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This publication as well as the offer and the sale of the bonds may be restricted in certain jurisdictions. Each potential investor domiciled in another jurisdiction than Switzerland who takes notice of this publication, must therefore make himself familiar about any restrictions and consequences which might be applicable due to the relevant law of such other jurisdiction. In particular, the bonds shall not be offered or sold to any natural person treated as a tax resident in the Slovak Republic.

Terms of the Bonds

The Slovak Republic acting through the Ministry of Finance of the Slovak Republic (the "**Issuer**") issued 2.125 % bonds 2012 – 2018 in the initial nominal amount of CHF 325,000,000 with reopening clause (the "**Bonds**").

The Terms of the Bonds are as follows:

1. Form, Denomination and Reopening

The aggregate principal amount of the Bonds of CHF 325,000,000 (three hundred twenty five million Swiss francs) is divided into Bonds (each, a "**Bond**" and collectively the "**Bonds**") with denominations of CHF 5,000 (five thousand Swiss francs) per Bond and integral multiples thereof.

The Bonds and all rights in connection therewith are documented in the form of a Permanent Global Certificate (*Globalurkunde*) which shall be deposited by the Principal Paying Agent (as defined below) with SIX SIS Ltd or any other intermediary in Switzerland recognized for such purposes by SIX Swiss Exchange (SIX SIS Ltd or any such other intermediary, the "**Intermediary**"). Once the Permanent Global Certificate is deposited with the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Bonds will constitute intermediated securities (*Bucheffekten*) ("**Intermediated Securities**") in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

Each Holder (as defined below) shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Permanent Global Certificate to the extent of his claim against the Issuer, provided that for so long as the Permanent Global Certificate remains deposited with the Intermediary the co-ownership interest shall be suspended and the Bonds may only be transferred or otherwise disposed of in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), i.e., by the entry of the transferred Bonds in a securities account of the transferee.

Neither the Issuer nor the Holders shall at any time have the right to effect or demand the conversion of the Permanent Global Certificate (*Globalurkunde*) into, or the delivery of, uncertificated securities (*Wertrechte*) or Definitive Bonds (as defined below) (*Wertpapiere*).

The records of the Intermediary will determine the number of Bonds held through each participant in that Intermediary. In respect of the Bonds held in the form of Intermediated Securities, the holders of the Bonds (the "**Holders**") will be the persons holding the Bonds in a securities account in their own name and for their own account.

No physical delivery of the Bonds shall be made unless and until Definitive Bonds (*Wertpapiere*) shall have been printed. Definitive Bonds may only be printed, in whole, but not in part, if the Principal Paying Agent determines, in its sole discretion, that the printing of the Definitive Bonds (*Wertpapiere*) is necessary. Should the Principal Paying Agent so determine, it shall provide for the printing of Definitive Bonds (*Wertpapiere*) without cost to the Holders. If printed, the Definitive Bonds (*Wertpapiere*) shall be executed by affixing thereon the facsimile signatures of one authorized officer of the Issuer. Upon delivery of the Definitive Bonds (*Wertpapiere*), the Permanent Global Certificate will immediately cease to be cancelled by the Principal Paying Agent and the Definitive Bonds (*Wertpapiere*) shall be delivered to the Holders against cancellation of the Bonds in the form of Intermediated Securities in the Holders' securities accounts.

Definitive Bonds or Coupons which are mutilated, lost or destroyed may be replaced, at any office of UBS AG in Switzerland, on payment of such costs as may be incurred in connection therewith, and on such terms as to evidence and indemnity as the Issuer and UBS AG may require and, in the case of mutilation, upon surrender of the Bond or Coupons.

In case the Permanent Global Certificate will be exchanged for definitive bonds and coupons all references herein to the "Bonds" shall be deemed to be replaced by "Bonds and Coupons" unless the context requires otherwise.

2. Interest

The Bonds bear interest from 25 April 2012 at the rate of 2.125% per annum, payable annually on 25 April in arrears.

When interest is required to be calculated for a period of less than one year, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each.

3. Redemption and Purchase

3.1 Redemption at Maturity

Unless previously purchased and cancelled as provided below, each Bond shall be redeemed by payment by the Issuer at par on 25 April 2018.

3.2 Purchases

The Issuer may at any time purchase Bonds in the open market or otherwise and at any price. Bonds purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Principal Paying Agent for cancellation. If purchases are made by tender, tenders for such Bonds must be made available to all Holders of such Bonds alike.

3.3 Cancellation

All Bonds redeemed in full shall be cancelled forthwith and may not be reissued or resold.

4. Payments

Interest payments and amounts payable on the Bonds will be made available for value the respective due date in freely disposable Swiss Francs which will be placed with UBS AG in Switzerland (the "**Principal Paying Agent**") on behalf of the Holders. If the due date for any payment by the Issuer does not fall on a

Business Day (as defined below), the Issuer undertakes to effect payment for value the Business Day immediately following such due date and the Holders will not be entitled to any additional sums thereto.

Upon receipt of the funds in Switzerland and under the same conditions as received, UBS AG will arrange for payment to the Holders.

The Issuer undertakes that Bonds shall be payable upon their surrender in freely disposable Swiss Francs without collection cost to the Holders, without any restrictions and whatever the circumstances may be, irrespective of nationality, residence or domicile of the Holders and without requiring any affidavit or the fulfilment of any other formality at the counters in Switzerland of any of the following banks (the "**Paying Agents**"):

UBS AG

The Royal Bank of Scotland NV Amsterdam, Zurich Branch

The receipt of the funds by UBS AG in Swiss Francs in Switzerland shall release the Issuer of its obligations under the Bonds to the extent of the amounts paid.

"**Business Day**" means a day on which commercial banks are open for domestic business and foreign exchange (including dealings in Swiss Francs) in Zurich, Switzerland and Bratislava, Slovak Republic.

5. Taxation

All payments of principal and interest in respect of the Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Slovak Republic or any political subdivision therein or any authority therein or thereof having power to tax (the "**Taxes**"), unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by each Holder after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond (i) to a Holder, or to a third party on behalf of a Holder, if such Holder is liable to such Taxes in respect of such Bond by reason of the Holder having some connection with the Slovak Republic other than the mere holding of such Note; or ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive.

6. Status of the Bonds and Negative Pledge

6.1 Status of the Bonds

The Bonds constitute direct, general and unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, present and future, save for such obligations as may be preferred by provisions of law that are mandatory and of general application to creditor rights.

6.2 Negative Pledge

The Issuer agrees that, so long as any of the Bonds remains outstanding, it will not create or allow to exist any Security Interest (as defined below) of the Issuer upon the whole or any part of its present or future assets or revenues to secure any Public External Indebtedness (as defined below) or any Guarantee (as defined below) of any Public External Indebtedness without at the same time or prior thereto securing the Bonds equally and rateably therewith.

"**Guarantee**" means the guarantee of, or indemnity in respect of, indebtedness or other like obligation;

"**Public External Indebtedness**" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which are for the time being or are capable of

being, quoted, listed or ordinarily dealt in on any stock exchange or over the counter securities market except for any such securities which may be issued as part of the European Stability Mechanism established pursuant to the Treaty Establishing the European Stability Mechanism signed on 2 February 2012 or the European Financial Stability Facility established pursuant to the Framework Agreement signed on 7 June 2010;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest.

7. Events of Default

UBS AG may on behalf of the Holders give written notice to the Issuer at Agentúra pre riadenie dlhu a likvidity (ARDAL), Radlinského 32, 813 19 Bratislava, Slovak Republic, that the Bonds are, and they shall accordingly immediately become, due and repayable at their nominal amount together with accrued interest if any of the following events occurs and is continuing (each an "**Event of Default**"):

- (a) if the Issuer fails to pay any principal or interest in respect of any Bonds when due and the default continues for a period of 30 Business Days; or
- (b) if the Issuer fails to perform or comply with any of its other obligations in respect of the Bonds which default is incapable of remedy or, if capable of remedy, is not remedied 45 days after written notice of such default has been given to the Issuer.

8. Reopening

The Issuer reserves the right to reopen this issue (without the consent of the Holders) by the issue of further bonds which will be fungible with the Bonds (i.e., identical especially in respect of the Terms of the Bonds, final maturity and interest rate).

9. Prescription

Claims against the Issuer in respect of Bonds will become time-barred unless presented for payment within a period of presently ten years (in the case of the principal) and within five years (in the case of interest) from the appropriate relevant due date, by virtue of the statute of limitations of Swiss law.

10. Listing

The Issuer will use its best endeavours to have the Bonds listed on the SIX Swiss Exchange, and to maintain such listing during the whole life of the Bonds.

11. Notices

All notices regarding the Bonds shall be published by UBS AG on behalf of the Issuer (i) on the internet site of SIX Swiss Exchange where notices are currently published under the address: http://www.six-swiss-exchange.com/news/official_notices/search_en.html or (ii) otherwise in accordance with the regulations of SIX Swiss Exchange, applicable law and/or regulatory requirements.

12. Governing Law, Jurisdiction, Process Agent, Waiver of Immunity

The form, construction and interpretation of the Bonds shall be subject to and governed by **Swiss law**.

Any dispute which might arise between Holders on the one hand and the Issuer on the other hand regarding the Bonds shall be settled in accordance with Swiss law, the place of **jurisdiction being Zurich, Switzerland**.

The Issuer has irrevocably appointed the Ambassador at the Embassy of the Slovak Republic in Bern, Thunstrasse 63, 3074 Muri b. Bern, Switzerland, as its agent for the service of process in Switzerland based on any of the Bonds. If for any reason the Issuer does not have such an agent in Switzerland, it will promptly appoint a substitute process agent and notify the Holders of such appointment. Nothing contained herein shall affect the right of any Holder to serve process in any other manner permitted by law.

To the extent that the Issuer or any of its revenues, assets or properties shall be entitled to any immunity from suit, from the jurisdiction of any such court, from set-off, from attachment prior to judgment, from attachment in aid of execution of judgment, from execution of a judgment or from any other legal or judicial process or remedy, and to the extent that in any such jurisdiction there shall be attributed such an immunity, the Issuer irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction. Such waiver of immunities constitutes only a limited and specific waiver by the Issuer for the purposes of these Terms of the Bonds and under no circumstances shall it be construed as a general waiver by the Issuer or a waiver with respect to proceedings unrelated to the Bonds.

Notwithstanding the foregoing, under the laws of the Slovak Republic, the funds, assets, rights and general property of a military character controlled by a military or defence agency or authority of the Slovak Republic which participates in the defence of the Slovak Republic; or mineral resources, underground waters, natural resources and water streams of the Slovak Republic located in the Slovak Republic are immune from execution and attachment and any process in the nature thereof and the foregoing waiver shall not constitute a waiver of such immunity from execution or attachment or process in the nature thereof with respect to the Slovak Republic's diplomatic missions in any jurisdiction outside the Slovak Republic or with respect to the assets of the Slovak Republic necessary for the proper functioning of the Slovak Republic as a sovereign power.

13. Powers of UBS AG

UBS AG may, without the consent of the Holders agree to any modification or arrangement of the terms and conditions of the Bonds which, in the opinion of UBS AG, is of a formal, minor or technical nature or is made to correct a manifest error.

In connection with any exercise of said powers UBS AG shall not have regard to the consequences thereof for individual Holders such as those arising from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.

It is expressly agreed that all actions taken and any agreements or waivers or authorisations made by UBS AG under this Condition 13 shall be definitive and irrevocable and bind all parties without any necessity to obtain any confirmation or registration whatsoever.

UBS AG may consult with the Holders by way of calling a Holders meeting pursuant to the Swiss Code of Obligations prior to taking a decision pursuant to Section 7 of these Terms of the Bonds.