on all subsequent Payment Dates).

## **PART F.**

### **DELEGATION; ADVISORS**

## **25. DELEGATION**

- 25.1** In individual instances, the Security Trustee may, at market prices (if appropriate, after obtaining several offers), retain the services of a suitable law firm or credit institution to

assist it in performing the duties assigned to it under this Agreement, by delegating the entire or partial performance of the following duties:

- (a) the undertaking of individual measures pursuant to Clause 15 (*Breach of Obligation by the Issuer*), specifically the enforcement of certain claims against the Issuer or a Transaction Creditor;
- (b) the foreclosure on Security pursuant to Clause 17 (*Foreclosure on the Security; Foreclosure Event*);
- (c) the settlement of payments pursuant to Clause 19 (*Payments upon Occurrence of the Foreclosure Event*); and
- (d) the settlement of overpayments pursuant to Clause 24 (*Relation to the Third Parties; Overpayment*).

**25.2** If third parties are retained pursuant to Clause 25.1, the Security Trustee shall only be liable for the exercise of due care in the selection and supervision of the third party to a degree that the Security Trustee would exercise in its own affairs. The Security Trustee, however, shall not be liable for any negligence of the third party. In case of any damage caused by such third party, the Security Trustee shall enforce any claims for damages against such third party for the benefit of the Transaction Creditors.

**25.3** The Security Trustee shall promptly notify the Rating Agencies of every hiring pursuant to Clause 25.1.

## **26. ADVISORS**

**26.1** The Security Trustee and the Expectancy Rights Trustee are authorised, in connection with the performance of its duties under the Funding and the Transaction Documents, at their own discretion, to seek information and advice from legal counsel, financial consultants, banks, and other experts in Germany or elsewhere (and irrespective of whether such persons are already retained by the Security Trustee, the Expectancy Rights Trustee, the Issuer, a Transaction Creditor, or any other person involved in the transactions under the Notes, the Subordinated Loans or the Transaction Documents), at market prices (if appropriate, after obtaining several offers).

**26.2** The Security Trustee and the Expectancy Rights Trustee, as applicable, may rely on such information and such advice of such external advisors without having to make their own investigations. The Security Trustee and the Expectancy Rights Trustee, as applicable, shall not be liable for any damages or losses caused by acting in reliance on the information or the advice of such Persons. The Security Trustee shall not be liable for any negligence of such Persons.

## **PART G.**

### **FEES; REIMBURSEMENT OF EXPENSES; INDEMNIFICATION; TAXES**

## **27. FEES**

**27.1** The Issuer will pay each of the Security Trustee and the Expectancy Rights Trustee a fee, the amount of which shall be separately agreed between the Issuer, the Expectancy Rights Trustee and the Security Trustee.



**27.2** Upon the occurrence of a Foreclosure Event or a default of any party (other than the Security Trustee or the Expectancy Rights Trustee, respectively) to a Transaction Document which results in that the Security Trustee or the Expectancy Rights Trustee, respectively, undertaking additional tasks, the Issuer shall pay or procure to be paid to the Security Trustee and/or the Expectancy Rights Trustee such additional remuneration as shall be agreed between the Issuer and the Security Trustee or the Expectancy Rights Trustee, as applicable. In the event that the Issuer and the Security Trustee or the Expectancy Rights Trustee, as applicable, fail to agree as to whether and/or in which amount an additional remuneration shall be payable in accordance with the preceding sentence, such matters shall be determined by a bank, financial services institution or auditing firm of recognised standing (acting as an expert and not as an arbitrator) jointly determined by the Issuer and the Security Trustee or the Expectancy Rights Trustee, as applicable. The determination made by such expert shall be final and binding upon the Issuer and the Security Trustee or the Expectancy Rights Trustee, as applicable. It is understood that the additional tasks to be performed by the Security Trustee or the Expectancy Rights Trustee, as applicable, will not be delayed, but instead will be continued as if the Issuer and the Security Trustee or the Expectancy Rights Trustee, as applicable, would have agreed on a fee immediately.

**28. REIMBURSEMENT OF EXPENSES; ADVANCE**

The Issuer shall bear all reasonable costs and disbursements (including costs for legal advice and costs of other experts) incurred by the Security Trustee and the Expectancy Rights Trustee in connection with the performance of its respective duties under this Agreement, including the costs and disbursements in connection with the creation, holding, and foreclosure on the Security.

**29. RIGHT TO INDEMNIFICATION**

The Issuer shall indemnify the Security Trustee and the Expectancy Rights Trustee against all losses, liabilities, obligations (including any taxes), actions in and out of court, and costs and disbursements incurred by the Security Trustee and/or the Expectancy Rights Trustee in connection with this Agreement or any other Transaction Document, unless such costs and expenses are incurred by the Security Trustee and/or the Expectancy Rights Trustee due to a breach of its standard of care pursuant to Clause 35 (*Standard of Care*).

**30. TAXES**

**30.1** The Issuer shall bear all transfer taxes and other similar taxes or charges which are imposed in Germany or in Luxembourg on or in connection with (i) the creation, holding, foreclosure or enforcement of Security, (ii) on any measure taken by the Security Trustee and/or the Expectancy Rights Trustee pursuant to the Conditions of the Notes, the Subordinated Loans or the Transaction Documents, and (iii) the Issue of the Notes, the conclusion of the Subordinated Loan Agreements or the conclusion of Transaction Documents.

**30.2** All payments of fees and reimbursements of reasonable expenses to the Security Trustee and the Expectancy Rights Trustee shall include any turnover taxes, value added taxes or similar taxes, other than taxes on the Security Trustee's overall income or gains, which are imposed in the future on the services of the Security Trustee and/or the Expectancy Rights Trustee.

**31. LIMITED RECOURSE; NO LIEN OR SET-OFF; NO PETITION**

- 31.1** The rights of the Security Trustee and the Expectancy Rights Trustee under Clauses 27 (*Fees*) through 31 (*Limited Recourse; No Lien or Set-Off; No Petition*) are limited to those funds standing to the credit of the Accounts at any given time as payable to the Security Trustee and the Expectancy Rights Trustee pursuant to the Order of Priority; the Issuer has no further obligations. To the extent that the funds in the Accounts are determined by the Security Trustee – and in case of the issuance of Compartment 2 Notes determined jointly by the Security Trustee and the Expectancy Rights Trustee – to be ultimately insufficient to satisfy in full the claims of all Transaction Creditors after exhausting all available remedies, legally and otherwise, any amounts remaining unpaid shall be extinguished and the Issuer shall have no further obligations thereto.
- 31.2** No shareholder, officer or director of the Issuer shall incur any personal liability as a result of the performance or non-performance by the Issuer of its obligations hereunder. Any recourse against such a person is excluded accordingly.
- 31.3** The Security Trustee and the Expectancy Rights Trustee shall under no circumstances have any lien, right of retention, right of set-off or similar right in respect of any moneys paid or payable to either of it or assets delivered or deliverable into either of its custody under this Agreement vis-à-vis the Issuer. For the avoidance of doubt, the Security Trustee and the Expectancy Rights Trustee are not subject to the aforementioned restrictions if the Security Trustee or the Expectancy Rights Trustee is acting in its respective capacity as Security Trustee or Expectancy Rights Trustee on behalf of the Transaction Creditors.
- 31.4** Until one year and one day has passed after the last payment is effected on the Notes and the Subordinated Loans, neither the Security Trustee nor the Expectancy Rights Trustee shall (i) take or induce any action the subject of which is a dissolution, liquidation, or bankruptcy or other insolvency proceedings with respect to VCL Master S.A. of any or all of its revenue or property or the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator or similar officer of VCL Master S.A., that could impair or threaten the performance of obligations of the Issuer under the Notes, the Subordinated Loans or the Transaction Documents or that could jeopardise the Security, or (ii) assert judicially or extra-judicially claims for payment against the Issuer to which the Security Trustee and/or the Expectancy Rights Trustee is entitled under or in connection with this Agreement and its performance, nor to permit third parties to assert such claims on their behalf. For the avoidance of doubt, the Security Trustee and the Expectancy Rights Trustee are not subject to the aforementioned restrictions if the Security Trustee is acting in its respective capacity as Security Trustee or Expectancy Rights Trustee on behalf of the Transaction Creditors.
- 31.5** The recourse of the Transaction Creditors under the relevant Transaction Document(s) is limited to the assets of the Issuer allocated to its Compartment 1 and its Compartment 2.
- 31.6** Notwithstanding any other provision of this Agreement, each of the parties hereto hereby agrees with Regency Assets Limited that it shall not:
- (a) take, assist or join any corporate action or other steps or legal proceedings for the winding-up, dissolution, examinership or re-organisation of or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, examiner, sequestrator or similar officer to Regency Assets Limited or of any or all its revenues and assets; or
  - (b) have any right to take any steps for the purpose of obtaining payment of any amounts payable to it under this Agreement by Regency Assets Limited and shall

not take any steps to recover any debts whatsoever owing to it by Regency Assets Limited.

**31.7** Notwithstanding any other provision of this Agreement, no recourse under any obligation, covenant or agreement of Regency Assets Limited contained in this Agreement shall be had against any shareholder, officer, director, employee or agent of Regency Assets Limited, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that this Agreement is a corporate obligation of Regency Assets Limited, and that no personal liability shall attach to or be incurred by the shareholders, officers, directors, employees or agents of Regency Assets Limited, as such, or any of them under or by reason of any of the obligations, covenants or agreements of Regency Assets Limited contained in this Agreement or implied therefrom and that any and all personal liability for breaches by Regency Assets Limited of any of such obligations, covenants or agreements, either at law or by statute or constitution of every such shareholder, officer, director, employee or agent is hereby expressly waived as a condition of and in consideration for the execution of this Agreement.

**31.8** Notwithstanding any other provision of this Agreement, each party hereto agrees and acknowledges with Regency Assets Limited that:

- (a) it will only have recourse in respect of any amount, claim or obligation due or owing to it by Regency Assets Limited (the “*Claims*”) to the extent of available funds pursuant to and in accordance with Regency Assets Limited’s programme documents in respect of its USD 20,000,000,000 commercial paper notes programme (the “**Programme Documents**”) and after all its other prior ranking claims have been satisfied and discharged in full;
- (b) following the application of funds following enforcement of the security interests over its assets under the relevant Programme Documents Regency Assets Limited will have no assets available for payment of its obligations under such Programme Documents and this Agreement and that any Claims will accordingly be extinguished to the extent of any shortfall; and
- (c) the obligations of Regency Assets Limited under the Programme Documents and this Agreement will not be obligations or responsibilities of, or guaranteed by, any other person or entity.

**31.9** The provisions of this Clause 31 (*Limited Recourse; No Lien or Set-Off; No Petition*) shall survive the termination of this Agreement.

## **PART H.**

### **REPLACEMENT OF THE SECURITY TRUSTEE OR THE EXPECTANCY RIGHTS TRUSTEE**

#### **32. TERMINATION BY THE SECURITY TRUSTEE OR THE EXPECTANCY RIGHTS TRUSTEE FOR GOOD CAUSE**

**32.1** The Security Trustee and/or the Expectancy Rights Trustee may resign from its office as Security Trustee and/or Expectancy Rights Trustee, as applicable, for good cause (*aus wichtigem Grund*) at any time provided that upon or prior to its resignation the Security Trustee and/or the Expectancy Rights Trustee, as applicable, on behalf of the Issuer, appoints a reputable bank in Germany or a reputable German auditing company and/or fiduciary company as successor and such appointee is experienced in the business of security trusteeship in Germany and assumes all rights and obligations arising from this Agreement and has been furnished with all authorities and powers that have been granted to the Security Trustee and/or the Expectancy Rights Trustee, as applicable.

**32.2** Without prejudice to the obligation of the Security Trustee and the Expectancy Rights Trustee to appoint a successor in accordance with Clause 32.1, the Issuer shall be authorised to make such appointment in lieu of the Security Trustee and the Expectancy Rights Trustee.

**32.3** The appointment of the new Security Trustee and/or the new Expectancy Rights Trustee pursuant to Clause 32.1 and 32.2 shall only take effect if (i) VWL consents to the appointment of the proposed new Security Trustee and/or the new Expectancy Rights Trustee or withholds such consent unreasonably; and (ii) the Issuer consents to the appointment of the proposed new Security Trustee and/or the new Expectancy Rights Trustee or withholds such consent unreasonably. Consent pursuant to number (i) above shall be deemed granted if the Issuer or the Security Trustee or the Expectancy Rights Trustee requests VWL in writing for consent to the appointment and consent is not refused by VWL within five banking days in Frankfurt am Main of having received the request or proof of reasonable cause for refusing to give consent is not provided within five banking days in Frankfurt am Main after VWL receives the request. Consent pursuant to number (ii) shall be deemed granted if the Security Trustee and/or the new Expectancy Rights Trustee requests the Issuer in writing for consent to the appointment and consent or proof of reasonable cause for refusing to give consent is not provided within five banking days in Luxembourg-City and Frankfurt am Main after the Issuer receives the request.

**32.4** Notwithstanding a termination pursuant to Clause 32.1, the rights and obligations of the Security Trustee and/or the new Expectancy Rights Trustee, as applicable, shall continue until the appointment of the new Security Trustee and/or the new Expectancy Rights Trustee, as applicable, has become effective and the rights pursuant to Clause 34 (*Transfer of Security; Costs; Publication*) have been assigned to it.

#### **33. REPLACEMENT OF THE SECURITY TRUSTEE OR THE EXPECTANCY RIGHTS TRUSTEE**

The Issuer shall be authorised to and shall replace the Security Trustee and/or the Expectancy Rights Trustee with a reputable bank or a reputable German auditing company and/or law firm and/or a fiduciary company that is experienced in the business of security trusteeship in Germany, if the Issuer has been so instructed in writing by a Noteholder or Noteholders owning at least 25 per cent. of the aggregate outstanding principal amount of all Notes or by the Subordinated Lender. The Issuer shall notify VWL and the Rating

Agencies within 30 days upon receipt of such request to replace the Security Trustee and/or the Expectancy Rights Trustee on the request to replace the Security Trustee and/or the Expectancy Rights Trustee.

#### **34. TRANSFER OF SECURITY; COSTS; PUBLICATION**

- 34.1** In the case of a replacement of the Security Trustee and/or the Expectancy Rights Trustee pursuant to Clause 32 (*Termination by the Security Trustee or the Expectancy Rights Trustee for Good Cause*) or Clause 33 (*Replacement of the Security Trustee or the Expectancy Rights Trustee*), the Security Trustee and/or the Expectancy Rights Trustee, as applicable, shall forthwith transfer all assets and other rights it holds as fiduciary under this Agreement, as well as its Trustee Claim under Clause 4 (*Position of the Security Trustee and the Expectancy Rights Trustee in relation to the Issuer*) (including the pledge rights granted for the same pursuant to Clause 6 (*Pledge*)) in its capacity as trustee to the new Security Trustee and/or the Expectancy Rights Trustee, as applicable. Without prejudice to this obligation, the Issuer is hereby irrevocably authorised to effect such transfer on behalf of the Security Trustee and/or the Expectancy Rights Trustee, as applicable, subject to the condition set forth in the first sentence.
- 34.2** The costs incurred in connection with replacing the Security Trustee and/or the Expectancy Rights Trustee pursuant to Clause 32 (*Termination by the Security Trustee or the Expectancy Rights Trustee for Good Cause*) or Clause 33 (*Replacement of the Security Trustee or the Expectancy Rights Trustee*) shall be borne by the Issuer. If the replacement pursuant to Clause 32 (*Termination by the Security Trustee or the Expectancy Rights Trustee for Good Cause*) or Clause 33 (*Replacement of the Security Trustee or the Expectancy Rights Trustee*) is caused by a violation of obligations of the Security Trustee and/or the Expectancy Rights Trustee as set out in Clauses 35 and 36, the Issuer shall be entitled, without prejudice to any additional rights, to demand damages from the Security Trustee and/or the Expectancy Rights Trustee in the amount of such costs.
- 34.3** The appointment of a New Security Trustee and/or the New Expectancy Rights Trustee in accordance with Clause 32 (*Termination by the Security Trustee or the Expectancy Rights Trustee for Good Cause*) or Clause 33 (*Replacement of the Security Trustee or the Expectancy Rights Trustee*) shall be published without delay in accordance with the Conditions of the Notes, and the Subordinated Loans, or, if this is not possible, in any other appropriate way.
- 34.4** The Security Trustee and/or the Expectancy Rights Trustee shall provide the New Security Trustee and/or the New Expectancy Rights Trustee, as applicable, with a report regarding its activities within the framework of this Agreement.

### **PART I.**

#### **LIABILITY OF THE SECURITY TRUSTEE AND THE EXPECTANCY RIGHTS TRUSTEE**

#### **35. STANDARD OF CARE**

Each of the Security Trustee and the Expectancy Rights Trustee shall be liable for breach of its obligations under this Agreement only if and to the extent that it fails to meet the standard of care which it would exercise in its own affairs (*Sorgfalt in eigenen Angelegenheiten*).

## **36. EXCLUSION OF LIABILITY**

- 36.1** Each of the Security Trustee and the Expectancy Rights Trustee shall not be liable for: (i) any action or failure to act of the Issuer or of other parties to the Transaction Documents (including to the extent performed on behalf of the Security Trustee or the Expectancy Rights Trustee), (ii) the Notes, the Subordinated Loans, the Purchased Lease Receivables, the Purchased Expectancy Rights, the Security, the Lease Collateral and the Transaction Documents being or not being legal, valid, binding, or enforceable, or for the fairness of the provisions set forth in the Notes, the Subordinated Loans or in the aforementioned agreements, (iii) a loss of documents related to the Purchased Rights not attributable to a violation of the standard of care set out in Clause 35 of the Security Trustee or the Expectancy Rights Trustee, and (iv) – without prejudice to the provisions of Clause 15 (*Breach of Obligations by the Issuer*) – the Seller's failure to meet all or part of its contractual obligations to submit documents to the Security Trustee and/or the Expectancy Rights Trustee, as applicable.
- 36.2** No shareholder, officer or director of the Security Trustee or the Expectancy Rights Trustee shall incur any personal liability as a result of the performance or non-performance by the Security Trustee or the Expectancy Rights Trustee of its obligations hereunder. Any recourse against such a person is excluded accordingly.

## **PART J.**

### **UNDERTAKINGS OF THE ISSUER**

## **37. UNDERTAKINGS OF THE ISSUER IN RESPECT OF THE SECURITY**

The Issuer undertakes vis-à-vis the Security Trustee and the Expectancy Rights Trustee:

- (a) not to sell the Security and to refrain from all actions and failure to act (excluding the collection and enforcement of the Security in the ordinary course of business) which may result in a material decrease in the aggregate value or in a loss of the Security; to the extent that there are indications that a Transaction Creditor does not properly fulfil its obligations under a Transaction Document, the Issuer will in particular exercise the due care of a merchant (*die Sorgfalt eines ordentlichen Kaufmanns*) to take all necessary action to prevent the Security or their value from being jeopardised;
- (b) to mark in its books and documents the transfer for security purposes and the pledge to the Security Trustee and the Expectancy Rights Trustee, as applicable, and to disclose to third parties having a legal interest in becoming aware of the transfer for security purposes and the pledge that the transfer for security purposes and the pledge has taken place;
- (c) promptly to notify the Security Trustee and the Expectancy Rights Trustee if the rights of the Security Trustee and the Expectancy Rights Trustee in the Security are impaired or jeopardised by way of an attachment or other actions of third parties, by sending a copy of the attachment or transfer order or of any other document on which the enforcement of the third party is based, as well as all further documents which are required or useful to enable the Security Trustee and the Expectancy Rights Trustee to file proceedings and take other actions in defence of its rights. In addition, the Issuer shall promptly inform the attachment creditor and other third parties in writing of the rights of the Security Trustee and the Expectancy Rights Trustee in the Security; and

- (d) to permit the Security Trustee (also on behalf of the Expectancy Rights Trustee) or its representatives to inspect its books and records at any time during usual business hours for purposes of verifying and enforcing the Security, to give any information necessary for such purpose, and to make the relevant records available for inspection.

### **38. OTHER UNDERTAKINGS OF THE ISSUER**

The Issuer undertakes to:

- (a) promptly notify the Security Trustee in writing if circumstances occur which constitute a Foreclosure Event pursuant to Clause 17 (*Foreclosure on the Security; Foreclosure Event*);
- (b) submit to the Security Trustee at least once a year and in any event not later than 120 days after the end of its fiscal year and at any time upon demand within five days a certificate signed by a director of VCL Master S.A. in which such director, in good faith and to the best of his/her knowledge based on the information available represents, on behalf of the Issuer, that during the period between the date the preceding certificate was submitted (or, in the case of the first certificate, the date of this Agreement) and the date on which the relevant certificate is submitted, the Issuer has fulfilled its obligations under the Notes, the Subordinated Loans and the Transaction Documents or (if this is not the case) specifies the details of any breach;
- (c) give the Security Trustee at any time such other information it may reasonably demand for the purpose of performing its duties under this Agreement;
- (d) send to the Security Trustee one copy in the German or the English language of any balance sheet, any profit and loss accounts, any report or notice, or any other memorandum sent out by the Issuer to its shareholder either at the time of the mailing of those documents to the shareholder or as soon as possible thereafter;
- (e) send or have sent to the Security Trustee a copy of any notice given in accordance with the Conditions of the Notes and/or the Subordinated Loans immediately, or at the latest on the day of the publication of such notice;
- (f) ensure that the Principal Paying Agent notifies the Security Trustee immediately if it does not receive the moneys needed to discharge in full any obligation to repay the full or partial principal amount due to the Noteholders and/or the Subordinated Lender on any Payment Date;
- (g) have at all times at least one director independent from the Seller and the Issuer's shareholders;
- (h) correct any known misunderstanding regarding its separate identity; and
- (i) conduct its own business in its own name.

### **39. ACTIONS OF THE ISSUER REQUIRING CONSENT**

As long as the Notes and the Subordinated Loans are outstanding, the Issuer is not authorised without prior written consent of the Security Trustee to:

- 39.1** engage in any business or activities other than:
- (a) the performance of the obligations under this Agreement, the Notes, the Subordinated Loans and the other Transaction Documents and under any other agreements which have been entered or may be entered into in connection with the Funding;
  - (b) the enforcement of its rights;
  - (c) the performance of any acts which are necessary or useful in connection with (a) or (b) above; and
  - (d) the execution of all further documents and undertaking of all other actions, at any time and to the extent permitted by law, which, in the opinion of the Security Trustee, are necessary or desirable with respect to the reasonable interests of the Noteholders or the Subordinated Lender in order to ensure that the Conditions of the Notes or the Subordinated Loan Agreements are always valid;
- 39.2** hold, permit to subsist any subsidiary nor form or acquire any subsidiary (unless in the case of a substitution of the Issuer pursuant to the Conditions of the Notes and the Subordinated Loans);
- 39.3** dispose or pledge of any assets or any part thereof or interest therein and/or make, incur, assume or suffer to exist any loan, advance or guarantee to any person, unless otherwise provided in Clause 39.1;
- 39.4** pay dividends or make any other distribution to its shareholders;
- 39.5** incur, create, assume or suffer to exist or otherwise become liable in respect of any indebtedness, whether present or future;
- 39.6** have any employees or own any real estate assets;
- 39.7** create or permit to subsist any mortgages, or – except as otherwise permitted by the Transaction Documents – any liens, pledges or similar rights;
- 39.8** consolidate or merge;
- 39.9** materially amend its Articles of Incorporation;
- 39.10** issue new shares and acquire shares;
- 39.11** open new accounts (other than contemplated in the Transaction Documents);
- 39.12** change its country of incorporation;
- 39.13** effect a substitution of the Issuer pursuant to the Conditions of the Notes and the Subordinated Loans;
- 39.14** permit its assets to become commingled with those of any other party; or
- 39.15** acquire obligations or securities of its affiliates;
- 39.16** if the Issuer requests that the Security Trustee grants its consent as required pursuant to this Clause 39, the Security Trustee may grant or withhold the requested consent at its



discretion, taking into account the reasonable interests of the Transaction Creditors in accordance with Clause 3.1 hereof.

## **PART K.**

### **MISCELLANEOUS PROVISIONS**

#### **40. NOTICES**

**40.1** Subject to Clause 40.3, all notices under this Agreement shall be made in the German or English language by mail or by fax which shall be confirmed by mail. Notices to the Seller and the Servicer shall be sent separately to the attention of the individuals nominated by the Seller and the Servicer in Clause 40.2.

**40.2** Subject to written notification of any change of address, all notices under this Agreement to the parties set forth below shall be directed to the following addresses:

(a) for the Issuer:

VCL Master S.A.,  
acting with respect to its Compartment 1 and its Compartment 2  
c/o Wilmington Trust SP Services (Luxembourg) S.A.  
Attn.: Directors  
52-54 Avenue du X Septembre  
L-2550 Luxembourg  
Luxembourg  
Telefax No. (+352) 2645 9628  
Email: vcl@wilmingtontrust.com

(b) for the Seller:

Volkswagen Leasing GmbH  
Attn.: Ms. Jennifer Graf  
Gifhorner Straße 57  
D-38112 Braunschweig  
Federal Republic of Germany  
Telefax No. (+49-531) 212 73903  
Email: abs structuring@vwfs.com  
absoperations@vwfs.com

(c) for the Servicer:

Volkswagen Leasing GmbH  
Attn.: Ms. Jennifer Graf  
Gifhorner Straße 57  
D-38112 Braunschweig  
Federal Republic of Germany  
Telefax No. (+49-531) 212 73903  
Email: abs structuring@vwfs.com  
absoperations@vwfs.com

(d) for the Lead Manager and Co-Arranger:

HSBC Bank plc

Attn.: Transaction Management Group  
8 Canada Square  
London E14 5HQ  
Telefax No. +44 20 7992 4973  
E-mail: transaction.management@hsbcib.com

- (e) for the Co-Arranger:

Volkswagen Financial Services AG  
Gifhorner Straße 57  
D-38112 Braunschweig  
Federal Republic of Germany  
Telefax No. (+49-531) 212 73497  
Email: abs.structuring@vwfs.com  
absoperations@vwfs.com

- (f) for the Managers

SEB AG,  
Attn: Barbara Scholl  
Stephanstrasse 14-16  
60313 Frankfurt am Main  
Federal Republic of Germany  
Telefax +49 69 258 6806  
Email: barbara.scholl@seb.se; loanoperationsgermany@seb.se;  
christoph.plattenteich@seb.se; hanna.wagner@seb.se

- (g) for the Compartment 1 Subordinated Lender:

Volkswagen International Luxembourg S.A.  
Attn.: Frank Mitschke  
291 Route d'Arlon  
1150 Luxembourg  
Luxembourg  
Fax 0035227440699  
Email: frank.mitschke.vfl@volkswagen.de

- (h) for the Compartment 2 Subordinated Lender

Volkswagen Bank GmbH  
Attn.: Anja Knox  
Gifhorner Straße 57  
D-38112 Braunschweig  
Federal Republic of Germany

- (i) for the Security Trustee:

Wilmington Trust SP Services (Frankfurt) GmbH  
Attn.: Werner Niemeyer  
Attn.: Stephanie Gaubatz  
Steinweg 3-5  
60313 Frankfurt am Main  
Federal Republic of Germany  
Telefax No. (+49-69) 2992 5387

Email: fradirectors@wilmingtontrust.com  
wniemeyer@wilmingtontrust.com  
sgaubatz@wilmingtontrust.com

- (j) for the Expectancy Rights Trustee:

Wilmington Trust (London) Limited  
Attn.: Daniel Wynne  
Attn.: Elaine Lockhart  
Third Floor  
1 King's Arms Yard  
London EC2R 7AF  
United Kingdom  
Telefax No. +44 207 397 3601  
Email elockhart@wilmingtontrust.com  
DWYNNE@WilmingtonTrust.com

- (k) for the Compartment 1 Series 2010-1 Note Purchaser:

Regency Assets Limited  
Attn: The Directors  
5 Harbourmaster Place  
I.F.S.C.  
Dublin 1  
Ireland  
Telefax No.: + 353 1 680 6050  
Email: corporate.services@db.com

- (l) for the Compartment Compartment 2 Series 2010-1 Note Purchaser:

HSBC TRINKAUS GESELLSCHAFT FÜR KAPITALMARKTINVESTMENTS  
OHG  
Attn.: Holger Zeuner  
Königsallee 21/23  
40212 Düsseldorf  
Germany  
Telefax No.: +49 211 910-9-1714  
E-Mail: Holger.Zeuner@hsbc.de

- (m) for the Compartment 1 Series 2010-2 Note Purchaser and the Compartment 2 Series 2010-2 Note Purchaser:

SEB AG,

Attn: Barbara Scholl  
Stephanstrasse 14-16  
60313 Frankfurt am Main  
Federal Republic of Germany  
Telefax No. +49 69 258 6806  
Email: barbara.scholl@seb.se; loanoperationsgermany@seb.se;  
christoph.plattenteich@seb.se; hanna.wagner@seb.se

- (n) for the Compartment 1 Series 2010-3 Note Purchaser and the Compartment 2 Series 2010-3 Note Purchaser:

Helaba  
Landesbank Hessen-Thüringen Girozentrale  
(Attn.: Mrs. Cus)  
Neue Mainzer Straße 52-58  
60311 Frankfurt am Main  
Federal Republic of Germany  
E-Mail address: Ertraege/Faelligkeiten@helaba.de  
Tel: +49 (0) 69 9132 5692  
Telefax: +49 (0)69 9132 5367

- (o) for the Compartment 1 Series 2010-4 Note Purchaser and the Compartment 2 Series 2010-4 Note Purchaser:

Volkswagen Bank GmbH  
Attn.: Anja Knox  
Gifhorner Straße 57  
D-38112 Braunschweig  
Federal Republic of Germany

- (p) for Fitch:

Fitch Ratings Limited  
Attn.: Structured Finance Surveillance  
First Floor, 101 Finsbury Pavement  
London EC2A 1RS  
United Kingdom  
Telefax No. (+44-20) 7417 6262  
Email: ABSsurveillance@fitchratings.com

- (q) for S&P:

Standard & Poor's  
Attn.: Structured Finance  
Surveillance Department  
20 Canada Square  
Canary Wharf  
London E14 5LH  
United Kingdom  
Telefax No. (+44-20) 7176-3598  
Email: ABSEuropeanSurveillance@standardandpoors.com

- (r) for the Data Protection Trustee:
- Volkswagen Bank GmbH  
Attn.: Mr. Dirk Leppel  
Gifhorner Straße 57  
D-38112 Braunschweig  
Federal Republic of Germany  
Telefax No.: (+49-531) 212 3490  
Email: Dirk.Leppelt@vwfs.com
- (s) for the Paying Agent:
- HSBC Bank plc  
Attn.: Manager, Client Services, Structured Products,  
Corporate Trust & Loan Agency  
8 Canada Square  
London E14 5 HQ  
Fax: +44 207 260 8932  
E-mail: ctla.securitisation@hsbcgroup.com
- (t) for the Account Bank and the Cash Administrator:
- The Bank of New York Mellon  
Frankfurt Branch  
MesseTurm  
Friedrich-Ebert-Anlage 49  
60327 Frankfurt am Main
- Attention: Corporate Trust Manager  
Telephone: +49 69 12014 1000  
Facsimile: +49 69 12014 1687
- (u) for the Compartment 1 Series 2011-1 Note Purchaser:
- KFW  
Attn: Heider Mehlhorn  
Attn: Klaus Junker  
Palmengartenstraße 5-9  
60325 Frankfurt am Main  
Federal Republic of Germany  
Telefax No. +49 69 7431 4948  
Email: heider.mehlhorn@kfw.de  
Klaus.Junker@kfw.de
- (v) for the Compartment 1 Series 2011-2 Note Purchaser::
- Merrill Lynch International Bank Limited  
Attn: Matthias Baltes / Manuel Weller  
Central Park  
Leopardstown  
Dublin 18  
Ireland  
Email: matthias.baltes@baml.com  
manuel.weller@baml.com

- (w) for the Compartment 1 Series 2012-1 Note Purchaser:
- Raiffeisen Bank International AG  
Attn.: Arturs Stendzenieks  
Attn: Jan-Peter Hülbert  
Am Stadtpark 9  
A-1030 Wien  
Austria  
Tel: +43 1 71707 2353 or +43 1 71707 2227  
Telefax No.: +43 1 71707 762353 or +43 1 71707 76 2227
- (x) for the Compartment 1 Series 2012-2 Note Purchaser and the Compartment 2 Series 2013-1 Note Purchaser:
- Commerzbank Aktiengesellschaft  
Attn.: Group Legal Debt Securities  
Kaiserstraße 16 (Kaiserplatz)  
60311 Frankfurt am Main  
Federal Republic of Germany  
Telefax No.: + 49 136 89546
- (y) for the Compartment 1 Series 2012-3 Note Purchaser:
- Crédit Agricole Corporate and Investment Bank  
9, quai du Président Paul Doumer  
92920 Paris La Défense Cedex  
France
- (z) for the Compartment 1 Series 2012-4 Note Purchaser:
- Albion Capital Corporation S.A.  
Attn.: the Directors  
9B, Boulevard Prince Henri  
L-1724 Luxembourg  
Telefax No.: -352 2020 4125  
E-Mail: [lux-services@sfmeurope.com](mailto:lux-services@sfmeurope.com)
- (aa) for the Compartment 1 Series 2013-1 Note Purchaser:
- DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main  
Attn.: Tobias Butte  
Platz der Republik  
60265 Frankfurt am Main  
Germany  
Tel: +49 69 7447 99167  
Telefax No.: +49 69 7447 42642  
Email: [tobias.butte@dzbank.de](mailto:tobias.butte@dzbank.de)  
[peter.jakob@dzbank.de](mailto:peter.jakob@dzbank.de)  
[andre.rogalski@dzbank.de](mailto:andre.rogalski@dzbank.de)  
[cdo.monitoring@dzbank.de](mailto:cdo.monitoring@dzbank.de)
- (bb) for the Corporate Services Provider:
- Wilmington Trust SP Services (Luxembourg) S.A.  
Attn.: Petronella J.S. Dunselman

Attn.: Zamyra H. Cammans  
52-54 Avenue du X Septembre  
L-2550 Luxembourg  
Luxembourg  
Fax: (+352) 2645 9628  
Email: vcl@wilmingtontrust.com

- 40.3** All notices that the Security Trustee must give to the Noteholders under this Agreement shall be published in a newspaper having general circulation in Luxembourg (which is expected to be Luxemburger Wort) or on the website of the Luxembourg Stock Exchange (www.bourse.lu) so long as the Notes are admitted for trading on the Luxembourg Stock Exchange to which the Notes are admitted for trading.^

#### **41. SEVERABILITY CLAUSE; COORDINATION**

- 41.1** Without prejudice to any other provision hereof, if any provision of this Agreement is or becomes invalid in whole or in part, the remaining provisions shall remain unaffected thereby to the extent permitted by law. Invalid provisions shall be replaced by such valid provisions which taking into consideration the purpose and intent of this Agreement have to the extent legally possible the same economic effect as the invalid provisions. The preceding provisions shall be applicable *mutatis mutandis* to any gap or omission in this Agreement.

- 41.2** The parties to this Agreement each undertake vis-à-vis the respective other party to take all actions that become necessary pursuant to Clause 41.1 or for other reasons to implement this Agreement.

#### **42. AMENDMENTS**

- 42.1** VWL will be entitled to amend any term or provision of this Agreement with the consent of the Issuer and the Security Trustee but without the consent of any Noteholder, any Swap Counterparties, the Subordinated Lender or any other Person; provided that such amendment shall only become valid,
- (a) if it is notified to the Security Trustee and the Rating Agencies and the Issuer and VWL have received a confirmation from the Security Trustee that in the sole professional judgment of the Security Trustee, such amendment will not be materially prejudicial to the interests of any Transaction Creditor; and
  - (b) if any of the amendments relate to the amount, the currency or the timing of the cashflow received by the Issuer under the Purchased Lease Receivables or the Purchased Expectancy Rights, the application of such cashflow by the Issuer, or the ranking of the Swap Counterparties in the Order of Priority, then the consent of the Swap Counterparties will be required; and
  - (c) in case of amendments which materially and adversely affect the interests of the Issuer, the Security Trustee, the Swap Counterparties or the Subordinated Lender if such parties have consented to such amendment.

## 42.2

- (A) The Swap Counterparties and the Issuer shall be entitled:
- (a) to amend the Swap Agreements to ensure that the terms hereof, and the parties obligations thereunder, are in compliance with the Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, known as the European Market Infrastructure Regulation ("**EMIR**") and/or the then subsisting technical standards under EMIR; or
- (a) to amend or waive (subject at all times to Article 15 (*Dispute resolution*), Chapter VII of the technical standards under EMIR (which relate to, *inter alia*, non-financial counterparties, risk-mitigation techniques for over the counter derivative contracts not cleared by a central counterparty) any of the time periods set out Part 6(c) of the schedule to the Swap Agreements.
- (B) The Servicer or the relevant Transaction Party(ies), as the case maybe, and the Issuer shall be entitled to amend the Servicing Agreement or any other Transaction Documents to ensure that the terms hereof, and the parties obligations thereunder, are in compliance with EMIR and/or the then subsisting technical standards under EMIR,

in each case of (A) and (B) above, with the consent of the Issuer but without the consent of any Noteholder, the Subordinated Lender or any other Person; provided that such amendment or waiver shall only become valid if it is notified to the Security Trustee and the Rating Agencies, and the Issuer and the Swap Counterparties or the Servicer or the relevant Transaction Party(ies), as the case maybe, have received a confirmation from the Security Trustee that in the sole professional judgment of the Security Trustee, such amendment or waiver will not be materially prejudicial to the interests of any such Transaction Creditor.

- 42.3** The Security Trustee shall have the right to request a reputable law firm in the relevant jurisdiction to confirm the legal validity of such amendment and/or to describe the legal effects of such amendment and to incur reasonable expenses for such consultation which shall be reimbursed by VWL.
- 42.4** This Agreement may also be amended from time to time with prior notification to the Rating Agencies in accordance with the provisions set out in sections 5 to 21 of the German Act on Debt Securities of Entire Issues (*Gesetz über Schuldverschreibungen aus Gesamtemissionen 2009 – SchVG*) with the consent of (a) the Issuer and (b) the Noteholders holding not less than 75 per cent. of the aggregate outstanding principal amount of all outstanding Notes, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or of modifying in any manner the rights of the Noteholders; (x) provided that no such amendment shall reduce the interest rate or principal amount of any Note or delay the Scheduled Repayment Date or Legal Maturity Date of any Note without the consent of all Noteholders of the relevant class, and (y) provided further that if any of the amendments relate to the amount, the currency or the timing of the cashflow received by VWL under the Purchased Lease Receivables and and/or the Purchased Expectancy Rights and/or the Leased Vehicles, the application of such cashflow by the Issuer, or the ranking of the Swap Counterparties in the Order of Priority, or materially and adversely affects the interests of the Swap Counterparties, then the consent of the Swap Counterparties will be required. The manner of obtaining such consents may be either a meeting of holders of Notes of the relevant series or by way of voting without a meeting (*Abstimmung ohne Versammlung*), in each case as further provided in sections 5 to 21 of the SchVG. The



manner of obtaining any other consents of Noteholders provided for in this Agreement and of evidencing the authorisation of the execution thereof by Noteholders will be subject to such reasonable requirements as the Security Trustee may prescribe, including the establishment of record dates.

#### **43. APPLICABLE LAW; PLACE OF PERFORMANCE; JURISDICTION**

- 43.1** This Agreement and all matters (including non-contractual duties and claims) arising from or in connection with it shall be governed by and construed in accordance with the laws of Germany.
- 43.2** Each party to this Agreement irrevocably agrees that the Regional Court (*Landgericht*) of Frankfurt/Main shall have non-exclusive jurisdiction to hear and determine any proceedings and to settle any disputes brought in connection herewith and each party hereto irrevocably submits to the jurisdiction of the German courts. This jurisdiction agreement is not concluded for the benefit of only one party. The Issuer hereby appoints Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3 5, 60313 Frankfurt am Main, Federal Republic of Germany, as its agent for service of process with respect to any legal proceedings brought before any German court.
- 43.3** Nothing in this Clause 43 (*Applicable Law; Place of Performance; Jurisdiction*) shall limit any party's right to take proceedings against any other party in any other jurisdiction or in more than one jurisdiction concurrently, subject to article 17 of the Convention on jurisdiction and the enforcement of judgments in civil and commercial matters opened for signature in Brussels in 1968 and article 17 of the similarly-named Convention opened for signature in Lugano in 1988 or Council Regulation (EC) No. 44/2001 of 22 December 2000 on jurisdiction and the enforcement of judgments in civil and commercial matters.
- 43.4** Each party hereto also irrevocably waives (and irrevocably agrees not to raise) any objection which it might at any time have on the ground of forum non conveniens or any other ground to proceedings being taken in any court referred to in this Clause 43 (*Applicable Law; Place of Performance; Jurisdiction*), and irrevocably agrees that any judgment in proceedings taken in any such court shall be conclusive and binding on it and may be enforced in any other jurisdiction.

#### **44. CONDITION PRECEDENT**

This Agreement and the rights and obligations hereunder are subject to the condition precedent that the Note Purchase Agreement and the Initial Vehicles and Receivables Purchase Agreement will be executed and become effective.

#### **45. THIRD PARTY BENEFIT**

Unless expressly stipulated herein otherwise, a Person who is not a party to this Agreement has no right under section 328 (*echter Vertrag zugunsten Dritter*) of the German Civil Code to enforce or to enjoy the benefit of any term of this Agreement.

#### **46. COUNTERPARTS**

30 counterparts of this Agreement shall be signed. Each signed counterpart shall be deemed an original.

**IN WITNESS WHEREOF**, this Agreement is duly executed and delivered on the date and the year first above written.



## ANNEX B

### MASTER DEFINITIONS SCHEDULE

*The following is the text of the Master Definitions Schedule. The text will be attached as Annex B to the Conditions of the Compartment 2 Notes and constitutes an integral part of the Conditions of the Compartment 2 Notes.*

#### 1. DEFINITIONS

- 1.1** The parties to this Master Definitions Schedule agree that, except where expressly stated to the contrary or where the context otherwise requires, the definitions set out below shall apply to terms or expressions referred to but not otherwise defined in each Transaction Document.

**“Account Agreements”** means the Compartment 1 Account Agreement and the Compartment 2 Account Agreement, collectively.

**“Account Bank”** means the bank operating as Cash Collateral Account Bank, the Distribution Account Bank and the Accumulation Account Bank which is The Bank of New York Mellon, Frankfurt Branch.

**“Account Bank Required Ratings”** means (short-term) ratings at least of “F1” from Fitch and “A-1” from S&P.

**“Accounts”** means collectively the Compartment 1 Accounts and the Compartment 2 Accounts of the Issuer.

**“Accumulation Amount”** means, on any Payment Date, the lesser of (a) the Compartment 1 Principal Payment Amount or the Compartment 2 Principal Payment Amount, as applicable, and (b) (i) the Compartment 1 Available Redemption Collections or the Compartment 2 Available Redemption Collections, as applicable, minus (ii) the sum of Amortisation Amounts to be paid on such Payment Date for the relevant Compartment.

**“Accumulation Accounts”** means the Compartment 1 Accumulation Account and the Compartment 2 Accumulation Account, collectively.

**“Accumulation Account Bank”** means the bank operating the Accumulation Accounts, which is The Bank of New York Mellon, Frankfurt Branch.

**“Accrued Interest”** means in respect of a Note the interest which has accrued up to the sale of such Note.

**“Actual Compartment 1 Overcollateralisation Percentage”** means, with respect to any Payment Date, one minus the Nominal Amount of all Compartment 1 Notes outstanding divided by (i) the Aggregate Discounted Lease Balance, plus (ii) any amounts standing to the credit of the Compartment 1 Accumulation Account.

**“Additional Borrowing Date”** shall have the meaning assigned to such term in Clause 2.3 of the Subordinated Loan Agreements;

**“Additional Cut-Off Date”** means the last day of a Monthly Period elapsing prior to an Additional Purchase Date.

**“Additional Discounted Expectancy Rights Balance”** means, on any Additional Purchase Date, the present value on the relevant Additional Cut-off Date of the Additional Expectancy Rights to be purchased through Compartment 2 of the Purchaser on such Additional Purchase Date, calculated by using the Expectancy Rights Discount Rate.

**“Additional Discounted Lease Balance”** means, on any Additional Purchase Date, the present value on the relevant Cut-off Date of the Additional Lease Receivables to be purchased through Compartment 1 of the Purchaser on such Additional Purchase Date, calculated by using the Lease Receivables Discount Rate.

**“Additional Expectancy Right”** means any expectancy right (*Anwartschaftsrecht*) of the Seller (to be allocated to Compartment 2 of the Purchaser) in respect of an Additional Leased Vehicle resulting from the transfer of security title to the Additional Leased Vehicle to the Purchaser under the Additional Vehicles and Receivables Purchase Agreement subject to the resolutive condition (*auflösende Bedingung*):

- that all secured obligations (current and future claims against VWL arising from the Additional Vehicles and Receivables Purchase Agreement and the Servicing Agreement, including all future damage claims pursuant to section 280(1) in connection with section 280(3) of the German Civil Code (*Bürgerliches Gesetzbuch*) (*Schadensersatz statt der Leistung*) and including all claims arising out of a withdrawal from the Additional Vehicles and Receivables Purchase Agreement) have been settled provided the Purchaser (acting with respect to its Compartment 2) had not acquired the corresponding Expectancy Right to such Leased Vehicles; or
- the occurrence of a Lease Contract Termination Event in respect of a Lease Contract for a Leased Vehicle in case the Purchaser (acting with respect to its Compartment 2) acquires the Expectancy Right to a Leased Vehicle for which the Purchaser (acting with respect to its Compartment 1) already acquired or simultaneously acquires the corresponding Lease Receivables under an Additional Vehicles and Receivables Purchase Agreement.

**“Additional Expectancy Rights Overcollateralisation Percentage”** will have the meaning given to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Additional Expectancy Rights Purchase Price”** means the purchase price in relation to any Purchased Additional Expectancy Rights, the Purchased Additional Final Payment Receivables and the corresponding Additional Expectancy Rights’ Related Collateral calculated as follows: The Additional Expectancy Rights Purchase Price must not exceed the sum of the funds available (A) from (without double counting) the issuance of Further Compartment 2 Notes in accordance with the conditions set out in the relevant Compartment 2 Note Purchase Agreement at the Additional Purchase Date, and (B) the amount of funds available from the Order of Priority for the purchase of Additional Expectancy Rights at the Additional Purchase Date and (C) amounts, available on any Additional Purchase Date under the Compartment 2 Subordinated Loan. The Additional Expectancy Rights Purchase Price to be paid by the Purchaser acting with respect to its Compartment 2 shall equal the sum of (i) (a) the Additional Discounted Expectancy Rights Balance of the Additional Expectancy Rights sold under the Additional Vehicles and Receivables Purchase Agreement less the Replenished Additional Expectancy Rights Balance, multiplied by (b) one (1) minus the Initial Expectancy Rights Purchase Price Haircut, and (ii) (a) the Replenished Additional Expectancy Rights Balance multiplied by (b) one (1) minus the Additional Expectancy Rights Overcollateralisation Percentage,

without statutory VAT (if applicable) whereby payment of VAT is deferred until the Issuer has obtained a refund of such VAT from the German tax authorities, less (iii) amounts required for the endowment of the Compartment 2 Cash Collateral Account to equal the Compartment 2 Specified General Cash Collateral Account Balance, less (iv) certain costs related to the issue of the Further Compartment 2 Notes. The Additional Expectancy Rights Purchase Price without applicable VAT shall be debited at the Additional Purchase Date to the Compartment 2 Accumulation Account (if not already netted) and/or funded by the issuance of Further Compartment 2 Notes. For the avoidance of doubt, no Additional Expectancy Rights Purchase Price shall be paid by the Purchaser for Additional Expectancy Rights which are transferred to the Purchaser for overcollateralisation purposes.

**“Additional Expectancy Rights Related Collateral”** means rights and claims pertaining to the Additional Expectancy Rights and the corresponding Additional Final Payment Receivable, in each case without any VAT, and any substitute (*Surrogat*) thereof.

**“Additional Final Payment Receivable”** means any final payment receivable relating to an Additional Expectancy Right and identified by the relevant contract number set out in the data CD-Roms (Enclosure A and Enclosure B) to Enclosure C of the Vehicles and Receivables Purchase Agreement, including, but not limited to, Lessee’s obligation to make additional payments under Open End Lease Contracts (*Verträge mit Gebrauchtwagenabrechnung*) in accordance with the respective Lease Contract and any additional payments by the respective Lessee for excess kilometres, excess usage and other damages.

**“Additional Lease Contract”** means each contractual framework, as applicable in the form of standard business terms (*Allgemeine Geschäftsbedingungen*) or otherwise, governing (immediately prior to any transactions under any Vehicles and Receivables Purchase Agreement) the Seller’s relationship with the respective Lessee(s) with regard to Additional Lease Receivables.

**“Additional Lease Receivable”** means a lease receivable (in particular a lease instalment) arising under an Additional Lease Contract and comprising claims against Lessees in respect of Principal, Interest and Lease Administration Fees (including, for the avoidance of doubt, any and all statutory claims being commercially equivalent to Principal, Interest and/or Lease Administration Fees) to be purchased through Compartment 1 of the Purchaser on an Additional Purchase Date.

**“Additional Lease Receivables Overcollateralisation Percentage”** means 0.026.

**“Additional Lease Receivables Purchase Price”** means the purchase price in respect of Purchased Additional Lease Receivables calculated as follows: The Additional Lease Receivables Purchase Price must not exceed the sum of the funds available from (without double counting) (A) the issuance of Further Compartment 1 Notes in accordance with Clause 3.2 of the relevant Compartment 1 Note Purchase Agreement at the Additional Purchase Date, (B) the amount of funds available from the Order of Priority for the purchase of Additional Lease Receivables at the Additional Purchase Date and (C) amounts, if any, available on any Additional Purchase Date under the Compartment 1 Subordinated Loan. The Additional Lease Receivables Purchase Price shall equal the sum of (i) (a) the Additional Discounted Lease Balance of the Additional Lease Receivables sold under the Additional Vehicles and Receivables Purchase Agreement less the Replenished Additional Discounted Lease Balance, multiplied by (b) one (1) minus 1.1 per cent., less, (where applicable) (A) amounts required for the endowment of the Compartment 1 Cash Collateral Account to equal the Compartment 1 Specified General

Cash Account Balance and less (B) certain costs related to the issue of the Further Compartment 1 Notes and (ii) (a) the Replenished Additional Discounted Lease Balance multiplied by (b) one (1) minus the Additional Lease Receivables Overcollateralisation Percentage. The Additional Lease Receivables Purchase Price is to be paid by the Purchaser. The Additional Lease Receivables Purchase Price shall be free of VAT and shall be debited at the Additional Purchase Date from the Compartment 1 Accumulation Account (if not already netted) and/or funded from the issuance of Further Compartment 1 Notes. For the avoidance of doubt, no Additional Lease Receivables Purchase Price shall be paid by the Purchaser for Additional Lease Receivables which are transferred to the Purchaser for overcollateralisation purposes .

**“Additional Leased Vehicles”** means with respect to Additional Lease Receivables or an Additional Expectancy Right any vehicle leased from VWL under an Additional Lease Contract.

**“Additional Purchase Date”** means a Payment Date falling in the Compartment 1 or Compartment 2 Revolving Period, as applicable, when an additional purchase is made.

**“Additional Purchases Prices”** means the Additional Lease Receivables Purchase Price and the Additional Expectancy Rights Purchase Price.

**“Additional Residual Value”** means the value of the Additional Leased Vehicle as set at the inception of the respective Lease Contract as potential value of the vehicle at the maturity date of the underlying Lease Contract as determined by VWL pursuant to its evaluation principles reflecting current used car price market developments as applicable from time to time.

**“Additional Rights”** means under the Vehicles and Receivables Purchase Agreement certain rights purchased or to be purchased by the Issuer associated with the premature termination of the Lease Contracts or with the transfer of Lease Receivables and the related Expectancy Rights.

**“Additional Vehicles and Receivables Purchase Agreement”** means any additional vehicles and receivables purchase agreement to be entered into at the option of VWL during the Compartment 1 Revolving Period or the Compartment 2 Revolving Period, as applicable, on an Additional Purchase Date.

**“Adverse Claim”** means any mortgage, charge, pledge, hypothecation, lien, floating charge or other security interest or encumbrance or other right or claim under the laws of any jurisdiction, of or on any Person’s assets or properties in favour of any other Person.

**“Affiliate”** means, in relation to any Person, any entity controlled, directly or indirectly by the Person, any entity that controls, directly or indirectly the Person or any entity directly or indirectly under common control with such Person (for this purpose, “control” of any entity of Person means ownership of a majority of the voting power of the entity or Person). For the purposes of this definition, with respect to the Issuer, “Affiliate” does not include the Corporate Services Provider or any entities which the Corporate Services Provider controls.

**“Agency Agreements”** means the Compartment 1 Agency Agreement and the Compartment 2 Agency Agreement, collectively.

**“Agents”** means the Calculation Agent, the Interest Determination Agent and the Principal Paying Agent, and **“Agent”** means any one of them.

**“Aggregate Compartment 1 Redeemable Amount”** means, at any time, the difference between (i) the aggregate outstanding nominal amount of Compartment 1 Notes and (ii) the Targeted Remaining Compartment 1 Note Balance.

**“Aggregate Compartment 2 Redeemable Amount”** means, at any time, the difference between (i) the aggregate outstanding nominal amount of Compartment 2 Notes and (ii) the Targeted Remaining Compartment 2 Note Balance.

**“Aggregate Discounted Balance”** means the Aggregate Discounted Lease Balance plus the Aggregate Discounted Expectancy Rights Balance.

**“Aggregate Discounted Expectancy Rights Balance”** means the sum of the Discounted Expectancy Rights Balances for all Lease Contracts in relation to the Compartment 2 Notes.

**“Aggregate Discounted Expectancy Rights Balance Increase Amount”** means in respect of a Payment Date the amount necessary to increase the Aggregate Discounted Expectancy Rights Balance as of the end of the Monthly Period to the Targeted Aggregate Discounted Expectancy Rights Balance.

**“Aggregate Discounted Lease Balance”** means the sum of the Discounted Lease Balances for all Lease Contracts in relation to the Compartment 1 Notes.

**“Aggregate Discounted Lease Balance Increase Amount”** means in respect of a Payment Date the amount necessary to increase the Aggregate Discounted Lease Balance as of the end of the Monthly Period to the Targeted Aggregate Discounted Lease Balance.

**“Amortisation Amount”** means, with respect to an Amortising Series of Compartment 1 Notes, the amount determined in accordance with Clause 22.6 (a) of the Trust Agreement or an Amortising Series of Compartment 2 Notes, the amount determined in accordance with Clause 22.7(a) of the Trust Agreement.

**“Amortisation Factor”** means, with respect to an Amortising Series and a certain Payment Date, the ratio of the principal amount outstanding of such Amortising Series of Notes immediately before it commences amortization as numerator and the sum of the principal amount outstanding of all Non-Amortising Series of Notes issued by the same Compartment at the day immediately preceding the commencement of the amortisation of such Amortising Series as denominator, stated as a percentage.

**“Amortising Series”** means, on any Payment Date,

- (a) any Series of Notes for which on or prior to such Payment Date the Series Revolving Period Expiration Date has occurred, or
- (b) following the occurrence of an Early Amortisation Event, all Series of Notes.

**“Applicable Insolvency Law”** means any applicable bankruptcy, insolvency or other similar law affecting creditors’ rights now or hereafter in effect in any jurisdiction.

**“Articles of Incorporation”** means the *Statuts* of VCL Master S.A. under Luxembourg law.

**“Available Distribution Amount”** means the Compartment 1 Available Distribution Amount and the Compartment 2 Available Distribution Amount, collectively.

**“Banks”** means the Lead Manager and the Managers collectively.

**“Borrowing Date”** shall have the meaning assigned to such term in Clause 2.1 of the Subordinated Loan Agreements;

**“Business Day”** means any day on which TARGET 2 is open for business, provided that this day is also a day on which banks are open for business in London and Luxembourg.

**“Business Vehicles Leasing Agreements”** means Lease Contracts generally containing VWL’s leasing conditions for business vehicles.

**“Calculation Agent”** means HSBC Bank plc.

**“Calculation Check Notice”** shall mean a notice to be supplied by the Calculation Agent pursuant to Clause 5 (*The Calculation Agent*) of the Agency Agreements in writing.

**“Calculation Checks”** means the checks of the Relevant Calculations to be performed by the Calculation Agent pursuant to Clause 5 (*The Calculation Agent*) of the Agency Agreements.

**“Cash Administrator”** means The Bank of New York Mellon, Frankfurt Branch.

**“Cash Administration Services”** means the services set forth in Clause 11.2 of the Compartment 1 Account Agreement or Clause 4.2 of the Compartment 2 Account Agreement, respectively.

**“Cash Collateral Accounts”** means the Compartment 1 Cash Collateral Account and the Compartment 2 Cash Collateral Account, collectively.

**“Cash Collateral Account Bank”** means the bank operating the Cash Collateral Accounts, which is The Bank of New York Mellon, Frankfurt Branch.

**“CET”** means Central European Time as being the local time in Frankfurt am Main and Luxembourg.

**“Charged Property”** means the whole of the right, title, benefit and interest of the Issuer in such undertaking, property, assets and rights assigned to the Security Trustee as defined under the relevant English law deed of charge and assignment.

**“Check Information”** has the meaning ascribed to such term in Clause 5.3 of the Agency Agreements.

**“Clean-Up Call”** means with respect to Compartment 1 Notes and/or Compartment 2 Notes VWL’s right at its option to exercise a clean-up call when the Compartment 1 Clean-Up Call Condition or the Compartment 2 Clean-Up Call Condition is satisfied.

**“Clean-Up Call Settlement Amount”** means each of the Compartment 1 Clean-Up Call Settlement Amount or the Compartment 2 Clean-Up Call Settlement Amount, as applicable.

**“Closed End Lease Contract”** means any closed end Lease Contract (*Vertrag ohne Gebrauchtwagenabrechnung*).

**“Closing Date”** means 21 January 2010.



**“Collections”** means (i) all collections of the Issuer under Purchased Lease Receivables (other than Written Off Purchased Lease Receivables) in respect of Principal, Interest, Lease Administration Fees, Enforcement Proceeds, Insurance Proceeds (provided that they relate to the Purchased Lease Receivables); plus (ii) Settlement Amounts (provided that they relate to the Purchased Lease Receivables) and Compartment 1 Clean-Up Call Settlement Amounts paid by VWL to the Issuer.

**“Company”** means VCL Master S.A. acting with respect to its Compartment 1 and its Compartment 2.

**“Compartment”** means a compartment of VCL Master S.A. within the meaning of the Luxembourg Securitisation Law.

**“Compartment 1”** means the first Compartment of VCL Master S.A. designated to acquire the Lease Receivables and related Lease Collateral from VWL under the respective Vehicles and Receivables Purchase Agreement.

**“Compartment 2”** means the second Compartment of VCL Master S.A. designated to acquire the Expectancy Rights, the Final Payment Receivables and the Expectancy Rights’ Related Collateral from VWL under the respective Vehicles and Receivables Purchase Agreement.

**“Compartment 1 Account Agreement”** means the account agreement between the Issuer, the Account Bank and the Security Trustee governing the Compartment 1 Accounts dated on or about the Signing Date.

**“Compartment 2 Account Agreement”** means the account agreement between the Issuer, the Account Bank and the Security Trustee governing the Compartment 2 Accounts dated on or about the Signing Date.

**“Compartment 1 Accounts”** means the Compartment 1 Cash Collateral Account, the Compartment 1 Distribution Account and the Compartment 1 Accumulation Account, collectively.

**“Compartment 2 Accounts”** means the Compartment 2 Cash Collateral Account, the Compartment 2 Distribution Account and the Compartment 2 Accumulation Account, collectively.

**“Compartment 1 Accumulation Account”** means the interest bearing account with IBAN DE23503303008608409712 held by the Issuer for its Compartment 1 with the Accumulation Account Bank.

**“Compartment 2 Accumulation Account”** means the interest bearing account held by the Issuer for Compartment 2 with the Accumulation Account Bank as determined in the Compartment 2 Account Agreement.

**“Compartment 1 Agency Agreement”** means the agency agreement with respect to Compartment 1 between, *inter alia*, the Issuer, the Principal Paying Agent, the Calculation Agent, the Interest Determination Agent and the Security Trustee dated on or about the Signing Date.

**“Compartment 2 Agency Agreement”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Compartment 1 Available Distribution Amount”** on each Payment Date shall equal the sum of the following amounts:

- (a) the Lease Receivables Collection Amount; plus
- (b) investment earnings from deposits in the Compartment 1 Accumulation Account; plus
- (c) Net Swap Receipts under the Compartment 1 Swap Agreements and any other amounts included in the Compartment 1 Available Distribution Amount pursuant to Clause 21 of the Trust Agreement; plus
- (d) payments from the Compartment 1 Cash Collateral Account as provided for in Clause 23.2 (*Cash Collateral Account*) of the Trust Agreement; plus
- (e) payments from the Compartment 2 Distribution Account made on the immediately preceding Payment Date pursuant to Clause 22.4(c) item *tenth* of the Trust Agreement; plus
- (f) any Compartment 1 German Trade Tax Risk Reserve Decrease Amount released pursuant to Clause 22.3(b)(second) of the Trust Agreement; plus
- (g) in case of the occurrence of an Early Amortisation Event or after termination of the Compartment 1 Revolving Period, transfers from the Compartment 1 Accumulation Account to the Compartment 1 Distribution Account pursuant to Clause 23.4 of the Trust Agreement; less;
- (h) the Compartment 1 Buffer Release Amount to be paid to VWL, provided that no Insolvency Event with respect to VWL has occurred; less
- (i) the repayment to VWL of any excess Compartment 1 Servicer Advance made by VWL to the Compartment 1 Distribution Account, if it is demonstrated in the Monthly Compartment 1 Servicer Report for a Monthly Period that the Compartment 1 Servicer Advance exceeds the Lease Receivables Collections Amount for such Monthly Period. Under these circumstances, the Issuer acting with respect to its Compartment 1 will on the then following Payment Date release to VWL the excess of the Compartment 1 Servicer Advance made for a Monthly Period over the Lease Receivables Collections Amount for such Monthly Period provided that the Servicer is not in default delivering the Compartment 1 Available Distribution Amount for such Payment Date.

**“Compartment 2 Available Distribution Amount”** on each Payment Date shall equal the sum of the following amounts:

- (a) the Expectancy Rights Realisation Amount; plus
- (b) investment earnings from deposits in the Compartment 2 Accumulation Account and the Compartment 2 Distribution Account; plus
- (c) Net Swap Receipts under the Compartment 2 Swap Agreements and any other amounts included in the Compartment 2 Available Distribution Amount pursuant to Clause 21 of the Trust Agreement; plus

- (d) payments from the Compartment 2 Cash Collateral Account as provided for in Clause 23.2 (*Cash Collateral Account*) of the Trust Agreement; plus
- (e) payments from the Compartment 1 Distribution Account made on the immediately preceding Payment Date pursuant to Clauses 22.3(a) item *twelfth* and 22.3(c) item *tenth* of the Trust Agreement; plus
- (f) any Compartment 2 German Trade Tax Risk Reserve Decrease Amount released pursuant to Clause 22.4(b)(second) of the Trust Agreement; plus
- (g) in case of the occurrence of an Early Amortisation Event or after termination of the Compartment 2 Revolving Period, transfers from the Compartment 2 Accumulation Account to the Compartment 2 Distribution Account pursuant to Clause 23.4 of the Trust Agreement; less
- (h) the repayment to VWL of any excess Compartment 2 Servicer Advance made by VWL to the Compartment 2 Distribution Account, if it is demonstrated that in the Monthly Compartment 2 Servicer Report for a Monthly Period that the Issuer acting with respect to its Compartment 2 has not exercised the Put Option granted under the Put Option Agreement but has instead realised the relevant Leased Vehicle for which a Compartment 2 Servicer Advance has been granted, by a sale to a person other than VWL, the Compartment 2 Servicer Advance which has been made by VWL with respect to such Leased Vehicle shall be released by the Issuer to VWL on the then following Payment Date provided that the Servicer is not in default delivering the Compartment 2 Available Distribution Amount for such Payment Date.

**“Compartment 1 Available Redemption Collections”** shall be equal to the Compartment 1 Available Distribution Amount less any amounts due and payable on the relevant Payment Date under items first through ninth of the Order of Priority set out in Clause 22.3 (a) of the Trust Agreement.

**“Compartment 2 Available Redemption Collections”** shall be equal to the Compartment 2 Available Distribution Amount less any amounts due and payable on the relevant Payment Date under items first through ninth of the Order of Priority set out in Clause 22.4 (a) of the Trust Agreement.

**“Compartment 1 Buffer Release Amount”** means on any Payment Date, the product of (a) the Buffer Release Rate, and (b) the Future Discounted Lease Balance.

**"Compartment 1 Buffer Release Rate"** means, on any Payment Date, (a) a percentage rate per annum calculated as (i) the Lease Receivables Discount Rate, less (ii) the weighted average (calculated based on the outstanding principal amount of the Compartment 1 Notes and the outstanding principal amount of the Compartment 1 Subordinated Loan as of the end of the Monthly Period) of the fixed rates (stated as a percentage) payable by the Issuer under the Compartment 1 Swap Agreements and an estimate of the hypothetical swap fixed rate (being higher than the fixed rate under the Compartment 1 Swap Agreements) theoretically needed to swap the floating rate interest payments under the Subordinated Loan, less (iii) the Servicer Fee at a rate of 1 per cent. per annum, less (iv) 0.03 per cent. for any administrative cost and fees, divided by (b) 12, provided that the rate so calculated may in no event be less than zero.

**“Compartment 1 Cash Collateral Account”** means the interest bearing account with IBAN DE77503303008608409710 held by the Issuer for its Compartment 1 with the Cash Collateral Account Bank.

**“Compartment 2 Cash Collateral Account”** means the interest bearing account held by the Issuer for its Compartment 2 with the Cash Collateral Account Bank as determined in the Compartment 2 Account Agreement.

**“Compartment 1 Cash Collateral Amount”** means the outstanding balance of the Compartment 1 Cash Collateral Account from time to time and equals to 1.4 per cent. of the Nominal Amount of the then outstanding of the Compartment 1 Notes, subject to the floor of 0.6 per cent. of the Maximum Discounted Lease Balance.

**“Compartment 2 Cash Collateral Amount”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Compartment 1 Cash Component”** shall be equal to the Aggregate Discounted Lease Balance Increase Amount multiplied by one minus the Additional Lease Receivables Overcollateralisation Percentage.

**“Compartment 2 Cash Component”** shall be equal to the Aggregate Discounted Expectancy Rights Balance Increase Amount multiplied by one minus the Additional Expectancy Rights Overcollateralisation Percentage.

**“Compartment 1 Clean-Up Call Conditions”** means, under the Vehicles and Receivables Purchase Agreements and after the end of the Compartment 1 Revolving Period, VWL will have the option to exercise a Clean-Up Call and to repurchase the Purchased Lease Receivables of the Issuer on any Payment Date when the Aggregate Discounted Lease Balance is on a Payment Date less than 10 per cent. of the Aggregate Discounted Lease Balance as of the Initial Cut-Off Date provided that all payment obligations under the Compartment 1 Notes will thereby be fulfilled.

**“Compartment 2 Clean-Up Call Condition”** means, under the Vehicles and Receivables Purchase Agreements and after the end of the Compartment 2 Revolving Period, VWL will have the option to exercise a Clean-Up Call and to repurchase the Purchased Expectancy Rights allocated to Compartment 2 on any Payment Date when the Aggregate Discounted Expectancy Rights Balance is on any Payment Date less than 10 per cent. of the Aggregate Discounted Expectancy Rights Balance as of the Initial Cut-Off Date, provided that all payment obligations under the Compartment 2 Notes will thereby be fulfilled.

**“Compartment 1 Clean Up Call Settlement Amount”** means the Settlement Amount which shall be equal to the present value of all Purchased Lease Receivables which would have become due if the Clean-Up Call had not occurred, calculated using the Lease Receivables Discount Rate on the basis of one year of 360 days being equivalent to 12 months, each month consisting of 30 days. Discounting shall be made on the last calendar day of the month in which the buy-back shall become effective. For the calculation of such Clean-Up Call Settlement Amount the risk of losses, if any, shall be taken into account, by applying the principles of impairment of such receivables pursuant to German Generally Accepted Accounting Principles (*Grundsätze ordnungsgemäßer Buchführung*) resulting in a flat-rate value adjustment (*Pauschalwertberichtigung*) or – if applicable – in an adjustment of the single Lease Receivable or the single Expectancy Right (*Einzelwertberichtigung*) payable by the Seller in the event of a Compartment 1 Clean-Up Call.

**“Compartment 2 Clean Up Call Settlement Amount”** means the Settlement Amount which shall be equal to the present value of all Purchased Expectancy Rights which would have become due if the Clean-Up Call had not occurred, calculated using, the Expectancy Rights Discount Rate on the basis of one year of 360 days being equivalent to 12 months, each month consisting of 30 days. Discounting shall be made on the last calendar day of the month in which the buy-back shall become effective. For the calculation of such Clean-Up Call Settlement Amount the risk of losses, if any, shall be taken into account, by applying the principles of impairment of such receivables pursuant to German Generally Accepted Accounting Principles (*Grundsätze ordnungsgemäßer Buchführung*) resulting in a flat-rate value adjustment (*Pauschalwertberichtigung*) or – if applicable – in an adjustment of the single Lease Receivable or the single Expectancy Right (*Einzelwertberichtigung*) payable by the Seller in the event of a Compartment 2 Clean-Up Call.

**“Compartment 2 Closing Date”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Compartment 1 Counterparty Downgrade Collateral Account”** means the account with IBAN DE93503303008608409713 (and each sub-account in respect thereof) and the related securities account.

**“Compartment 2 Counterparty Downgrade Collateral Account”** means the account with IBAN DE93503303008608409717 (and each sub-account in respect thereof) and the related securities account.

**“Compartment 1 Deed of Charge and Assignment”** means the English law deed of charge and assignment governing the granting of security and declaration of trust entered into inter alio between VCL Master SA acting with respect to its Compartment 1 and the Security Trustee dated on or about the Signing Date.

**“Compartment 2 Deed of Charge and Assignment”** means the English law deed of charge and assignment governing the granting of security and declaration of trust entered into *inter alio* between VCL Master SA acting with respect to its Compartment 2 and the Expectancy Rights Trustee dated on or about the Compartment 2 Closing Date.

**“Compartment 1 Distribution Account”** means the interest bearing account with IBAN DE50503303008608409711 held by the Issuer for its Compartment 1 with the Distribution Account Bank.

**“Compartment 2 Distribution Account”** means the interest bearing account held by the Issuer for its Compartment 2 with the Distribution Account Bank as determined in the Compartment 2 Account Agreement.

**“Compartment 1 General Cash Collateral Amount”** means all funds in the Compartment 1 Cash Collateral Account other than the unused amounts of the Compartment 1 German Trade Tax Risk Reserve, if any.

**“Compartment 2 General Cash Collateral Amount”** means all funds in the Compartment 2 Cash Collateral Account other than the unused amounts of the Compartment 2 German Trade Tax Risk Reserve, if any.

**“Compartment 1 German Trade Tax Event”** means at any time prior to the occurrence of a Foreclosure Event a tax audit is initiated with regard to the Issuer by German tax authorities.

**“Compartment 2 German Trade Tax Event”** means at any time prior to the occurrence of a Foreclosure Event a tax audit is initiated with regard to the Issuer by German tax authorities.

**“Compartment 1 German Trade Tax Decrease Event”** means, subsequent to the occurrence of a Compartment 1 German Trade Tax Event, a request by VWL for a decrease in the amount reserved in the Compartment 1 Cash Collateral Account to cover any potential German trade tax risk exposure following a decrease of the municipal trade tax multiplier (*Gewerbesteuerhebesatz*) for the City of Braunschweig during the period from the occurrence of the Compartment 1 German Trade Tax Event to the Scheduled Repayment Date of the Compartment 1 Notes.

**“Compartment 2 German Trade Tax Decrease Event”** means, subsequent to the occurrence of a Compartment 2 German Trade Tax Event, a request by VWL for a decrease in the amount reserved in the Compartment 2 Cash Collateral Account to cover any potential German trade tax risk exposure following a decrease of the municipal trade tax multiplier (*Gewerbesteuerhebesatz*) for the City of Braunschweig during the period from the occurrence of the Compartment 2 German Trade Tax Event to the Scheduled Repayment Date of the Compartment 2 Notes.

**“Compartment 1 German Trade Tax Increase Event”** means, subsequent to the occurrence of a Compartment 1 German Trade Tax Event, a request by the Security Trustee for an increase in the amount reserved in the Compartment 1 Cash Collateral Account to cover any potential German trade tax risk exposure following an increase of the municipal trade tax multiplier (*Gewerbesteuerhebesatz*) for the City of Braunschweig during the period from the occurrence of the Compartment 1 German Trade Tax Event to the Scheduled Repayment Date of the Compartment 1 Notes.

**“Compartment 2 German Trade Tax Increase Event”** means, subsequent to the occurrence of a Compartment 2 German Trade Tax Event, a request by the Security Trustee for an increase in the amount reserved in the Compartment 2 Cash Collateral Account to cover any potential German trade tax risk exposure following an increase of the municipal trade tax multiplier (*Gewerbesteuerhebesatz*) for the City of Braunschweig during the period from the occurrence of the Compartment 2 German Trade Tax Event to the Scheduled Repayment Date of the Compartment 2 Notes.

**“Compartment 1 German Trade Tax Risk Reserve”** means, following the occurrence of a Compartment 1 German Trade Tax Event, an amount equal to (i) 25 per cent. (twenty five percent) of the interest payments which became due under the Compartment 1 Notes and the Compartment 1 Subordinated Loan prior to the occurrence of a Compartment 1 German Trade Tax Event, (ii) multiplied by 3.5 per cent. (three point five percent) and (iii) multiplied by the municipal trade tax multiplier (*Gewerbesteuerhebesatz*) for the City of Braunschweig as security to cover any potential German trade tax risk (*Gewerbesteuerisiko*). The Compartment 1 German Trade Tax Reserve shall be reduced by any potential German trade tax which relates to fiscal years no longer be assessed (*festsetzungsverjährt*) by the German tax authorities.

**“Compartment 2 German Trade Tax Risk Reserve”** means, following the occurrence of a Compartment 2 German Trade Tax Event, an amount equal to (i) 25 per cent. (twenty five percent) of the interest payments which became due under the Compartment 2 Notes and the Compartment 2 Subordinated Loan prior to the occurrence of a Compartment 2 German Trade Tax Event, (ii) multiplied by 3.5 per cent. (three point five percent) and (iii) multiplied by the municipal trade tax multiplier (*Gewerbesteuerhebesatz*) for the City of Braunschweig as security to cover any potential German trade tax risk (*Gewerbesteuerisiko*). The Compartment 2 German Trade Tax Reserve shall be reduced by any potential German trade tax which relates to fiscal years no longer be assessed (*festsetzungsverjährt*) by the German tax authorities.

**“Compartment 1 German Trade Tax Risk Reserve Decrease Amount”** means the amount reasonably released from the Compartment 1 German Trade Tax Risk Reserve and/or the Compartment 1 German Trade Tax Risk Reserve Increase Amount which is no longer required to cover potential German trade tax risk exposure following a Compartment 1 German Trade Tax Decrease Event.

**“Compartment 2 German Trade Tax Risk Reserve Decrease Amount”** means the amount reasonably released from the Compartment 2 German Trade Tax Risk Reserve and/or the Compartment 2 German Trade Tax Risk Reserve Increase Amount which is no longer required to cover potential German trade tax risk exposure following a Compartment 2 German Trade Tax Decrease Event.

**“Compartment 1 German Trade Tax Risk Reserve Increase Amount”** means the amount reasonably required to cover potential German trade tax risk exposure following a Compartment 1 German Trade Tax Increase Event.

**“Compartment 2 German Trade Tax Risk Reserve Increase Amount”** means the amount reasonably required to cover potential German trade tax risk exposure following a Compartment 2 German Trade Tax Increase Event.

**“Compartment 1 Global Note”** has the same meaning as Permanent Global Note;

**“Compartment 2 Global Note”** has the same meaning as Permanent Global Note;

**“Compartment 1 Initial Swap Rate”** means 2.55 per cent. per annum (the weighted average of the fixed rates under the Compartment 1 Swap Agreements on the Closing Date.)

**“Compartment 2 Initial Swap Rate”** has the meaning ascribed to such term in the Compartment 2 Master Definition Schedule Addendum.

**“Compartment 1 Margin”** means as of any date, the weighted average of the Margins applicable to all outstanding Series of the Compartment 1 Notes.

**“Compartment 2 Margin”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Compartment 2 Master Definitions Schedule Addendum”** means the addendum to the Master Definitions Schedule in respect of Compartment 2 which will be entered into by, *inter alios*, the Issuer and the Compartment 2 Noteholders at a future date prior to the Compartment 2 Closing Date.

**“Compartment 1 Noteholders”** means the holders of the Compartment 1 Notes.

**“Compartment 2 Noteholders”** means the holders of the Compartment 2 Notes.

**“Compartment 1 Notes”** means the Initial Compartment 1 Notes and the Further Compartment 1 Notes.

**“Compartment 2 Notes”** means the Initial Compartment 2 Notes and the Further Compartment 2 Notes.

**“Compartment 1 Notes Increase Amount”** means, with respect to any Further Issue Date, the product of (i) one (1) minus 13 per cent., multiplied by (ii) (a) the Additional Discounted Lease Balance, less (b) the Replenished Additional Discounted Lease Balance.

**“Compartment 2 Notes Increase Amount”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Compartment 1 Notes Overcollateralisation Percentage”** means:

- (a) 17.5 per cent. until a Credit Enhancement Increase Condition shall be in effect;
- (b) 20.5 per cent. after expiration of the Compartment 1 Revolving Period until the Credit Enhancement Increase Condition is in effect; and
- (c) 100 per cent. if the Credit Enhancement Increase Condition is in effect.

**“Compartment 2 Notes Overcollateralisation Percentage”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Compartment 1 Note Purchase Agreements”** means each note purchase agreement entered into between the Issuer and a purchaser of a particular Series of Compartment 1 Notes.

**“Compartment 2 Note Purchase Agreements”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Compartment 1 Principal Payment Amount”** means

- (a) during the Compartment 1 Revolving Period, an aggregate amount equal to the Compartment 1 Cash Component;
- (b) after the end of the Compartment 1 Revolving Period, an aggregate amount for any Payment Date which is equal to the amount necessary to reduce the outstanding principal amount of the Compartment 1 Notes to the Targeted Compartment 1 Note Balance.

**“Compartment 2 Principal Payment Amount”** means

- (a) during the Compartment 2 Revolving Period, an aggregate amount equal to the Compartment 2 Cash Component,
- (b) after the end of the Compartment 2 Revolving Period on, an aggregate amount for any Payment Date which is equal to the amount necessary to reduce the outstanding principal amount of the Compartment 2 Notes to the Targeted Compartment 2 Note Balance.



**“Compartment 1 Prospectus”** means the base prospectus dated on or about the Signing Date prepared in connection with the issue by the Issuer of the Compartment 1 Notes.

**“Compartment 2 Prospectus”** means the base prospectus to be dated on or about the Compartment 2 Closing Date and to be prepared in connection with the issue by the Issuer of the Compartment 2 Notes.

**“Compartment 1 Redeemable Amount”** means, with respect to each outstanding Compartment 1 Note and the Payment Date on which Lease Receivables are sold pursuant to Clause 12.8 of the Vehicles and Receivables Purchase Agreement, an amount determined as the quotient of (A) the Aggregate Compartment 1 Redeemable Amount, divided by (B) the number of Compartment 1 Notes then outstanding.

**“Compartment 2 Redeemable Amount”** means, with respect to each outstanding Compartment 2 Note and the Payment Date on which Lease Receivables are sold pursuant to Clause 12.9 of the Vehicles and Receivables Purchase Agreement, an amount determined as the quotient of (A) the Aggregate Compartment 2 Redeemable Amount, divided by (B) the number of Compartment 2 Notes then outstanding.

**“Compartment 1 Revolving Period”** means the period from (and including) the Initial Issue Date and ending on (but excluding) the earlier of (i) the Series Revolving Period Expiration Date of the last outstanding Series of Compartment 1 Notes and (ii) the occurrence of an Early Amortisation Event.

**“Compartment 2 Revolving Period”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Compartment 1 Series Amortisation Date”** means with respect to any Series of Compartment 1 Notes, the Payment Date on which such Series qualifies as an Amortising Series.

**“Compartment 2 Series Amortisation Date”** means with respect to any Series of Compartment 2 Notes, the Payment Date on which such Series qualifies as an Amortising Series.

**“Compartment 1 Servicer Advance”** means VWL’s obligation to advance Purchased Lease Receivables becoming due in the respective Monthly Period by remitting on the third Business Day prior to the start of a Monthly Period the expected collection amount for such Monthly Period to the Compartment 1 Distribution Account.

**“Compartment 2 Servicer Advance”** means VWL’s obligation to advance the Initial Residual Value or, as applicable, the Additional Residual Value with respect to Purchased Expectancy Rights for which the contractual expiration date of the relevant Lease Contract occurs in the respective Monthly Period by remitting on the third Business Day prior to the start of a Monthly Period the expected realisation amount to the Compartment 2 Distribution Account.

**“Compartment 1 Specified General Cash Collateral Account Balance”** means, on each Payment Date, the greater of (a) 1.4 per cent. of the aggregate outstanding principal amount of the Compartment 1 Notes as of the end of the Monthly Period and (b) the lesser of (i) 0.6 per cent. of the Maximum Discounted Lease Balance, and (ii) the aggregate outstanding principal amount of the Compartment 1 Notes as of the end of the Monthly Period.

**“Compartment 2 Specified General Cash Collateral Account Balance”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Compartment 1 Subordinated Loan”** means the EUR 290,000,000 loan received (or to be received) by the Issuer under the Compartment 1 Subordinated Loan Agreement.

**“Compartment 2 Subordinated Loan”** means the loan received (or to be received) by the Issuer under the Compartment 2 Subordinated Loan Agreement.

**“Compartment 1 Subordinated Loan Advance”** means an advance made in accordance with Clause 2.3 of the Compartment 1 Subordinated Loan Agreement.

**“Compartment 2 Subordinated Loan Advance”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Compartment 1 Subordinated Loan Advance Notice”** shall have the meaning assigned to such term in Clause 2.3 of the Compartment 1 Subordinated Loan Agreement.

**“Compartment 2 Subordinated Loan Advance Notice”** shall have the meaning assigned to such term in Clause 2.3 of the Compartment 2 Subordinated Loan Agreement.

**“Compartment 1 Subordinated Loan Agreement”** means the Compartment 1 subordinated loan agreement dated on or about the Signing Date and entered into by, *inter alios*, the Issuer, the Subordinated Lender and the Security Trustee, under which the Subordinated Lender will advance (or has advanced) the Compartment 1 Subordinated Loan to the Issuer.

**“Compartment 2 Subordinated Loan Agreement”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Compartment 1 Subordinated Loan Increase Amount”** means, with respect to any Additional Purchase Date, an amount equal to the product of (i) 11.9 per cent. and (ii) the difference between (a) the Additional Discounted Lease Balance and (b) the Replenished Additional Discounted Lease Balance, all as determined with respect to such Additional Purchase Date.

**“Compartment 2 Subordinated Loan Increase Amount”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Compartment 1 Swap Agreement”** means the relevant compartment 1 interest rate swap agreement between the Issuer acting with respect to its Compartment 1 and the Swap Counterparty in respect of the respective Series of Compartment 1 Notes pursuant to the 1992 ISDA Master Agreement or the 2002 ISDA Master Agreement, as applicable, the associated schedule and the credit support annex and a confirmation dated on or about the Signing Date or any amendments thereto.

**“Compartment 2 Swap Agreement”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Compartment 1 Swap Agreements”** means all swap agreements entered into by the Issuer acting with respect to its Compartment 1 with respect to any Series of Compartment 1 Notes to swap a floating interest rate under such Compartment 1 Notes against a fixed rate.

**“Compartment 2 Swap Agreements”** means all swap agreements entered into by the Issuer acting with respect to its Compartment 2 with respect to any Series of Compartment 2 Notes to swap a floating interest rate under such Compartment 2 against a fixed rate.

**“Compartment 1 Targeted Overcollateralisation Amount”** means, on each Payment Date the Compartment 1 Notes Overcollateralisation Percentage multiplied by the Aggregate Discounted Lease Balance as of the end of the Monthly Period.

**“Compartment 2 Targeted Overcollateralisation Amount”** means, on each Payment Date the Compartment 2 Notes Overcollateralisation Percentage multiplied by the Aggregate Discounted Expectancy Rights Balance as of the end of the Monthly Period.

**“Compartment 1 Transaction Creditors”** means for all series of Compartment 1 Notes the Compartment 1 Noteholders, the Security Trustee, the Seller, the Servicer (if different to the Seller), the Lead Manager, the Managers, the Compartment 1 Swap Counterparties, the Subordinated Lender of the Compartment 1 Subordinated Loan, the Principal Paying Agent, the Interest Determination Agent, the Calculation Agent, the Account Bank (with respect to the Compartment 1 Accounts), the Data Protection Trustee and the Corporate Services Provider.

**“Compartment 2 Transaction Creditors”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Compartment 1 Transaction Documents”** means, the Conditions of the Compartment 1 Notes, the Trust Agreement, the Compartment 1 Deed of Charge and Assignment, the Compartment 1 Note Purchase Agreements, the Agency Agreement, the Compartment 1 Account Agreement, the Compartment 1 Swap Agreements, the Compartment 1 Subordinated Loan Agreement, the Vehicles and Receivables Purchase Agreements, the Servicing Agreement, the Data Protection Trust Agreement, the ICSDs Agreement, the Corporate Services Agreement and the Master Definitions Schedule.

**“Compartment 2 Transaction Documents”** means, the Conditions of the Compartment 2 Notes, the Trust Agreement, the Compartment 2 Deed of Charge and Assignment, the Compartment 2 Note Purchase Agreements, the Agency Agreement, the Compartment 2 Account Agreement, the Compartment 2 Swap Agreements, the Compartment 2 Subordinated Loan Agreement, the Vehicles and Receivables Purchase Agreements, the Servicing Agreement, the Data Protection Trust Agreement, the ICSDs Agreement, the Corporate Services Agreement, the Master Definitions Schedule and the Compartment 2 Master Definitions Schedule Addendum.

**“Conditions”** means the terms and conditions of the Notes pursuant to the relevant Note Purchase Agreement.

**“Corporate Services Agreement”** means the corporate services agreement entered into by VCL Master S.A. and the Corporate Services Provider on or about the Signing Date under which, the Corporate Services Provider is responsible for the day to day activities of VCL Master S.A. and shall provide secretarial, clerical, administrative and related services to VCL Master S.A. and maintain the books and records of VCL Master S.A. in accordance with applicable laws and regulations of Luxembourg.

**“Corporate Services Provider”** means Wilmington Trust SP Services (Luxembourg) S.A.

**“Credit”** shall have the meaning as set out in Clause 22.1 of the Trust Agreement.

**“Credit Enhancement Increase Conditions”** shall be deemed to be in effect if: (a) the Dynamic Net Loss Ratio for three consecutive Payment Dates exceeds (i) 0.40 per cent., if the Weighted Average Seasoning is less than 12 months (ii) 1.00 per cent., if the Weighted Average Seasoning is between 13 months (inclusive) and 24 months (inclusive), (iii) 2.00 per cent. if the Weighted Average Seasoning is between 25 months (inclusive) and 36 months (inclusive), or (iv) 2.80 per cent. if the Weighted Average Seasoning is greater than 36 months; or (b) the Cumulative Net Loss Ratio exceeds (i) 0.45 per cent., if the Weighted Average Seasoning is less than or equal to 12 months (inclusive), (ii) 1.20 per cent., if the Weighted Average Seasoning is between 13 months (inclusive) and 24 months (inclusive), (iii) 1.75 per cent., if the Weighted Average Seasoning is between 25 months (inclusive) and 36 months (inclusive), or (iv) 2.25 per cent., if the Weighted Average Seasoning is greater than 36 months; or (c) if the Late Delinquency Ratio exceeds 1.75 per cent. on any Payment Date on or before 25 November 2010 or 3 per cent. for any Payments Date thereafter, provided that this event will be waived if the Issuer receives a Rating Agency Confirmation that the sale of the Lease Receivables will not result in a downgrade of the outstanding Notes on or before the Payment Date immediately following the occurrence of such event; or (d) in case of the occurrence of a Servicer Replacement Event; or (e) in case of the occurrence of an Insolvency Event with respect to VWL; or (f) in respect of Compartment 1, the Compartment 1 Cash Collateral Account does not contain the Compartment 1 Specified General Cash Collateral Account Balance or, in respect of Compartment 2, the Compartment 2 Cash Collateral Account does not contain the Minimum Compartment 2 Cash Collateral Account Balance or (g) following the exercise of the Put Option granted under the Put Option Agreement by the Issuer acting with respect to its Compartment 2 the Put Option Price has not been paid by the Seller on the respective Put Option Date.

**“CSSF”** means the Commission de Surveillance du Secteur Financier of Luxembourg.

**“Cut-Off Date”** means each of the Initial Cut-Off Date and each Additional Cut-Off Date.

**“Cumulative Net Loss Ratio”** means for any Payment Date a fraction expressed as a percentage, the numerator of which is the Discounted Lease Balance of all Lease Receivables (including Lease Receivables which were not received on time and Lease Receivables remaining to be paid in the future) that were charged off by the Servicer in accordance with its customary practices from time to time in effect from the Initial Cut-Off Date through the end of the Monthly Period including any Lease Receivables that were sold and had later been charged-off (i) with the prior consent of the Compartment 1 Noteholders holding not less than 100 per cent. of the aggregate outstanding principal amount of all outstanding Compartment 1 Notes, whereby the votes of a Noteholder VW Bank GmbH and its affiliates will not be taken into account, and (ii) the prior written consent of VWL, the Security Rights Trustee and the Expectancy Rights Trustee, choose to dispose of its assets, in particular to dispose of its assets in accordance with the relevant agreements to be concluded for this purpose for selling Purchased Lease Receivables (acting thereby with respect to its Compartment 1) and in connection with term issuances of a separate securitisation vehicle, if the purchase price for the sale of Lease Receivables is not less than the allocable Discounted Lease Balance and the Issuer obtained confirmation from the Rating Agencies that the sale of the Lease Receivables will not result in a downgrade of the outstanding Compartment 1 Notes and the denominator of which is the sum of the Discounted Lease Balance of all Initial Lease Receivables and Additional Lease Receivables.

**“Data Protection Trust Agreement”** means the data protection trust agreement entered into on or about the Signing Date by the Seller, the Data Protection Trustee, the Security Trustee and the Issuer.

**“Data Protection Trustee”** means Volkswagen Bank GmbH.

**“Dealer Guarantee Commitment”** means the Purchase Price guaranteed by a vehicles dealer for a Closed End Lease Contract at the contractual expiration of such contract.

**“Defaulted Amount”** shall have the meaning as set out in Clause 21.7 of the Trust Agreement.

**“Delinquent Lease Contract”** means each and any Lease Contract for which (i) one or more Lease Receivable instalments are overdue, or (ii) where VWL has terminated such Lease Contract.

**“Delinquent Lease Receivables”** means each and any Lease Receivables for which one or more instalments are overdue.

**“Determination Date”** means the fifth Business Day prior to the first day of an Interest Accrual Period.

**“Discounted Balance”** means the Discounted Expectancy Rights Balance plus the Discounted Lease Balance.

**“Discounted Expectancy Rights Balance”** means as of the end of any Monthly Period the present value of the remaining residual value represented by the Expectancy Rights, calculated using the Expectancy Rights Discount Rate.

**“Discounted Lease Balance”** means as of the end of any Monthly Period the present value of the remaining Lease Receivables (excluding any Written Off Purchased Lease Receivables), calculated using Lease Receivables Discount Rate.

**“Distribution Accounts”** means the Compartment 1 Distribution Account and the Compartment 2 Distribution Account, collectively.

**“Distribution Account Bank”** means the bank operating the Distribution Accounts, which is The Bank of New York Mellon, Frankfurt Branch.

**“Dynamic Net Loss Ratio”** means, for any Payment Date, a fraction, expressed as a percentage rate, the numerator of which is the sum of the Discounted Lease Balance (including Lease Receivables which were not received on time and Lease Receivables remaining to be paid in the future) that were charged-off by the Servicer in accordance with its customary practices during the Monthly Period and the denominator of which is the Aggregate Discounted Lease Balance as of the beginning of the Monthly Period.

**“Early Amortisation Event”** shall mean any of the following: (i) the occurrence of a Foreclosure Event (as defined in Clause 17 of the Trust Agreement), (ii) the amounts deposited in the Compartment 1 Accumulation Account on two consecutive Payment Dates exceed in aggregate 10 per cent. of the Aggregate Discounted Lease Balance (iii) the amounts deposited in the Compartment 2 Accumulation Account on three consecutive Payment Dates exceed in aggregate 10 per cent. of the Aggregate Discounted Expectancy Rights Balance, (iv) the Credit Enhancement Increase Condition is in effect, (v) the failure by the Issuer to enter following an event of default or a termination event (as defined in the applicable Swap Agreement) into a replacement Swap Agreement or failure by the respective Swap Counterparty to post collateral (each as provided for in Clause 21 of the Trust Agreement) or to take any other measure which does not result in a downgrade of the Compartment 1 Notes, or (vi) on any Payment Date falling after six consecutive

Payment Dates following the Initial Issue Date, the Actual Compartment 1 Overcollateralisation Percentage is determined as being lower than 13 per cent.

**“Early Settlement”** means cases in which VWL is to pay certain sums to the Issuer due to a demand of the Issuer vis-à-vis VWL to retransfer Lease Receivables and the related Expectancy Rights under a contract in certain circumstances as contractual remedy including *inter alia* the assertion of invalidity of the Lease Contracts or of rights to refuse to perform by the Lessee as well a reduction of the Purchased Lease Receivables due to any amendment to the relevant Lease Contract.

**“EC Treaty”** means the Treaty establishing the European Community (signed in Rome on 25 March, 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February, 1992), as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 November, 1997), as amended by the Treaty of Nice (signed in Nice on 26 February, 2001) and as amended by the Treaty of Lisbon (signed in Lisbon on 13 December 2007 and in force since 1 December 2009).

**“EEA”** means the European Economic Area established under the “The Agreement creating the European Economic Area” entered into force on 1 January 2004.

**“Eligible Collateral Bank”** means an international recognised bank with the Account Bank Required Ratings.

**“Eligible Swap Counterparty”** means any entity

(i) with (A) short-term unsecured, unsubordinated and unguaranteed debt obligations which are rated F1 by Fitch and (B) long-term unsecured and unsubordinated debt or counterparty obligations are rated A or above by Fitch, and

(ii) has the S&P First Required Rating (in the event that S&P Option 1 or S&P Option 2 applies) or the S&P Second Required Rating (in the event that S&P Option 3 or S&P Option 4 applies).

**“Enforcement Event”** means (in the sole judgment of the Security Trustee upon request of the Noteholders holding not less than 66 2/3 per cent. whereby Notes owned by VW Bank or its affiliates will not be taken into account for the determination of the required majority of 66 2/3 per cent. of the aggregate outstanding principal amount of the outstanding Notes) a Foreclosure Event and the Security Trustee has served an Enforcement Notice upon the Issuer.

**“Enforcement Notice”** means a notice delivered by the Security Trustee on the Issuer upon the occurrence of a Foreclosure Event stating that the Security Trustee commences with the enforcement of the Security pursuant to the procedures set out in the relevant Security Documents.

**“Enforcement Proceeds”** means the proceeds from the realisation of Leased Vehicles in respect of Purchased Lease Receivables and Purchased Expectancy Rights and from the enforcement of any other Lease Collateral.

**“English Process Agent”** means Wilmington Trust (London) Limited.

**“EONIA”** means Euro Overnight Index Average.

**“Error Check Notice”** has the meaning ascribed to such term in Clause 5.4(b) of the Agency Agreements.

“**EU**” means the European Union.

“**EU Member State**” means, as the context may require, a member state of the European Union or of the European Economic Area.

“**EU Saving Tax Directive**” means Council Directive 2003/48/EC regarding the taxation of savings income, adopted by the Council of the European Union on 3 June 2003.

“**EUR**” or “**EURO**” or “**€**” means the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the EC Treaty.

“**EURIBOR**” (Euro Interbank Offered Rate) means for any Interest Accrual Period commencing on the first Payment Date and thereafter the rate for deposits in EUR for a period of one month, such reference rate shown on the second Business Day prior to the first day of the relevant Interest Accrual Period (the Interest Determination Date) at approximately 11.00 a.m. (Brussels time) on Reuters 3000 page EURIBOR 01. As regards the Interest Accrual Period commencing on the Issue Date (excluding) and ending on the date preceding the first Payment Date (including), EURIBOR means the rate which is the result of the straight-line interpolation between (i) the rate for deposits in EUR for a period of one month and (ii) the rate for deposits in EUR for a period of three weeks, both rates appearing on the Determination Date at approximately 11.00 a.m. (Brussels time) on Reuters 3000 page EURIBOR 01. If Reuters 3000 page EURIBOR 01 is not available or if no such quotation appears thereon, in each case as at such time, the Interest Determination Agent shall determine EURIBOR on the basis of such other screen rate the Interest Determination Agent shall determine in good faith. If no such screen rate is available, the Interest Determination Agent shall ask five reference banks selected by the Issuer for their reference rate (expressed as a percentage rate per annum) vis-à-vis leading banks in Europe on the Determination Date at approximately 11.00 a.m. (Brussels time). If two or more of the reference banks provide the Interest Determination Agent with such reference rates, EURIBOR shall be the arithmetic mean (rounded up or down, if necessary, to a hundred thousandths of a per cent., 0.000005 shall be rounded up) of such reference rates, all as determined by the Interest Determination Agent. If EURIBOR cannot be determined in accordance with the foregoing provisions, the EURIBOR rate for the respective Interest Accrual Period shall equal the reference rate last shown prior to the Determination Date on the aforementioned screen page. If the agreed page is replaced or the service ceases to be available, the Issuer and the Interest Determination Agent may specify another page or service displaying the appropriate rate after consultation with each other.

“**Eurosystem**” comprises the European Central Bank and the national central banks of those countries that have adopted the euro.

“**Euro-zone**” means the region comprising member states of the European Union that have adopted the single currency, the euro, in accordance with the EC Treaty.

“**Event of Default**” has the meaning ascribed to such term in Clause 11 of the Subordinated Loan Agreements.

“**Expectancy Rights**” means the Initial Expectancy Rights and/or the Additional Expectancy Rights to be allocated to Compartment 2 of VCL Master S.A..

“**Expectancy Rights Collections Amount**” has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Expectancy Rights Discount Rate”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Expectancy Rights Eligibility Criteria”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Expectancy Rights Overcollateralisation”** means the difference between the Aggregate Discounted Expectancy Rights Balance minus the Outstanding Expectancy Rights Funding Amount.

**“Expectancy Rights Realisation Amount”** means the proceeds from the realisation of Leased Vehicles (including any amounts received by the Issuer under the Put Option Agreement) which have been allocated to the Residual Value pursuant to Clause 13 (*Realisation of Leased Vehicles*) of the Vehicles and Receivables Purchase Agreement (including, but not limited to, any Settlement Amount related to the relevant Expectancy Right and any insurance proceeds allocated to the relevant Expectancy Right in accordance with the provisions of the Vehicles and Receivables Purchase Agreement) and any payments received under Final Payment Receivables.

**“Expectancy Rights’ Related Collateral”** means the Initial Expectancy Rights’ Related Collateral and/or the **Additional Expectancy Rights’ Related Collateral**.

**“Expectancy Rights Subordinated Loan Amount”** means the amount received (or to be received) by the Issuer from the Subordinated Lender in respect of the acquisition of the Expectancy Rights.

**“Expectancy Rights Trustee”** means Wilmington Trust (London) Limited.

**“Expenses”** shall have the meaning as set out in Clause 12.1 of the Compartment 1 Account Agreement and Clause 5.1 of the Compartment 2 Account Agreement or in Clause 7.1 of the Agency Agreements, respectively.

**“Extension Letter”** means an extension letter by the Issuer to the respective Noteholder in a form as attached as Annex 5 (which can be amended pursuant to Annex 7) to the respective Note Purchase Agreement.

**“Final Payment Receivables”** means the Initial Final Payment Receivables and/or the Additional Final Payment Receivables.

**“Final Terms”** means the final terms to the Compartment 1 Prospectus or, as the case may be, the Compartment 2 Prospectus which will be prepared for each issue of Compartment 1 Notes and Compartment 2 Notes.

**“Fitch”** means Fitch Ratings Limited, or any successor to its rating business.

**“Foreclosure Event”** means any of the following events:

- (a) with respect to VCL Master S.A. an Insolvency Event occurs; or
- (b) the Issuer defaults in the payment of any interest on any Note when the same becomes due and payable, and such default continues for a period of five Business Days; or
- (c) the Issuer defaults in the payment of principal of any Note on the Legal Maturity Date; or



(d) an Interest Shortfall occurs.

**“Funding”** means the Compartment 1 Notes, the Compartment 2 Notes, the Compartment 1 Subordinated Loan and the Compartment 2 Subordinated Loan.

**“Further Compartment 1 Notes”** means any notes of each series of the Compartment 1 floating rate asset backed notes issued by VCL Master S.A. with respect to its Compartment 1 on any Further Issue Date with a maximum total nominal amount of EUR 3,000,000,000, consisting of up to 30,000 individual Compartment 1 Notes, each in the nominal amount of EUR 100,000.

**“Further Compartment 2 Notes”** means any notes of each series of the Compartment 2 floating rate asset backed notes issued by VCL Master S.A. with respect to its Compartment 2 on any Further Issue Date with a maximum total nominal amount of EUR 2,000,000,000, consisting of up to 20,000 individual Compartment 2 Notes, each in the nominal amount of EUR 100,000.

**“Further Issue Date”** means each day which shall be a Payment Date on which Further Notes are issued, provided that with respect to each Series of Notes such date shall in no event be later than the Payment Date immediately preceding the Series Revolving Period Expiration Date applicable to such Series.

**“Further Notes”** means the Further Compartment 1 Notes and/or Further Compartment 2 Notes and any further Note issued by the Issuer in context with the Transaction.

**“Future Discounted Lease Balance”** means, at the beginning of the Monthly Period, the present value of the Purchased Lease Receivables scheduled to be paid in the future, calculated using a discount rate equal to the Lease Receivables Discount Rate.

**“German Banking Act”** means the banking act (*Kreditwesengesetz*) of Germany, as amended or restated from time to time.

**“German Civil Code”** means the civil code (*Bürgerliches Gesetzbuch*) of Germany, as amended or restated from time to time.

**“German Commercial Code”** means the commercial code (*Handelsgesetzbuch*) of Germany, as amended or restated from time to time.

**“German Data Protection Rules”** means collectively, the rules of German banking secrecy (*Bankgeheimnis*), the provisions of the German Federal Data Protection Act (*Bundesdatenschutzgesetz*) and the provisions of Circular 4/97 (*Rundschreiben 4/97*) of the German Federal Financial Supervisory Authority.

**“German Federal Financial Supervisory Authority”** means the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*), including its predecessors and any potential successor(s).

**“German Tax Residents”** means Persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany.

**“Germany”** means the Federal Republic of Germany.

**“Governmental Authority”** means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any body or entity exercising executive, legislative, judicial, regulatory or administrative

functions of or pertaining to a government, including without limitation any court, and any Person owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing including for the avoidance of doubt the German Federal Financial Supervisory Authority.

**“ICSDs Agreement”** means the ICSDs agreement entered into by the Issuer and the ICSDs before any Notes in NGN form will be accepted by the ICSDs.

**“Initial Compartment 1 Notes”** means the compartment 1 floating rate asset backed notes of each series issued by VCL Master S.A. acting with respect to its Compartment 1 on the Initial Issue Date consisting of the Initial Compartment 1 Notes of each Series of Compartment 1 Notes.

**“Initial Compartment 2 Notes”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Initial Compartment 1 Overcollateralisation Percentage”** means 13.5 per cent.

**“Initial Cut-Off Date”** means 31 December 2009.

**“Initial Expectancy Rights”** means any expectancy right (*Anwartschaftsrecht*) of the Seller (to be allocated to Compartment 2 of the Purchaser) in respect of an Initial Leased Vehicle resulting from the transfer of security title to the Initial Leased Vehicle to the Purchaser under the Vehicles and Receivables Purchase Agreement subject to the resolatory condition (*auflösende Bedingung*):

- that all secured obligations (current and future claims against VWL arising from this Agreement and the Servicing Agreement, including all future damage claims pursuant to section 280(1) in connection with section 280(3) of the German Civil Code (*Bürgerliches Gesetzbuch*) (*Schadensersatz statt der Leistung*) and including, but not limited to, all claims arising out of a withdrawal from Vehicles and Receivables Purchase Agreement) have been settled provided the Purchaser (acting with respect to its Compartment 2) had not acquired the corresponding Expectancy Right to such Leased Vehicles pursuant to the Vehicles and Receivables Purchase Agreement; or
- the occurrence of a Lease Contract Termination Event in respect of a Lease Contract for a Leased Vehicle in case the Purchaser (acting with respect to its Compartment 2) acquires the Expectancy Right to a Leased Vehicle for which the Purchaser (acting with respect to its Compartment 1) already acquired or simultaneously acquires the corresponding Lease Receivables pursuant to the Vehicles and Receivables Purchase Agreement.

**“Initial Expectancy Rights Purchase Date”** means the Payment Date falling in the Compartment 2 Revolving Period when the Initial Expectancy Rights, the Initial Final Payment Receivables and the Initial Expectancy Rights Related Collateral are purchased by the Purchaser (acting with respect to its Compartment 2).

**“Initial Expectancy Rights Purchase Price”** means the purchase price in relation to any Purchased Initial Expectancy Rights, the Purchased Initial Final Payment Receivables and the corresponding Initial Expectancy Rights’ Related Collateral calculated as follows: the purchase price must not exceed the sum of the funds available from (without double counting) (A) the issuance of Initial Compartment 2 Notes and (B) amounts available under the Compartment 2 Subordinated Loan, in each case on the Initial Expectancy

Rights Purchase Date. The Initial Expectancy Rights Purchase Price to be paid by the Purchaser acting with respect to its Compartment 2 shall equal the sum of the Initial Residual Values discounted by the Expectancy Rights Discount Rate, less (i) amounts required for overcollateralization purposes, less (ii) the amount as set forth in connection with the issuance of the Initial Compartment 2 Notes for the endowment of the Compartment 2 Cash Collateral Account to equal the Compartment 2 Specified General Cash Collateral Account Balance and less (iii) certain costs related to the issue of the Initial Compartment 2 Notes, plus statutory VAT (if applicable) whereby payment of VAT is deferred according to Clause 7.4 of this Agreement. The Initial Expectancy Rights Purchase Price without any applicable statutory VAT shall be funded by the issuance of Further Compartment 2 Notes and amounts available under the Compartment 2 Subordinated Loan. For the avoidance of doubt, no Initial Expectancy Rights Purchase Price shall be paid by the Purchaser for Initial Expectancy Rights which are transferred to the Purchaser for overcollateralisation purposes

**“Initial Expectancy Rights Purchase Price Haircut”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Initial Expectancy Rights Related Collateral”** means rights and claims appertaining to the Initial Expectancy Rights and the corresponding Initial Final Payment Receivable, in each case without any VAT, and any substitute (*Surrogat*) thereof.

**“Initial Final Payment Receivable”** means any final payment receivable relating to an Initial Expectancy Right and identified by the relevant contract number set out in the data CD-Roms (Enclosure A and Enclosure B) to Enclosure C of the Vehicles and Receivables Purchase Agreement, including, but not limited to, Lessee’s obligation to make additional payments under Closed End Lease Contracts (*Verträge mit Gebrauchtwagenabrechnung*) in accordance with the respective Lease Contract and any additional payments by the respective Lessee for excess kilometres.

**“Initial Issue”** means the issue of the Initial Compartment 1 Notes and the Initial Compartment 2 Notes by the Issuer.

**“Initial Issue Date”** means the Closing Date.

**“Initial Lease Contract”** means each contractual framework, as applicable in the form of standard business terms (*Allgemeine Geschäftsbedingungen*) or otherwise, governing (immediately prior to any transactions under any Vehicles and Receivables Purchase Agreement) the Seller’s relationship with the respective Lessee(s) with regard to Initial Lease Receivables.

**“Initial Lease Receivable”** means a lease receivable (in particular a lease instalment) arisen under an Initial Lease Contract and comprising claims against Lessees in respect of Principal, Interest and Lease Administration Fees (including, for the avoidance of doubt, any and all statutory claims being commercially equivalent to Principal, Interest and/or Lease Administration Fees) to be purchased by the Purchaser with respect to its Compartment 1 on the Closing Date.

**“Initial Lease Receivables Purchase Price”** means the purchase price in respect of Purchased Initial Lease Receivables and is calculated as the sum of the Purchased Initial Lease Receivables discounted by the Lease Receivables Discount Rate, less (i) an amount of EUR 4,402,934.09 for overcollateralisation purposes, less (ii) an amount of EUR 4,830,000.00 for the endowment of the Compartment 1 Cash Collateral Account and less (iii) certain costs related to the issue of the Initial Compartment 1 Notes.

**“Initial Leased Vehicles”** means with respect to Initial Lease Receivables or an Initial Expectancy Right or any vehicle leased from VWL under a Lease Contract.

**“Initial Notes”** means the Initial Compartment 1 Notes and/or the Initial Compartment 2 Notes.

**“Initial Residual Value”** means the value of the Initial Leased Vehicle as set at the inception of the related Lease Contract as potential value of the vehicle at the maturity date of the underlying Lease Contract as determined by VWL pursuant to its evaluation principles reflecting current used car price market developments as applicable from time to time.

**“Initial Vehicles and Receivables Purchase Agreement”** means the initial vehicles and receivables purchase agreement to be entered into between the Issuer, the Seller, the Expectancy Rights Trustee and the Security Trustee on or about the Signing Date.

**“Insolvency Event”** means, with respect to VCL Master S.A., Seller, Servicer, the Expectancy Rights Trustee or Security Trustee, as the case may be, each of the following events: (i) the making of an assignment, conveyance, composition or marshalling of assets for the benefit of its creditors generally or any substantial portion of its creditors; (ii) the application for, seeking of, consents to, or acquiescence in, the appointment of a receiver, custodian, trustee, liquidator or similar official for it or a substantial portion of its property; (iii) the initiation of any case, action or proceedings before any court or Governmental Authority against VCL Master S.A., the Seller, Servicer, Expectancy Rights Trustee or Security Trustee under any applicable liquidation, insolvency, composition, bankruptcy, receivership, dissolution, reorganisation, winding-up, relief of debtors or other similar laws and such proceedings are not being disputed in good faith with a reasonable prospect of discontinuing or discharging the same; (iv) the levy or enforcement of a distress or execution or other process upon or sued out against the whole or any substantial portion of the undertaking or assets of VCL Master S.A., Seller, Servicer, the Expectancy Rights Trustee or Security Trustee and such possession or process (as the case may be) shall not be discharged or otherwise shall not cease to apply within sixty (60) days; (v) initiation or consent to any case, action or proceedings in any court or Governmental Authority relating to VCL Master S.A., the Seller, Servicer, Expectancy Rights Trustee or Security Trustee under any applicable liquidation, insolvency, composition, bankruptcy, receivership, dissolution, reorganisation, winding-up, relief of debtors or other similar laws; (vi) an order is made against VCL Master S.A., the Seller, Servicer, Expectancy Rights Trustee or Security Trustee or an effective resolution is passed for its winding-up; and (vii) VCL Master S.A., the Seller, Servicer, Expectancy Rights Trustee or Security Trustee is deemed generally unable to pay its debts within the meaning of any liquidation, insolvency, composition, reorganisation or other similar laws in the jurisdiction of its incorporation or establishment (provided that, for the avoidance of doubt, any assignment, charge, pledge or lien made by the Issuer for the benefit of the Security Trustee or the Expectancy Rights Trustee under the Trust Agreement or the Deed of Charge and Assignment shall not constitute an Insolvency Event in respect of the Issuer).

**“Institution”** means a German credit institution or financial services institution (including a German branch of a non-German credit institution or financial services institution, but excluding a non-German branch of a German credit institution or financial services institution).

**“Insurance Claims”** means any claims against any car insurer in relation to any damaged Leased Vehicle.

**“Insurance Proceeds”** means any proceeds or monetary benefit in respect of any Insurance Claims.

**“Interest”** means in respect of any Lease Receivable, each of the scheduled periodic payments of interest (if any) payable by the Lessee as provided for in accordance with the terms of the relevant Lease Contract.

**“Interest Accrual Period”** means in respect of the first Payment Date, the period commencing on the Issue Date (excluding) and ending on the calendar day preceding the first Payment Date (including) and in respect of any subsequent Payment Date, the period commencing on the preceding Payment Date (excluding) and ending on the calendar day preceding the relevant Payment Date (including).

**“Interest Determination Agent”** means HSBC Bank plc.

**“Interest Determination Date”** has the meaning ascribed to such term in Clause 6.6 of the Agency Agreements.

**“Interest Period”** shall mean, unless otherwise mutually agreed by the parties, the period from (and excluding) a Payment Date to (but including) the next succeeding Payment Date; provided that the initial Interest Period shall be the period from (and excluding) the Issue Date to (but including) first Payment Date.

**“Interest Shortfall”** means the Accrued Interest which is not paid on a Note on the Payment Date related to the Interest Accrual Period in which it accrued, including but not limited to any Accrued Interest resulted from correction of any miscalculation of interest payable on a Note related to the last Interest Accrual Period immediate prior to the Payment Date.

**“International Central Securities Depository”** or **“ICSD”** means Clearstream, Luxembourg or Euroclear, and **“ICSDs”** means both Clearstream, Luxembourg and Euroclear collectively.

**“ISIN”** means the international securities identification number pursuant to the ISO – 6166 Standard.

**“ISO”** means the International Organisation for Standardisation.

**“Issue”** means the issue of the Compartment 1 Notes and the Compartment 2 Notes by the Issuer.

**“Issue Date”** means each of the Initial Issue Date and each Further Issue Date.

**“Issue Notice”** means a notice by the Issuer in a form as attached as Annex 6 to the respective Note Purchase Agreement.

**“Issue Outstanding Amount”** or **“IOA”** means, in respect of a NGN, the total outstanding indebtedness of the Issuer as determined from time to time. Where relevant, the IOA is the result of the product between the nominal amount and the relevant Note Factor of the respective NGN.

**“Issuer”** means VCL Master S.A., having its registered office at 52-54 Avenue du X Septembre, L-2550 Luxembourg, registered with the Luxembourg register of commerce and companies under registration number B 149052, acting with respect to its Compartment 1 and its Compartment 2.

**“Kilometer Settlement Reserve”** means the kilometer settlement reserve in an amount equal to the then Aggregate Discounted Lease Balance of all outstanding Lease Contracts with a kilometer settlement and to be paid by VWL on the relevant Payment Date to the Cash Collateral Accounts in accordance with the Vehicles and Receivables Purchase Agreement.

**“Late Delinquency Lease Receivables”** means each and any Lease Receivables for which more than 6 instalments are overdue.

**“Late Delinquency Ratio”** means, expressed as a percentage, the ratio of (i) Late Delinquency Lease Receivables as nominator and (ii) the Aggregate Discounted Lease Balance as denominator.

**“Lead Manager”** means HSBC Bank plc.

**“Lease Administration Fee”** means the lease administration fee (*Bearbeitungsgebühr*) relating to a Lease Receivable (i) which fee has become payable in accordance with the terms of the relevant Lease Contracts and (ii) that is capitalised by VWL in accordance with VWL’s customary accounting practice in effect from time to time prior to the sale of such Lease Receivables to Compartment 1 of the Issuer under the Vehicles and Receivables Purchase Agreement.

**“Lease Collateral”** means (i) security title (*Sicherungseigentum*) in respect of Leased Vehicles, (ii) Insurance Claims, (iii) damage claims arising from a breach of contract or in tort against a Lessee, (iv) any claims against third parties due to damage or loss of Leased Vehicles, (v) and any other collateral provided by the Lessee to VWL under or in connection with the relevant Lease Contract; in each case to the extent and subject as acquired by VWL and excludes, for the avoidance of doubt, the Expectancy Rights, the Final Payment Receivables and the Expectancy Rights’ Related Collateral.

**“Lease Contract”** means each contractual framework, as applicable in the form of standard business terms (*Allgemeine Geschäftsbedingungen*) or otherwise, governing (immediately prior to any transactions under any Vehicles and Receivables Purchase Agreement) the Seller’s relationship with the respective Lessee(s) with regard to the Lease Receivables.

**“Lease Contract Termination Event”** means the termination of the Lease Contract including, without limitation:

- (a) the termination due to contractual lapse of contract (*Ablauf der regulären, ursprünglich vereinbarten Leasingdauer*); or
- (b) the termination due to good cause (*Kündigung aus wichtigem Grund*).

**“Lease Receivables Subordinated Loan Amount”** has the meaning given to such term in the Compartment 1 Subordinated Loan Agreement.

**“Lease Receivables”** means the Initial Lease Receivables and/or the Additional Lease Receivables, to be purchased and allocated to Compartment 1 of the Issuer.

**“Lease Receivables Collection Amount”** means (i) Collections received or collected by the Servicer, plus (ii) proceeds from the realisation of Leased Vehicles which have been allocated to the Purchased Lease Receivables pursuant to Clause 13 (*Realisation of Leased Vehicles*) of the Vehicles and Receivables Purchase Agreement.

**“Lease Receivables Discount Rate”** means 5.7016 per cent. per annum; discounting shall take place on the basis of one year of 360 days being equivalent to 12 months, each month consisting of 30 days.

**“Leased Vehicles”** means the Initial Leased Vehicles and/or the Additional Leased Vehicles.

**“Lessee”** means, in respect of a Lease Receivable, a Person (including consumers and businesses) to whom the Seller has leased one or more autos on the terms of a Lease Contract.

**“Lessee Notification Event”** means the earlier of (i) the institution of insolvency proceedings in respect of VWL and/or (ii) non-compliance of VWL with its statutory obligation to transfer any VAT (*Umsatzsteuer*) on the Lease Receivables to the tax office when such VAT becomes due and/or (iii) any notification in connection with a Servicer Replacement Event.

**“Listing Agent”** means Dexia Banque Internationale à Luxembourg, société anonyme.

**“Losses”** shall have the meaning as set out in Clause 12.1 of the the Compartment 1 Account Agreement and Clause 5.1 of the Compartment 2 Account Agreement or in Clause 7.1 of the Agency Agreements, respectively.

**“Luxembourg”** means the Grand Duchy of Luxembourg.

**“Luxembourg Companies Law”** means the Luxembourg law on commercial companies of 10 August 1915, as amended from time to time.

**“Luxembourg Securitisation Law”** means the Luxembourg law on securitisation of 22 March 2004.

**“Luxembourg Stock Exchange”** means société de la bourse de Luxembourg.

**“Margin”** has the meaning given to such term in the Conditions of the relevant Series of Notes.

**“Managers”** means HSBC Bank plc, SEB and VW Bank collectively.

**“Maximum Discounted Expectancy Rights Balance”** means the highest Aggregate Discounted Expectancy Rights Balance at any time during the transaction.

**“Maximum Discounted Lease Balance”** means the highest Aggregate Discounted Lease Balance at any time during the transaction.

**“Maximum Issuance Amount”** has the meaning ascribed to such term in the relevant Final Terms.

**“Minimum Compartment 2 Cash Collateral Account Balance”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Monthly Compartment 1 Servicer Report”** or **“Monthly Compartment 2 Servicer Report”** as applicable shall have the meaning ascribed to such term in the Servicing Agreement.

**“Monthly Compartment 1 Investor Report”** or **“Monthly Compartment 2 Investor Report”** as applicable shall have the meaning ascribed to such term in the Servicing Agreement.

**“Monthly Period”** means the calendar month immediately prior to each Payment Date.

**“Net Swap Payment”** means for the Swap Agreement, the net amounts with respect to regularly scheduled payments owed by the Issuer to a Swap Counterparty, if any, on any Payment Date, including any interest accrued thereon, under the Swap Agreement, excluding Swap Termination Payments or any other amounts payable to the Swap Counterparty under the Swap Agreement.

**“Net Swap Receipts”** means for the Swap Agreement, the net amounts owed by a Swap Counterparty to the Issuer, if any, on any Payment Date, excluding any Swap Termination Payments. For further clarity, this term does not include any amounts transferred as collateral.

**“New Expectancy Rights Trustee”** shall have the meaning as set out in Clause 8.4(a) of the Trust Agreement.

**“New global note”** or **“NGN”** means a global note which refers to the books and records of the ICSDs to determine the total remaining indebtedness of the Issuer as determined from time to time.

**“New Issuer”** means any Person which substitutes the Issuer pursuant to Condition 11.

**“New Security Trustee”** shall have the meaning as set out in Clause 8.4(a) of the Trust Agreement.

**“Nominal Amount”** means for each Note the nominal amount as defined in Condition 1(a).

**“Non-Amortising Series”** means, on any Payment Date, any Series of Notes which does not qualify as an Amortising Series.

**“Note Purchase Agreement”** means each note purchase agreement entered into between the Issuer and a purchaser of a particular Series of Compartment 1 Notes or a purchaser of a particular Series of Compartment 2 Notes, as applicable.

**“Notes”** means the Compartment 1 Notes and the Compartment 2 Notes collectively.

**“Notes Factor”** means the ratio of the aggregate nominal amount of each Series of Notes then outstanding to the original principal amount of such Series of Notes.

**“Noteholders”** means the Compartment 1 Noteholders and the Compartment 2 Noteholders collectively.

**“Obligors”** means in respect of a Lease Receivable (i) the Lessee(s) and (ii) those Persons who have guaranteed the obligations of any such Lessee(s) in respect of such Lease Receivable.

**“Open End Lease Contract”** means any open end Lease Contract (*Vertrag mit Gebrauchtwagenabrechnung*).



**“Order of Priority”** means the order of priority according to which the payments of interest and principal to the Noteholders are distributed and other payments due and payable by the Issuer are made as more specifically described in Clause 22.3 and 22.4 (*Permitted Investment; Order of Priority*) of the Trust Agreement.

**“Payment Date”** means 25 February 2010 and thereafter until the final payment the 25<sup>th</sup> day of each month or, in the event such day is not a Business Day, then the next following Business Day unless that day falls in the next calendar month, in which case the date will be the first preceding day that is a Business Day.

**“Permanent Global Note”** has the meaning ascribed to it in the Conditions.

**“Permitted Investments”** means any amount standing to the credit of the Accounts invested by the Servicer, on behalf of the Issuer, provided that any such investment:

- (a) must be denominated and payable in euro;
- (b) shall only be made:
  - (i) in securities which are short-term rated F1 by Fitch and A-1 by S&P (or A+ or higher if they have no short-term ratings) respectively;
  - (ii) in deposits with a credit institution which is at least short-term rated F1 by Fitch and A-1 by S&P (or A+ or higher if it has no short-term ratings) respectively; or
  - (iii) in other obligations or securities that will not result in a reduction or withdrawal of the then current rating of the Notes;
- (c) shall mature no later than the next following Payment Date; and
- (d) the Issuer shall not purchase Notes from the Funding.

For the avoidance of doubts, no such investment shall be made, in whole or in part, actually or potentially, in credit linked notes, other asset backed securities or similar claims resulting from the transfer of credit risk by means of credit derivatives.

**“Person”** means an individual, partnership, corporation (including a business trust), unincorporated association, trust, joint stock company, limited liability company, joint venture or other entity, or a government or political subdivision, agency or instrumentality thereof.

**“Portfolio”** means the aggregate of all Purchased Lease Receivables and the Purchased Expectancy Rights that the Issuer has not sold or transferred to any other Person other than the Security Trustee and/or the Expectancy Rights Trustee, as applicable, under or in connection with the Trust Agreement.

**“Portfolio Decryption Key”** means the portfolio decryption key for the decryption of the list of names and addresses of the respective Lessees for each contract number relating to a Lease Contract.

**“Principal”** means with respect to a Lease Receivable each of the scheduled periodic payments of principal payable by the respective Lessee as provided for in accordance with the terms of the relevant Lease Contract, as may be modified from time to time to account e.g. for unscheduled prepayments by the Lessee.

**“Principal Paying Agent”** means HSBC Bank plc.

**“Principal Payment Amount”** means the Compartment 1 Principal Payment Amount and/or the Compartment 2 Principal Payment Amount.

**“Process Agent”** means Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Federal Republic of Germany.

**“Programme Documents”** shall have the meaning as set out in Clause 31.8(a) of the Trust Agreement.

**“Prospectus Directive”** means Directive 2003/71/EC, as amended by Directive 2010/73/EU, including, where the context requires, Commission Regulation (EC) No. 809/2004, as amended by Commission Delegated Regulation (EU) No 862/2012 and Commission Delegated Regulation (EU) No 759/2013 and any relevant implementing measure in each relevant Member State of the European Economic Area.

**“Purchased Additional Expectancy Rights”** means the Additional Expectancy Rights purchased by the Purchaser acting with respect to its Compartment 2 from the Seller in accordance with any Additional Vehicles and Receivables Purchase Agreement.

**“Purchased Additional Final Payment Receivables”** means the Additional Final Payment Receivables purchased by the Purchaser acting with respect to its Compartment 2 from the Seller in accordance with any Additional Vehicles and Receivables Purchase Agreement.

**“Purchased Additional Lease Receivables”** means the Additional Lease Receivables purchased by the Purchaser acting with respect to its Compartment 1 from the Seller in accordance with any Additional Vehicles and Receivables Purchase Agreement.

**“Purchased Expectancy Rights”** means the Purchased Initial Expectancy Rights and/or the Purchased Additional Expectancy Rights, allocated to Compartment 2 of the Issuer.

**“Purchased Final Payment Receivables”** means the Purchased Initial Final Payment Receivables and/or the Purchased Additional Final Payment Receivables.

**“Purchased Initial Expectancy Rights”** means the Initial Expectancy Rights purchased by the Purchaser acting with respect to its Compartment 2 from the Seller in accordance with the Initial Vehicles and Receivables Purchase Agreement.

**“Purchased Initial Final Payment Receivables”** means the Initial Final Payment Receivables purchased by the Purchaser with respect to its Compartment 2 from the Seller in accordance with the Initial Vehicles and Receivables Purchase Agreement.

**“Purchased Initial Lease Receivables”** means the Initial Lease Receivables purchased by the Purchaser with respect to its Compartment 1 from the Seller in accordance with the Initial Vehicles and Receivables Purchase Agreement.

**“Purchased Lease Receivables”** means the Purchased Initial Lease Receivables and/or the Purchased Additional Lease Receivables, allocated to Compartment 1 of the Issuer.

**“Purchased Rights”** means the Purchased Lease Receivables together with the Lease Collateral.

**“Purchaser”** means the Issuer in its capacity as purchaser of the Lease Receivables secured by the Lease Collateral and the Expectancy Rights.

**“Put Option”** has the meaning ascribed to such term in the Put Option Agreement.

**“Put Option Agreement”** means the put option agreement between VCL Master S.A., VWL and the Expectancy Rights Trustee to be dated on or about the Compartment 2 Closing Date.

**“Put Option Date”** has the meaning ascribed to such term in the Put Option Agreement.

**“Put Option Price”** means the put option price determined pursuant to Clause 2.1 of the Put Option Agreement.

**“Rating Agencies”** means Fitch and S&P.

**“Rating Agency Condition”** means, with respect to any event or circumstance and each Rating Agency, either (a) written confirmation by the Rating Agency that the occurrence of such event or circumstance will not cause it to downgrade, qualify or withdraw its rating assigned to any of the Notes or (b) that the Rating Agency shall have been given notice of such event or circumstance at least ten days prior to the occurrence of such event or circumstance (or, if ten days’ advance notice is impracticable, as much advance notice as is practicable) and the Rating Agency shall not have issued any written notice that the occurrence of such event or circumstance will cause it to downgrade, qualify or withdraw its rating assigned to the Notes.

**“Realisation Proceeds”** means the proceeds resulting from a realisation of the Leased Vehicles attained by VWL in its capacity as Servicer. In case of the termination of a Closed End Lease Contract for good cause, the Realisation Proceeds will equal to the market value of the Leased Vehicles as assessed by the vehicle expert (*Kraftfahrzeugsachverständiger*) at the return of the Leased Vehicle for the point in time of the originally agreed expiration of the Lease Contract.

**“Related Lease Contract”** means in respect to a Leased Vehicle which has been identified in Enclosure A, column 1 of the Initial Vehicles and Receivable Purchase Agreement or of the Additional Vehicles and Receivable Purchase Agreement by reference to the vehicle identification number (*Fahrgestellnummer*), the corresponding Lease Contract identified in the same line of Enclosure A, column 1 of the Initial Vehicles and Receivable Purchase Agreement or of the Additional Vehicles and Receivable Purchase Agreement by reference to the lease contract number.

**“Relevant Clearing System”** has the meaning ascribed to it in the Conditions.

**“Relevant Currency Value”** mean with respect to an amount on any day, in case of an amount denominated in Euro, such currency and, in case of an amount denominated in a currency other than Euro (the “Other Currency”), the amount of Euro that could be purchased with such amount of the Other Currency at the spot exchange rate on such day.

**“Relevant Final Terms”** has the meaning ascribed to such term in any Compartment 1 Note Purchase Agreement or, as the case may be, Compartment 2 Note Purchase Agreement.

**“Relevant Principal Amount”** has the meaning ascribed to such term in Clause 3.6 of the Agency Agreements.

**“Replenished Additional Discounted Lease Balance”** means on any Additional Purchase Date, the Accumulation Amount determined for Compartment 1, divided by one (1) minus the Additional Lease Receivables Overcollateralisation Percentage, all as determined with respect to such Additional Purchase Date.

**“Replenished Additional Expectancy Rights Balance”** means on any Additional Purchase Date, the Accumulation Amount determined for Compartment 2, divided by one (1) minus the Additional Expectancy Rights Overcollateralisation Percentage, all as determined with respect to such Additional Purchase Date.

**“Required Compartment 2 Notes Interest Reserve”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Required Compartment 1 Subordinated Loan Funding Amount”** means for any Payment Date after the end of the Compartment 1 Revolving Period, the product of 8 per cent. and the Aggregate Discounted Lease Balance as of the end of the Monthly Period.

**“Required Compartment 2 Subordinated Loan Funding Amount”** has the meaning ascribed to such term in the Compartment 2 Master Definitions Schedule Addendum.

**“Residual Value”** means the Initial Residual Value and/or the Additional Residual Value.

**“Revolving Series of Compartment 1 Notes”** means a series of Compartment 1 Notes whose Compartment 1 Revolving Period has not elapsed.

**“Revolving Series of Compartment 2 Notes”** means a series of Compartment 2 Notes whose Compartment 2 Revolving Period has not elapsed.

**“Revolving Series of Notes”** means the Revolving Series of Compartment 1 Notes and/or the Revolving Series of Compartment 2 Notes.

**“S&P”** means Standard and Poor’s, a subsidiary of the McGraw-Hill Companies, Inc. and any successor to the debt rating business thereof.

**“S&P First Required Rating”** shall have the meaning given to it in the Swap Agreement.

**“S&P Option 1”** shall have the meaning given to it in the Swap Agreement.

**“S&P Option 2”** shall have the meaning given to it in the Swap Agreement.

**“S&P Option 3”** shall have the meaning given to it in the Swap Agreement.

**“S&P Option 4”** shall have the meaning given to it in the Swap Agreement.

**“S&P Second Required Rating”** shall have the meaning given to it in the Swap Agreement.

**“Scheduled Repayment Date”** means the Compartment 1 Scheduled Repayment Date and/or the Compartment 2 Scheduled Repayment Date.

**“Secured Obligations”** means all duties and liabilities of the Issuer which the Issuer has covenanted with the Security Trustee and the Expectancy Rights Trustee to pay to the Noteholders and the other Transaction Creditors pursuant to Clause 4.2 (*Position of the Security Trustee and the Expectancy Rights Trustee in Relation to the Issuer*) of the Trust Agreement.

**“Security”** means all the Adverse Claims from time to time created by the Issuer in favour of the Security Trustee and/or the Expectancy Rights Trustee (and also for the benefit of the Transaction Creditors) pursuant to the provisions of the Trust Agreement.

**“Security Documents”** means the Trust Agreement and the Deeds of Charge and Assignment collectively.

**“Security Trustee”** means Wilmington Trust SP Services (Frankfurt) GmbH.

**“Seller”** means VWL.

**“Series”** means in respect of the Compartment 1 Notes and/or Compartment 2 Notes, any series issued on a given Issue Date.

**“Series Revolving Period Expiration Date”** means with respect to each Series of Notes the revolving period expiration as specified for such Series in the applicable Final Terms.

**“Service Report Performance Date”** means the 5<sup>th</sup> Business Day prior to each Payment Date.

**“Servicer”** means Volkswagen Leasing GmbH unless the engagement of Volkswagen Leasing GmbH as servicer of the Issuer is terminated in which case Servicer shall mean the replacement Servicer (if any).

**“Servicer Fee”** means, for any Monthly Period, one-twelfth of the Servicer Fee Rate multiplied by the sum of the Aggregate Discounted Lease Balance plus any Aggregate Discounted Expectancy Rights Balance as of the beginning of the Monthly Period charged on a proportionate basis to the Issuer acting with respect to its Compartment 1 on the basis of the Aggregate Discounted Lease Balance for such Payment Date and to the Issuer acting with respect to its Compartment 2 on the basis of the Aggregate Discounted Expectancy Rights Balance for such Payment Date.

**“Servicer Fee Rate”** means 1 per cent. per annum.

**“Servicer Insolvency Event”** means that the Servicer declares its inability to effect payments (*Zahlungsunfähigkeit*) or overindebtedness (*Überschuldung*) or those insolvency proceedings under the Insolvency Code (*Insolvenzordnung*) are instituted by the insolvency court against the Servicer.

**“Servicer Replacement Event”** means the occurrence of any event described in paragraphs (a) to (c) below:

- (a) any unremedied failure (and such failure is not remedied within three (3) Business Days of notice of such failure being given) by the Servicer to deliver and/or cause to be delivered any required payment to the Issuer for distribution to the Noteholders, to the Swap Counterparty and the Subordinated Lender;
- (b) any unremedied failure (and such failure is not remedied within three (3) Business Days of notice of such failure being given) by the Servicer to duly observe and/or

perform in any material respect any other of its covenants or agreements which failure materially and adversely affects the rights of the Issuer or the Noteholders;  
or

- (c) the Servicer suffers a Servicer Insolvency Event;

provided, however, that a delay or failure of performance referred to under paragraph (a), or (b) above for a period of 90 days will not constitute a Servicer Replacement Event if such delay or failure was caused by an event beyond the reasonable control of the Servicer.

**“Servicing Agreement”** means the servicing agreement between the Servicer, the Issuer and the Security Trustee dated on or about the Signing Date.

**“Settlement Amount”** means the sum to be payable by VWL to the Issuer pursuant to certain provisions of the Transaction Documents

- (a) equal to the present value of the relevant Purchased Lease Receivables becoming payable during the remaining term of the contract, absent an instance of settlement, and the present value of the residual value representing the Purchased Expectancy Rights, each calculated using the Lease Receivables Discount Rate or, as applicable, the Expectancy Rights Discount Rate, or
- (b) in case of a reduction of the Purchased Lease Receivables due to any amendment to the relevant Lease Contract equal to (A) the difference of (i) the present value of the Purchased Lease Receivables agreed upon at the inception of the Lease Contract and (ii) the present value of the future outstanding Purchased Lease Receivables becoming due according to such amendment, in each case discounted with the Lease Receivables Discount Rate, and (B) the difference of (i) the present value of the residual value representing the Purchased Expectancy Rights agreed upon at the inception of the Lease Contract and (ii) the present value of the future outstanding residual value representing the Purchased Expectancy Rights becoming due according to such amendment, in each case discounted with the Expectancy Rights Discount Rate.

**“Shortfall”** has the meaning ascribed to such term in Clause 6.3 of the Agency Agreements.

**“Signing Date”** means 19 January 2010.

**“Subordinated Lender”** means the subordinated lender under the Subordinated Loan Agreements being an Affiliate of Volkswagen AG.

**“Subordinated Loan”** means each of the Compartment 1 Subordinated Loan and the Compartment 2 Subordinated Loan.

**“Subordinated Loan Agreement”** means each of the Compartment 1 Subordinated Loan Agreement and the Compartment 2 Subordinated Loan Agreement.

**“Successor Bank”** means the successor account bank determined in accordance with the Account Agreement.

**“Swap Agreement”** means each of the Compartment 1 Swap Agreements and the Compartment 2 Swap Agreements.

**“Swap Counterparty”** means each of the Compartment 1 Swap Counterparties and the Compartment 2 Swap Counterparties.

**“Swap Replacement Proceeds”** means any amounts received from a replacement Swap Counterparty in consideration for entering into a replacement Swap Agreement for a terminated Swap Agreement.

**“Swap Termination Payment”** means payment due to the Swap Counterparty by the Issuer or to the Issuer by the Swap Counterparty, including interest that may accrue thereon, under the Swap Agreements due to a termination of any Swap Agreement due to an “event of default” or “termination event” under that Swap Agreement.

**“TARGET 2”** means the Trans-European Automated Real-time Gross Settlement Express System (Target 2) which was launched on 19 November 2007.

**“Targeted Aggregate Discounted Expectancy Rights Balance”** means the division of (i) the aggregate nominal amount of the Compartment 2 Notes at the end of the Monthly Period by (ii) 100 per cent. minus the Compartment 2 Notes Overcollateralisation Percentage.

**“Targeted Aggregate Discounted Lease Balance”** means the division of (i) the aggregate nominal amount of the Compartment 1 Notes at the end of the Monthly Period by (ii) 100 per cent. minus the Compartment 1 Notes Overcollateralisation Percentage.

**“Targeted Compartment 1 Note Balance”** means for each series of Compartment 1 Notes (a) except in the case of (b); the excess of the Aggregate Discounted Lease Balance as of the end of the Monthly Period over the Compartment 1 Targeted Overcollateralisation Amount and (b) zero, if the Aggregate Discounted Lease Balance as of the end of the Monthly Period is less than 10 per cent. of the Maximum Discounted Lease Balance.

**“Targeted Compartment 2 Note Balance”** means for each series of Compartment 2 Notes (a) except in the case of (b); the excess of the Aggregate Discounted Expectancy Rights Balance as of the end of the Monthly Period over the Compartment 2 Targeted Overcollateralisation Amount and (b) zero, if the Aggregate Discounted Expectancy Rights Balance as of the end of the Monthly Period is less than 10 per cent. of the Maximum Discounted Expectancy Rights Balance.

**“Targeted Delinquent Lease Compartment 1 Note Balance”** means the Discounted Lease Balance of Delinquent Lease Receivables not sold pursuant to Clause 12.8 of the Vehicles and Receivables Purchase Agreement on the respective Payment Date multiplied by 30 per cent.

**“Targeted Delinquent Lease Compartment 2 Note Balance”** means the Discounted Expectancy Rights Balance of Expectancy Rights related to a Delinquent Lease Contract not sold pursuant to Clause 12.9 of the Vehicles and Receivables Purchase Agreement on the respective Payment Date multiplied by 30 per cent.

**“Targeted Non-Delinquent Lease Compartment 1 Note Balance”** means the product of (i) the sum of (A) the Discounted Lease Balance of Lease Receivables that are not Delinquent Lease Receivables and that are not sold pursuant to Clause 12.8 of the

Vehicles and Receivables Purchase Agreement on the respective Payment Date and (B) the Replenished Additional Discounted Lease Balance on the respective Payment Date, and (ii) 87.0 per cent.

**“Targeted Non-Delinquent Lease Compartment 2 Note Balance”** means the product of (i) the sum of (A) the Discounted Expectancy Rights Balance of Expectancy Rights that are not related to a Delinquent Lease Contract and that are not sold pursuant to this Clause 12.9 of the Vehicles and Receivables Purchase Agreement on the respective Payment Date and (B) the Replenished Additional Expectancy Rights Balance on the respective Payment Date, and (ii) 58.0 per cent.

**“Targeted Remaining Compartment 1 Note Balance”** means the sum of (i) the Targeted Non-Delinquent Lease Compartment 1 Note Balance and (ii) the Targeted Delinquent Lease Compartment 1 Note Balance.

**“Targeted Remaining Compartment 2 Note Balance”** means the sum of (i) the Targeted Non-Delinquent Lease Compartment 2 Note Balance and (ii) the Targeted Delinquent Lease Compartment 2 Note Balance.

**“Terminated Lease Receivables”** means each and any Lease Receivables which has been terminated.

**“Transaction”** means the Transaction Documents, together with all agreements and documents executed in connection with the issuance of the Compartment 1 Notes and the Compartment 2 Notes, the performance thereof and all other acts, undertakings and activities connected therewith.

**“Transaction Creditors”** means the Compartment 1 Transaction Creditors and the Compartment 2 Transaction Creditors, collectively.

**“Transaction Documents”** means the Compartment 1 Transaction Documents and the Compartment 2 Transaction Documents, collectively.

**“Transaction Parties”** means all transaction parties to the Transaction Documents.

**“Trust Agreement”** means the trust agreement dated on or about the Signing Date and entered into by, *inter alios*, the Issuer, the Expectancy Rights Trustee and the Security Trustee.

**“Trustee Claim”** shall have the meaning ascribed to such term in Clause 4.2 (*Position of the Security Trustee and the Expectancy Rights Trustee in Relation to the Issuer*) of the Trust Agreement.

**“UK”** or **“the United Kingdom”** means the United Kingdom of Great Britain and Northern Ireland.

**“United States”** means, for the purpose of issue of the Notes and the Transaction Documents, the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, America Samoa, Wake Island and the Northern Mariana Islands).

**“VAT”** means value added tax.

**“VCL Master Programme Legal Maturity Date”** means the Payment Date falling in January 2029.



**“Vehicles and Receivables Purchase Agreement”** or **“VARPA”** means the Initial Vehicles and Receivables Purchase Agreement and/or the Additional Vehicles and Receivables Purchase Agreement.

**“Volkswagen Group”** means Volkswagen AG and any of its Affiliates.

**“VWL”** means Volkswagen Leasing GmbH.

**“VWL Lease Receivables”** means Lease Receivables legal title of which is held by VWL at the time the Residual Value of the Lease Vehicles are purchased by the Purchaser in accordance with the VARPA.

**“Waterfall Table”** has the meaning ascribed to such term in Clause 5.1 of the Agency Agreements.

**“Weighted Average Seasoning”** means, on each Payment Date, the weighted average seasoning of the Lease Receivables, calculated on a lease by lease basis as the original term minus the remaining term of such lease.

**“Withdrawn Cash Collateral”** shall have the meaning as set out in Clause 21.7 of the Trust Agreement.

**“Written Off Purchased Expectancy Rights”** means Purchased Expectancy Rights which have been reduced by recoveries and finally written off by VWL in its capacity as Servicer in accordance with its customary accounting practice in effect from time to time.

**“Written Off Purchased Lease Receivables”** means Purchased Lease Receivables which have been reduced by recoveries and finally written off by VWL in its capacity as Servicer in accordance with its customary accounting practice in effect from time to time.

**“2000 ISDA Definitions”** means the definitions and provisions published by the International Swaps and Derivatives Association, Inc.

- 1.2** In this Master Definitions Schedule words denoting the singular number only shall also include the plural number and vice versa, words denoting one gender only shall include the other genders and words denoting individuals only shall include firms and corporations and *vice versa*.

## **2. INTERPRETATION**

In any Transaction Document, the following shall apply:

- 2.1** in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”. The word “including” shall not be exclusive and shall mean “including, without limitation”;
- 2.2** if any date specified in any Transaction Document would otherwise fall on a day that is not a Business Day, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day;
- 2.3** only if a Transaction Creditor has a solicited rating from S&P or Fitch, the relevant rating requirements and/or the relevant rating trigger events of S&P or Fitch shall apply to such Transaction Creditor. In case the Transaction Creditor has no solicited or only an

unsolicited rating from S&P or Fitch, the relevant rating requirements and/or the relevant rating trigger events of S&P or Fitch shall not result in any replacement event or termination event or any other obligation for that Transaction Creditor as defined in the relevant Transaction Documents. For the avoidance of doubt, this shall not apply to any entity providing account bank services.

- 2.4 periods of days shall be counted in calendar days unless Business Days are expressly prescribed;
- 2.5 the expression “tax” shall be construed so as to include any tax, levy, impost, duty or other charge of similar nature, including, without limitation, any penalty or interest payable in connection with any failure to pay or delay in paying the same;
- 2.6 a reference to law, treaty, statute, regulation, order, decree, directive or guideline of any governmental authority or agency, or any provision thereof, shall be construed as a reference to such law, statute, regulation, order, decree, directive or guideline, or provision, as the same may have been, or may from time to time be, amended or re-enacted;
- 2.7 any reference to any Person appearing in any of the Transaction Documents shall include its successors and permitted assigns;
- 2.8 any reference to an agreement, deed or document shall be construed as a reference to such agreement, deed or document as the same may from time to time be amended, varied, novated, supplemented, replaced or otherwise modified;
- 2.9 to the extent applicable, the headings of clauses, schedules, sections, articles and exhibits are provided for convenience only. They do not form part of any Transaction Document and shall not affect its construction or interpretation. Unless otherwise indicated, all references in any Transaction Document to clauses, schedules, sections, articles and exhibits refer to the corresponding clauses, schedules, sections, articles or exhibits of that Transaction Document;
- 2.10 unless specified otherwise, “promptly” or “immediately” shall mean without undue delay (*ohne schuldhaftes Zögern*); and
- 2.11 “novation” shall, for the purposes of documents governed by German law, be construed as *Vertragsübernahme*. “To novate” shall be interpreted accordingly.

## COMPARTMENT 2 MASTER DEFINITIONS SCHEDULE ADDENDUM

### 1. DEFINITIONS

- 1.1 The parties to this Compartment 2 Master Definitions Schedule Addendum agree that, except where expressly stated to the contrary or where the context otherwise requires, the definitions set out below shall apply to Compartment 2 Transaction Documents to terms or expressions referred to but not otherwise defined in each Transaction Document.

**“Actual Compartment 2 Overcollateralisation Percentage”** means, with respect to any Payment Date, one minus the Nominal Amount of all Compartment 2 Notes outstanding divided by (i) the Aggregate Discounted Expectancy Rights Balance, plus (ii) any amounts standing to the credit of the Compartment 2 Accumulation Account.

**“Additional Expectancy Rights Overcollateralisation Percentage”** means 0.07 (which equals for the avoidance of doubt 7 per cent.).

**“Compartment 2 Accumulation Account”** means the interest bearing account with IBAN DE12503303008608409716 held by the Issuer for its Compartment 2 with the Accumulation Account Bank.

**“Compartment 2 Agency Agreement”** means the agency agreement between, *inter alia*, the Issuer, the Principal Paying Agent, the Calculation Agent, the Interest Determination Agent and the Security Trustee dated on or about the Signing Date with respect to Compartment 2.

**“Compartment 2 Available Distribution Amount”** on each Payment date shall equal the sum of the following amount:

- a) the Expectancy Rights Realisation Amount; plus
- b) investment earnings from deposits in the Compartment 2 Accumulation Account and the Compartment 2 Distribution Account; plus
- c) Net Swap Receipts under the Compartment 2 Swap Agreements and any other amounts included in the Compartment 2 Available Distribution Amount pursuant to Clause 21 of the Trust Agreement; plus
- d) payments from the Compartment 2 Cash Collateral Account as provided for in Clause 23.2 (*Cash Collateral Account*) of the Trust Agreement; plus
- e) payments from the Compartment 1 Distribution Account made on the immediately preceding Payment Date pursuant to Clauses 22.3(a) item *twelfth* and 22.3(c) item *tenth* of the Trust Agreement; plus
- f) any Compartment 2 German Trade Tax Risk Reserve Decrease Amount released pursuant to Clause 22.4(b)(second) of the Trust Agreement; plus
- g) in case of the occurrence of an Early Amortisation Event or after termination of the Compartment 2 Revolving Period, transfers from the Compartment 2 Accumulation Account to the Compartment 2 Distribution Account pursuant to Clause 23.4 of the Trust Agreement; less

- h) the repayment to VWL of any excess Compartment 2 Servicer Advance made by VWL to the Compartment 2 Distribution Account, if it is demonstrated that in the Monthly Compartment 2 Servicer Report for a Monthly Period that the Issuer acting with respect to its Compartment 2 has not exercised the Put Option granted under the Put Option Agreement but has instead realised the relevant Leased Vehicle for which a Compartment 2 Servicer Advance has been granted, by a sale to a person other than VWL, the Compartment 2 Servicer Advance which has been made by VWL with respect to such Leased Vehicle shall be released by the Issuer to VWL on the then following Payment Date provided that the Servicer is not in default delivering the Compartment 2 Available Distribution Amount for such Payment Date.

**“Compartment 2 Cash Collateral Account”** means the interest bearing account with IBAN DE66503303008608409714 held by the Issuer for its Compartment 2 with the Cash Collateral Account Bank.

**“Compartment 2 Cash Collateral Amount”** means all funds in the Compartment 2 Cash Collateral Account other than the unused amount of the Compartment 2 German Trade Tax Risk Reserve and the unused amount of the Compartment 2 Notes Interest Reserve.

**“Compartment 2 Closing Date”** means the Initial Expectancy Rights Purchase Date.

**“Compartment 2 Distribution Account”** means the interest bearing account with IBAN DE39503303008608409715 held by the Issuer for its Compartment 2 with the Distribution Account Bank.

**“Compartment 2 Initial Swap Rate”** means 3.4 per cent.

**“Compartment 2 Margin”** means 0.55 per cent. for the non-revolving Series of Compartment 2 Notes and 1.15 per cent. for the Amortising Series of Notes.

**“Compartment 2 Master Definitions Schedule Addendum”** means this addendum to the Master Definitions Schedule in respect of Compartment 2 which will be entered into by, *inter alios*, the Issuer and the Compartment 2 Noteholders at a future date prior to the Initial Compartment 2 Notes Issue Date.

**“Compartment 2 Notes Increase Amount”** means, with respect to any Further Issue Date, the product of (i) one (1) minus 42 per cent., multiplied by (ii) (a) the Additional Discounted Expectancy Rights Balance, less (b) the Replenished Additional Discounted Expectancy Rights Balance.

**“Compartment 2 Notes Overcollateralisation Percentage”** means:

- (a) 49 per cent. until a Credit Enhancement Increase Condition shall be in effect;
- (b) 52 per cent. after expiration of the Revolving Period until the Credit Enhancement Increase Condition is in effect; and
- (c) 100 per cent. if the Credit Enhancement Increase Condition is in effect.

**“Compartment 2 Note Purchase Agreements”** means each note purchase agreement entered into between the Issuer and a purchaser of a particular Series of Compartment 2 Notes.

**“Compartment 2 Revolving Period”** means the period from (and including) the Compartment 2 Closing Date and ending on the earlier of (i) (and excluding) the Series

Revolving Period Expiration Date of the last of the Series of Compartment 2 Notes and (ii) the occurrence of an Early Amortisation Event.

**“Compartment 2 Subordinated Loan Advance”** means an advance made in accordance with Clause 2.3 of the Compartment 2 Subordinated Loan Agreement.

**“Compartment 2 Subordinated Loan Agreement”** means the Compartment 2 subordinated loan agreement dated 23 February 2010, as amended from time to time and entered into by, *inter alios*, the Issuer acting with respect to its Compartment 2, the Compartment 2 Subordinated Lender and the Expectancy Rights Trustee, under which the Subordinated Lender will advance (or has advanced) the Compartment 2 Subordinated Loan to the Issuer.

**“Compartment 2 Subordinated Loan Increase Amount”** means, with respect to any Additional Purchase Date, an amount equal to the product of (i) 39 per cent. and (ii) the difference between (a) the Additional Discounted Expectancy Rights Balance and (b) the Replenished Additional Discounted Expectancy Rights Balance, all as determined with respect to such Additional Purchase Date.

**“Compartment 2 Specified General Cash Collateral Account Balance”** means (i) on each Payment date from (and including) the Compartment 2 Closing Date to (but excluding) 25 November 2010, 5.18 per cent. of the Nominal Amount of the Compartment 2 Notes then outstanding plus any additional amount as calculated by the Servicer to cover any shortfall on any interest payment on the Compartment 2 Notes, and (ii) on any Payment Date falling on or after the 25 November 2010 (A) provided that no Early Amortisation Event has occurred, the greater of (I) 4.32 per cent. of the Nominal Amount of the Compartment 2 Notes then outstanding and (II) following the end of the Compartment 2 Revolving Period, 2.5 per cent. of the Maximum Discounted Expectancy Rights Balance, in each case plus any additional amount calculated by the Servicer and as required to cover any shortfall in any interest payment of the Compartment 2 Notes, and (B) following the occurrence of an Early Amortisation Event the greater of (I) 5.18 per cent. of the Nominal Amount of the Compartment 2 Notes then outstanding, and (II) 2.5 per cent. of the Maximum Discounted Expectancy Rights Balance, in each case plus any additional amount as calculated by the Servicer and as required to cover any shortfalls in any interest payment on the Compartment 2 Notes.

**“Compartment 2 Swap Agreement”** means the relevant Compartment 2 interest rate swap agreement between the Issuer and the Swap Counterparty in respect of the respective Compartment 2 Series of Notes pursuant to the 1992 ISDA Master Agreement, the associated schedule and the credit support annex and a confirmation dated 23 February 2010 or any amendments thereto.

**“Compartment 2 Swap Counterparties”** means the all Compartment 2 Swap Counterparty for a Series of Compartment 2 Notes.

**“Compartment 2 Transaction Creditors”** means for all series of Compartment 2 Notes the Compartment 2 Noteholders, the Security Trustee, the Expectancy Rights Trustee, the Seller, the Servicer (if different to the Seller), the Lead Manager, the Managers, the Compartment 2 Swap Counterparties, the Compartment 2 Subordinated Lender, the Principal Paying Agent, the Interest Determination Agent, the Calculation Agent, the Account Bank (with respect to the Compartment 2 Accounts), the Data Protection Trustee and the Corporate Services Provider.

**“Expectancy Rights Discount Rate”** means 6.8466 per cent.

**“Expectancy Rights Eligibility Criteria”** mean with respect to Purchased Expectancy Rights that the Purchased Expectancy Rights comply with the following additional Expectancy Rights eligibility criteria:

that not more than 6 per cent. of the Leased Vehicles are used vehicles and that not more than 22 per cent. of the Leased Vehicles are VW Nutzfahrzeuge.

**“Initial Compartment 2 Notes”** means the Compartment 2 floating rate asset backed notes of each Series issued by the Issuer acting with respect to its Compartment 2 on the Compartment 2 Closing Date.

**“Initial Expectancy Rights Purchase Date”** means 25 February 2010.

**“Initial Expectancy Rights Purchase Price Haircut”** means 3 per cent.

**“Minimum Compartment 2 Cash Collateral Account Balance”** means an amount equal to 1.3 per cent. of the Nominal Amount of the Compartment 2 Notes then outstanding plus an amount equal to the then applicable Compartment 2 German Trade Tax Risk Reserve.

**“Monthly Compartment 2 Servicer Report / Monthly Compartment 2 Investor Report”** means the Monthly Compartment 2 Servicer Report / Monthly Compartment 2 Investor Report in the form attached as Schedule 1 and Schedule 2 to this Compartment 2 Master Definition Schedule Addendum, disclosing the following information:

- a. pool balance;
- b. Collections for the Monthly Period;
- c. Compartment 2 Overcollateralisation
- d. Compartment 2 Credit Enhancement
- e. Compartment 2 Available Distribution Amount;
- f. Outstanding principle balance before and after origination of Additional Expectancy Rights;
- g. Outstanding contracts;
- h. contract status;
- i. early settlements;
- j. contracts in arrears;
- k. change delinquencies;
- l. write-offs on the Lease Contracts;
- m. Compartment 2 Revolving Period;
- n. Dynamic Net Loss Ratio;
- o. Cumulative Net Loss Ratio;
- p. late delinquency ratio;

- q. Credit Enhancement Increase Condition;
- r. German Trade Tax;
- s. Residual Values;
- t. Terminated contracts – realization amounts;
- u. Interest paid or unpaid on the Compartment 2 Notes and the Compartment 2 Subordinated Loan;
- v. development of the Compartment 2 Notes;
- w. Cash Collateral Account;
- x. the occurrence of an event that required posting of the Kilometer Settlement Reserve;
- y. Compartment 2 Order of Priority

**“Required Compartment 2 Notes Interest Reserve”** means the initial amount of Euro 12,950,000 or any increase of such amount as required from time to time in connection with the issuance of Compartment 2 Notes.

**“Required Compartment 2 Subordinated Loan Funding Amount”** means for any Payment Date after the end of the Compartment 2 Revolving Period, the product of 10 per cent. and the Aggregate Discounted Expectancy Rights Balance as of the end of the Monthly Period.

- 1.2** In this Compartment 2 Master Definitions Schedule Addendum words denoting the singular number only shall also include the plural number and vice versa, words denoting one gender only shall include the other genders and words denoting individuals only shall include firms and corporations and *vice versa*.

## **2. INTERPRETATION**

In any Compartment 2 Transaction Document, the following shall apply:

- 2.1** in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”. The word “including” shall not be exclusive and shall mean “including, without limitation”;
- 2.2** if any date specified in any Compartment 2 Transaction Document would otherwise fall on a day that is not a Business Day, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day;
- 2.3** periods of days shall be counted in calendar days unless Business Days are expressly prescribed;
- 2.4** the expression “tax” shall be construed so as to include any tax, levy, impost, duty or other charge of similar nature, including, without limitation, any penalty or interest payable in connection with any failure to pay or delay in paying the same;
- 2.5** a reference to law, treaty, statute, regulation, order, decree, directive or guideline of any governmental authority or agency, or any provision thereof, shall be construed as a reference to such law, statute, regulation, order, decree, directive or guideline, or provision, as the same may have been, or may from time to time be, amended or re-enacted;
- 2.6** any reference to any Person appearing in any of the Compartment 2 Transaction Documents shall include its successors and permitted assigns;
- 2.7** any reference to an agreement, deed or document shall be construed as a reference to such agreement, deed or document as the same may from time to time be amended, varied, novated, supplemented, replaced or otherwise modified;
- 2.8** to the extent applicable, the headings of clauses, schedules, sections, articles and exhibits are provided for convenience only. They do not form part of any Transaction Document and shall not affect its construction or interpretation. Unless otherwise indicated, all references in any Transaction Document to clauses, schedules, sections, articles and exhibits refer to the corresponding clauses, schedules, sections, articles or exhibits of that Transaction Document;
- 2.9** unless specified otherwise, “promptly” or “immediately” shall mean without undue delay (*ohne schuldhaftes Zögern*); and
- 2.10** “novation” shall, for the purposes of documents governed by German law, be construed as *Vertragsübernahme*. “To novate” shall be interpreted accordingly.



## FORM OF FINAL TERMS

### Final Terms

[Date]

**VCL Master S.A.**

**acting with respect to its Compartment 2**

*(incorporated with limited liability in Luxembourg with R.C.S. registration number B 149052)*

as Issuer

**for the issuance of the**

**€ [●] Compartment 2 Series [●] Notes**

*[(to be consolidated and form a single Series with the  
EUR [●] Compartment 2 Series [●] Notes already outstanding)].*

issued pursuant to the

EUR 2,000,000,000 Programme for the Issuance of Compartment 2 Notes

These Final Terms are issued to give details of an issue of Compartment 2 Notes by VCL Master S.A. acting with respect to its Compartment 2 under the EUR 2,000,000,000 Compartment 2 Programme for the issuance of Compartment 2 Notes (the “Compartment 2 Programme”). This Base Prospectus dated 20 September 2013 [and supplemented on ●] and the Final Terms have been published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The Final Terms of the Compartment 2 Series 2010-[●] Notes must be read in conjunction with the Compartment 2 Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Compartment 2 Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. Capitalised terms not otherwise defined herein shall have the meaning specified in the Conditions of the Compartment 2 Notes. All references in these Final Terms to numbered Conditions are to be read as reference to the respective Conditions of the Compartment 2 Notes.

1.	Issue Price:	[●]
2.	[Initial] [Further] Issue Date (Condition 8 (a)):	[●]
3.	Series Number:	[●]
	Tranche Number:	[●]
4.	Nominal Amount:	EUR [●]

5.	[Aggregate Nominal Amount of Compartment 2 Series [●] Notes (including the Notes subject of these Final Terms):]	EUR [●] [Not Applicable]
6.	Compartment 2 Series [●] Notes Interest Rate (Condition 8 (c)):	EURIBOR rate for one month Euro deposits plus the Margin [(with respect to the First Interest Accrual Period the Compartment 2 Series [●] Notes Interest Rate shall be determined using straight-line interpolation by reference to the EURIBOR rate for one month and two months Euro deposit plus the Margin)]
7.	Compartment 2 Series [●] Notes Factor:	<p>shall be calculated as follows:</p> $[\bullet] - KR$ $NF = \frac{[\bullet]}{[\bullet]}$ <p>whereby NF means the Compartment 2 Series [●] Notes Factor which is calculated to fifteen decimal places and KR means the total of all repayments of the nominal amount of all Compartment 2 Series [●] Notes paid and contained respectively in each payment up to each respective Payment Date. The calculation of the Notes Factor is set out in the definition.</p>
8.	Amount on which interest is to be paid on the first Payment Date (Condition 9 (a)):	EUR [●]
9.	Margin (Condition 8 (c)):	[●] per cent. per annum
	First occurring Payment Date with respect to the Compartment 2 Series [●] Notes:	[●]
10.	Compartment 2 Series [●] Revolving Period Expiration Date:	Payment Date falling in (but excluding) [●] (or as extended in accordance with Condition 9(c))
11.	Compartment 2 Series [●] Scheduled Repayment Date (Condition 9 (c)):	Payment Date falling in [●] (or as extended in accordance with Condition 9 (c) as a consequence of the extension

		of the Compartment 2 Series [●] Revolving Period Expiration Date)
12.	Compartment 2 Series [●] Legal Maturity Date (Condition 9 (c)):	[●] (or as extended in accordance with Condition 9 (c) as a consequence of the extension of the Compartment 2 Series [●] Revolving Period Expiration Date)
13.	Settlement information:	[delivery against payment] / [delivery free of payment] / [Not applicable]
14.	Clearing Codes:	
	- ISIN Code	[●]
	- Common Code	[●]
15.	Admission to trading and total expenses:	Application has been made for the Compartment 2 Series [●] Notes subject of these Final Terms to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from [●].The total expenses related to the admission to trading will amount to EUR [●].

*[In case of Further Compartment 2 Notes being subject to these Final Terms: please insert updated portfolio data]*

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Compartment 2 Series [●] Notes described herein (as from *[insert Issue Date]*).

**VCL Master S.A., acting with respect to its Compartment 2**

*[Name & title of signatories]*

## SUBSCRIPTION AND SALE

### Subscription and Sale

Each Manager has agreed to comply with the selling restrictions set out below.

Each Compartment 2 Note Purchase has agreed to subscribe the relevant Compartment 2 Notes.

### Transferability restrictions

#### *General*

All applicable laws and regulations must be observed in any jurisdiction in which the Notes may be offered, sold or delivered, to the best of the respective Manager's knowledge and belief. Each Manager has agreed (with respect to the respective Series of Notes acquired by such Manager) that it will not offer, sell or deliver any of the Notes, directly or indirectly, or distribute this Base Prospectus or any other offering material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws and regulations thereof, to the best of the respective Manager's knowledge and belief, and that will not impose any obligations on the Issuer acting with respect to its Compartment 1 and its Compartment 2 except as set out in the respective Note Purchase Agreement.

#### *European Economic Area*

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC, as amended by Directive 2010/73/EC) (each, a "**Relevant Member State**"), each Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State it has not made and will not make an offer of the Notes which are the subject of the offering contemplated by this Base Prospectus to the public in that Relevant Member State other than:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000; and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- (c) to any natural person or small and medium-sized enterprise that expressly asked to be considered and are considered qualified investors in the Relevant Member State; or
- (d) to any other qualified investor as defined in Article 2 (1) (e) of the Prospectus Directive and as transposed into the laws of the Relevant Member State.

### ***United States of America and its Territories***

Each Manager has represented and agreed in the respective Note Purchase Agreement that:

The Notes have not been and will not be registered under the Securities Act and may not be offered, or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act. Each Manager represents and agrees that it has offered and sold the Notes, and will offer and sell the Notes (i) as part of its distribution at any time or (ii) otherwise until forty (40) calendar days after the completion of the distribution of all the Notes only in accordance with Rule 903 of Regulation S under the Securities Act. Neither the Managers nor their respective Affiliates nor any Persons acting on their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act. At or prior to confirmation of sale of Notes, the respective Manager will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from them during the distribution compliance period a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until forty (40) calendar days after the completion of the distribution of the Securities as determined and certified by the respective Manager. Terms used above have the meaning given to them in Regulation S under the Securities Act”.

Terms used in this Clause have the meaning given to them in Regulation S under the Securities Act.

### ***United Kingdom***

Each Manager 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 the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of any 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 Notes in, from or otherwise involving the United Kingdom.

### ***Republic of France***

Each Manager has represented and agreed that, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France (*appel public à l'épargne*), and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France, this Base Prospectus and any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in the Republic of France (i) to qualified investors (*investisseurs qualifiés*) acting for their own account, and/or (ii) to a restricted circle of investors (*cercle restreint d'investisseurs*) acting for their own account, and/or (iii) to persons providing portfolio management investment service for third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), each as defined in and in accordance with Article L. 411-2-II-4° of the French Monetary and Financial Code and any implementing regulation or decree and/or (iv) in a transaction that, in accordance with Articles L. 411-2-II-1° or 2° or 3° of the French Monetary and Financial Code and Article 211-2 of the General

Regulations (*Règlement Général*) of the French Market Authority (*Autorité des Marchés Financiers*), does not constitute an offer to the public (*appel public à l'épargne*).

Each Manager has informed and/or will inform such investors that the subsequent direct or indirect retransfer of the Notes in France can only be made in compliance with Articles L. 411-1, L. 411-2, L.412-1 and L. 621-8 through L. 621-8-3 of the French Monetary and Financial Code. This Base Prospectus and any other offering material relating to the Notes have not been and will not be submitted to the French Market Authority (*Autorité des Marchés Financiers*) for approval and do not constitute an offer to the public in the Republic of France for the sale or subscription of financial instruments.

## **GENERAL INFORMATION**

### **Authorization of Note Issuance**

The issuance of the Compartment 2 Notes was authorised by the board of directors of the Issuer on 23 February 2010 and the increase of the Programme amount from EUR 600,000,000 to EUR 2,000,000,000 was authorised by the board of directors of the Issuer on 22 November 2012.

### **Governmental, Legal and Arbitration Proceedings**

Since its incorporation on 27 October 2009, the Issuer has not been engaged in any 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 in the recent past significant effects on the Issuer's financial position or profitability.

### **Material Adverse Change**

There has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2012.

### **Payment Information and Post-Issuance Transaction Information**

The Issuer acting with respect to its Compartment 2 intends to provide post-issuance transaction information regarding the Notes to be admitted to trading and the performance of the underlying assets. The Servicer will provide the investors with monthly investor reports regarding the Notes and the performance of the underlying assets. Such investor reports will be provided on a monthly basis and sent directly to the relevant investors.

For as long as any of the Compartment 2 Notes are listed on the official list of the Luxembourg Stock Exchange, the Issuer acting with respect to its Compartment 2 will notify the Luxembourg Stock Exchange of the Interest Amounts, Interest Accrual Periods and the Interest Rates and the payments of principal, in each case without delay after their determination pursuant to the Conditions of the Compartment 2 Notes. This information will be communicated to the Luxembourg Stock Exchange at the latest on the first day of each interest period.

All information to be given to the Noteholders pursuant to Condition 7 of the Compartment 2 Notes will be available and may be obtained (free of charge) at the specified office of the Issuer.

The Compartment 2 Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear as operator of the Euroclear system.

All notices to the Noteholders regarding the Compartment 2 Notes shall be (i) published in a newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) as long as the Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of such exchange so require and (ii) (a) be delivered to the applicable clearing systems for communication by them to the Noteholders and (b) be sent directly to the relevant Noteholder by the Security Trustee. Any notice referred to under (ii) (a) above shall be deemed to have been given to all Noteholders on the seventh day after the day on which the said notice was delivered to the respective clearing system. Any notice referred to under (i) above shall be deemed to have been given to all Noteholders on the seventh day after the day on which the said notice was published in a newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any notice referred to under (ii) (b) above shall be deemed to have been given upon confirmation of receipt by the respective Noteholder.

## **Listing and Admission to Trading**

Banque Internationale à Luxembourg as Listing Agent is expected to make application for the Compartment 2 Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading at the regulated market of the Luxembourg Stock Exchange.

## **ICSDs**

Euroclear Bank S.A./N.V.  
1 Boulevard du Roi Albert II  
B-1210 Brussels  
Belgium

Clearstream Banking, société anonyme,  
42 Avenue JF Kennedy  
L-1885 Luxembourg

## **Clearing Codes of Compartment 2 Notes**

As set out in the Final Terms prepared for the relevant Series of Compartment 2 Notes.

## **Limitation of Time with respect to payment claims to Interest and Principal**

Claims arising from a bearer note (*Inhaberschuldverschreibung*) i.e. claims to interest and principal cease to exist with the expiration of thirty years after the occurrence of time determined for performance, unless the bearer note is submitted to the Issuer for redemption prior to the expiration of thirty years. In case of a submission, the claims will be time-barred in two years beginning with the end of the period for submission. The judicial assertion of the claim arising from the note has pursuant to Section 801 German Civil Code (*Bürgerliches Gesetzbuch*) the same effect as a submission.

## **Inspection of Documents**

Copies of the following documents may be inspected during customary business hours on any working day from the date hereof (or the date of publication of such document, as relevant) as long as the Notes remain outstanding at the registered office of the Issuer and the Principal Paying Agent and as long as the Notes are listed on official list of the Luxembourg Stock Exchange they will also be available at the specified offices of the Principal Paying Agent, (i) this Base Prospectus and the Final Terms, (ii) the Trust Agreement, (iii) the Compartment 2 Deed of Charge and Assignment, (iv) the Compartment 2 Agency Agreement, and (v) the Articles of Incorporation of the Issuer and all historical and future financial statements of the Issuer and all future financial reports of the Issuer. A copy of this Base Prospectus and the relevant Final Terms will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The Servicer may publish monthly investor reports regarding the Notes and the performance of the underlying assets. Monthly investor reports may be published by the Servicer five days prior to the Payment Date of a calendar month available on [www.vwfsag.de/investorrelations](http://www.vwfsag.de/investorrelations). Such monthly investor reports will provide the following information:

- a) pool balance;
- b) Collections for the Monthly Period;
- c) Compartment 2 Overcollateralisation
- d) Compartment 2 Credit Enhancement



- e) Compartment 2 Available Distribution Amount;
- f) Outstanding principle balance before and after origination of Additional Expectancy Rights;
- g) Outstanding contracts;
- h) contract status;
- i) early settlements;
- j) contracts in arrears;
- k) change delinquencies;
- l) write-offs on the Lease Contracts;
- m) Compartment 2 Revolving Period;
- n) Dynamic Net Loss Ratio;
- o) Cumulative Net Loss Ratio;
- p) late delinquency ratio;
- q) Credit Enhancement Increase Condition;
- r) German Trade Tax;
- s) Residual Values;
- t) Terminated contracts – realization amounts;
- u) Interest paid or unpaid on the Compartment 2 Notes and the Compartment 2 Subordinated Loan;
- v) further issuance of the Compartment 2 Notes;
- w) Cash Collateral Account;
- x) Compartment 2 Order of Priority

**REGISTERED ADDRESS OF**

**THE ISSUER**

**VCL Master S.A., acting with respect to its Compartment 2**  
52-54 Avenue du X Septembre  
L-2550 Luxembourg

**THE SECURITY TRUSTEE**

**Wilmington Trust SP Services (Frankfurt) GmbH**  
Steinweg 3-5  
60313 Frankfurt am Main  
Germany

**THE EXPECTANCY RIGHTS TRUSTEE**

**Wilmington Trust (London) Limited**  
Third Floor  
1 King's Arms Yard  
London EC2R 7AF  
United Kingdom

**ACCOUNT BANK**

**THE BANK OF NEW YORK MELLON, FRANKFURT BRANCH**

MesseTurm  
Friedrich-Ebert-Anlage 49  
60327 Frankfurt am Main

**PRINCIPAL PAYING AGENT**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**LISTING AGENT**

**Banque Internationale à Luxembourg**  
route d'Esch 69  
L-2953 Luxembourg

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