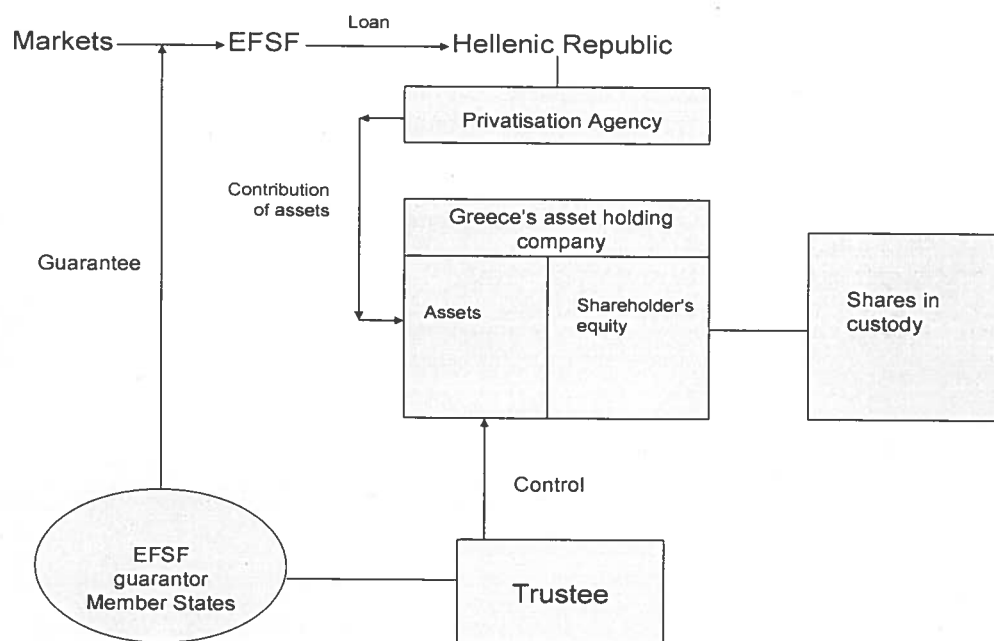


Facilitation of the Collateral Use and Privatisation of Assets of Greece



- Greece's Asset Holding Company (AHC) is based in Luxembourg and operates under Luxembourg law.
- The Privatization Agency owns all the shares of AHC. The shares are in custody of an independent third party.
- The Parliament of Greece authorizes the Privatisation Agency to transfer sufficient amount of assets to AHC and to enter into necessary arrangements to unconditionally and irrevocably collateralise the assets.
- The assets of AHC are collateralising the guarantees of the relevant Member States. No other pledges or any other demand can be created on these assets.
- The Privatisation Agency is managing AHC and can use AHC in a flexible way as one vehicle to securitise, manage, develop and privatise assets, but there must always be sufficient amount of assets on the balance sheet of AHC to meet the collateral requirements of the guarantor Member States.
- The relevant Member States appoint a Trustee, to assess the market value of the assets of AHC and to safeguard that the asset value meets the collateral requirements.
- If the market value of the assets of AHC does not meet the collateral requirements or the Hellenic Republic defaults on its loan obligations to the EFSF, the ownership of the shares in custody immediately transfers to the relevant Member States.
- Due to the existing negative pledge clauses in some international bonds by Hellenic Republic, and if the holders of those bonds are not prepared to waive the clause, the same collateral arrangement must apply also to these loans.
- It would be recommendable to securitise at least some of the assets of AHC. The asset securitisation would make both the valuation and the liquidation of the assets much easier.
- Since the Hellenic Republic is likely to need credit enhancements arrangements to re-enter, before the rating of its bonds has improved sufficiently, the the above-described asset arrangements as well as dealing with the negative pledge issue is in the interest of Hellenic Republic.