

*The form of Conditions of Bonds that will apply in respect of the Bonds, subject to completion of applicable provisions and deletion of non-applicable provisions, is set out below.*

**Banco Santander-Chile**

**Japanese Yen TOKYO PRO-BOND Market Listed [Floating Rate] Bonds  
– [Insert Series No.] Series (20[●])**

**CONDITIONS OF BONDS**

These Conditions of Bonds shall apply to the issue of BANCO SANTANDER-CHILE JAPANESE YEN TOKYO PRO-BOND MARKET LISTED [FLOATING RATE] BONDS - [●] SERIES (20[●]) (the "Bonds") pursuant to lawful authorization by Banco Santander-Chile (the "Issuer").

**1. Aggregate Principal Amount, Date of Issuance, Denomination and Form**

The aggregate principal amount of the Bonds is ¥[●].

The date of issuance of the Bonds is [●], 20[●].

The Bonds are issued in the denomination of ¥[100,000,000] each.

The Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, Etc. of Japan (Law No. 75 of 2001, as amended) (the "Book-Entry Transfer Law") shall apply to the Bonds and the transfer of and other matters relating to the Bonds shall be dealt with in accordance with the Book-Entry Transfer Law and the business regulations and other rules relating to book-entry transfer of corporate bonds, etc. (together with the business regulations, the "Business Rules") from time to time adopted by the Book-Entry Transfer Institution (as defined in Condition 5).

The certificates for the Bonds (the "Bond Certificates") shall not be issued except in such exceptional events as provided under the Book-Entry Transfer Law where the holders of the Bonds (the "Bondholders") may make a request for the issue of Bond Certificates. In the event that the Bond Certificates are issued, such Bond Certificates shall be only in bearer form with unmatured interest coupons and the Bondholders may not request that the Bond Certificates be exchanged for Bond Certificates in registered form or divided or consolidated.

If the Bond Certificates are issued, the manner of the calculation and payment of principal of and interest on the Bonds, the exercise of the rights under the Bonds by the Bondholders and the transfer of the Bonds, and all other matters in respect of the Bonds shall be subject to the then applicable Japanese laws and regulations and the then prevailing market practice in Japan. In the event of any inconsistency between the provisions of these Conditions of Bonds and the then applicable Japanese laws and regulations and the then

prevailing market practice in Japan, such Japanese laws and regulations and market practice shall prevail.

All expenses incurred in connection with the issue of the Bond Certificates shall be borne by the Issuer.

## **2. Restriction on Transfer of Bonds**

### **(1) Restriction on Transfer**

Subject to amendment and modification in accordance with Condition 18, the Bonds shall not be sold, transferred or otherwise disposed of to any person other than the Professional Investors, Etc. (*Tokutei Touseika tou*) (the "Professional Investors, Etc."), as defined in Article 2, Paragraph 3, Item 2 (b) (2) of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the "FIEA"), except for the transfer of the Bonds to the following:

- (a) the Issuer or the Officer (meaning directors, company auditors, executive officers or persons equivalent thereto) thereof who holds shares or equity pertaining to voting rights exceeding 50% of all the voting rights in the Issuer which is calculated by excluding treasury shares or any non-voting rights shares (the "Voting Rights Held by All the Shareholders, Etc." (*Sou Kabunushi Tou no Giketsuken*)) (as prescribed in Article 29-4, Paragraph 2 of the FIEA) of the Issuer under his/her own name or another person's name (the "Specified Officer" (*Tokutei Yakuin*)), or a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc., are held by the Specified Officer (the "Controlled Juridical Person, Etc." (*Hi-Shihai Houjin Tou*)) including a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc. are jointly held by the Specified Officer and the Controlled Juridical Person, Etc. (as prescribed in Article 11-2, Paragraph 1, Item 2 (c) of the Cabinet Office Ordinance on Definitions under Article 2 of the Financial Instruments and Exchange Act (MOF Ordinance No. 14 of 1993, as amended)); or
- (b) a company that holds shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc. of the Issuer in its own name or another person's name.

### **(2) Matters Notified to the Bondholders and Other Offerees**

When (i) a solicitation of an offer to acquire the Bonds or (ii) an offer to sell or a solicitation of an offer to purchase the Bonds (collectively, "Solicitation of the Bond Trade") is made, the following matters shall be notified from the person who makes such Solicitation of the Bond Trade to the person to whom such Solicitation of the Bond Trade is made:

- (a) no securities registration statement (pursuant to Article 4, Paragraphs 1 through 3 of the FIEA) has been filed with respect to the Solicitation of the Bond Trade;

- (b) the Bonds fall, or will fall, under the Securities for Professional Investors (*Tokutei Tousehika Muke Yukashoken*) (as defined in Article 4, Paragraph 3 of the FIEA);
- (c) any acquisition or purchase of the Bonds by such person pursuant to any Solicitation of the Bond Trade is conditional upon such person entering into an agreement providing for the restriction on transfer of the Bonds as set forth in Condition 2(1), (i) with each of the Issuer and the person making such Solicitation of the Bond Trade (in the case of a solicitation of an offer to acquire the Bonds to be newly issued), or (ii) with the person making such Solicitation of the Bond Trade (in the case of an offer to sell or a solicitation of an offer to purchase the Bonds already issued);
- (d) Article 4, Paragraphs 3, 5 and 6 of the FIEA will be applicable to such certain solicitation, offers and other activities with respect to the Bonds as provided in Article 4, Paragraph 2 of the FIEA;
- (e) the Specified Securities Information, Etc. (*Tokutei Shouken Tou Jouhou*) (as defined in Article 27-33 of the FIEA) with respect to the Bonds and the Issuer Information, Etc. (*Hakkosha Tou Jouhou*) (as defined in Article 27-34 of the FIEA) with respect to the Issuer have been or will be made available for the Professional Investors, Etc. by way of such information being posted on the web-site maintained by the TOKYO PRO-BOND Market (<http://www.jpx.co.jp/equities/products/tpbm/announcement/index.html> or any successor website) in accordance with Articles 210 and 217 of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities of the Tokyo Stock Exchange; and
- (f) the Issuer Information, Etc. will be provided to the Bondholders or made public pursuant to Article 27-32 of the FIEA.

### **3. Status of the Bonds**

The Bonds are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank equally with all other unsecured and unsubordinated obligations of the Issuer.

### **4. Appointment of Fiscal Agent and Issuing and Paying Agent and Non-appointment of Commissioned Company for Bondholders**

(1) [●] acts as the fiscal agent and the issuing and paying [and reference] [*Applicable in the case of Floating Rate Bonds*] agent of the Issuer in respect of the Bonds (the "Fiscal Agent", unless the context otherwise requires, the term "Fiscal Agent" means an agent acting in all these capacities). The Fiscal Agent shall perform the duties and functions provided for in these Conditions of Bonds, the [Fiscal, Issuing and Paying Agency Agreement] [*Applicable in the case of Fixed Rate Bonds*]/[Fiscal, Issuing, Paying and Reference Agency Agreement] [*Applicable in the case of Floating Rate Bonds*] (the "Fiscal Agency Agreement") dated [●], 20[●] between the Issuer and [●], and the Business Rules. Except as otherwise provided in these Conditions of Bonds, the Fiscal Agent is acting solely as agent of the Issuer and does not assume any obligation towards or relationship of agency or trust

for or with the Bondholders. A copy of the Fiscal Agency Agreement to which these Conditions of Bonds are attached shall be kept at the head office of the Fiscal Agent up to the expiry of 1 year after the redemption date and shall be made available for perusal or photocopying by any Bondholder during normal business hours. All expenses incurred for such photocopying shall be borne by the applicant therefor.

(2) No commissioned company for bondholders is appointed in respect of the Bonds.

(3) The Issuer may from time to time vary the appointment of the Fiscal Agent, provided that the appointment of the Fiscal Agent shall continue until a replacement fiscal agent and issuing and paying agent (provided that such replacement fiscal agent and issuing and paying agent shall be qualified to act as both issuing agent and paying agent pursuant to the Business Rules) shall be effectively appointed. In such case the Issuer shall give prior public notice thereof to the Bondholders.

(4) The Issuer shall, without delay, appoint a replacement fiscal agent and issuing and paying agent (provided that such replacement fiscal agent and issuing and paying agent shall be qualified to act as both issuing agent and paying agent pursuant to the Business Rules) and give public notice to that effect to the Bondholders if the Book-Entry Transfer Institution notifies the Issuer that the Fiscal Agent will be disqualified from acting as a designated issuing agent or paying agent.

## **5. Book-Entry Transfer Institution**

In relation to the Bonds, Japan Securities Depository Center, Incorporated (the "Book-Entry Transfer Institution") acts as book-entry transfer institution (*furikae kikan*) under the Book-Entry Transfer Law.

In these Conditions of Bonds, all references to the Book-Entry Transfer Institution shall be deemed to include any successor book-entry transfer institution as designated by a competent minister pursuant to the Book-Entry Transfer Law.

## **6. Interest**

*[The language in the following 3 paragraphs shall apply for the Fixed Rate Bonds]*

The Bonds shall bear interest at the rate of [●]% per annum of their principal amount.

The Bonds shall bear interest from and including [●], 20[●] to and including [●], 20[●], payable in Japanese yen semi-annually in arrears on [●] and [●] of each year in respect of the 6-month period to and including each such date. Interest for any period of other than 6 months shall be payable for the actual number of days included in such period computed on the basis of a 365-day year. Each date set for payment of interest in this Condition 6 is hereinafter referred to as an "Interest Payment Date".

The Bonds shall cease to bear interest from but excluding the date on which they become due for redemption; provided, however, that should the Issuer fail to redeem any of the Bonds when due in accordance with these Conditions of Bonds, then interest accrued on the principal amount of the Bonds then outstanding shall be paid in Japanese yen at the interest rate specified above for the actual number of days in the period from, but excluding,

the due date to, and including, the date of the actual redemption of such Bonds, computed on the basis of a 365-day year. Such period, however, shall not exceed the date on which the Fiscal Agent (acting in its capacity of paying agent under the Business Rules, the "Paying Agent") allocates the necessary funds for the full redemption of the Bonds received by it among the relevant participants which have opened their accounts with the Book-Entry Transfer Institution to make book-entry transfer of the Bonds (*kiko kanyusha*) (the "Institution Participants"); provided that if such overdue allocation is not possible under the Business Rules, such period shall not exceed 14 days after the date on which the last public notice is given by the Fiscal Agent in accordance with Condition 8(3).

*[The following alternative language shall apply for the Floating Rate Bonds]*

- (1) (a) The Bonds shall bear interest from and including [●], 20[●] to but excluding [●], 20[●], payable in Japanese yen quarterly in arrears for the first time on [●], 20[●] and on each subsequent [●],[●],[●] and [●] of each year ending on [●], 20[●] in respect of the Interest Period (as defined below) ending on but excluding each such date; provided that, if any such date would otherwise fall on a day which is not a Tokyo Business Day (as defined below), the relevant due date for payment of interest shall be postponed to the next succeeding Tokyo Business Day unless it would thereby fall into the next calendar month, in which event such due date shall be brought forward to the immediately preceding Tokyo Business Day, and the interest shall be payable in respect of the Interest Period ending on but excluding the due date as modified pursuant to this proviso. Interest for any Interest Period or any part thereof shall be payable for the actual number of days included in such Interest Period or the applicable part on the basis of a 360-day year. Each date set for payment of interest in this Condition 6 is hereinafter referred to as an "Interest Payment Date".

In these Conditions of Bonds;

- (i) "Tokyo Business Day" means a day on which banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Tokyo; and
- (ii) "Interest Period" means the period beginning on and including [●], 20[●] and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.
- (b) The Bonds shall bear interest on their principal amount at the rate per annum (the "Rate of Interest") from time to time determined as follows; provided that such Rate of Interest shall not be less than 0%:
- (i) At or prior to 10:00 a.m. (Tokyo time) on the Tokyo Business Day immediately following the Interest Rate Quotation Date (as defined below) (an "Interest Rate Determination Date"), the Issuer will ascertain in respect of the relevant Interest Period the offered rate for 3-month Japanese Yen deposits in the London interbank market which

appears on the Reuters Page LIBOR01 (as defined below) as of 11:00 a.m. (London time) on the second London Business Day (as defined below) before the first day of such Interest Period (or, in respect of the first Interest Period, on [●], 20[●]) (each such day being hereinafter referred to as an "Interest Rate Quotation Date"). The Rate of Interest for such Interest Period shall be the rate equal to [●]% per annum plus the above offered rate so ascertained by the Issuer.

In these Conditions of Bonds;

- (x) "London Business Day" means a day on which banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London; and
  - (y) "Reuters Page LIBOR01" means the page designated as "LIBOR01" displayed on Reuters (or any successor service) which page displays the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administrator of that rate) for Japanese Yen deposits or such other page as may replace LIBOR01 on that service or other page on such other service as may be reasonably nominated by the Issuer as the information vendor, for the purpose of displaying rates comparable to the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administrator of that rate) for Japanese Yen deposits, which replacement shall be promptly notified by the Issuer to the Fiscal Agent in writing.
- (ii) If the above offered rate does not appear on the Reuters Page LIBOR01, or if such page is unavailable, in either case, as of 11:00 a.m. (London time) on any Interest Rate Quotation Date, the Issuer will request on the Interest Rate Determination Date the principal Tokyo office, if any, of each of the Reference Banks (as defined below) to provide the Issuer with the offered quotation (expressed as a rate per annum) for 3-month Japanese Yen deposits commencing on the second London Business Day following such Interest Rate Quotation Date offered by its principal London office to leading banks in the London interbank market at approximately 11:00 a.m. (London time) on such Interest Rate Quotation Date. In such case:
- (x) If on such Interest Rate Determination Date 6 or more Reference Banks provide the Issuer with such offered quotations, the Rate of Interest for such Interest Period shall be the rate equal to [●]% per annum plus the arithmetic mean (rounded, if necessary, to the nearest 5th decimal place with 5 or more in the 6th decimal place to be rounded upwards) of such offered quotations (disregarding 2 of the lowest and 2 of the highest of such quotations), as ascertained by the Issuer.

- (y) If on such Interest Rate Determination Date not less than 2 but not more than 5 Reference Banks provide the Issuer with such offered quotations, the Rate of Interest for the relevant Interest Period shall be the rate equal to [●]% per annum plus the arithmetic mean (rounded, if necessary, to the nearest 5th decimal place with 5 or more in the 6th decimal place to be rounded upwards) of the quotations of those Reference Banks providing such quotations.
- (z) If on such Interest Rate Determination Date only 1 or none of the Reference Banks provides the Issuer with such offered quotations, the Issuer shall ascertain the offered rate for 3-month Japanese Yen deposits in the London interbank market which appears on the Reuters Page LIBOR01 as of 11:00 a.m. (London time) on the London Business Day most closely preceding the relevant Interest Rate Quotation Date (if the offered rate for 3-month Japanese Yen deposits in the London interbank market does not appear on the Reuters Page LIBOR01 or the Reuters Page LIBOR01 is unavailable on such day, on the preceding but closest London Business Day on which the offered rate appears). The Rate of Interest for the relevant Interest Period shall be the rate equal to [●]% per annum plus such rate so ascertained by the Issuer; provided that, if such London Business Day falls on or before the preceding Interest Rate Quotation Date, if any, the Rate of Interest shall be the Rate of Interest in effect for the last preceding Interest Period.

In these Conditions of Bonds, "Reference Bank" means a bank which provided its offered quotation used to calculate the offered rate for 3-month Japanese Yen deposits in the London interbank market which appeared on the Reuters Page LIBOR01 as of 11:00 a.m. (London time) on the London Business Day most closely preceding the Interest Rate Quotation Date in respect of the relevant Interest Rate Determination Date (if the offered rate for 3-month Japanese Yen deposits in the London interbank market does not appear on the Reuters Page LIBOR01 or the Reuters Page LIBOR01 is unavailable on such day, on the preceding but closest London Business Day on which the offered rate appears).

- (c) The Issuer shall, at approximately 10:00 a.m. (Tokyo time) on each Interest Rate Determination Date, calculate the amount of interest per currency unit for the relevant Interest Period (the "Interest Amount Per Currency Unit") with respect to the Bonds for the purpose of the Business Rules. The Interest Amount Per Currency Unit of each Interest Period shall be calculated, pursuant to the Business Rules, by multiplying the Rate of Interest by a fraction, the numerator of which is the actual number of days in the Interest Period concerned and the denominator of which is 360. The calculation of the Interest Amount Per Currency Unit for a part of any Interest Period shall be made for the actual number of days included in such part on the basis of a 360-day year. The total amount of interest payable to each Bondholder shall be calculated in accordance with the Business Rules.

- (d) As soon as practicable after the determination of the Rate of Interest for any Interest Period, but no later than 5 Tokyo Business Days following the commencement of any Interest Period, the Issuer shall notify the Fiscal Agent in writing of such Rate of Interest and the relevant Interest Amount Per Currency Unit and Interest Payment Date; provided that public notices for these matters for any Interest Period need not be given. As soon as practicable after receiving such notice, the Fiscal Agent shall make such matters available for perusal by the Bondholders at the head office of the Fiscal Agent during normal business hours.
- (e) If, after giving notice of any Rate of Interest, the relevant Interest Amount Per Currency Unit and Interest Payment Date pursuant to sub-paragraph (d) above, the relevant Interest Period is lengthened or shortened, the Issuer shall promptly determine what adjustment is appropriate. As soon as practicable after the determination of such adjustment, the Issuer shall notify the Fiscal Agent in writing of the Interest Amount Per Currency Unit and the Interest Payment Date, as amended pursuant to such adjustment; provided that public notices for such amendment need not be given. As soon as practicable after the date on which the Fiscal Agent receives such notice, the Fiscal Agent shall make such matters available for perusal by the Bondholders at the head office of the Fiscal Agent during normal business hours.
- (f) Any Rate of Interest, Interest Amount Per Currency Unit or Interest Payment Date determined in accordance with the provisions of this Condition 6(1) shall (in the absence of manifest error) be final and binding upon all parties, including the Bondholders.
- (g) [●] acts as the Issuer's reference agent (the "Reference Agent") at its head office in Tokyo, Japan in respect of the Bonds. Pursuant to the Fiscal Agency Agreement, the Issuer shall entrust the Reference Agent with the performance of all of its obligations (other than those to give public notices) under this Condition 6(1) relating to the ascertainment, calculation and determination of any offered quotation or interest rate (including, but not limited to, the Rate of Interest and Interest Amount Per Currency Unit). The Reference Agent shall act solely on behalf of the Issuer and shall assume no obligation towards or relationship of agency or trust for or with the Bondholders. Any notice required to be given by the Issuer to the Fiscal Agent under this Condition 6(1) need not be given if and so long as the Fiscal Agent and the Reference Agent are one and the same bank. The Issuer may from time to time vary the appointment of the Reference Agent; provided that the appointment of the Reference Agent shall continue until a replacement reference agent shall be effectively appointed. In such case the Issuer shall give prior public notice thereof to the Bondholders.

(2) The Bonds shall cease to bear interest from and including the date on which they become due for redemption; provided, however, that should the Issuer fail to redeem any of the Bonds when due in accordance with these Conditions of Bonds, then interest accrued on the principal amount of the Bonds then outstanding shall be paid in Japanese Yen for the actual number of days in the period from, and including, the due date to, but excluding, the date of the actual redemption of such Bonds, computed on the basis of such actual number of



days divided by 360 at the interest rate to be determined applying Condition 6(1) *mutatis mutandis* as if the Interest Payment Dates continued to occur after such due date. Such period, however, shall not exceed the date on which the Fiscal Agent (acting in its capacity of paying agent under the Business Rules, the "Paying Agent") allocates the necessary funds for the full redemption of the Bonds received by it among the relevant participants which have opened their accounts with the Book-Entry Transfer Institution to make book-entry transfer of the Bonds (*kiko kanyusha*) (the "Institution Participants"); provided that if such overdue allocation is not possible under the Business Rules, such period shall not exceed 14 days after the date on which the last public notice is given by the Fiscal Agent in accordance with Condition 8(2). The Issuer shall notify each interest rate so determined to the Fiscal Agent in writing in accordance with the provisions of Condition 6(1)(d), whereupon, in no later than 5 Tokyo Business Days following a relevant due date, the Fiscal Agent shall make such interest rate available for perusal by the Bondholders at the head office of the Fiscal Agent during normal business hours. Public notice for such interest rate need not be given.

## **7. Redemption and Purchase**

(1) Unless previously redeemed or purchased and cancelled, the Bonds shall be redeemed on [●], 20[●] at a price equal to 100% of the principal amount[, provided that, if such date would otherwise fall on a day which is not a Tokyo Business Day, the due date for redemption of the Bonds shall be postponed to the next succeeding Tokyo Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Tokyo Business Day] [*Applicable in the case of Floating Rate Bonds*].

(2) If, as a result of any change in, or amendment to, the laws or regulations of the Republic of Chile (or any political subdivision or governmental authority thereof or therein having power to tax), or any change in the application or official interpretation of such laws or regulations, which change or amendment occurs after the date of issuance of the Bonds, the Issuer would be obligated to pay on the next succeeding Interest Payment Date Additional Amounts (as defined in Condition 9(1)) in excess of the amount payable under Condition 9(1) on the basis of the annual rate of 4.0% applicable as of the date of issuance of the Bonds (the "Increased Additional Amounts"), and if such obligation cannot be avoided by the Issuer after taking reasonable measures available to the Issuer, then, the Issuer may at its election redeem the Bonds in whole, but not in part, [at any time] [*Applicable in the case of Fixed Rate Bonds*]/[on any Interest Payment Date] [*Applicable in the case of Floating Rate Bonds*], on giving prior public notice to the Bondholders as set forth below, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest up to [and including] [*Applicable in the case of Fixed Rate Bonds*]/[but excluding] [*Applicable in the case of Floating Rate Bonds*] the date for redemption; provided, however, that no public notice of such redemption may be given earlier than 60 days prior to the earliest date on which the Issuer would be obligated to pay such Increased Additional Amounts were a payment on such Bonds then due.

If the Issuer would be obliged to pay such Increased Additional Amounts pursuant to Condition 9, but the laws or regulations of the Republic of Chile (or any political subdivision or governmental authority thereof or therein having power to tax) in force prohibit the Issuer from making payment of such Increased Additional Amounts notwithstanding the undertaking to pay Additional Amounts as provided or referred to in Condition 9, then the Issuer shall redeem (but subject to such laws) the Bonds then outstanding in whole, but not in

part, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest up to [and including] [*Applicable in the case of Fixed Rate Bonds*]/[but excluding] [*Applicable in the case of Floating Rate Bonds*] the date fixed for redemption, as soon as practicable[, but in no event later than 40 days after the later of (i) the date of the occurrence of the events giving rise to the obligation of the Issuer to pay such Increased Additional Amounts or (ii) the date on which such laws or regulations become effective].

In the event of redemption to be made under this Condition 7(2), the Issuer shall give not less than 30 nor more than 60 days' prior public notice to the Bondholders. Before giving notice of redemption, the Issuer shall deliver to the Fiscal Agent a certificate of executive or officer stating that the Issuer is entitled or obliged to effect such redemption and the proposed date for such redemption and setting forth in reasonable detail a statement of facts relating thereto, and a written opinion of counsel to the effect that (i) the Issuer has become obliged to pay such Increased Additional Amounts as a result of a change or amendment described above, (ii) the Issuer cannot avoid payment of the Increased Additional Amounts by taking reasonable measures available to the Issuer, (iii) all governmental approvals necessary for the Issuer to effect the redemption have been obtained and are in full force and effect or specifying any such necessary approvals that as of the date of such opinion have not been obtained, and (iv) (in case of the Issuer being obliged to redeem) the Issuer is prohibited by such laws or regulations from paying the same. Such public notice and certificate to the Bondholders shall be irrevocable.

Such certificate and opinion delivered by the Issuer to the Fiscal Agent pursuant to this Condition 7(2) shall be kept at the head office of the Fiscal Agent up to the expiry of 1 year after the redemption date and shall be made available for perusal or photocopying by any Bondholder during normal business hours. All expenses incurred for such photocopying shall be borne by the applicant therefor.

All other expenses necessary for the procedures under this Condition 7(2) shall be borne by the Issuer.

(3) The Issuer may at any time purchase the Bonds at any price in the open market or otherwise.

(4) Except as otherwise provided in these Conditions of Bonds, the Issuer may not redeem the Bonds in whole or in part prior to the maturity thereof.

## **8. Payment**

(1) Payment of principal and interest in respect of the Bonds shall be made by the Paying Agent to the Bondholders, directly in cases when such Bondholders are the Institution Participants, and in other cases through the relevant account management institution (*kouza kanri kikan*) (the "Account Management Institution") with which such Bondholders have opened their accounts to have the Bonds recorded in accordance with the Book-Entry Transfer Law and the Business Rules. Notwithstanding the foregoing, at the time when the Paying Agent allocated the necessary funds for the payment of principal of or interest on the Bonds received by it from the Issuer to the relevant Institution Participants, the Issuer shall be released from any obligation of such payment under these Conditions of Bonds.

[(2)] [If any due date for the payment of principal of or interest on the Bonds falls on a day which is not a day on which banks are open for business in Tokyo, Japan (the "Tokyo Business Day"), the Bondholders shall not be entitled to payment of the amount due until the next following Tokyo Business Day, nor shall they be entitled to the payment of any further or additional interest or other payment in respect of such delay.] [*Applicable in the case of Fixed Rate Bonds*]

[(2)/(3)] If the full amount of principal of or interest on the Bonds payable on any due date is received by the Paying Agent after such due date, the Fiscal Agent shall give public notice to the Bondholders to that effect and of the method of payment and the actual payment date as soon as practicable but not later than 14 days after the receipt of such amount by the Paying Agent. If at the time of such receipt either the method or the date of such payment or both are not determinable, the Fiscal Agent shall give public notice of such receipt and of the method and/or the date of such payment to the extent the same has been determined, and give at a later date public notice to the Bondholders of the method and/or the date of such payment as soon as practicable after the determination thereof. All expenses incurred in connection with the said public notice shall be borne by the Issuer.

## **9. Taxation**

(1) All payments of principal in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, fines, penalties, assessments or other governmental charges (or interest on those taxes, duties, fines, penalties, assessments or other governmental charges) imposed, levied, collected, withheld or assessed by, within or on behalf of the Republic of Chile (or any political subdivision or governmental authority thereof or therein having power to tax) ("Chilean Taxes") and all payments of interest in respect of the Bonds shall be made after withholding or deduction for any Chilean Taxes. In the event of any withholding or deduction for any Chilean Taxes, the Issuer shall pay such additional amounts ("Additional Amounts") as may be necessary to ensure that the net amounts received by the Bondholders on the respective due dates after such withholding or deduction shall not be less than the amounts which would have been received by them in the absence of such withholding or deduction (including for any Chilean Taxes payable in respect of Additional Amounts); provided that if such withholding or deduction of Chilean Taxes is not, under the applicable laws and regulations of the Republic of Chile, set at a uniform rate with respect to all Bondholders who are entitled to receive such Additional Amounts, then with respect to all such Bondholders the Issuer will make such withholding or deduction at the highest rate applicable to any such Bondholder, and shall pay such Additional Amounts as are required by the forgoing provision of this Condition 9(1); provided further that no such Additional Amounts shall be payable with respect to any payment on a Bond held by or on behalf of a Bondholder who is liable for Chilean Taxes or other governmental charges imposed in respect of such Bond by reason of such Bondholder having some present or former direct or indirect connection with the Republic of Chile, other than the mere holding of such Bond or the receipt of payments or the enforcement of rights in respect thereto.

As of the date of issuance of the Bonds, pursuant to the preceding paragraph, the Issuer will make the withholding or deduction of the Chilean Taxes at the annual rate of 4.0% and shall pay the Additional Amounts as are required by the preceding paragraph. In the event of such rate of the Chilean Taxes has changed for any reason after the date of the issuance of the Bonds, the Issuer shall give notice forthwith to the Fiscal Agent in writing

signed by an executive or officer thereof stating that such rate of the Chilean Taxes applicable after the change, the date such change becomes effective and the ground thereof in reasonable detail.

As soon as possible but not later than 14 Tokyo Business Days prior to each Interest Payment Date on which the Issuer is required to pay such Additional Amounts, the Issuer shall give notice to the Fiscal Agent in writing signed by an executive or officer thereof stating that such Additional Amounts are payable on the next Interest Payment Date, the calculation of such Additional Amounts applicable to each Bond and the ground for such determination in reasonable detail. In the event that the Issuer has withheld or deducted the Chilean Taxes and paid Additional Amounts pursuant to the first paragraph of this Condition 9(1), the Issuer shall deliver without delay to the Fiscal Agent a document or documents issued by the Issuer and the taxing authority of the Republic of Chile showing the rate and amount of withholding and evidencing that the applicable Chilean Taxes were withheld and paid. A copy of such documents delivered to the Fiscal Agent shall be kept at the head office of the Fiscal Agent and shall be made available for perusal or photocopying by any Bondholder during normal business hours. All expenses incurred for such photocopying shall be borne by the applicant therefor.

(2) Any reference in these Conditions of Bonds to principal or interest shall be deemed also to refer to any Additional Amounts and Increased Additional Amounts which may be payable, without duplication, in respect of principal or interest, respectively, under this Condition 9. All expenses necessary for the procedures under this Condition 9 shall be borne by the Issuer.

## **10. Events of Default**

If any one or more of the following events (each an "Event of Default") shall occur:

- (a) default by the Issuer in the payment of any interest or relevant Additional Amounts or Increased Additional Amounts on the Bonds when due and payable and the continuance of such default for a period of 30 days; or
- (b) default by the Issuer in the performance or observance of any other term, covenant, warranty, or obligation in respect of the Bonds, not otherwise expressly defined as an Event of Default in (a) above, and the continuance of such default for more than 60 days after written notice of such default has been given to the Issuer by the Bondholders of at least 25% in aggregate principal amount of the Bonds outstanding at the head office of the Fiscal Agent, specifying such default and requiring it to be remedied and stating that such notice is a "Notice of Default"; or
- (c) if any of the Issuer's Indebtedness (as defined below) or that of its subsidiaries becomes due and repayable prematurely by reason of an event of default (however described) or the Issuer or any of its subsidiaries fails to make any payment in respect of any Indebtedness on the due date for such payment or within any originally applicable grace period or any security given by the Issuer or any of its subsidiaries for any Indebtedness becomes enforceable and steps are taken to enforce the same or if the Issuer or any of its subsidiaries default in making any payment when due (or within any originally applicable

grace period in respect thereof) under any guarantee and/or indemnity given by the Issuer or such subsidiary (as the case may be) in relation to any Indebtedness of any other person, provided that no such event as aforesaid shall constitute an Event of Default unless such Indebtedness either alone or when aggregated with other Indebtedness in respect of which one or more of the events mentioned in this paragraph has occurred shall amount to at least U.S.\$40,000,000 (or its equivalent in any other currency on the basis of the middle spot rate for any relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates); or

- (d) the entry of an order for relief against the Issuer under any Bankruptcy Law (as defined below) by a court or regulatory entity having jurisdiction in the premises or a decree or order by a court or regulatory entity having jurisdiction in the premises adjudging the Issuer a bankrupt or insolvent under any other applicable law, or the entry of a decree or order approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Issuer under any Bankruptcy Law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official under any Bankruptcy Law, including a "sindicó") of the Issuer or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or
- (e) the consent by the Issuer to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any Bankruptcy Law, or the consent by it to the filing of any such petition or to the appointment of a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official under any Bankruptcy Law, including a "sindicó") of the Issuer or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Issuer in furtherance of any such action;

then (i) after the occurrence and continuation of an Event of Default specified in either of item (a), (b) or (d) above, any Bondholder may, at its option, by written notice to the Issuer at the head office of the Fiscal Agent (at the time of giving such notice, such Bondholder shall present, at the head office of the Fiscal Agent, the certificate (the "Certificate") issued by the Book-Entry Transfer Institution or an Account Management Institution certifying holding of the Bond(s)), declare that the Bond(s) held by such Bondholder shall forthwith become immediately due and payable, whereupon the same shall become immediately due and payable, at a price equal to 100% of the principal amount together with interest accrued to [and including] *[Applicable in the case of Fixed Rate Bonds]*/[but excluding] *[Applicable in the case of Floating Rate Bonds]* the date of repayment, unless prior to receipt of such notice by the Fiscal Agent on behalf of the Issuer, such Event of Default shall have been cured; or (ii) upon the occurrence of an Event of Default specified in either of item (c) or (e) above, the Bonds then outstanding shall automatically become immediately due and payable at a price equal to 100% of the principal amount together with interest accrued to [and including] *[Applicable in the case of Fixed Rate Bonds]*/[but excluding] *[Applicable in the case of Floating Rate Bonds]* the date of repayment.

In these Conditions of Bonds, "Bankruptcy Law" means (i) articles 120 et seq. of the Chilean Banking Law (D.F.L. 3 of 1997, as amended), (ii) the Chilean "Ley de Quiebras" (Law No. 18,175, as amended) or (iii) any other applicable law that amends, supplements or supersedes the Chilean Banking Law and/or the Ley de Quiebras, and any applicable bankruptcy, insolvency, reorganization or other similar law of any applicable jurisdiction.

In these Conditions of Bonds, "Indebtedness" means (a) any liability of such person (1) for borrowed money or under any reimbursement obligation relating to a letter of credit, financial bond or similar instrument or agreement, (2) evidenced by a bond, note, debenture or similar instrument or agreement (including a purchase money obligation) given in connection with the acquisition of any business, properties or assets of any kind (other than a trade payable or a current liability arising in the ordinary course of business or a performance bond or similar obligation) or (3) for the payment of money relating to any obligations under any capital lease of real or personal property; (b) any liability of others described in the preceding clause (a) that the person has guaranteed or that is otherwise its legal liability; and (c) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (a) and (b) above. For the purpose of determining any particular amount of Indebtedness under this definition, guarantees of (or obligations with respect to letters of credit or financial bonds supporting) Indebtedness otherwise included in the determination of such amount shall also not be included.

All expenses necessary for the procedures under this Condition 10 shall be borne by the Issuer.

## **11. Bondholders' Meetings**

(1) The Issuer shall convene a Bondholders' meeting to consider any matters which relate to the interests of the Bondholders in the event: (i) that Bondholders holding one-tenth (1/10) or more of the aggregate principal amount of the Bonds (for the time being outstanding), acting either jointly or individually, so request in writing to the Fiscal Agent at its head office on behalf of the Issuer, provided that such Bondholders shall have presented to the Fiscal Agent at its head office the Certificates; or (ii) that the Issuer should deem it necessary to hold a Bondholders' meeting by giving written notice at least 35 days prior to the proposed date of the meeting to the Fiscal Agent.

When a Bondholders' meeting is to be convened, the Issuer shall give public notice to the Bondholders of the Bondholders' meeting at least 21 days prior to the date of such meeting; and ensure that the Fiscal Agent, on behalf of the Issuer, shall take the steps necessary for the convocation of the Bondholders' meeting and to expedite the proceedings thereof.

(2) The Bondholders may exercise their vote by themselves at the relevant Bondholders' meeting, by proxy, or in writing pursuant to the rules established by the Issuer or the Fiscal Agent on behalf of the Issuer. At any Bondholders' meeting, each Bondholder shall have voting rights in proportion to the aggregate principal amount of the Bonds (for the time being outstanding) held by such Bondholder; provided, however, that the Certificates shall have been presented to the Fiscal Agent at its head office, at least 7 days prior to the date set for such meeting and to the Issuer or the Fiscal Agent at such meeting, on the date thereof; and, provided, further, that the Bondholders shall not make an application for book-entry transfer

or an application for obliteration of the Bonds unless the Bondholders return the relevant Certificate so issued to the Book-Entry Transfer Institution or the relevant Account Management Institution of such Bondholder.

(3) Resolutions at such Bondholders' meeting shall be passed by more than one-half (1/2) of the aggregate amount of voting rights held by the Bondholders who are entitled to exercise their voting rights (the "Voting Rights Holders") and present at such meeting; provided, however, that an Extraordinary Resolution (as defined below) is required with respect to the following items:

- (a) giving a grace of payment, an exemption from liabilities resulting from a default, or settlement, to be effected with respect to all the Bonds (other than the matters referred to in (b) below);
- (b) a procedural act to be made with respect to all the Bonds, or all acts pertaining to bankruptcy, corporate reorganization or similar proceedings; and
- (c) the election or dismissal of representative(s) of the Bondholders who may be appointed and entrusted by resolution of a Bondholders' meeting with decisions on matters to be resolved at a Bondholders' meeting (provided such representative(s) must hold one-thousandth (1/1,000) or more of the aggregate principal amount of the Bonds (for the time being outstanding)) (the "Representative(s) of the Bondholders") or an executor (the "Executor") who may be appointed and authorized by resolution of a Bondholders' meeting so as to execute the resolutions of the Bondholders' meeting, or the change in any matters entrusted to them.

"Extraordinary Resolution" means a resolution passed at a Bondholders' meeting by one-fifth (1/5) or more of the aggregate amount of the voting rights held by the Voting Rights Holders representing the aggregate principal amount of the Bonds (for the time being outstanding) and two-thirds (2/3) or more of the aggregate amount of the voting rights held by the Voting Rights Holders present at such meeting.

For the purposes of calculating the number of votes exercised at a Bondholders' meeting, the Bondholders who have exercised their votes by proxy or in writing shall be deemed to have attended and voted at such meeting.

(4) The resolution passed pursuant to this Condition 11 shall be binding on all the Bondholders whether present or not at such Bondholders' meeting to the extent permitted by the applicable Japanese law, and shall be carried out by the Representative(s) of the Bondholders or the Executor.

(5) For the purpose of this Condition 11, the Bonds then held by the Issuer or any of its Subsidiaries shall be disregarded and deemed not to be outstanding.

(6) The Bondholders' meetings shall be held in Tokyo, Japan.

(7) All expenses necessary for the procedures under this Condition 11 shall be borne by the Issuer.

## **12. Consolidation, Merger, Sale or Conveyance**

(1) The Issuer may not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any person, unless:

- (a) the corporation formed by such consolidation or into which the Issuer is merged or the person which acquires by conveyance or transfer the properties and assets of the Issuer substantially as an entirety shall be a corporation organized and existing under the laws of the Republic of Chile and shall expressly assume, by a supplemental Fiscal Agency Agreement, executed and delivered by and among the Issuer, the Fiscal Agent and such corporation or person, in form satisfactory to the Fiscal Agent, the due and punctual payment of the principal of and interest on all the outstanding Bonds and the performance of every covenant of the Fiscal Agency Agreement on the part of the Issuer to be performed or observed;
- (b) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both would become an Event of Default, shall have happened and be continuing;
- (c) the Issuer shall have delivered to the Fiscal Agent an officers' certificate and an opinion of counsel, each stating that such consolidation, merger, conveyance or transfer and such supplemental Fiscal Agency Agreement comply with the foregoing provisions relating to such transaction and all conditions precedent in the Fiscal Agency Agreement relating to such a transaction have been complied with; and
- (d) in case of any such consolidation, merger, conveyance or transfer such successor corporation will succeed to and be substituted for the Issuer as obligor on the Bonds with the same effect as if it had issued the Bonds. Upon the assumption of its obligations by any such successor corporation in such circumstances subject to certain exceptions, the Issuer will be discharged from all obligations under the Bonds and the Fiscal Agency Agreement.

(2) All expenses necessary for the procedures under this Condition 12 shall be borne by the Issuer.

## **13. Registration Book**

The registration book for the Bonds shall be prepared, administered and kept by the Fiscal Agent at its head office on behalf of the Issuer.

## **14. Prescription**

The period of extinctive prescription shall be 10 years for the principal of the Bonds and 5 years for the interest on the Bonds.



## **15. Public Notices**

All public notices relating to the Bonds shall be published in a daily Japanese newspaper published in both Tokyo and Osaka reporting on general affairs. Direct notification to individual Bondholders need not be made. Such public notices to be given by the Issuer shall, upon the request and at the expense of the Issuer, be given by the Fiscal Agent on behalf of the Issuer. The Fiscal Agency Agreement provides that the Issuer shall request the Fiscal Agent in writing and at the expense of the Issuer to give such public notices on behalf of the Issuer whenever necessary under these Conditions of Bonds.

## **16. Currency Indemnity**

In the event of a judgment or order against the Issuer being rendered or issued by any court for the payment of the principal of or interest on the Bonds or any other amount payable in respect of the Bonds, and such judgment or order being expressed in a currency other than Japanese yen, any amount received or recovered in such currency by any Bondholder in respect of such judgment or order shall only constitute a discharge to the Issuer to the extent of the amount received or recovered by such Bondholder in Japanese yen and the Issuer undertakes to pay to such Bondholder the amount necessary to make up any deficiency arising or resulting from any variation in rates of exchange between (i) the date as of which any amount expressed in Japanese yen is (or is to be treated as) converted into such currency other than Japanese yen for the purposes of any such judgment or order, and (ii) the date or dates of discharge of such judgment or order (or part thereof). To the extent permitted by any applicable law, the above undertaking shall constitute a separate and independent obligation of the Issuer from its other obligations, shall give rise to a separate and independent cause of action against the Issuer, shall apply irrespective of any indulgence granted by any Bondholder from time to time and shall continue in full force and effect notwithstanding any judgment or order.

## **17. Governing Law and Jurisdiction**

The Bonds shall be governed by and construed in accordance with the laws of Japan.

Except as otherwise provided in these Conditions of Bonds, the place of performance of obligations pertaining to the Bonds is Tokyo, Japan.

The Issuer irrevocably consents to the nonexclusive jurisdiction of the Tokyo District Court, and any appellate court from thereof, and waives any immunity from the jurisdiction of such courts over any suit, action or proceeding that may be brought by the Bondholders in connection with the Bonds or these Conditions of Bonds. The Issuer irrevocably waives, to the fullest extent permitted by law, any objection to any suit, action or proceeding that may be brought in connection with the Bonds or these Conditions of Bonds in such courts on the grounds of venue or on the ground that any such suit, action or proceeding has been brought in an inconvenient forum. The Issuer agrees that final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon the Issuer and may be enforced in any court to the jurisdiction of which the Issuer is subject by a suit upon such judgment.

The Issuer hereby appoints Representative Director of TMF Group Limited as the authorized agent of the Issuer upon whom process or any judicial or other court documents

may be served in any legal or other court procedural action arising from or relating to the Bonds or these Conditions of Bonds that may be instituted in Japan; the Issuer hereby designates the address from time to time of TMF Group Limited, currently at Tokyo Club Building 11F, 3-2-6 Kasumigaseki, Chiyoda-ku, Tokyo 100-0013, Japan, as the address to receive such process or any judicial or other court documents; and the Issuer hereby agrees to take, from time to time and so long as any of the Bonds shall remain outstanding, any and all action (including the execution and filing of any and all documents and instruments) that may be necessary to effect and to continue such appointment and designation in full force and effect. If at any time such agent shall not, for any reason, serve as such authorized agent, the Issuer shall immediately appoint, and it hereby undertakes to take any and all action that may be necessary to effect the appointment of, a successor authorized agent in Tokyo, Japan, and the Issuer shall promptly notify the Fiscal Agent of the appointment of such successor agent and give public notice thereof.

Nothing in this Condition 17 shall affect the right of the Bondholders to institute legal or other court procedural action against the Issuer in any court of competent jurisdiction under applicable laws or to serve process or any judicial or other court documents in any manner otherwise permitted by law.

#### **18. Modifications and Amendments**

To the fullest extent permitted by applicable law, certain modifications and amendments to these Conditions of Bonds may be made without the consent of any Bondholder, only for the purpose of curing any ambiguity, or of correcting or supplementing any defective provisions contained therein, adding covenants for the benefit of the Bondholders, removing or expanding the exemptions in the transfer restrictions in Condition 2, surrendering rights or powers conferred on the Issuer, effecting succession or assumption as a result of a merger or similar transaction, or in any other manner which the Issuer may deem necessary and desirable and which will not adversely affect the interest of the Bondholders or the Fiscal Agent. Any such modifications or amendments shall be notified to the Bondholders and Fiscal Agent at the expense of the Issuer and in accordance with Condition 15 as soon as practicable thereafter.

#### **19. Further Issues**

The Issuer may from time to time without the consent of the Bondholders, create and issue further bonds (the "Further Bonds") with the same terms and conditions as the Bonds in all respects except for the amount and date of the first payment of interest thereon and/or the issue price so that such further issue shall be consolidated and form a single series with the outstanding Bonds, subject to the Business Rules. On and after the date of issue of the Further Bonds, provisions of these Conditions of Bonds shall be applied to the Further Bonds.