

## BASE PROSPECTUS



### CREDIT INDUSTRIEL ET COMMERCIAL

(a "société anonyme à directoire et conseil de surveillance" organised under the laws of the Republic of France)

**€2,000,000,000**

### Structured Euro Medium Term Note Programme

Under this €2,000,000,000 Structured Euro Medium Term Note Programme (the **Programme**), Crédit Industriel et Commercial (the **Issuer** or **Crédit Industriel et Commercial**) may from time to time issue notes including, without limitation, credit linked notes, credit default swap index linked notes, notes relating to a specified index or a basket of indices, a specified equity security or a basket of equity securities, a specified inflation index or a basket of inflation indices, a specified currency or a basket of currencies or one more other underlying reference asset(s) or any combination thereof (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Summary of the Programme" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors".**

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities to approve this document as a base prospectus. Application may also be made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. In relation to Notes listed on the Luxembourg Stock Exchange, this Base Prospectus is valid for a period of one year from the date hereof.

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in a final terms (the **Final Terms**) which, with respect to Notes to be listed on the Luxembourg Stock Exchange will be filed with the CSSF.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a Supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

**Arranger**

**CREDIT INDUSTRIEL ET COMMERCIAL**

**Dealers**

**BANQUE DE LUXEMBOURG**

**CREDIT INDUSTRIEL ET COMMERCIAL**

**SOCIETE NANCEENNE VARIN BERNIER**

The date of this Base Prospectus is 21 November 2007

**This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the Prospectus Directive)**

**Copies of Final Terms will be available free of charge from the registered office of the Issuer 6, avenue de Provence, 75009 Paris, France and the specified office of each of the Paying Agents (as defined below) set out on the last page of this Base Prospectus.**

**Certain information contained in this Base Prospectus and/or documents incorporated herein by reference has been extracted from sources specified in the sections where such information appears. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Final Terms will (if applicable) specify the nature of the responsibility (if any) taken by the Issuer for any information relating to any underlying to which the Notes may be linked.**

**This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.**

**The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.**

**No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.**

**Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or, any of the Dealers to any person to subscribe for or to purchase any Notes.**

**Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes.**

**The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the *Securities Act*) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*").**

**This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain**

jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area including France, Italy, Switzerland and United Kingdom, see "*Subscription and Sale*".

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "€", "Euro", "EUR" or "euro" are to the single currency of the participating member states of the European Economic and Monetary Union which was introduced on 1 January 1999, references to "£", "pounds sterling", "GBP" and "Sterling" are to the lawful currency of the United Kingdom, references to "\$", "USD" and "U.S. Dollars" are to the lawful currency of the United States of America, references to "¥", "JPY", "Japanese yen" and "Yen" are to the lawful currency of Japan and references to "Swiss francs" or "CHF" are to the lawful currency of Switzerland.

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**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## SUMMARY OF THE PROGRAMME

*This summary must be read as an introduction to this Base Prospectus and any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.*

Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this Summary.

Description: Structured Euro Medium Term Note Programme

Issuer: Crédit Industriel et Commercial

### 1. History and development of the Issuer

Crédit Industriel et Commercial (**CIC**) is a société anonyme established under French law, governed by the French Commercial Code. CIC was formed on May 7, 1859 and will cease to exist on December 31, 2067 except in the case of early termination or renewal. It is registered with the Registry of Commerce of Paris under number 542 016 381 and its registered office is at 6, avenue de Provence, 75009 Paris, France.

Telephone number: +33 1 (0)1 45 96 81 90

The Issuer was founded in 1859, under the name "Société Générale de Crédit Industriel et Commercial". Since its formation, it has overseen the establishment of regional banks in France's leading cities. It has opened its first foreign branch in London, in 1895.

In 1918 and 1927, the Issuer acquired interests in several regional and local banks.

In 1968, the CIC group became a member of the Suez-Union des mines group.

In 1982, most of the banks in the CIC group and Compagnie Financière de Suez were nationalized.

In 1984, after the French government had given the bank the full ownership of Banque de l'Union Européenne and enough shares in the regional banks for it to control 51% of their share capital, the banking businesses were spun off into a subsidiary created for the purpose, named CIC Paris.

The Issuer became the parent company for the group and took the name of Compagnie Financière de Crédit Industriel

et Commercial.

In 1985, GAN acquired an interest in Compagnie Financière de CIC. GAN's interest then increased as the interests of the Suez Group and the government decreased.

In 1990, Compagnie Financière de CIC merged with the Banque de l'Union Européenne to form Compagnie Financière de CIC et de l'Union Européenne.

In 1998, GAN sold a 67% interest in Compagnie Financière de CIC et de l'Union Européenne to Banque Fédérative de Crédit Mutuel (**BFCM**), following the privatization process of CIC launched by the government in 1996.

In 1999, Compagnie Financière de CIC et de l'Union Européenne merged with its wholly-owned operational subsidiary, Crédit Industriel et Commercial. The merger company took the name Crédit Industriel et Commercial, and transferred its head office to 6, avenue de Provence, Paris.

In 2001, GAN's 23% stake in the Issuer was acquired by Ventadour Investissement, a wholly-owned BFCM subsidiary.

## 2. Description of principal activities

CIC 's group activities comprise four core businesses :

**Retail banking** comprises all of the group's banking and specialist activities whose products are distributed via the network's five regional divisions and the network in the greater Paris region. These include life insurance and property-casualty insurance, equipment leasing, real estate leasing, factoring, fund management, employee savings plans and real estate.

**Financing and capital markets** encompasses :

- credit facilities for large corporates and institutional clients, specialized in financing (project and asset financing, export financing, etc...), international operations and foreign branches; and
- Financial and Capital Markets, with customers made of large corporates and institutional investors. The new entity CMCIC Marchés, serves both as a vehicle for refinancing its own business development and as a trading floor, serving various client segments, and proprietary trading activities. CIC is also a major actor in the specialised financings, as well as in brokerage and custodial activities. These activities are developed through international branches of London, New York, Singapore and Hong Kong, as well as a network of representation offices disseminated all around the

world.

**Private banking** offers a broad range of finance and private asset management expertise to entrepreneurs and private investors. The private banking business is orchestrated at national and regional level under the CIC Banque Privée banner and has 59 branches and 250 employees. It is built around the group's specialist subsidiaries in France and abroad.

**Private equity** includes equity investments, M&A advisory, and financial and capital markets engineering. CIC is one of the leading players in this segment in France outside the Paris region. The business has a three-pronged structure organized around :

- CIC Finance in Paris;
- CIC Banque de Vizille in Lyon;
- IPO in Nantes.

### 3. Key figures

On 30 June 2007, the consolidated total assets of CIC amounted at €243 billion and the shareholders' equity excluding minority interest amounted at €8.23 billion.

On 30 June 2007, CIC posted net income of €736 million for the six first months of 2007, with a first half year net banking income standing at €2,358 million. The European tier one capital adequacy ratio was 8.5% at 30 June, 2007. Tier one capital amounted to €9,058 Billion at end-June 2007.

On 30 June 2007, CIC had 3,919,405 customers. CIC's total amount of employees reached 22,748, employed in 2,019 agencies, 3 foreign branches and 37 foreign representation offices.

Risk factors relating to the Issuer: They are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out at pages 63 to 73 of CIC's *Document de Référence 2006* which is incorporated by reference in this Base Prospectus.

Risk factors relating to the Notes: There are certain factors which are material for the purpose of assessing the risks associated with Notes issued under the Programme. These are set out under the heading "*Risk Factors relating to the Notes*" below.

Arranger: Crédit Industriel et Commercial

Dealers: Banque de Luxembourg  
Crédit Industriel et Commercial  
Société Nancéenne Varin Bernier

and any other Dealers appointed in accordance with the Programme Agreement.

Certain Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes - see " <i>Subscription and Sale</i> ".
Principal Paying Agent:	BNP Paribas Securities Services, Luxembourg Branch or the entity specified as such in the applicable Final Terms.
Calculation Agent:	BNP Paribas Securities Services, Luxembourg Branch or the entity specified as such in the applicable Final Terms.
Paying Agent:	BNP Paribas Securities Services, London Branch or the entity specified as such in the applicable Final Terms.
Programme Size:	Up to EUR 2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Currencies:	Notes may be denominated, subject to any applicable legal or regulatory restrictions, in any currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes are in bearer form in the Specified Currency and Specified Denomination(s) and definitive Notes will be serially numbered. This Note is, to the extent specified in the applicable Final Terms, a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a Note linked to the underlying reference asset(s) specified in the applicable Final Terms such as a Credit Linked Note, CDS Index Linked Note, an Index Linked Note, an Equity Linked Note, an Inflation Linked Note, a Currency Linked Note, a Hybrid Note, or a Dual Currency Note, or any appropriate combination thereof or, subject to all applicable laws and regulations, any other type of Note specified in the applicable Final Terms.
Redemption:	The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that

such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Denomination of Notes:

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Taxation:

Payments in respect of the Notes will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France as provided by Article 131 *quater* of the French General Tax Code, to the extent that the Notes are issued (or deemed to be issued) outside France.

Notes constituting *obligations* under French law will be issued (or deemed to be issued) outside France (i) if such Notes are denominated in euro, (ii) in the case of syndicated issues of Notes denominated in currencies other than euro, if, *inter alia*, the Issuer and the Dealer(s) agree not to offer the Notes to the public in the Republic of France and such Notes are offered in the Republic of France only through an international syndicate to qualified investors (*investisseurs qualifiés*) as described in articles L. 411-1 and L. 411-2 of the *Code monétaire et financier* or (iii) in the case of non-syndicated issues of Notes denominated in currencies other than euro, if each of the subscribers of the Notes is domiciled or resident for tax purposes outside the Republic of France, in each case as more fully set out in the Circular of the *Direction Générale des Impôts* dated 30 September 1998.

However, if so provided in the applicable Final Terms, Notes constituting *obligations* denominated in currencies other than euro may be issued on a non-syndicated basis and placed with subscribers not all of whom are resident outside the Republic of France. In such cases, the Notes will not benefit

from the exemption from deduction at source provided by Article 131 *quater* of the French General Tax Code and payments under such Notes made to a non-French resident will be exempt from withholding or deduction imposed by or on behalf of the Republic of France at source only if the beneficiary of the payment provides certification that he is not resident in the Republic of France, all in accordance with the provisions of Article 125 A III of the French General Tax Code, as more fully described in “*Terms and Conditions of the Notes - Taxation*” and the Section entitled “*Taxation*”.

The tax regime applicable to Notes which do not constitute *obligations* will be set out in the applicable Final Terms.

- Negative Pledge: The terms of the Notes will contain a negative pledge provision as further described in Condition 2.2.
- Status of the Notes: The Notes and any relative Receipts and Coupons will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 2.2 “*Negative Pledge*”) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
- Rating: The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms.
- Listing and admission to trading: Application has been made to the CSSF to approve this document as a base prospectus. Application may also be made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.
- Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.
- The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
- Governing Law: The Notes, the Receipts and the Coupons will be governed by, and construed in accordance with, English law.
- Selling Restrictions: There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see “*Subscription and Sale*”.

## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

### **FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME**

Such factors are set out at pages 63 to 73 of Crédit Industriel et Commercial's *Document de Référence* 2006 incorporated herein by reference (see "*Documents Incorporated by Reference*").

### **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME**

#### ***General - The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement and in the Final Terms;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant underlying and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

#### ***Risks related to the complex structure of certain Notes***

Some Notes are particularly complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured,

appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

An investment in the Notes may involve a high degree of risk, including the risk that the entire amount invested may be lost. The Issuer, will invest in and trade securities and other financial instruments using a variety of investment techniques with significant risk characteristics, including the risks arising from the volatility of the equity, fixed-income, commodity and currency markets, the risks of borrowings and short sales, the risks arising from leverage associated with trading in the equities, currencies and OTC derivatives markets, the illiquidity of derivative instruments and the risk of loss from counterparty defaults. No guarantee or representation is made that the investment in Notes will be successful. The Issuer may utilise investment techniques such as option transactions, margin transactions, short sales, leverage, derivatives trading and futures and forward contracts to hedge payments due under the Notes, which practices could adversely affect the value of the Notes.

Short selling technique may be used to provide indexation of payments under the Note. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to benefit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. A short sale creates the risk of an unlimited loss, as the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

#### ***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

#### *Indexed Notes and Dual Currency Notes*

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates, a credit event or other factors (each, a **Relevant Factor**). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of a Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Notes linked to a Relevant Factor and the suitability of such Notes in light of its particular circumstances.

*No Claim against any Underlying Reference*

A Note will not represent a claim against any underlying reference asset(s) (an **Underlying Reference(s)**) to which the amount of principal and/or interest payable or amount of specified assets deliverable in respect of the Notes is dependent and, in the event that the amount paid by the Issuer or value of the specified assets delivered on redemption of the Notes is less than the principal amount of the Notes, a Noteholder will not have recourse under a Note to any Underlying Reference. In addition investing in a Note will not entitle the Noteholder to benefit from a voting right (if any) attached to an Underlying Reference.

An investment in Notes linked to one or more Underlying Reference may entail significant risks not associated with investments in conventional debt securities, including but not limited to the risks set out in this section "Risks related to the structure of a particular issues of Notes". The amount paid or value of the specified assets delivered by the Issuer on redemption of such Notes may be less than the principal amount of the Notes, together with any accrued interest, and may in certain circumstances be zero.

*Notes subject to optional redemption by the Issuer*

In the event that the Issuer would be required to pay additional amounts in respect of any Notes due to any withholding as provided in Condition 7 of the Terms and Conditions of the Notes, the Issuer may and, in certain circumstances, shall redeem all of the Notes then outstanding in accordance with the Terms and Conditions of the Notes.

The Final Terms for a particular issue of Notes may provide for early redemption at the option of the Issuer. Such right of termination is often provided for notes in periods of high interest rates. If the market interest rates decrease, the risk to Noteholders that the Issuer will exercise its right of termination increases. As a consequence, the yields received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, the Noteholder may not receive the total amount of the capital invested.

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

### *Credit Linked Notes*

The Issuer may issue Notes where the amount of principal and/or interest payable are dependent upon whether certain events have occurred in respect of a specified entity (the **Reference Entity**) and, if so, on the value of certain specified assets of the Reference Entity or where, if such events have occurred, on redemption the Issuer's obligation is to deliver certain specified assets (**Credit Linked Notes**).

Potential investors in any such Notes should be aware that depending on the terms of the Credit Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected, (iii) they may lose all or a substantial portion of their investment and (iv) Notes may partially be redeemed following early redemption of the Underlying Reference.

The market price of such Notes may be volatile and will be affected by, amongst other things, the time remaining to the redemption date and the creditworthiness of the Reference Entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

Where the Notes provide for physical delivery, the Issuer may determine that the specified assets to be delivered are either (a) assets which for any reason (including, without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of assets which are loans) it is impossible or illegal to deliver on the Settlement Date or (b) assets which the Issuer and/or any affiliate has not received under the terms of any transaction entered into by the Issuer and/or such affiliate to hedge the Issuer's obligations in respect of the Notes. Any such determination may delay settlement in respect of the Notes and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount which, in either case, may affect the value of the Notes and, in the case of payment of a cash amount, will affect the timing of the valuation of such Notes and as a result, the amount of principal payable on redemption. Potential investors should review the Terms and Conditions of the Notes and the applicable Final Terms to ascertain whether and how such provisions should apply to the Notes. The market value of delivered assets may be less than the principal amount of a Note. Any shortfall shall be borne by the Noteholders and no liability shall be attached to the Issuer.

The Issuer's obligations in respect of Credit Linked Notes are irrespective of the existence or amount of the Issuer's and/or any affiliates' credit exposure to a Reference Entity and the Issuer and/or any affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

### *Index Linked Notes*

The Issuer may issue Notes where the amount of principal and/or interest payable are dependent upon the level of an index or indices, or of a formula encompassing a combination of a number of components, which can be indices or any securities or any derivatives or any other component (**Index Linked Notes**).

Potential investors in any such Notes should be aware that depending on the terms of the Index Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the level of the index or indices or any component of the formula may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices or similar components and the timing of changes in the relevant level of the index or indices or the components of the formula may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the level of an index or result of a formula, the greater the effect on yield.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the

index or the indices or the components of the formula on principal or interest payable will be magnified.

The market price of such Notes may be volatile and may depend on the time remaining to the redemption date and the volatility of the level of the index or indices or of any component of the formula. The level of the index, indices, components or the formula may be affected by the economic, financial and political events in one or more jurisdictions, including but not limited to the stock exchange(s) or quotation system(s) on which any securities comprising the index, indices or the formula may be traded.

#### *CDS Index Linked Notes*

The risk factors set out under "Index Linked Notes" above apply to CDS Index Linked Notes also. In addition, CDS Indices are not published on a real-time basis by an index publisher, obliging the Calculation Agent to resort to quotations by market makers on over-the-counter markets. Thus valuation method of the Notes will then be based on quotations as defined in the relevant Additional Provisions. Potential investors should be aware that an investment in CDS Index Linked Notes requires a necessary understanding of the CDS Indices overall functioning.

The level of the Index is being determined by reference to a high number of CDS contracts. Although investment in such Indices could help to diversify Investor Portfolio, credit correlation can be such that addition of CDS contracts cannot be as diversified as totally decorrelated assets.

#### *Equity Linked Notes*

The Issuer may issue Notes where the amount of principal and/or interest payable are dependent upon the price of or changes in the price of share(s) or a basket of shares or where, depending on the price of or change in the price of shares or the basket of shares, on redemption the Issuer's obligation is to deliver specified assets (**Equity Linked Notes**).

Potential investors in any such Notes should be aware that depending on the terms of the Equity Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the price of the share or basket of shares may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the share(s) may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price of the share(s), the greater the effect on yield.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the share(s) on principal or interest payable will be magnified.

The market price of such Notes may be volatile and may be affected by the time remaining to the redemption date, the volatility of the share(s), the dividend rate (if any) and the financial results and prospects of the issuer or issuers of the relevant share(s) as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such shares may be traded.

#### *Inflation Linked Notes*

The risk factors set out under "Index Linked Notes" above apply to Inflation Linked Notes also. In addition, the decision to purchase inflation-linked Notes involves complex financial appreciations and risks as the inflation cannot be foreseen with certainty. The yield of Inflation Linked Notes may be lower than the yield of non Inflation-Linked Notes. The Issuer makes no representation as to the tax treatment of such Notes or as to the lawfulness of the purchase of such Notes in any jurisdiction.

### *Currency Linked Notes*

The Issuer may issue Notes where the amount of principal and/or interest payable are dependent upon movements in currency exchange rates or are payable in one or more currencies which may be different from the currency in which the Notes are denominated (**Currency Linked Notes**).

Potential investors in any such Notes should be aware that, depending on the terms of the Currency Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time or in a different currency than expected and (iii) they may lose a substantial portion of their investment. In addition, movements in currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in currency exchange rates, the greater the effect on yield.

If the amount of principal and/or interest payable are dependent upon movements in currency exchange rates and are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the currency exchange rates on principal or interest payable will be magnified.

The market price of such Notes may be volatile and, if the amount of principal and/or interest payable are dependent upon movements in currency exchange rates, may depend upon the time remaining to the redemption date and the volatility of currency exchange rates. Movements in currency exchange rates may be dependent upon economic, financial and political events in one or more jurisdictions.

Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macro economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). In recent years, rates of exchange between some currencies have been volatile. This volatility may be expected in the future. Fluctuations that have occurred in any particular exchange rate in the past are not necessarily indicative, however, of fluctuation that may occur in the rate during the term of any Note. Fluctuations in exchange rates will affect the value of the Notes.

### *Hybrid Notes*

The Issuer may issue Notes where the amount of principal and/or interest payable are dependent upon a combination of Underlying References (**Hybrid Notes**).

Potential investors in any such Notes should be aware that depending on the terms of the Hybrid Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the level of the Underlying References may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the Underlying References may affect the actual yield to investors, even if the average level is consistent with their expectations.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the index or the indices on principal or interest payable will be magnified.

The market price of such Notes may be volatile and may depend on the time remaining to the redemption date and the volatility of the level of the Underlying References.

Any Hybrid Note that is indexed to more than one type of Underlying Reference, or on formulae that encompass the risks associated with more than one type of Underlying Reference, may carry levels of risk that are greater than Notes that are indexed to one type of asset only.

#### *Market Disruption and adjustments*

If an issue of Credit Linked Notes, CDS Linked Notes, Index Linked Notes, Equity Linked Notes, Inflation Linked Notes, Currency Linked Notes, Debt Security Notes or other notes linked to an Underlying Reference includes provisions dealing with the occurrence of a Market Disruption Event or any other event, however defined, set out under Conditions 18 to 24 and affecting such Note (a **Disruption Event**) on a Valuation Date, Observation Date, Averaging Date or any other relevant date and the Calculation Agent determines that a Disruption Event has occurred or exists on such Valuation Date, Observation Date, such Averaging Date, any consequential postponement of the Valuation Date, Observation Date or Averaging Date or any other relevant date, alternative provisions for valuation provided in any such Notes may have an adverse effect on the value and liquidity of such Notes. The timing of such dates (as scheduled or as so postponed or adjusted) may affect the value of the relevant Notes such that the Noteholder may receive a lower cash redemption amount and/or interest amount or other payment under the relevant Notes than otherwise would have been the case. The occurrence of such a Disruption Event in relation to any Underlying Reference comprising a basket may also have such an adverse effect on Notes related to such basket. In addition, any such consequential postponement may result in the postponement of the relevant due date for payment under the Notes and/or Maturity Date.

#### *Physical Delivery Notes*

Where the Notes provide for physical delivery, the Calculation Agent may determine that a Settlement Disruption Event is subsisting. A Settlement Disruption Event is an event beyond the control of the Issuer as a result of which, in the opinion of the Calculation Agent, delivery of the specified assets to be delivered by or on behalf of the Issuer is not practicable. Any such determination may affect the value of the Notes and/or may delay settlement in respect of the Notes.

#### *Limited Exposure to Underlying Reference*

If the applicable Final Terms provide that the exposure of any Credit Linked Notes, CDS Linked Notes, Index Linked Notes, Equity Linked Notes, Inflation Linked Notes, Currency Linked Notes, Debt Security Notes and other Notes linked to an Underlying Reference to one or more Underlying References is limited or capped to a certain level or amount, such Notes will not benefit from any upside in the value of any such Underlying References beyond such limit or cap.

#### *Partly-paid Notes*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

#### *Variable rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as EURIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

#### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

#### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### *Early Redemption Unwind Costs*

Investors should note that, if so specified in the applicable Final Terms, the Early Redemption Amount in respect of the relevant Series of Notes will include a deduction in respect of Early Redemption Unwind Costs. If the Early Redemption Unwind Costs are stated to be Standard Early Redemption Costs, then such amount will comprise an amount determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer in connection with the redemption of the Notes and the related termination, settlement or re-establishment of any hedge or related trading position.

#### *Early Redemption – "Fair Market Value"*

Investors should note that, if "Fair Market Value" is specified in the applicable Final Terms as the Early Redemption Amount, the Early Redemption Amount in respect of the relevant Series of Notes will be an amount determined by the Calculation Agent, which, shall represent the fair market value of the Notes on, or at a time determined by the Calculation Agent during a period not exceeding seven (7) Business Days immediately prior to, the date on which a notice of early redemption is deemed to have been given to the Noteholders pursuant to Condition 6.4 and Condition 13 and shall have the effect (after taking into account the costs of unwinding any hedging arrangements, as determined by the Issuer in its sole and absolute discretion, entered into in respect of the Notes) of preserving for the Noteholders the economic equivalent of the obligations of the Issuer to make the payments in respect of the Notes which would, but for such early redemption, have fallen due after the relevant early redemption date.

### ***Risks relating to Notes and the market generally***

Set out below is a brief description of certain risks relating to the Notes and the market generally:

#### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency, credit or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

#### *Hedging*

In the ordinary course of its business, including without limitation in connection with its market making activities, the Issuer and/or any of its affiliates may effect transactions for its own account or for the account of its customers and hold long or short positions in the underlying asset(s) or related derivatives. In addition, in connection with the offering of the Notes, the Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect to the underlying asset(s) or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in the underlying asset(s) or related derivatives which may affect the market price, liquidity or value of the Notes and which could be adverse to the interests of the relevant Noteholders.

#### *Conflicts of interest*

Where the Issuer acts as Dealer or Calculation Agent or the Calculation Agent or the Dealer is an affiliate of the Issuer, potential conflicts of interest may exist between the Dealer or the Calculation

Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Notes that may influence the amount receivable or specified assets deliverable on redemption of the Notes.

The Issuer and any Dealer may at the date hereof or at any time hereafter, be in possession of information in relation to an Underlying Reference that is or may be material in the context of the Notes and may or may not be publicly available to Noteholders. There is no obligation on the Issuer or any Dealer to disclose to Noteholders any such information.

The Issuer and/or any of its affiliates may also engage in trading activities (including hedging activities) related to the Underlying Reference of any Note and other instruments or derivative products based on or related to the Underlying Reference of any such Notes for their proprietary accounts or for other accounts under their management and may pursue actions thereto without regard to the consequences for Noteholders. The Issuer and/or any of its affiliates may also issue other derivative instruments in respect of the Underlying Reference of such Notes. The Issuer and/or its affiliates may also act as an underwriter in connection with future offerings of Shares or other securities related to an issue of such Notes or may act as financial adviser to certain companies or companies whose shares or other securities are included in a basket or in a commercial banking capacity for such companies. The Issuer and/or any of its affiliates may acquire non-public information in respect of an Underlying Reference which will not be provided to Noteholders. Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Notes.

The Issuer and/or any of its affiliates may have existing or future business relationships with any Underlying Reference (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Noteholder.

#### *Modification, waivers and substitution*

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

If, following implementation of this Directive, a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent following implementation of this Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

#### *Change of law*

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

#### *Taxation*

Potential purchasers and sellers of Notes should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Notes are transferred and/or any asset(s) are delivered.

Moreover, taxation regime may change from time to time depending on taxation policy of relevant authorities and the personal situation of the investor. No development made in this Base Prospectus shall be read as a legal or tax advice and investors should require personal advice from their own independent and qualified counsels.

#### *Notes where denominations involve integral multiples: definitive Notes*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

#### *Forward looking statements*

The documentation relating to any particular issuance of Notes under the Programme may contain forward-looking statements. Forward looking-statements are statements that are not historical facts, including statements about the Issuer's beliefs and expectations. Any statement in this document (including any document incorporated by reference) that states the Issuer's intentions, beliefs, expectations or predictions (and their underlying assumptions) is a forward-looking statement. These statements are based on plans, estimates, and projections as they are currently available to the management of the Issuer. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could therefore cause actual results of the Issuer or of the Notes to differ materially from those contained in any forward-looking statement. Without limiting the generality of the foregoing, the inclusion of forward-looking statements herein should not be regarded as a representation by the Issuer or any other person of the results that will actually be achieved by the Notes. The Issuer has no obligation to update or otherwise revise any forward-looking statements, including revisions to reflect changes in any circumstances arising after the date hereof relating to any assumptions or otherwise.

#### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the CSSF shall be incorporated in, and form part of, this Base Prospectus:

- (1) the Issuer's unaudited consolidated financial statements for the six-month period ended 30 June 2007 set out in a document entitled "*Communiqué de presse*" dated 29 August 2007 (**Interim 2007**);
- (2) the *Document de Référence* in the French language relating to the Issuer, incorporating the audited consolidated and non consolidated annual accounts of the Issuer for the year ended 31 December 2006 and registered with the *Autorité des marchés financiers* on 4 May 2007 under number D.07-417 (**2006 AR**); and
- (3) the *Document de Référence* in the French language relating to the Issuer, incorporating the audited consolidated and non consolidated annual accounts of the Issuer for the year ended 31 December 2005 and registered with the *Autorité des marchés financiers* on 24 April 2006 under number D.06-0314 (**2005 AR**);

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer 6, avenue de Provence, 75009 Paris, France, on the Issuer's website [www.cic.fr](http://www.cic.fr) and on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu). This Base Prospectus will also be published on the Issuer's website [www.cic.fr](http://www.cic.fr) and on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu).

The Issuer will in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus, which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new prospectus, in each case to be approved by the CSSF, for use in connection with any subsequent issue of Notes.

Any information contained in the documents incorporated by reference that is not cross-referenced in the following cross-reference list is for informational purposes only.

## **CROSS-REFERENCE LIST RELATING TO INFORMATION INCORPORATED BY REFERENCE**

Page(s)

(page(s) correspond to the page(s)  
of the 2006 AR unless otherwise  
specified)

### **RISK FACTORS**

Prominent disclosure of risk factors that may affect the issuer's ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors"

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### **INFORMATION ABOUT THE ISSUER**

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Legal and commercial name of the issuer

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Place of registration of the issuer and its registration number

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Date of incorporation and the length of life of the issuer

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Domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office

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### **BUSINESS OVERVIEW**

Description of the issuer's principal activities stating the main categories of products sold and/or services performed

**7 to 32 and 59 to 61**

### **ORGANISATIONAL STRUCTURE**

Brief description of the group and of the issuer's position within it

**8, 9 and 92 to 95**

If the Issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence

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### **ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES**

Names, business addresses and functions in the issuer of the members of the administrative, management or supervisory bodies and of the partners with unlimited liability and an indication of the principal activities performed by them outside the issuer where these are significant with respect to the issuer

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(a) members of the administrative, management or supervisory bodies;

(b) partners with unlimited liability, in the case of a limited partnership with a share capital.

### **MAJOR SHAREHOLDERS**

Statement as to whether the issuer is directly or indirectly owned or controlled and by whom, and description of the nature of such control, and of the measures in place to assure that such control is not abused

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**FINANCIAL INFORMATION CONCERNING THE ISSUER'S  
ASSETS AND LIABILITIES, FINANCIAL POSITION AND  
PROFITS AND LOSSES**

Historical Financial Information	<b>2006 AR, 55 to 134, 156 and 157</b> <b>2005 AR, 64 to 132 and 149</b>
Financial statements	<b>2006 AR, 55 to 134</b> <b>2005 AR, 64 to 132</b>
balance sheet	<b>2006 AR, 74, 75, 122 to 123</b> <b>2005 AR, 70, 71 and 120 to 121</b>
income statement	<b>2006 AR, 76 and 124</b> <b>2005 AR, 72 and 122</b>
cash flow statement	<b>2006 AR, 78</b> <b>2005 AR, 73</b>
accounting policies and explanatory notes (excerpts)	<b>2006 AR, 79 to 119</b> <b>2005 AR, 75 to 117</b>
Auditing of historical annual financial information	<b>2006 AR, 140</b> <b>2005 AR, 137-138</b>
<b>INTERIM AND OTHER FINANCIAL INFORMATION</b>	<b>Interim 2007, 1-15</b>

**PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THIS BASE  
PROSPECTUS**

**The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer having taken all reasonable care to ensure that such is the case the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.**

**Crédit Industriel et Commercial**

6, Avenue de Provence

75009 Paris

Duly represented by

Philippe VIDAL

*Membre du Directoire*

## **GENERAL DESCRIPTION OF THE PROGRAMME**

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears above under the heading "Summary of the Programme". The applicable Final Terms of any Notes will be agreed between the Issuer and the relevant Dealer(s) (including any further dealer appointed under the Programme) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes as modified by the applicable Final Terms.

## FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**); and
- (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for, Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) for definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event or (c) at any time at the request of the Issuer. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax

consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 9.00 p.m. (Paris time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 21 November 2007 and executed by the Issuer.

## APPLICABLE FINAL TERMS

### FORM OF FINAL TERMS

*Final Terms dated [●]*

*[add logo if listed]*

**CREDIT INDUSTRIEL ET COMMERCIAL**

**€2,000,000,000**

**Structured Euro Medium Term Note Programme**  
*(the Programme)*

*Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the Programme*

[Date]

### PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth under the section entitled "Terms and Conditions of the Notes" in the Base Prospectus dated [●] 2007 [and the Supplement to the Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Directive 2003/71/EC (the **Prospectus Directive**) and the relevant implementing measures in the Grand Duchy of Luxembourg. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and the relevant implementing measures in the Grand Duchy of Luxembourg, and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus, [these Final Terms [and the Supplement to the Prospectus] [(in each case, together with any documents incorporated therein by reference)] [is] [are] available for viewing at, and copies may be obtained from, BNP Paribas Securities Services, Luxembourg Branch (in its capacity as Principal Paying Agent), 33, rue de Gasperich, Howald - Hesperange, L-2085 Luxembourg and will be available on the Luxembourg Stock Exchange website "www.bourse.lu"].

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth under the section entitled "Terms and Conditions of the Notes" in the Base Prospectus dated [*original date*] [and the Supplement to the Prospectus dated [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and the relevant implementing measures in the Grand Duchy of Luxembourg, and must be read in conjunction with the Base Prospectus dated [*current date*] [and the Supplement to the Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive and the relevant implementing measures in the Grand Duchy of Luxembourg, save in

respect of the Conditions which are extracted from the Base Prospectus dated [*original date*] [and the Supplement to the Prospectus dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [original date] and [*current date*] [and the Supplement(s) to the Prospectuses dated [●] and [●]]. [The Base Prospectuses, [these Final Terms [and the Supplement(s) to the Prospectuses] [is] [are] available for viewing at, and copies may be obtained from, BNP Paribas Securities Services, Luxembourg Branch (in its capacity as Principal Paying Agent), 33, rue de Gasperich, Howald - Hesperange, L-2085 Luxembourg and will be available on the Luxembourg stock exchange website "www.bourse.lu"].

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive and the relevant implementing measures in the Grand Duchy of Luxembourg.]*

- |          |  |  |
|----------|--|--|
| <b>1</b> | (i) Series Number:   | [●]  |
|          | (ii) Tranche Number:   | [●]  |
|          |  | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i>  |
| <b>2</b> | Specified Currency (or Currencies in the case of Dual Currency Notes): | [●]  |
| <b>3</b> | Aggregate Nominal Amount:  |  |
|          | (ii) Series:   | [●]  |
|          | (iii) Tranche:   | [●]  |
| <b>4</b> | [(i)] Issue Price of Tranche:  | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ <i>insert date</i> ] ( <i>in the case of fungible issues only if applicable</i> )]                                       |
|          | [(ii) Net Proceeds:  | [●] ( <i>Required only for listed issues</i> )]  |
| <b>5</b> | (i) Specified Denomination(s)  | [●]  |
|          | (ii) Calculation Amount:   | [●]  |
|          |  | <i>(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the</i> |

*case of two or more Specified Denominations.)*

- 6** [(i) Issue Date [and Interest Commencement Date]: [•]
- [(ii) Interest Commencement Date (if different from the Issue Date): [•]]
- 7** Maturity Date: [If Fixed Rate, specify date – If Floating Rate: Interest Payment Date falling in or nearest to *[specify date]*]
- 8** Form of Notes: Bearer
- 9** Type of Notes: (i) [Fixed Rate/Floating Rate/Zero Coupon/Credit Linked/ CDS Index Linked/Index Linked/Equity Linked/Inflation Linked/Currency Linked/Hybrid/Dual Currency/other]
- (ii) The Notes relate to [*describe the relevant underlying*].
- 10** Interest Basis: [[•] per cent. Fixed Rate][[LIBOR/EURIBOR] +/- [•] per cent. Floating Rate [Zero Coupon/Credit Linked/ CDS Index Linked/Index Linked/Equity Linked/Inflation Linked/Currency Linked/Hybrid/Dual Currency/other] [*specify other*]
- (further particulars specified below)
- 11** Redemption/Payment Basis: [Redemption at par]
- [Credit Linked Redemption]
- [CDS Index Linked Redemption]
- [Index Linked Redemption]
- [Equity Linked Redemption]
- [Inflation Linked Redemption]
- [Currency Linked Redemption]
- [Hybrid Linked Redemption]
- [Zero Coupon]
- [Dual Currency]

		[Partly Paid]
		[specify other]
		<i>(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>
12	Change of Interest Basis or Redemption/Payment Basis:	[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
13	Put/Call Options:	[Investor Put][Issuer Call] [(further particulars specified below)]
14	(a) Status of the Notes:	Senior
	(b) Date of Board approval for issuance of the Notes:	The issue of the Notes has been authorised by a resolution of the Issuer's <i>Directoire</i> (Management Board) dated [2 April] 2007
15	Listing and admission to trading:	[None/See " <i>Listing and admission to trading Application</i> " below]
16	Method of distribution:	[Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

17	<b>Fixed Rate Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Fixed Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(ii) Interest Payment Date(s):	[●] in each year up to and including the Maturity Date / [specify other] <i>(N.B. This will need to be amended in the case of long or short coupons)</i>
	(iii) Fixed Coupon Amount(s):	[●] per Calculation Amount
	(iv) Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on]

	[•]
	<i>[Insert particulars of any Initial or Final Broken Amounts of interest which do not correspond with the Fixed Coupon Amount(s)]</i>
(v) Day Count Fraction:	[30/360/Actual/Actual (ICMA)] <i>[specify other]</i>
(vi) Determination Date(s):	[•] in each year  <i>(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon (NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))</i>
(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/Give details]
<b>18 Floating Rate Note Provisions</b>	[Applicable/Not Applicable]  <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Interest Period(s):	[•]
(ii) Interest Payment Date(s):	[•]
(iii) Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/FBF Determination/ <i>specify other</i> ]
(iv) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[•] / [Not Applicable]
(v) Screen Rate Determination:	
- Reference Rate:	[•]  <i>(Either LIBOR, EURIBOR or other, although additional information is required if other - [including fallback provisions in the Agency Agreement])</i>
- Interest Determination Date(s):	[•]  <i>(Second London business day prior to the start of each Interest Period if LIBOR and second day on which the TARGET System is open prior to the start of each Interest</i>

- Period if EURIBOR)*
- Specified Time: [●] *(which will be 11:00 am, London time, in the case of LIBOR, or 11:00 am, Brussels time, in the case of EURIBOR)*
  - Relevant Screen Page: [●]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (vi) ISDA Determination:
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (vii) Margin(s): [ +/- ] [●] per cent. per annum
- (viii) Minimum Rate of Interest: [●] per cent. per annum
- (ix) Maximum Rate of Interest: [●] per cent. per annum
- (x) Day Count Fraction:
- [Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
Other]  
*(See Condition 4 for alternatives)*
- (xi) Fall back provisions, day count fraction, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:

**19 Zero Coupon Provisions**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub- paragraphs of this paragraph)*

- (i) Accrual Yield: [●] per cent. per annum
- (ii) Reference Price: [●]

- (iii) Any other formula/basis of determining Amortised Face Amount payable: [●]  
*(Consider applicable Day Count Fraction if euro denominated)*
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions [Redemption and Purchase - Early Redemption Amounts] (c) and [-Late Payment on Zero Coupon Notes] apply/specify other]  
*(Consider applicable day count fraction if not U.S. dollar denominated)*

**20 Dual Currency Interest Provisions**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Exchange rate/method of calculating exchange rate: [give details]
- (ii) Calculation Agent, if any, responsible for calculating the interest payable: [●] *(NB. Specify name and address)*
- (iii) Provisions for determining coupon where calculation by reference to Exchange Rate is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions: [●]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]
- (v) Knock-in Event: [Not Applicable / specify /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-in Level]]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

[In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]

- (a) Knock-in Level: [Specify]
- (b) Knock-in Determination Day(s): [specify / Each Scheduled Trading Day in the Knock-in Determination Period]

- (c) Knock-in Period Beginning Date: [Not Applicable / specify]
- (d) Knock-in Period Ending Date: [Not Applicable / specify]
- (e) Knock-in Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]
- (vi) Knock-out Event: [Not Applicable / specify /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Level]]  
 (If not applicable, delete the remaining sub-paragraphs of this paragraph)  
 [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
  - (a) Knock-out Level: [*Specify*]
  - (b) Knock-out Determination Day(s): [specify / Each Scheduled Trading Day in the Knock-out Determination Period]
  - (c) Knock-out Period Beginning Date: [Not Applicable / specify]
  - (d) Knock-out Period Ending Date: [Not Applicable / specify]
  - (e) Knock-out Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-out Determination Day.]

**21 Index Linked Interest Note Provisions**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Index/Indices: [•]
- (ii) Screen Page: [*Specify if applicable, or give the sources of observation for each index*]
- (iii) Component Transactions: [•]
- (iv) Formula: [•]
- (v) Calculation Agent responsible for calculating the interest due: [•] (*NB. Specify name and address*)
- (vi) Provisions for determining coupon where calculation by reference to Formula is (a) totally or partially different from the method set out in [•]

the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions:

- (vii) Interest Period(s): [●]
- (viii) Interest Payment Date(s): [●]
- (ix) Day Count Fraction: [●]
- (x) Valuation Method: The Valuation Method shall be [insert calculation method] / [As set out in the Conditions]  
*N/B: If as set out in the conditions, specify: [Highest] / [Average Highest] / [Market Value]*
- (xi) Quotation Method: The Quotation Method shall be [insert quotation method] / [As set out in the Conditions]
- (xii) Quotation Amount: The Quotation Method shall be [●] / [As set out in the Conditions]
- (xiii) Quotation: Quotation shall be [●] / [As set out in the Conditions]
- (xiv) Averaging Averaging [applies/does not apply] to the Notes.  
[The Averaging Dates are [●].]  
[In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]  
[Modified Postponement]  
*(only applicable if Modified Postponement is applicable as an Averaging election).*  
[Specified Maximum Days of Disruption will be equal to: [●]/[eight]]  
*(if no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*
- (xv) Coupon Valuation Date(s): [Specify]
- (xvi) Observation Date(s): [The Observation Date(s) is/are [●]/Not Applicable.] [In the event that an

- Observation Date is a Disrupted Day/[Omission/Postponement/Modified Postponement] will apply.]
- (xvii) Observation Period: [Specify/Not Applicable]
- (xviii) Exchange Business Day: [●]
- (xix) Scheduled Trading Day: [●]
- (xx) Exchange(s) and Index Sponsor: (a) the relevant Exchange[s] [is/are] [●] and  
(b) the relevant Index Sponsor is [●].
- (xxi) Related Exchange: [Specify/Each exchange or quotation system on which option contracts or futures contracts relating such Index is traded]
- (xxii) Relevant Time: [Scheduled Closing Time/Any time [on the Valuation Date/during the Observation Period.] [The relevant time is [●], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.] (N.B. if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time).
- (xxiii) Additional Disruption Events: [(a)] The following Additional Disruption Events apply to the Notes:  
(Specify each of the following which applies.)  
[Change of Law]  
[[Hedging Disruption]  
[Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[Loss of Stock Borrow]  
[(b)] [The Trade Date is [●]. [If no Trade Date is specified, Issue Date will be the Trade Date]  
(N.B. only applicable if Change of Law and/or Increased Cost of Hedging is applicable)]

		[(c)] [The Maximum Stock Loan Rate in respect of [ <i>specify in relation to each relevant Share</i> ] is [●].
		<i>(N.B. only applicable if Loss of Stock Borrow is applicable)</i>
		[(d)] [The Initial Stock Loan rate in respect of [ <i>specify in relation to each relevant Share</i> ] is [●].
		<i>(N.B. only applicable if Increased Cost of Stock Borrow is applicable)]</i>
(xxiv) Market Disruption		Specified Maximum Days of Disruption will be equal to [●]/[eight]:
		<i>(if no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)</i>
(xxv) Knock-in Event:		[Not Applicable / <i>specify</i> /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-in Level]]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
		[In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
(a) Knock-in Level:		<i>[Specify]</i>
(b) Knock-in Determination Day(s):		<i>[specify / Each Scheduled Trading Day in the Knock-in Determination Period]</i>
(c) Knock-in Period Beginning Date:		<i>[Not Applicable / specify]</i>
(d) Knock-in Period Ending Date:		<i>[Not Applicable / specify]</i>
(e) Knock-in Valuation Time:		<i>[Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]</i>
(xxvi) Knock-out Event:		[Not Applicable / <i>specify</i> /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Level]]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>

[In the event that a Knock-in Determination Day is a Disrupted Day,

[Omission/Postponement/Modified Postponement] will apply.]

- (a) Knock-out Level: *[Specify]*
- (b) Knock-out Determination Day(s): *[Specify / Each Scheduled Trading Day in the Knock-out Determination Period]*
- (c) Knock-out Period Beginning Date: *[Not Applicable / specify]*
- (d) Knock-out Period Ending Date: *[Not Applicable / specify]*
- (e) Knock-out Valuation Time: *[Scheduled Closing Time]/[Any time on a Knock-out Determination Day.]*

**22 Credit Linked Interest Notes Provisions**

*[Applicable/Not Applicable]*

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

Capitalised terms used herein and not otherwise defined herein or in the Conditions shall have the meaning set out in the 2003 ISDA Credit Derivatives Definitions as supplemented by the May 2003 Supplement to such Definitions, published by the International Swaps and Derivatives Association, Inc. (the **Definitions**) (as, if applicable, supplemented or amended in the Final Terms), and the Credit Derivatives Physical Settlement Matrix published on 7 March 2005 by the International Swaps and Derivatives Association, Inc (the **2005 Matrix**) save that any references to the "Related Confirmation" shall be deemed to refer instead to the "applicable Final Terms", references to the **Credit Derivative Transaction** shall be deemed to refer instead to the **Notes**, references to the **Buyer** shall be deemed to refer instead to the **Issuer**, and references to the **Seller** shall be deemed to refer instead to the **Noteholder(s)**. The Definitions and the 2005 Matrix are hereby incorporated by reference herein, and shall apply *mutatis mutandis* to the Notes.

In the event of any inconsistency between

the capitalised terms defined in the Final Terms and/or the Conditions on the one hand and in the Definitions and the 2005 Matrix on the other, the capitalised terms defined in the Final Terms and/or the Conditions shall prevail.

- (i) Are ABS Linked Notes provisions applicable: [Yes/No].
- (ii) Formula and conditions for calculating the amount of Interest due under the Notes: *[specify Formula and conditions necessary to enable the calculation of interest due]*
- (iii) Calculation Agent responsible for calculating the interest due: *[Specify]*
- (iv) Provisions for determining coupon where calculation by reference to Formula is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions: *[Specify]*
- (v) Interest Period(s): [●]
- (vi) Interest Payment Date(s): [●]
- (vii) Day Count Fraction: [●]
- (viii) Reference Period: The period commencing at or after 12.01 a.m., Greenwich Mean Time (GMT) on (and including) *[specify date]* and ending at or prior to 11.59 p.m., GMT on (and including, subject as provided below) the Scheduled Termination Date. *[if other period applicable, delete previous sentence and insert applicable provisions]*
- (x) Underlying Credit Scheduled Termination Date: *[Maturity Date unless otherwise specified]*
- (xi) Reference Entity [●] and any Successor  
  
Section 2.31 (*Merger of Reference Entity and Seller*) of the Definitions shall not apply to the Notes.
- (xii) Reference Obligation [●]

(xiii) Reference Obligation Notional Amount	[●]
(xiv) Insurer	[[●]/Not Applicable]
(xv) Guarantor	[[●]/Not Applicable]
(xvi) All Guarantees	[Applicable/Not Applicable]
(xvii) Grace Period:	[The number of days equal to the grace period with respect to payments in accordance with the terms of, and under, the relevant Obligation, and, if no grace period is applicable, zero. / <i>insert maximum number of days</i> ]
(xviii) Maturity Date Extension:	[Applicable]
(xix) Credit Events	[Bankruptcy Failure to Pay Loss Event Obligation Acceleration Obligation Default Rating Downgrade Repudiation/Moratorium Restructuring: [Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable] [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Applicable] [Multiple Holder Obligation: Applicable]] [Other: <i>Specify</i> ]
(xx) Payment Requirement:	[Applicable/Not Applicable]  <i>[Specify]</i>  (If not specified, Payment Requirement will be USD1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the Failure to Pay or Potential Failure to Pay, as applicable).
(xxi) Default Requirement:	[Applicable/Not Applicable]

- [Specify]*
- (If not specified, Default Requirement will be USD10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event).
- (xxii) Knock-in Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-in Level]]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (a) Knock-in Level: *[Specify]*
- (b) Knock-in Determination Day(s): *[specify* / Each Scheduled Trading Day in the Knock-in Determination Period]
- (c) Knock-in Period Beginning Date: [Not Applicable / *specify*]
- (d) Knock-in Period Ending Date: [Not Applicable / *specify*]
- (e) Knock-in Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]
- (xxiii) Knock-out Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Level]]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (a) Knock-out Level: *[Specify]*
- (b) Knock-out Determination Day(s): *[Specify* / Each Scheduled Trading Day in the Knock-out Determination Period]
- (c) Knock-out Period Beginning Date: [Not Applicable / *specify*]

	(d) Knock-out Period Ending Date:	[Not Applicable / <i>specify</i> ]
	(e) Knock-out Valuation Time:	[Scheduled Closing Time]/[Any time on a Knock-out Determination Day.]
<b>23</b>	<b>CDS Index Linked Interest Note Provisions</b>	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) CDS Index/Indices:	[●]
	(ii) Index Rules and Procedures:	A copy of the Index Rules and Procedures [is annexed to these Final Terms / can be obtained from [●]].
	(iii) Relevant Annex:	A copy of the Index Rules and Procedures [is annexed to these Final Terms / can be obtained from [●]].
	(iv) Relevant Level:	[The level of the Index as determined by the Calculation agent at Valuation Time on any Valuation Date, using the official fixing eventually calculated and/or published by the Index Sponsor or Publisher / The Valuation Method specified below].
	(v) Index Roll:	[Applicable / Not Applicable]
	(vi) Formula:	[●]
	(vii) Calculation Agent responsible for calculating the interest due:	[●] <i>(NB. Specify name and address)</i>
	(viii) Provisions for determining coupon where calculation by reference to Formula is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions:	[●]
	(ix) Interest Period(s):	[●]
	(x) Interest Payment Date(s):	[●]
	(xi) Day Count Fraction:	[●]
	(xii) Averaging	Averaging [applies/does not apply] to the Notes.

- [The Averaging Dates are [●].]  
 [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]  
 [Modified Postponement]  
*(only applicable if Modified Postponement is applicable as an Averaging election).*
- [Specified Maximum Days of Disruption will be equal to: [●]/[eight]]  
*(if no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*  
*[Specify]*
- (xiii) Coupon Valuation Date(s):
- (xiv) Observation Date(s): [The Observation Date(s) is/are [●]/Not Applicable.] [In the event that an Observation Date is a Disrupted Day/[Omission/Postponement/Modified Postponement] will apply.]
- (xv) Observation Period: [Specify/Not Applicable]
- (xvi) Exchange(s) and Index Sponsor or Index Publisher:
- (a) the relevant Exchange[s] [is/are] [●] and
- (b) the relevant Index Sponsor or Index Publisher is [●]; and
- (c) the relevant Financial Center is [●].
- (xvii) Relevant Time: [Scheduled Closing Time/Any time [on the Valuation Date/during the Observation Period.] [The relevant time is [●], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.] *(N.B. if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time).*
- (xviii) Additional Disruption Events: [(a)] The following Additional Disruption Events apply to the Notes:  
*(Specify each of the following which applies.)*

- [Change of Law]
- [Hedging Disruption]
- [Increased Cost of Hedging]
- (b) [The Trade Date is [●] *[if no Trade Date is specified, the Issue Date will be the Trade Date]*.
- (N.B. only applicable if Change of Law and/or Increased Cost of Hedging is applicable)*
- (xix) Market Disruption
- Specified Maximum Days of Disruption will be equal to [●]/[eight]:
- (if no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*
- (xx) Knock-in Event:
- [Not Applicable / specify /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-in Level]]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (a) Knock-in Level: *[Specify]*
- (b) Knock-in Determination Day(s): *[specify / Each Scheduled Trading Day in the Knock-in Determination Period]*
- (c) Knock-in Period Beginning Date: *[Not Applicable / specify]*
- (d) Knock-in Period Ending Date: *[Not Applicable / specify]*
- (e) Knock-in Valuation Time: *[Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]*
- (xxi) Knock-out Event:
- [Not Applicable / specify /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Level]]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*

[In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]

- (a) Knock-out Level: *[Specify]*
- (b) Knock-out Determination Day(s): *[Specify / Each Scheduled Trading Day in the Knock-out Determination Period]*
- (c) Knock-out Period Beginning Date: *[Not Applicable / specify]*
- (d) Knock-out Period Ending Date: *[Not Applicable / specify]*
- (e) Knock-out Valuation Time: *[Scheduled Closing Time]/[Any time on a Knock-out Determination Day.]*

**24 Equity Linked Interest Note Provisions**

*[Applicable/Not Applicable]*

*(if not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Share(s): *[•]*
- (ii) ISIN of Share(s): *[Specify]*
- (iii) Screen Page/Exchange Code: *[Specify]*
- (iv) Formula: *[•]*
- (iv) Settlement Price: The Settlement Price will be calculated *[insert calculation method]/[As set out in the Conditions]*  
*[Exchange Rate:[ •]]*
- (v) Calculation Agent responsible for calculating the interest due: *[•] (NB. Specify name and address)*
- (vi) Provisions for determining coupon where calculation by reference to Formula is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions: *[•]*
- (vii) Interest Period(s): *[•]*
- (viii) Interest Payment Date(s): *[•]*
- (ix) Day Count Fraction: *[•]*

- (x) Averaging Averaging [applies/does not apply] to the Notes. [The Averaging Dates are [●].]  
 [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]  
 [Modified Postponement]  
*(only applicable if Modified Postponement is applicable as an Averaging election).*  
 [Specified Maximum Days of Disruption will be equal to: [●]/[eight]]  
*(if no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*
- (xi) Coupon Valuation Date(s): *[Specify]*
- (xii) Observation Date(s): [The Observation Date(s) is/are [●]/Not Applicable.] [In the event that an Observation Date is a Disrupted Date/[Omission/Postponement/Modified Postponement] will apply.]
- (xiii) Observation Period: *[Specify/Not Applicable]*
- (xiv) Exchange Business Day: [●]
- (xv) Scheduled Trading Day: [●]
- (xvi) Exchange(s): The relevant Exchange[s] [is/are] [●].
- (xvii) Related Exchange(s): *[Specify/Each exchange or quotation system on which option contracts or futures contracts relating such Share are traded]*
- (xviii) Relevant Time: [Scheduled Closing Time/Any time [on the Valuation Date/during the Observation Period.] [The relevant time is [●], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.] *(N.B. if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time).*
- (xix) Additional Disruption Events: [(a)] The following Additional Disruption Events apply to the

Notes:

*(Specify each of the following which applies.)*

[Change of Law]

[Hedging Disruption]

[Insolvency Filing]

[Failure to Deliver]

[Increased Cost of Hedging]

[Increased Cost of Stock Borrow]

[Loss of Stock Borrow]

[(b)] [The Trade Date is [●]].

*(N.B. only applicable if Change of Law and/or Increased Cost of Hedging is applicable)*

[(c)] [The Maximum Stock Loan Rate in respect of [specify in relation to each relevant Share] is [●]].

*(N.B. only applicable if Loss of Stock Borrow is applicable)*

[(d)] [The Initial Stock Loan rate in respect of [specify in relation to each relevant Share] is [●]].

*(N.B. only applicable if Increased Cost of Stock Borrow is applicable)*

(xx) Market Disruption

Specified Maximum Days of Disruption will be equal to [●]/[eight]:

(if no Specific Maximum Days of Disruption is stated, Specified Maximum Days of Disruption will be equal to eight)

(xxi) Delayed Redemption on Occurrence of Extraordinary Event

[Applicable/Not Applicable]

*(if not applicable, delete the remaining sub-paragraph of this paragraph)*

[Rate for accrual of interest [●] / as specified in the Terms and Conditions]

(xxii) Tender Offer

[Applicable/Not Applicable]

(xxiii) Merger Event, Tender Offer, De-listing, Nationalisation and

Share Substitution [is applicable/is not applicable]/ [specify other].

Insolvency (*delete as appropriate*)

- (xxiv) Knock-in Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-in Level]]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (a) Knock-in Level: [*Specify*]
- (b) Knock-in Determination Day(s): [*specify* / Each Scheduled Trading Day in the Knock-in Determination Period]
- (c) Knock-in Period Beginning Date: [Not Applicable / *specify*]
- (d) Knock-in Period Ending Date: [Not Applicable / *specify*]
- (e) Knock-in Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]
- (xxv) Knock-out Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Level]]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (a) Knock-out Level: [*Specify*]
- (b) Knock-out Determination Day(s): [*Specify* / Each Scheduled Trading Day in the Knock-out Determination Period]
- (c) Knock-out Period Beginning Date: [Not Applicable / *specify*]
- (d) Knock-out Period Ending Date: [Not Applicable / *specify*]
- (e) Knock-out Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-out Determination Day.]

25	<b>Inflation Linked Interest Note Provisions</b>	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Index/Indices:	[•]
	(ii) Screen Page/Exchange Code:	[•]
	(iii) Formula:	[•]
	(iv) Calculation Agent responsible for calculating the interest due:	[•]
	(v) Provisions for determining coupon where calculation by reference to Formula is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions:	[•]
	(vi) Interest Period(s):	[•]
	(vii) Interest Payment Date(s):	[•]
	(viii) Day Count Fraction:	[•]
	(ix) Cut-Off Date:	[•]/[Not Applicable]
	(x) Related Bond:	[•]/Fall Back Bond
	(xi) Issuer of Related Bond:	[•]/[Not Applicable]
	(xii) Fall Back Bond:	[Applicable/Not Applicable]
	(xiii) Index Sponsor:	[•]
	(xiv) Related Bond Redemption Event:	[Applicable/Not Applicable]
	(xv) Knock-in Event:	[Not Applicable / specify /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-in Level]]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
		[In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]

- (a) Knock-in Level: *[Specify]*
- (b) Knock-in Determination Day(s): *[specify / Each Scheduled Trading Day in the Knock-in Determination Period]*
- (c) Knock-in Period Beginning Date: *[Not Applicable / specify]*
- (d) Knock-in Period Ending Date: *[Not Applicable / specify]*
- (e) Knock-in Valuation Time: *[Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]*
- (xvi) Knock-out Event: *[Not Applicable / specify /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Level]]*
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]*
- (a) Knock-out Level: *[Specify]*
- (b) Knock-out Determination Day(s): *[Specify / Each Scheduled Trading Day in the Knock-out Determination Period]*
- (c) Knock-out Period Beginning Date: *[Not Applicable / specify]*
- (d) Knock-out Period Ending Date: *[Not Applicable / specify]*
- (e) Knock-out Valuation Time: *[Scheduled Closing Time]/[Any time on a Knock-out Determination Day.]*
- (xvii) Scheduled Trading Day: *[Not Applicable / specify]*
- (xviii) Other Provisions: *[•]*
- 26 Currency Linked Interest Note Provisions** *[Applicable/Not Applicable]*
- (if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Formula/Exchange Rate(s):
- (ii) Calculation Agent responsible for calculating the interest due: *[•] (NB. Specify name and address)*
- (iii) Provisions for determining coupon where calculation by reference to *[•]*

Formula/Exchange Rate(s) is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions:

- (iv) Interest Period(s): [•]
- (v) Interest Payment Date(s): [•]
- (vi) Day Count Fraction: [•]
- (vii) Knock-in Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-in Level]]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
 [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
  - (a) Knock-in Level: [*Specify*]
  - (b) Knock-in Determination Day(s): [*specify* / Each Scheduled Trading Day in the Knock-in Determination Period]
  - (c) Knock-in Period Beginning Date: [Not Applicable / *specify*]
  - (d) Knock-in Period Ending Date: [Not Applicable / *specify*]
  - (e) Knock-in Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]
- (viii) Knock-out Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Level]]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
 [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]

- (a) Knock-out Level: *[Specify]*
- (b) Knock-out Determination Day(s): *[specify / Each Scheduled Trading Day in the Knock-out Determination Period]*
- (c) Knock-out Period Beginning Date: *[Not Applicable / specify]*
- (d) Knock-out Period Ending Date: *[Not Applicable / specify]*
- (e) Knock-out Valuation Time: *[Scheduled Closing Time]/[Any time on a Knock-out Determination Day.]*

(ix) Other Provisions:

**27 Hybrid Linked Interest Note Provisions**

*[Applicable/Not Applicable]*

*(if not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Formula:

(ii) Underlying:

(iii) Calculation Agent responsible for calculating the interest due:

(iv) Provisions for determining coupon where calculation by reference to Formula is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions:

(v) Interest Period(s):

(vi) Interest Payment Date(s):

(vii) Day Count Fraction:

(viii) Other Provisions:

**28 Business Day Convention**

(i) For Interest Payment Dates:  *[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]*

*[specify applicable Business Day Convention or specify No Adjustment]*

- (ii) For Interest Periods: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]  
[specify applicable Business Day Convention or specify No Adjustment]
- (iii) For the Maturity Date: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]  
[specify applicable Business Day Convention or specify No Adjustment]
- (iv) Any other date: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]  
[specify applicable Business Day Convention or specify No Adjustment]
- 29** Additional Business Centre(s) (Condition 4.2): [•]

**PROVISIONS RELATING TO REDEMPTION**

- 30 Issuer Call** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Early Redemption Date(s): [•]
- (ii) Early Redemption Amount(s) and method, if any, of calculation of such amount(s): [[•] per Calculation Amount [less Early Redemption Unwind Costs. Early Redemption Unwind Costs means [Standard Early Redemption Unwind Costs / insert other]] / Fair Market Value]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [•]
- (b) Maximum Redemption Amount: [•]

- (iv) Notice period (if other than as set out in the Conditions): [●]
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

**31 Investor Put**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [●] per Calculation Amount [minus the Early Redemption Fees]
- (iii) Early Redemption Fees: [Not Applicable / [●]% of the Calculation Amount / *other specify*]
- (iv) Notice period (if other than as set out in the Conditions): [●]

**32 Final Redemption Amount**

(i): [[●] per Calculation Amount/*specify other including by appending a table is necessary*] The [Credit/CDS Index/Index /Equity//Inflation /Currency/Hybrid] Linked Redemption Amount specified below] / [Physical Delivery]

(ii) Settlement Method: [Cash Settled Notes] / [Physical Delivery]

*(NB: In the case of any Equity Linked Notes, Credit Linked Notes or Hybrid Notes, specify whether the Notes are Cash Settled Notes or Physical Delivery Notes. All other Notes are cash settled Notes)*

[If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will

**Index Linked Redemption Amount**

apply. This pro forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.]

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Index/Indices: [●]
- (ii) Screen Page: *[Specify]*
- (iii) Formula: [●]
- (iv) Component Transactions: [●]/*[Specify]*
- (v) Settlement Price: The Settlement Price will be calculated [insert calculation method] / [As set out in the Conditions]
- (vi) Relevant Level: [insert method for determining Relevant Level] / [As set out in the Conditions]  
*N.B: if as set out in the conditions, specify the Relevant Level : [official closing price] / [official fixing] / [Valuation Method]*
- (vii) Valuation Method: The Valuation Method shall be [insert calculation method] / [As set out in the Conditions]  
*N/B: If as set out in the conditions, specify: [Highest] / [Average Highest] / [Market Value]*
- (viii) Quotation Method: The Quotation Method shall be [insert quotation method] / [As set out in the Conditions]
- (ix) Quotation Amount: The Quotation Method shall be [●] / [As set out in the Conditions]
- (x) Quotation: Quotation shall be [●] / [As set out in the Conditions]
- (xi) Calculation Agent responsible for calculating the redemption amount due: [●] *(NB. Specify name and address)*
- (xii) Provisions for determining redemption amount where calculation by reference to Formula [●]

is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions:

- (xiii) Averaging Averaging [applies/does not apply] to the Notes. [The Averaging Dates are [●].]  
[In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]  
[Modified Postponement]  
*(only applicable if Modified Postponement is applicable as an Averaging election).*  
[Specified Maximum Days of Disruption will be equal to: [●]/[eight]]  
*(if no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*  
[Specify]
- (xiv) Redemption Valuation Date: [Specify]
- (xv) Observation Date(s): [The Observation Date(s) is/are [●]/Not Applicable]. [In the event that an Observation Date is a Disrupted Date/[Omission/Postponement/Modified Postponement] will apply.]
- (xvi) Observation Period: [Specify/Not Applicable]
- (xvii) Exchange Business Day: [●]
- (xviii) Scheduled Trading Day: [●]
- (xix) Exchange(s) and Index Sponsor: (a) the relevant Exchange[s] [is/are] [●]; and  
(b) the relevant Index Sponsor is [●].  
(c) the relevant Financial Center is [●].
- (xx) Related Exchange: [Specify/Each exchange or quotation system or over the counter exchange identified by reference to a Financial Center, on which option contracts or

futures contracts relating such Index is traded]

(xxi) Relevant Time:

[Scheduled Closing Time]/[Calculation Agent]/[Any time [on the Valuation Date /during the Observation Period.] [The relevant time is [●], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.] *(N.B. if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time).*

(xxii) Additional Disruption Events:

[(a)] The following Additional Disruption Events apply to the Notes:

*(Specify each of the following which applies.)*

[Change of Law]

[[Hedging Disruption]

[Increased Cost of Hedging]

[Increased Cost of Stock Borrow]

[Loss of Stock Borrow]

[(b)] [The Trade Date is [●].

*(N.B. only applicable if Change of Law and/or Increased Cost of Hedging is applicable)]*

[(c)] [The Maximum Stock Loan Rate in respect of [specify in relation to each relevant Share] is [●].

*(N.B. only applicable if Loss of Stock Borrow is applicable)]*

[(d)] [The Initial Stock Loan rate in respect of [specify in relation to each relevant Share] is [●].

*(N.B. only applicable if Increased Cost of Stock Borrow is applicable)]*

(xxiii) Market Disruption

Specified Maximum Days of Disruption will be equal to [●]/[eight]:

(if no Specific Maximum Days of Disruption are stated, Specified

	Maximum Days of Disruption will be equal to eight)
(xxiv) Knock-in Event:	[Not Applicable / <i>specify</i> /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-in Level]]
	<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	[In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
(a) Knock-in Level:	<i>[Specify]</i>
(b) Knock-in Determination Day(s):	<i>[specify</i> / Each Scheduled Trading Day in the Knock-in Determination Period]
(c) Knock-in Period Beginning Date:	[Not Applicable / <i>specify</i> ]
(d) Knock-in Period Ending Date:	[Not Applicable / <i>specify</i> ]
(e) Knock-in Valuation Time:	[Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]
(xxv) Knock-out Event:	[Not Applicable / <i>specify</i> /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Level]]
	<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	[In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
(a) Knock-out Level:	<i>[Specify]</i>
(b) Knock-out Determination Day(s):	<i>[specify</i> / Each Scheduled Trading Day in the Knock-out Determination Period]
(c) Knock-out Period Beginning Date:	[Not Applicable / <i>specify</i> ]
(d) Knock-out Period Ending Date:	[Not Applicable / <i>specify</i> ]
(e) Knock-out Valuation Time:	[Scheduled Closing Time]/[Any time on a

- Knock-out Determination Day.]
- (xxvi) Automatic Early Redemption Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to"] Automatic Early Redemption Level]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Automatic Early Redemption Amount: [*specify* / See definition in Condition 20.7.]
- (b) Automatic Early Redemption Date(s): [*Specify*]
- (c) Automatic Early Redemption Level: [*Specify*]
- (d) Automatic Early Redemption Rate: [*Specify*]
- (e) Automatic Early Redemption Valuation Date(s): [*Specify*]

34 **CDS Index Linked Redemption Amount** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

Capitalised terms used herein and not otherwise defined herein or in the Conditions shall have the meaning set out in the 2003 ISDA Credit Derivatives Definitions as supplemented by the May 2003 Supplement to such Definitions, published by the International Swaps and Derivatives Association, Inc. (the **Definitions**) (as, if applicable, supplemented or amended in the Final Terms), and the Credit Derivatives Physical Settlement Matrix published on 7 March 2005 by the International Swaps and Derivatives Association, Inc (the **2005 Matrix**) save that any references to the "Related Confirmation" shall be deemed to refer instead to the "applicable Final Terms", references to the **Credit Derivative Transaction** shall be deemed to refer instead to the **Notes**, references to the **Buyer** shall be deemed to refer instead to the **Issuer**, and references to the **Seller** shall be deemed to refer instead to the **Noteholder(s)**. The

Definitions and the 2005 Matrix are hereby incorporated by reference herein, and shall apply *mutatis mutandis* to the Notes.

In the event of any inconsistency between the capitalised terms defined in the Final Terms and/or the Conditions on the one hand and in the Definitions and the 2005 Matrix on the other, the capitalised terms defined in the Final Terms and/or the Conditions shall prevail.

- (i) CDS Index/Indices: [●].
- (ii) Index Rules and Procedures: A copy of the Index Rules and Procedures [is annexed to these Final Terms / can be obtained from [●]].
- (iii) Relevant Annex: A copy of the Index Rules and Procedures [is annexed to these Final Terms / can be obtained from [●]].
- (iv) Relevant Level: [The level of the Index as determined by the Calculation agent at Valuation Time on any Valuation Date, using the official fixing eventually calculated and/or published by the Index Sponsor or Publisher / The Valuation Method specified below].
- (v) Index Roll: [Applicable / Not Applicable]
- (vi) Formula: [●]
- (vii) Settlement Price: The Settlement Price will be calculated [insert calculation method] / [As set out in the Conditions]
- (viii) Calculation Agent responsible for calculating the redemption amount due: [●] (*NB. Specify name and address*)
- (ix) Provisions for determining redemption amount where calculation by reference to Formula is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of [●]

the Conditions:

- (x) Averaging Averaging [applies/does not apply] to the Notes. [The Averaging Dates are [●].]  
[In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]  
[Modified Postponement]  
*(only applicable if Modified Postponement is applicable as an Averaging election).*  
[Specified Maximum Days of Disruption will be equal to: [●]/[eight]]  
*(if no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*
- (xi) Redemption Valuation Date: *[Specify]*
- (xii) Observation Date(s): [The Observation Date(s) is/are [●]/Not Applicable.] [In the event that an Observation Date is a Disrupted Date/[Omission/Postponement/Modified Postponement] will apply.]
- (xiii) Observation Period: *[Specify/Not Applicable]*
- (xiv) Exchange Business Day: [●]
- (xv) Scheduled Trading Day: [●]
- (xvi) Exchange(s) and Index Sponsor or Index Publisher: (a) the relevant Exchange[s] [is/are] [●];  
(b) the relevant Index Sponsor or Index Publisher is [●]; and  
(c) the relevant Financial Center is [●].
- (xvii) Relevant Time: [Scheduled Closing Time]/[Any time [on the Valuation Date /during the Observation Period.] [The relevant time is [●], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.] *(N.B. if no Relevant Time is specified, the Valuation Time will*

- be the Scheduled Closing Time).*
- (xviii) Additional Disruption Events: [(a)] The following Additional Disruption Events apply to the Notes:  
*(Specify each of the following which applies.)*  
[Change of Law]  
[Credit Event]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[(b)] [The Trade Date is [●]].  
*(N.B. only applicable if Change of Law and/or Increased Cost of Hedging is applicable)]*
- (xix) Market Disruption Specified Maximum Days of Disruption will be equal to [●]/[eight]:  
*(if no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*
- (xx) Knock-in Event: [Not Applicable / specify /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-in Level]]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
[In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (a) Knock-in Level: *[Specify]*
- (b) Knock-in Determination Day(s): *[specify / Each Scheduled Trading Day in the Knock-in Determination Period]*
- (c) Knock-in Period Beginning Date: *[Not Applicable / specify]*
- (d) Knock-in Period Ending Date: *[Not Applicable / specify]*
- (e) Knock-in Valuation Time: *[Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]*

- (xxi) Knock-out Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Level]]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (a) Knock-out Level: [*Specify*]
- (b) Knock-out Determination Day(s): [*specify* / Each Scheduled Trading Day in the Knock-out Determination Period]
- (c) Knock-out Period Beginning Date: [Not Applicable / *specify*]
- (d) Knock-out Period Ending Date: [Not Applicable / *specify*]
- (e) Knock-out Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-out Determination Day.]
- (xxii) Automatic Early Redemption Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to"] Automatic Early Redemption Level]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Automatic Early Redemption Amount: [*specify* / See definition in Condition 19.7.]
- (b) Automatic Early Redemption Date(s): [*Specify*]
- (c) Automatic Early Redemption Level: [*Specify*]
- (d) Automatic Early Redemption Rate: [*Specify*]
- (e) Automatic Early Redemption Valuation Date(s): [*Specify*]
- (xxiii) Settlement: Cash Settlement
- (a) Redemption Valuation Time: As set out in Condition 19 (*specify other*)

- (b) Quotation Method: [●]/[As set out in Condition 19]
- (c) Quotation Amount: [●]/[As set out in Condition 19]
- (d) Cash Settlement Date: As set out in the Conditions (*specify other*)
- (e) Cash Settlement Amount: As set out in the Conditions (*specify other*)
- (f) Quotation: Quotation shall be [●] / [As set out in the Conditions]
- (g) Valuation Method: [Exclude Accrued Interest/Include Accrued Interest] (*set out ISDA valuation method or other valuation method in full*)  
(for determination of Final Price)
- (h) Unwind Amount [Applicable/Not Applicable]
- 35 Credit Linked Redemption Amount** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

Capitalised terms used herein and not otherwise defined herein or in the Conditions shall have the meaning set out in the 2003 ISDA Credit Derivatives Definitions as supplemented by the May 2003 Supplement to such Definitions, published by the International Swaps and Derivatives Association, Inc. (the **Definitions**) (as, if applicable, supplemented or amended in the Final Terms), and the Credit Derivatives Physical Settlement Matrix published on 7 March 2005 by the International Swaps and Derivatives Association, Inc (the **2005 Matrix**) save that any references to the "Related Confirmation" shall be deemed to refer instead to the "applicable Final Terms", references to the **Credit Derivative Transaction** shall be deemed to refer instead to the **Notes**, references to the **Buyer** shall be deemed to refer instead to the **Issuer**, and references to the **Seller** shall be deemed to refer instead to the **Noteholder(s)**. The Definitions and the 2005 Matrix are hereby incorporated by reference herein, and shall apply *mutatis mutandis* to the

Notes.

In the event of any inconsistency between the capitalised terms defined in the Final Terms and/or the Conditions on the one hand and in the Definitions and the 2005 Matrix on the other, the capitalised terms defined in the Final Terms and/or the Conditions shall prevail.

- (i) Are ABS Linked Notes provisions applicable: [Yes/No].
- (ii) Formula and conditions for calculating the Redemption Amount due under the Notes: *[specify Formula and conditions necessary to enable the calculation of interest due]*
- (iii) Calculation Agent responsible for calculating the Redemption Amount due: *[Specify]*
- (iv) Provisions for determining Redemption Amount where calculation by reference to Formula is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions: *[Specify]*
- (v) Reference Period: The period commencing at or after 12.01 a.m., Greenwich Mean Time (**GMT**) on (and including) *[specify date]* and ending at or prior to 11.59 p.m., GMT on (and including, subject as provided below) the Scheduled Termination Date. *[if other period applicable, delete previous sentence and insert applicable provisions]*
- (vi) Scheduled Termination Date: *[Maturity Date unless otherwise specified]*
- (vii) Reference Entity  and any Successor
- Section 2.31 (*Merger of Reference Entity and Seller*) of the Definitions shall not apply to the Notes.
- (viii) Reference Obligation

		First to Default Credit Linked Note: [Not] Applicable
(ix)	Reference Obligation Notional Amount	[●]
(x)	Insurer	[[●]/Not Applicable]
(xi)	Guarantor	[[●]/Not Applicable]
(xii)	All Guarantees	[Applicable/Not Applicable]
(xiii)	Obligation	Obligation [●] Category:  Obligation [●] Characteristics:  Excluded [●] Obligations:
(xiv)	Grace Period:	[The number of days equal to the grace period with respect to payments in accordance with the terms of, and under, the relevant Obligation, and, if no grace period is applicable, zero. / <i>insert maximum number of days</i> ]
(xv)	Maturity Date Extension:	[Applicable]
(xvi)	Credit Events	[Bankruptcy Failure to Pay Loss Event Obligation Acceleration Obligation Default Rating Downgrade Repudiation/Moratorium Restructuring: [Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable] [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Applicable] [Multiple Holder Obligation: Applicable] [Other: <i>Specify</i> ]

- (xvii) Payment Requirement: [Applicable/Not Applicable]  
*[Specify]*  
 (If not specified, Payment Requirement will be USD1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the Failure to Pay or Potential Failure to Pay, as applicable).
- (xviii) Default Requirement: [Applicable/Not Applicable]  
*[Specify]*  
 (If not specified, Default Requirement will be USD10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event).
- (xix) Conditions to Settlement (if any): *Where Cash Settlement is specified:*  
 Delivery by the Issuer of a Credit Event Notice, a Reference Obligation Notice [and a Notice of Publicly Available Information]
- Where Physical Settlement is specified:*  
 Delivery by the Issuer of a Credit Event Notice, a Notice of Physical Settlement [and a Notice of Publicly Available Information]
- [Notice of Publicly Available Information:  
**Specified Number:** [●] (*if applicable and not specified, it shall be two*)]
- (xx) Settlement: [Cash/Physical] Settlement (*please specify*)
- (if Physical Settlement applies, include the following):*
- (a) Deliverable Obligations: [Exclude Accrued Interest]
- (b) Deliverable Obligations: Deliverable Obligation [●]  
 Category:  
 Deliverable Obligation Not Subordinated/  
 Characteristics: Specified  
 Currency/  
 Standard  
 Specified

Currencies/  
Not Sovereign  
Lender/  
Not Domestic  
Currency/ Not  
Domestic Law/  
Listed/  
Not  
Contingent/Not  
Domestic  
Issuance/  
Assignable Loan/  
Consent Required  
Loan/  
Transferable/Max  
imum Maturity  
[30 years]/  
Accelerated or  
Matured/Not  
Bearer/*Other*]

Excluded Obligations: [None]

- (c) Physical Settlement Period: The longest of the number of Business Days for settlement in accordance with the then current market practice of any Deliverable Obligation being Delivered, as determined by the Calculation Agent, subject to a minimum of [30/90/120/*other*] Business Days following the satisfaction of all Conditions to Settlement.
- (d) Number of calendar days' notice (Notice of Physical Settlement): [0/5/*specify number*] days [*insert number of calendar days prior to Physical Settlement Date*]
- (e) Physical Settlement Date: The date within the Physical Settlement Period upon which all the Deliverable Obligations specified in the Notice of Physical Settlement are Delivered; provided that if on the last day of the Physical Settlement Period the

Deliverable Obligations specified in the Notice of Physical Settlement cannot be Delivered due to any reason as set out in Conditions 18.7, 18.8, 18.9 and 18.10 (*Partial Cash Settlement Terms*), the Physical Settlement Date shall be the last day of the Physical Settlement Period.

- (f) Latest Permissible Physical Settlement Date: [[*specify number*] days after the final day of the Physical Settlement Period].
- (g) Unwind Amount: [Applicable/Not Applicable]
- (if Cash Settlement is applicable, insert the following)*
- (a) Valuation Date: [•]
- (b) Valuation Time: As set out in the Condition (*specify other*)
- (b) Quotation Method: [•]
- (c) Quotation Amount: [•]
- (d) Cash Settlement Date: As set out in the Conditions (*specify other*)
- (e) Cash Settlement Amount: As set out in the Conditions (*specify other*)
- (f) Quotation: [•]
- (g) Valuation Method: [Exclude Accrued Interest/Include Accrued Interest] (*set out ISDA valuation method or other valuation method in full*)  
(for determination of Final Price)
- (h) Unwind Amount [Applicable/Not Applicable]
- (xxi) Knock-in Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/" less than"/"less than or equal to" Knock-in Level]]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (a) Knock-in Level: [*Specify*]

- (b) Knock-in Determination Day(s): [*specify* / Each Scheduled Trading Day in the Knock-in Determination Period]
- (c) Knock-in Period Beginning Date: [Not Applicable / *specify*]
- (d) Knock-in Period Ending Date: [Not Applicable / *specify*]
- (e) Knock-in Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]
- (xxii) Knock-out Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Level]]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (a) Knock-out Level: [*Specify*]
- (b) Knock-out Determination Day(s): [*Specify* / Each Scheduled Trading Day in the Knock-out Determination Period]
- (c) Knock-out Period Beginning Date: [Not Applicable / *specify*]
- (d) Knock-out Period Ending Date: [Not Applicable / *specify*]
- (e) Knock-out Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-out Determination Day.]

**36 Equity Linked Redemption Amount:**

- [Applicable/Not Applicable]
- (if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Share(s): [•]
- (ii) ISIN of Share(s): [*Specify*]
- (iii) Screen Page/Exchange Code: [*Specify*]
- (iv) Formula: [•]
- (v) Settlement Price: The Settlement Price will be calculated [insert calculation method] / [As set out in the Conditions]
- (vi) Calculation Agent responsible for [•] *(NB. Specify name and address)*

calculating the redemption amount due:

- (vii) Provisions for determining redemption amount where calculation by reference to Formula is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions:
- (viii) Averaging  Averaging [applies/does not apply] to the Notes. [The Averaging Dates are .]
- [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]
- [Modified Postponement]
- (only applicable if Modified Postponement is applicable as an Averaging election).*
- [Specified Maximum Days of Disruption will be equal to: /[eight]]
- (if no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)
- (ix) Redemption Valuation Date: *[Specify]*
- (x) Observation Date(s): [The Observation Date(s) is/are /Not Applicable].]
- [In the event that an Observation Date is a Disrupted Date/[Omission/Postponement/Modified Postponement] will apply.]
- (xi) Observation Period: *[Specify]* [Not Applicable]
- (xii) Exchange Business Day:
- (xiii) Scheduled Trading Day :
- (xiv) Exchange(s): The relevant Exchange[s] [is/are] .
- (xv) Related Exchange(s) *[Specify]*/Each exchange or quotation

system on which option contracts or futures contracts relating such Share are traded]

(xvi) Relevant Time:

[Scheduled Closing Time/Any time [on the Valuation Date /during the Observation Period.] [The relevant time is [●], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.] *(N.B. if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time).*

(xvii) Additional Disruption Events:

[(a)] The following Additional Disruption Events apply to the Notes:

*(Specify each of the following which applies.)*

[Change of Law]

[Hedging Disruption]

[Failure to Deliver due to Illiquidity]

[Increased Cost of Hedging]

[Increased Cost of Stock Borrow]

[Insolvency Filing]

[Loss of Stock Borrow]

[(b)] [The Trade Date is [●].

*(N.B. only applicable if Change of Law and/or Increased Cost of Hedging is applicable)]*

[(c)] [The Maximum Stock Loan Rate in respect of *[specify in relation to each relevant Share]* is [●].

*(N.B. only applicable if Loss of Stock Borrow is applicable)]*

[(d)] [The Initial Stock Loan rate in respect of *[specify in relation to each relevant Share]* is [●].

*(N.B. only applicable if Increased Cost of Stock Borrow is applicable)]*

(xviii) Market Disruption	Specified Maximum Days of Disruption will be equal to [●]/[eight]:  (if no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)
(xix) Tender Offer	[Applicable/Not Applicable]
(xx) Merger Event, Tender Offer, De-listing, Nationalisation and Insolvency ( <i>delete as appropriate</i> )	Share Substitution [is applicable/is not applicable]
(xxi) Knock-in Event:	[Not Applicable / <i>specify</i> /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-in Price]]  <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>  [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
(a) Knock-in Price:	<i>[Specify]</i>
(b) Knock-in Determination Day(s):	<i>[specify</i> / Each Scheduled Trading Day in the Knock-in Determination Period]
(c) Knock-in Period Beginning Date:	[Not Applicable / <i>specify</i> ]
(d) Knock-in Period Ending Date:	[Not Applicable / <i>specify</i> ]
(e) Knock-in Valuation Time:	[Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]
(f) Knock-in Number of Shares:	<i>[specify</i> / See definition in Condition 5 of the Shared Linked Conditions]
(xxii) Knock-out Event:	[Not Applicable / <i>specify</i> /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Price]]  <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>  [In the event that a Knock-out Determination Day is a Disrupted Day,

- [Omission/Postponement/Modified Postponement] will apply.]
- (a) Knock-out Price: *[Specify]*
  - (b) Knock-out Determination Day(s): *[specify / Each Scheduled Trading Day in the Knock-out Determination Period]*
  - (c) Knock-out Period Beginning Date: *[Not Applicable / specify]*
  - (d) Knock-out Period Ending Date: *[Not Applicable / specify]*
  - (e) Knock-out Valuation Time: *[Scheduled Closing Time]/[Any time on a Knock-out Determination Day.]*
  - (f) Knock-out Number of Shares: *[specify / See definition in Condition 5 of the Equity Linked Conditions]*
- (xxiii) Automatic Early Redemption Event: *[Not Applicable / specify /["greater than"/"greater than or equal to"/"less than"/"less than or equal to"] Automatic Early Redemption Price]*
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Automatic Early Redemption Amount: *[specify / See definition in Condition 6 of the Equity Linked Conditions]*
  - (b) Automatic Early Redemption Date(s): *[Specify]*
  - (c) Automatic Early Redemption Price: *[Specify]*
  - (d) Automatic Early Redemption Rate: *[Specify]*
  - (e) Automatic Early Redemption Valuation Date(s): *[Specify]*
  - (f) Automatic Early Redemption Number of Shares: *[Not Applicable / specify]*

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**Inflation Indexed Redemption Amount**

*[Applicable/Not Applicable]*

*(if not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Index/Indices: *[•]*
- (ii) Formula: *[•]*
- (iii) Calculation Agent responsible for calculating the redemption amount: *[•] (NB. Specify name and address)*

due:

- (iv) Provisions for determining redemption amount where calculation by reference to Formula is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions: [●]
- (v) Cut-Off Date: [●]/[Not Applicable]
- (vi) Related Bond: [●]/Fall Back Bond
- (vii) Issuer of Related Bond: [●]/[Not Applicable]
- (viii) Fall Back Bond: [Applicable/Not Applicable]
- (ix) Index Sponsor: (a) the relevant Exchange[s] [is/are] [●] and;  
(b) the relevant Index Sponsor is [●].
- (x) Related Bond Redemption Event: [Applicable/Not Applicable]
- (xi) Determination Date: [●]
- (xii) Index Sponsor: [●]
- (xiii) Knock-in Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-in Level]]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (a) Knock-in Level: [*Specify*]
- (b) Knock-in Determination Day(s): [*specify* / Each Scheduled Trading Day in the Knock-in Determination Period]
- (c) Knock-in Period Beginning Date: [Not Applicable / *specify*]
- (d) Knock-in Period Ending Date: [Not Applicable / *specify*]
- (e) Knock-in Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]

- (xiv) Knock-out Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Level]]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (a) Knock-out Level: [*Specify*]
- (b) Knock-out Determination Day(s): [*Specify* / Each Scheduled Trading Day in the Knock-out Determination Period]
- (c) Knock-out Period Beginning Date: [Not Applicable / *specify*]
- (d) Knock-out Period Ending Date: [Not Applicable / *specify*]
- (e) Knock-out Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-out Determination Day.]
- (xv) Scheduled Trading Day: [Not Applicable / *specify*]
- (xvi) Other Provisions: [•]

**38 Currency Linked Redemption Amount**

- [Applicable/Not Applicable]
- (if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Formula / Exchange Rate(s): [•]
- (ii) Calculation Agent responsible for calculating the redemption amount due: [•] *(NB. Specify name and address)*
- (iii) Provisions for determining redemption amount where calculation by reference to Formula / Exchange Rate(s) is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions: [•]

- (iv) Knock-in Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-in Level]]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (a) Knock-in Level: [*Specify*]
- (b) Knock-in Determination Day(s): [*specify* / Each Scheduled Trading Day in the Knock-in Determination Period]
- (c) Knock-in Period Beginning Date: [Not Applicable / *specify*]
- (d) Knock-in Period Ending Date: [Not Applicable / *specify*]
- (e) Knock-in Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]
- (v) Knock-out Event: [Not Applicable / *specify* /["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Level]]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (a) Knock-out Level: [*Specify*]
- (b) Knock-out Determination Day(s): [*Specify* / Each Scheduled Trading Day in the Knock-out Determination Period]
- (c) Knock-out Period Beginning Date: [Not Applicable / *specify*]
- (d) Knock-out Period Ending Date: [Not Applicable / *specify*]
- (e) Knock-out Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-out Determination Day.]
- (vi) Other Provisions [●]

<b>39</b>	<b>Hybrid Linked Redemption Amount</b>	<p>[Applicable/Not Applicable]</p> <p><i>(if not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p> <p>(i) Formula: [●]</p> <p>(ii) Calculation Agent responsible for calculating the redemption amount due: [●] <i>(NB. Specify name and address)</i></p> <p>(iii) Provisions for determining redemption amount where calculation by reference to Formula is (a) totally or partially different from the method set out in the Conditions, (b) impossible, (c) impracticable or (d) requires references to other provisions of the Conditions: [●]</p> <p>(iv) Other Provisions [●]</p>
<b>40</b>	<b>Early Redemption Amount</b>	<p>(i) Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default and/or the method of calculating the same (if required or if different from that set out in Condition 5(e)): [[●] per Calculation Amount / <i>Specify other</i>]</p> <p>(ii) Early Redemption Unwind Costs [Applicable/Not Applicable]</p> <p>[If Applicable: Standard Early Redemption Unwind Costs / <i>insert other</i>]</p>
<b>41</b>	<b>Provisions applicable to Physical Delivery:</b>	<p>[Applicable/Not Applicable]</p> <p><i>(if not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p> <p>[(i)Entitlement in relation to each Note Entitlement in relation to each Note is <i>[Specify]</i></p> <p>[(ii) Relevant Asset(s): [As specified above] /The relevant asset to which the Notes relate [is/are] [●].</p> <p>[(iii) Settlement Business Day(s): <i>[Specify]</i></p>
<b>42</b>	<b>Variation of Settlement:</b>	<p>(a) Issuer's option to vary settlement The Issuer [has/does not have] the option</p>

(b) Variation of Settlement of Physical Delivery Notes:

to vary settlement in respect of the Notes.

[Notwithstanding the fact that the Notes are Physical Delivery Notes, the Issuer may make payment of the Redemption Amount on the Maturity Date and the provisions of Condition 4(b)(B)(ii) will apply to the Notes./The Issuer will procure delivery of the Entitlement in respect of the Notes and the provisions of Condition 4(b)(B)(ii) will not apply to the Notes.]

### GENERAL PROVISIONS APPLICABLE TO THE NOTES

**43 Form of Notes:**

Bearer Notes:

[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event].

[Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date.]]

[Yes/No]

**44** Additional Financial Centre(s) or other special provisions relating to Payment Days for the purposes of Condition 4(a):

[Not Applicable/*give details*] (*Note that this paragraph relates to the place of payment*)

**45** Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature):

[Yes/No. *If yes, give details*]

**46** Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and, if different from those specified in the Temporary Global Note, consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

[Not Applicable/*give details*]

1

You should only elect "yes" opposite "New Global Note" if you have elected "yes" to the Section in Part B under the heading "Operational Information" entitled "Intended to be held in a manner which would allow Eurosystem eligibility".

<b>47</b>	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/ <i>give details</i> ]
	[(i) Instalment Amount(s):	[•]
	(ii) Instalment Date(s):	[•]]
<b>48</b>	Redenomination provisions:	[Not Applicable/The provisions [in Condition 3] [annexed to these Final Terms] apply]
<b>49</b>	Consolidation provisions:	[Not Applicable/The provisions annexed to these Final Terms apply]
<b>50</b>	<b>Other final terms or special conditions:</b>	[Not Applicable/ <i>give details/specify rating, if applicable/specify any Payment Disruption Events and the consequences thereof, if applicable, for the purpose of the settlement provisions</i> ]

## DISTRIBUTION

<b>51</b>	(i) If syndicated, names [and addresses] <sup>2</sup> of Managers [and underwriting commitments] <sup>2</sup> :	[Not Applicable/ <i>give names</i> ] [and addresses and underwriting commitments] <sup>2</sup>  <i>(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)<sup>2</sup></i>
	(ii) Date of [Subscription Agreement] <sup>2</sup>	[•] <sup>2</sup>
	(iii) Stabilising Manager (if any):	[Not Applicable/ <i>give name</i> ]
<b>52</b>	If non-syndicated, name of Dealer:	[Not Applicable/ <i>give name(s)</i> ]
<b>53</b>	Total commission and concession <sup>2</sup> :	[•] per cent. of the Aggregate Nominal Amount <sup>2</sup>
<b>54</b>	Additional selling restrictions:	[Not Applicable/ <i>give details</i> ]

<sup>2</sup> Not compulsory for debt securities with a denomination per unit of at least EUR 50,000.  
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## OPERATIONAL INFORMATION

- 55 ISIN Code: [●]
- 56 Common Code: [●]
- 57 Any clearing system(s) other than Euroclear and Clearstream, Luxembourg approved by the Issuer and the Principal Paying Agent and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- 58 Delivery: Delivery [against/free of] payment
- 59 Additional Paying Agent(s) (if any): [Not Applicable/give name]

## [LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the € 2,000,000,000 Structured Euro Medium Term Note Programme of Crédit Industriel et Commercial.]

- (i) Listing: [Luxembourg Stock Exchange's Regulated Market/specify other/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [●] with effect from [●].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading)*
- (iii) Estimate of total expenses related to admission to trading: [●]\*

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:

By: \_\_\_\_\_

Duly authorised

## PART B - OTHER INFORMATION

### 1 Ratings

Ratings:

The Notes to be issued have been rated:

[Standard & Poor's: [●]]

[Moody's: [●]]

[Fitch: [●]]<sup>1</sup>

[The following ratings reflect the ratings allocated to the Notes of the type being issued under the Programme generally:

Standard & Poor's: [●]]

[Moody's: [●]]

[Fitch: [●]]<sup>2</sup>

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider, for example:*

### 2 [Risk Factors

*[Include any product specific risk factors which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included consideration should be given as to whether they constitute "significant new factors" and consequently trigger the need for either (i) a supplement to the Base Prospectus under Article 16 of the Prospectus Directive and the relevant implementing measures in the Grand Duchy of Luxembourg, the publication of which would in turn trigger the investors' right to withdraw their acceptances within a 48 hour time period or (ii) a Prospectus.]]*

*[Investors may lose the value of their entire investment or part of it, as the case may be, and/or, if the investor's liability is not limited to the value of its investment, a statement of that fact, together with a description of the circumstances in which such additional liability arises and the likely financial effect.]*

### 3 Notification

The *Commission de Surveillance du Secteur Financier*, which is the Luxembourg competent authority for the purpose of the Prospectus Directive and the relevant implementing measures in the Grand Duchy of Luxembourg, [has been requested to provide/has provided - *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the [include names of

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<sup>1</sup> Insert where the issue has been specifically rated

<sup>2</sup> Insert where the issue has not been specifically rated

*competent authorities of host Member States]* with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive and the relevant implementing measures in the Grand Duchy of Luxembourg.]

#### **4 [Interests of Natural and Legal Persons Involved in the Issue**

*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

"Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue or offer of the Notes has an interest material to the issue or offer."

#### **5 Reasons for the Offer[, Estimated Net Proceeds and Total Expenses]<sup>1</sup>**

Reasons for the offer

[[●] / As Specified in the Base Prospectus]

*(See "Use of Proceeds" wording in Base Prospectus - if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

[Estimated net proceeds:

[●]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

Estimated total expenses:

[●] [Include breakdown of expenses]<sup>2</sup>

*(N.B.: if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of such net proceeds and total expenses at (ii) and (iii) above are also required.)*

#### **6 [Fixed Rate Notes only - Yield**

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<sup>1</sup> If the Notes are derivatives securities to which Annex XII of the Prospectus Regulation applies, disclosure in respect of Estimated Net Proceeds and Total Expenses is only required if reasons for the offer are disclosed.

<sup>2</sup> Not compulsory for debt securities with a denomination per unit of at least EUR 50,000.

Indication of yield: [●]  
 [Calculated as *[include details of method of calculation in summary form]* on the Issue Date.]<sup>2</sup>  
 [As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. ]

**7 [Floating Rate Notes only- Historic Interest Rates**

[Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]<sup>2</sup>

**8 [Performance of Index/ Equity/ Inflation/ Currency Rate/ Formula/ other variable, Explanation of Effect on Value of Investment and Associated Risks and Other Information concerning the Underlying**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]<sup>3</sup> [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]<sup>4</sup>*

- [Name of the Issuer of the underlying security: [●]
- ISIN Code: [●]
- Underlying Interest Rate: [●]
- Exercise price or final reference price of the underlying: [●]
- Relevant weightings of each underlying on the basket: [●]
- Description of any market disruption or settlement disruption events concerning the underlying: [●]
- Adjustment rules with relation to events [●]

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<sup>2</sup> Not required for debt securities with a denomination per unit of at least EUR 50,000 (or its equivalent in the relevant currency as of the Issue Date).

<sup>2</sup> Not compulsory for debt securities with a denomination per unit of at least EUR 50,000.

<sup>3</sup> Not required for debt securities with a denomination per unit of at least EUR 50,000, but required for derivative securities

<sup>4</sup> Required for derivative securities.

concerning the underlying:

Source of information relating to the [●]  
[index/indices]:

Place where information to the [●]  
[index/indices] can be obtained:

Expiration/Maturity date of derivative [●]  
securities

Exercise date or final reference date [●]]

Where the underlying is not an index need to include equivalent information. Where the underlying is a security need to include the name of the issuer of the security and the ISIN or equivalent identification number. Where the underlying is a basket of underlying, need to include the relevant weightings of each underlying in the basket.

Need to include a description of any market disruption or settlement disruption events that affect the underlying and any adjustment rules in relation to events concerning the underlying (if applicable).

## 9 Underlying Disclaimer<sup>5</sup>

[For use in connection with Indices (including Inflation Indices)]

[The issue of this series of Notes (in this paragraph, the **Transaction**) is not sponsored, endorsed, sold, or promoted by [NAME OF INDEX] (the **Index**) or [NAME OF INDEX] (the **Index Sponsor**) and the Index Sponsor [makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with entering into any Transaction. The Issuer shall not have any liability for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date, neither the Issuer nor its affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.]

[For additional use in connection with Inflation Indices]

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<sup>5</sup>

Include for Index Notes (including Inflation Linked Notes).

### **[Related Bond Disclaimer**

The Notes are not sponsored, endorsed, sold or promoted by the issuer of the Related Bond and the issuer of the Related Bond has made no representation whatsoever, whether express or implied, as to the performance of the Related Bond and/or any amendments, adjustments or modifications to the terms and conditions of the Related Bond, and/or as to the results to be obtained from the use of any value or index level determined or derived with respect to the Related Bond or otherwise. The issuer of the Related Bond shall not be liable (whether in negligence or otherwise) to any person for any error in the index level or any value determined or derived with respect to the Related Bond and such issuer is under no obligation to advise any person of any error with respect thereto. The issuer of the Related Bond has made no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. Neither the issuer of the Related Bond nor any calculation agent in respect thereof shall have any liability to any person for any act or failure to act in connection with the Related Bond.]

## **10 OPERATIONAL INFORMATION**

Intended to be held in a manner which would allow Euro system eligibility<sup>1</sup>:

[Yes] [No].

[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs<sup>2</sup> as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][include this text if "yes" selected in which case the Notes must be issued in NGN form]

## **11 [Terms and Conditions of the Public Offer]<sup>2</sup>**

The time period, including any possible amendments, during which the offer will be open and description of the application process:

[●] to [●]

*(Should be from the date of publication of the Final Terms to a specified date or formula such as "the Issue Date" or "the date which falls [●] Business Days hereafter".)*

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<sup>1</sup> See Part A - "Form of Notes - New Global Note".

<sup>2</sup> The International Central Securities Depositories (i.e. Euroclear S.A. / N.V. and Clearstream Banking, société anonyme.

<sup>2</sup> Not compulsory for debt securities with a denomination per unit of at least EUR 50,000.

Offer Price:	The Issuer has offered the Notes to the Managers at the initial price of [●] less a total commission of [●]. <i>OR (where the price is determined at the date of the Final Terms)</i> The issue price of the Notes will be determined by the Issuer and the [Managers] on or about [●] in accordance with market conditions then prevailing, including [supply and demand for the Notes and other similar securities] [and] [the then current market price of [ <i>insert relevant benchmark security, if any</i> ].]
Conditions to which the offer is subject:	[Offer of the Notes are conditional on their issue [and on any additional conditions set out in the standard terms of business of the Financial Intermediaries, notified to Investors by such Financial Intermediaries]]
[Description of the application process:	<i>N/A unless full application process is being followed in relation to this issue]</i>
[Details of the minimum and/or maximum amount of application: <sup>3</sup>	<i>N/A unless full application process is being followed in relation to this issue]</i>
[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by the applicants:	<i>N/A unless full application process is being followed in relation to this issue]</i>
Details of the method and time limits for paying up and delivering the Notes:	[The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys. Investors will be notified by the relevant Financial Intermediary of their allocation of Notes and the settlement arrangement in respect thereof.]
[Manner and date in which results of the offer are to be made public:	<i>N/A unless the issue is an “up” issue when disclosure must be included]</i>
[Procedure for exercise of any right of pre-emption, negotiability and subscription rights and treatment of the subscription rights not exercised:	<i>N/A unless full application process is being followed in relation to this issue.]</i>
Categories of potential investors to which the Notes are offered:	[offers may be made by the Financial Intermediaries in [ <i>insert jurisdiction where</i>

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<sup>3</sup> Whether in number of securities or aggregate amount to invest.

*the Prospectus has been approved and published and jurisdictions into which it has been passported]* to any person [*insert suitability criteria, if any are deemed appropriate pursuant to any applicable conduct of business rules*]. In other EEA countries, offers will only be made by the Financial Intermediaries pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus.]

*[For example:*

*"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.*

*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 €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts."*

[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:

*[Process for notification – N/A unless full application process is being followed to the issue.]*

No dealing in the Notes on a regulated market for the purposes of the Investment Service Directive 93/22/EC may take place prior to the Issue Date]

[Amount of any expenses and taxes specifically charged to the subscriber or purchaser

[ ]]

## 12 [Placing and Underwriting]<sup>2</sup>

Name and address of the co-ordinator(s) of the global offer and of single parts of the offer:<sup>3</sup>

[●]

Name and address of any paying agents and depository agents in each country (in addition

[●]

<sup>2</sup> Required for derivative securities.

<sup>3</sup> To the extent known to the Issuer, of the placers in the various countries where the offer takes place.

to the Principal Paying Agent):

Entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements:<sup>4</sup> [●]

When the underwriting agreement has been or will be reached: [●]

**[PART C – ANNEX**

*[NB. This Part C is to be used for all additional information relating to a given series of Notes such as information on the underlying)*

[●]

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<sup>4</sup>

Where not all of the issue is underwritten, a statement of the portion not covered.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by Crédit Industriel et Commercial (the **Issuer**) subject to, and with the benefit of, the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a Global Note), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 21 November 2007 and made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the deed of covenant (the **Deed of Covenant**) dated 21 November 2007 and made by the Issuer. The original of the Deed of Covenant is held by a common depositary on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme, Luxembourg (**Clearstream, Luxembourg**).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Agent and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Directive 2003/71/EC (the **Prospectus Directive**), the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

## **1. FORM, DENOMINATION AND TITLE**

The Notes are in bearer form in the Specified Currency and Specified Denomination(s) and definitive Notes will be serially numbered. This Note is, to the extent specified in the applicable Final Terms, a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a Note linked to the underlying reference asset(s) (an **Underlying Reference(s)**) specified in the applicable Final Terms such as a Credit Linked Note, CDS Index Linked Note, an Index Linked Note, an Equity Linked Note, an Inflation Linked Note, a Currency Linked Note, a Hybrid Note, or a Dual Currency Note, or any appropriate combination thereof or, subject to all applicable laws and regulations, any other type of Note specified in the applicable Final Terms.

Definitive Notes are issued with Coupons attached and, if applicable, Talons attached unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

In the case of any Equity Linked Notes, Credit Linked Notes or Hybrid Notes, the applicable Final Terms will specify whether the Notes are Cash Settled Notes or Physical Delivery Notes. Save as otherwise specified in the applicable Final Terms, **Cash Settled Notes** will be redeemed by the payment to the Noteholders of such amount as is specified in the applicable Final Terms and **Physical Delivery Notes** will be redeemed by the delivery of the Relevant Asset(s) specified in the applicable Final Terms.

Subject as set out below, title to the Notes, Coupons and Receipts will pass by delivery. The Issuer and the Paying Agents, to the extent permitted by applicable law, may deem and treat the bearer of any Note, Coupon or Receipt as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms (including Euroclear France and the *Intermédiaires financiers habilités* authorised to maintain accounts therein (together, **Euroclear France**)) approved by the Issuer and the Agent.

## **2. STATUS OF THE NOTES AND NEGATIVE PLEDGE**

### **2.1 Status**

The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 2.2) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

### **2.2 Negative Pledge**

So long as any of the Notes remains outstanding, the Issuer will not create or have outstanding any mortgage, charge, lien, pledge or other security interest (*sûreté réelle*) (each a **Security Interest**) upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that the Issuer's obligations under the Notes and the Coupons either:

- (a) are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or

- (b) have the benefit of such other Security Interest, guarantee, indemnity or other arrangement (whether or not it includes the giving of a Security Interest) as shall be approved by an Extraordinary Resolution of the Noteholders.

For the purposes of this Condition 2.2, **Relevant Indebtedness** means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which (with the consent of the issuer of the indebtedness) are for the time being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness.

### 3. REDENOMINATION

#### 3.1 Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 13, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (a) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Agent, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Agent may approve) euro 0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and

Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

- (e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on a Fixed Interest Date, it will be calculated:
  - (i) in the case of the Notes represented by a global Note, by applying the Rate of Interest to the full nominal amount outstanding of the Notes, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention; and
  - (ii) in the case of Definitive Notes, by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention and then multiplying such rounded figure by the number of times the relevant Definitive Note can be divided by the Calculation Amount;
- (g) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (h) such other changes shall be made to these Conditions as the Issuer may decide, after consultation with the Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

### 3.2 Definitions

In these Conditions, the following expressions have the following meanings:

**Established Rate** means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 1091(4) of the Treaty;

**Euro** or **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

**Redenomination Date** means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

**Treaty** means the Treaty establishing the European Community, as amended.

#### 4. INTEREST

##### 4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Fixed Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. For so long as any of the Fixed Rate Notes is represented by a Global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the full nominal amount outstanding of the Fixed Rate Notes (or, if they are Partly Paid Notes, the full amount paid up) and will be paid to Clearstream, Luxembourg and Euroclear for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures. In respect of each definitive Fixed Rate Note, interest will be calculated on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up).

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period or if, in the case of Notes in definitive form, no Fixed Coupon Amount is specified in the applicable Final Terms, such interest shall be calculated by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, the full nominal amount outstanding of the Fixed Rate Notes (or, if they are Partly Paid Notes, the full amount paid up); or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

- (c) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:
- (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
  - (d) if **30/360** is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

**Determination Period** means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

## 4.2 Interest on variable interest Notes

### (a) Interest Payment Dates

Unless otherwise specified in the applicable Final Terms, each Floating Rate Note or other Note which is subject to a variable rate of interest (any such Note or Floating Rate Note, a **Variable Interest Note**), bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls on the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each **Interest Period** (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date). For so long as any of the Variable Interest Notes is represented by a global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the full nominal amount outstanding of the relevant Notes (or, if they are Partly Paid Notes, the full amount paid up) and will be paid to Clearstream, Luxembourg and Euroclear for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures. In respect of each definitive Variable Interest Note, interest will be calculated on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions and unless otherwise specified, **Business Day** means a day which is both:

- (a) a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (**TARGET**) System (the **TARGET System**) is open (a **TARGET Business Day**) and a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, TARGET Business Day.

**(b) Rate of Interest**

The Rate of Interest payable from time to time in respect of Variable Interest Notes will be determined in the manner specified in the applicable Final Terms.

**(i) ISDA Determination**

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (iii), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London interbank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (iii), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

**(ii) FBF Determination**

- (A) Where FBF Determination is specified in the applicable Final Terms, interest will be payable on such dates, at such a rate (the **FBF Rate**) and in such amounts, plus or minus the Margin (if any), as would have been payable (regardless of any event of default or termination event thereunder) by the

Issuer if it had entered into an interest rate swap transaction governed by an agreement in the form of the Master Agreement relating to transactions on forward financial instruments (a **FBF Agreement**), as in effect on the date of issue of the Notes, published by the *Fédération Bancaire Française* and evidenced by a Confirmation (as defined in the FBF Agreement) with the holder of the relevant Note under which:

- (i) the Issuer was the Floating Amount Payer;
  - (ii) the Agent (as defined herein) was the Agent (as defined in the FBF Agreement) or as otherwise specified in the applicable Final Terms;
  - (iii) the Interest Commencement Date was the Transaction Date;
  - (iv) the lowest Specified Denomination was the Notional Amount;
  - (v) the Interest Payment Dates were the Floating Amount Payment Dates; and
  - (vi) all other terms were as specified in the applicable Final Terms.
- (B) When paragraph (A) above applies, in respect of each relevant Interest Payment Date:
- (i) the amount of interest determined for such Interest Payment Date will be the Interest Amount for the relevant Interest Period for the purposes of these Conditions as though determined under paragraph (d) below;
  - (ii) the Rate of Interest for such Interest Period will be the Floating Rate (as defined in the FBF Agreement) determined by the Agent in accordance with paragraph (A) above; and
  - (iii) the Agent will be deemed to have discharged its obligations under paragraph (d) below if it has determined the Rate of Interest and the Interest Amount payable on such Interest Payment Date in the manner provided in the preceding sentence.

(iii) Screen Rate Determination

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate(s) which appears or appear, as the case may be, on the Screen Page as at 11.00 a.m., (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such

offered quotations are available on the Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Variable Interest Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

**(c) Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

**(d) Determination of Rate of Interest and calculation of Interest Amount**

The Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of other Variable Interest Notes, will, on or as soon as practicable after each time at which the Rate of Interest is to be determined (the **Interest Determination Date**), determine the Rate of Interest for the relevant Interest Period. In the case of Variable Interest Notes (other than Floating Rate Notes), the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

Save as otherwise specified in the applicable Final Terms, or in circumstances where FBF Determination is applicable, the Agent will calculate the amount of interest (the **Interest Amount**) payable in respect of Variable Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Variable Interest Notes which are represented by a Global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, the full nominal amount outstanding of the relevant Notes (or, if they are Partly Paid Notes, the full amount paid up); or
- (B) in the case of Variable Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Variable Interest Note in definitive form

comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

- (i) if "Actual/365" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

**(e) Notification of Rate of Interest and Interest Amounts**

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Variable Interest Notes are for the time being listed (by no later than the first day of each Interest Period or if that is impracticable, as soon as reasonably practicable upon the determination of such Rate of Interest and Interest Amount). Each Interest Amount and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period.

**(f) Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, by the Agent or, if applicable, Calculation Agent, shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Agent, the other Paying Agents, and, if applicable, the Calculation Agent and all Noteholders, Receiptholders and Couponholders, and (in the absence of wilful default, fraud or bad faith) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or, if applicable, the Calculation Agent, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**4.3 Interest on Dual Currency Notes**

The rate or amount of interest payable in respect of Dual Currency Notes shall be determined in the manner specified in the applicable Final Terms.

**4.4 Interest on Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

**4.5 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal (and/or delivery of the Physical Delivery Amount (if applicable)) is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

**5. PAYMENTS**

**5.1 Method of payment**

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

## 5.2 Presentation of definitive Notes, Receipts and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 5.1 above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note, other Variable Interest Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

### **5.3 Payments in respect of Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

### **5.4 General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

### **5.5 Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) the relevant place of presentation;
  - (ii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET System is open.

## **5.6 Interpretation of principal and interest**

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.6); and
- (g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

Any reference in this Condition 5 to payment or repayment (as the case may be) of principal and/or interest and other similar expressions shall, where the context so admits, be deemed to refer also to delivery of any Asset Amount relating to Physical Delivery Notes.

## **5.7 Physical Delivery Notes**

- (a) **Physical Delivery**
  - (i) Asset Transfer Notices

In relation to Physical Delivery Notes, in order to obtain delivery of the Asset Amount(s) in respect of any Note:

- (A) if such Note is represented by a Global Note, the relevant Noteholder must deliver to Euroclear or Clearstream, Luxembourg (as applicable) (each a relevant **Clearing System**), with a copy to the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice; and
- (B) if such Note is in definitive form, the relevant Noteholder must deliver to any Paying Agent with a copy to the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice.

For the purposes of this Condition:

**Asset Amount** means the amount of Relevant Asset relating to each Note as set out in the Final Terms;

**Asset Transfer Notice** means asset transfer notice in the form set out in the Agency Agreement duly completed in accordance with the provisions of this Condition;

**Cut-off Date** means the date falling three Business Days prior to the Delivery Date; and

**Relevant Asset** means the Reference Underlying defined as such in the applicable Final Terms.

Copies of the Asset Transfer Notice may be obtained during normal business hours from the specified office of any Paying Agent.

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note in such manner as is acceptable to the relevant Clearing System, or (ii) if such Note is in definitive form, in writing together with the Note.

The Asset Transfer Notice shall:

- (C) specify the name and address of the relevant Noteholder and the person from whom the Issuer may obtain details for the delivery of the Asset Amount and any details required for delivery of the Asset Amount set out in the applicable Final Terms;
- (D) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject to such notice and the number of the Noteholder's account at the relevant Clearing System to be debited with such Notes and irrevocably instruct and authorise the relevant Clearing System, as the case may be, to debit the relevant Noteholder's account with such Notes on or before the Delivery Date;
- (E) include an undertaking to pay all Delivery Expenses and, in the case of Notes represented by a Global Note, an authority to debit a specified account of the Noteholder at the relevant Clearing System, as the case may be, in respect thereof and to pay such Delivery Expenses;

- (F) specify an account to which dividends (if any) payable pursuant to this Condition 5.7 or any other cash amounts specified in the applicable Final Terms are being payable are to be paid;
- (G) certify that the beneficial owner of each Note is not a U.S. person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof;
- (H) authorise the production of such notice in any applicable administrative or legal proceedings,

For the purposes of this Condition, **Delivery Expenses** means all costs, taxes, duties and/or expenses, including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the delivery of the Asset Amount.

(ii) Verification of the Holder

Upon receipt of an Asset Transfer Notice the relevant Clearing System shall verify that the person delivering the Asset Transfer Notice is the holder of the Notes described therein according to its records. Subject thereto, the relevant Clearing System will confirm to the Agent the series number and number of Notes the subject of such notice, the relevant account details and the details for the delivery of the Asset Amount relating to each Note. Upon receipt of such confirmation, the Agent will inform the Issuer thereof.

(iii) Determinations and Delivery

Failure properly to complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Conditions shall be made, in the case of Notes represented by a Global Note, by the relevant Clearing System, after consultation with the Issuer and shall be conclusive and binding on the Issuer and the relevant Noteholder and, in the case of Notes in definitive form, by the relevant Paying Agent after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Noteholder.

If any Asset Transfer Notice deemed null and void in accordance with the foregoing paragraph is subsequently corrected to the satisfaction of the relevant Clearing System in consultation with the Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such corrected Asset Transfer Notice was delivered to the relevant Clearing System (with a copy to the Agent).

No Asset Transfer Notice may be withdrawn after receipt thereof by the relevant Clearing System or the Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

The Asset Amount will be delivered at the risk of the relevant Noteholder, in the manner provided below on the Maturity Date (such date, subject to adjustment in accordance with this Condition, the **Delivery Date**), provided that the Asset Transfer

Notice is duly delivered to the relevant Clearing System (with a copy to the Agent), as provided above on or prior to the Cut-Off Date.

If a Noteholder fails to give an Asset Transfer Notice as provided herein with a copy to the Agent, on or prior to the Cut-Off Date, then the Asset Amount will be delivered as soon as practicable after the Maturity Date, as defined in the Final Terms (in which case, such date of delivery shall be deemed the Delivery Date) at the risk of such Noteholder in the manner provided below. In such circumstances the relevant Noteholder shall not be entitled to any payment, whether of interest or otherwise, and the Issuer shall have no liability whatsoever, as a result of the Delivery Date falling after the Maturity Date.

The Issuer shall, at the relevant Noteholder's risk, deliver or procure the delivery of the Asset Amount relating to each Note, pursuant to the details specified in the Asset Transfer Notice or in such commercially reasonable manner as the Calculation Agent shall in its sole and absolute discretion determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice. No delivery of the Asset Amount shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

(iv) General

Notes held by the same Noteholder will be aggregated for the purpose of determining the aggregate Asset Amount in respect of such Notes, provided that, the aggregate Asset Amount in respect of the same Noteholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and no cash adjustment will be made in respect thereof.

Following the Delivery Date of a share certificate all dividends on the relevant shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the shares executed on the Delivery Date and to be delivered in the same manner as such relevant Shares. Any such dividends to be paid to a Noteholder will be paid to the account specified by the Noteholder in the relevant Asset Transfer Notice as referred to in Condition 5.7(a)(i).

For such period of time after delivery of the Asset Amount as the Issuer or any person acting on behalf of the Issuer shall continue to be the legal owner of the securities comprising the Asset Amount (the **Intervening Period**), none of the Issuer, the Calculation Agent or any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (ii) be under any obligation to exercise or procure the exercise of any or all rights attaching to such securities or obligations or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner during such Intervening Period of such securities or obligations.

(v) Settlement Disruption

If, in the opinion of the Calculation Agent, delivery of the Asset Amount using the method of delivery specified in the applicable Final Terms, or such other

commercially reasonable manner as the Calculation Agent has determined, is impracticable because a Settlement Disruption Event (as defined below) has occurred and is continuing on the Delivery Date, then it shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 and the Delivery Date shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, provided that, the Issuer may elect in its sole and absolute discretion to satisfy its obligations in respect of the relevant Note by delivering the Asset Amount using such other commercially reasonable manner as it may select and, in such event, the Delivery Date shall be such day as the Issuer deems appropriate (acting in a commercially reasonable manner). Noteholders shall not be entitled to any payment, whether on account of interest or otherwise, and the Issuer shall have no liability whatsoever, as a result of the Delivery Date being postponed due to the occurrence of a Settlement Disruption Event.

Where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Asset Amount, the Delivery Date for the Relevant Assets unaffected by the Settlement Disruption Event will be the originally designated Delivery Date. For so long as delivery of part of the Asset Amount is impracticable by reason of a Settlement Disruption Event, then in lieu of physical delivery of the affected Relevant Asset(s), and notwithstanding any other provision hereof, the Issuer may elect in its sole and absolute discretion to satisfy its obligations in respect of the affected portion of the relevant Note(s) by paying the relevant Noteholder(s), the Disruption Cash Redemption Amount (as defined below) on the fifth Business Day following the date on which Noteholders are notified in accordance with Condition 13 of (i) such election having been made and (ii) the manner in which the Issuer intends to pay the Disruption Cash Redemption Amount.

For the purposes of this Condition:

**Disruption Cash Redemption Amount** shall be, in respect of any Note, the fair market value of such Note (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets included in the Asset Amount and such unaffected Relevant Assets have been duly delivered as provided above, the value of such unaffected and delivered Relevant Assets), less the cost to the Issuer of unwinding any related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion;

**Settlement Business Day**, in respect of each Note, has the meaning specified in the applicable Final Terms relating to such Note; and

**Settlement Disruption Event** means an event that is beyond the control of the Issuer, including illiquidity in the market for the Relevant Assets as a result of which the Issuer cannot make delivery of the Relevant Asset(s) using the method specified in the applicable Final Terms, all as determined by the Calculation Agent.

**(b) Variation of Settlement**

If so specified in the applicable Final Terms, the Issuer may, in its sole and absolute discretion, elect (i) to deliver or procure delivery on the Maturity Date of the Asset Amount relating to each Note in lieu of its obligation to pay Noteholders the Redemption Amount or (ii) to pay Noteholders the Redemption Amount on the Maturity Date in lieu of its obligation to deliver or procure delivery of the Asset Amount. Notification of any such election will be given to Noteholders in accordance with Condition 13.

**(c) Rights of Noteholders and Calculations**

None of the Issuer, the Calculation Agent or any of the Paying Agents shall have any responsibility for any errors or omissions in committed in connection with any of the calculations or determinations contemplated in this Condition 5.

The purchase of Notes linked to one or more Relevant Assets does not confer on holders of such Notes any rights (whether in respect of voting, distributions or otherwise) in connection with the applicable Relevant Asset(s).

**6. REDEMPTION AND PURCHASE**

**6.1 Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount (or, in the case of Physical Delivery Notes, by delivery of the Asset Amount) as specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

**6.2 Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Variable Interest Note) or on any Interest Payment Date (if this Note is a Variable Interest Note), on giving not less than 15 nor more than 60 days' notice to the Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that

the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **6.3 Special Tax Redemption**

If the Issuer would, on the occasion of the next payment of principal or interest in respect of the Notes, be prevented by the laws of the Tax Jurisdiction from causing payment to be made to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7, then the Issuer shall forthwith give notice of such fact to the Agent and the Issuer shall, upon giving not less than seven nor more than 45 days' prior notice to the Noteholders in accordance with Condition 13, forthwith redeem all, but not some only, of the Notes at their Early Redemption Amount, together, if appropriate, with accrued interest, on the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes, provided that if such notice would expire after such Interest Payment Date the date for redemption pursuant to such notice to Noteholders shall be the later of:

- (a) the latest practicable date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes; and
- (b) 14 days after giving notice to the Agent as aforesaid.

### **6.4 Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given at least (i) 15 days' notice (if the Notes are in definitive form) or (ii) twenty-four (24) hours' notice (if the Notes are not in definitive form and for so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg), and, in either case, not more than 30 days' notice to the Agent and the Noteholders in accordance with Condition 13 (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Early Redemption Date and at the Early Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Early Redemption Date. Unless otherwise specified in the applicable Final Terms, the **Early Redemption Date** (being the date on which the Noteholders will receive the Early Redemption Amount) will be seven (7) Business Days in Luxembourg following the date on which notice is deemed to have been given to the Noteholders in accordance with this paragraph and Condition 13.

Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a redemption of some only of the Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for

redemption. In the case of Redeemed Notes represented by a Global Note, the selection will be reflected (at the discretion of Euroclear and/or Clearstream, Luxembourg) either as a pool factor or a reduction in aggregate principal amount. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.4 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five (5) days prior to the Selection Date.

## **6.5 Redemption at the option of the Noteholders (Investor Put)**

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than fifteen (15) nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. In addition, an amount equal to the Early Reduction Fees may be deducted from the Optional redemption Amount if so specified in the applicable Final Terms. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.5 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.5 and instead to declare such Note forthwith due and payable pursuant to Condition 9.

## **6.6 Early Redemption Amounts**

For the purpose of Conditions 6.2, 6.3, 6.4 above and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof less, if specified as applicable in the applicable Final Terms, Early Redemption Unwind Costs;
- (b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount less, if specified as applicable in the applicable Final Terms, Early Redemption Unwind Costs; or
- (c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula less, if specified as applicable in the applicable Final Terms, Early Redemption Unwind Costs:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**y** is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms;  
or

- (d) if **Fair Market Value** is specified in the applicable Final Terms as the Early Redemption Amount, at an amount determined by the Calculation Agent, acting in its sole and absolute discretion, which, shall represent the fair market value of the Notes on, or at a time determined by the Calculation Agent during a period not exceeding five (5) Business Days immediately prior to, the date on which a notice of early redemption is deemed to have been given to the Noteholders pursuant to Condition 6.4 and Condition 13 and shall have the effect (after taking into account the costs of unwinding any hedging arrangements, as determined by the Issuer in its sole and absolute discretion, entered into in respect of the Notes) of preserving for the Noteholders the economic equivalent of the obligations of the Issuer to make the payments in respect of the Notes which would, but for such early redemption, have fallen due after the relevant early redemption date. In respect of Notes bearing interest, notwithstanding any other provision of these Conditions, the Early Redemption Amount, as determined by the Calculation Agent in accordance with this paragraph shall include any accrued interest to (but excluding) the relevant early redemption date and apart from any such interest included in the Early Redemption amount, no interest, accrued or otherwise, or any other amount whatsoever will be payable by the Issuer in respect of such redemption.

**Early Redemption Unwind Costs** means the amount specified in the applicable Final Terms or if **Standard Early Redemption Unwind Costs** are specified in the applicable Final Terms, an amount determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer in connection with the redemption of the Notes and the related termination, settlement or re-establishment of any hedge or related trading position, such amount to be apportioned *pro rata* amongst each nominal amount of Notes in the Specified Denomination.

#### **6.7 Instalments**

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 6.6.

#### **6.8 Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

#### **6.9 Purchases**

The Issuer or any subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise.

#### **6.10 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes cancelled (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

#### **6.11 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3, 6.4 or 6.5 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.6(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

### **7. TAXATION**

Interest and other revenues with respect to Notes (and any Coupons appertaining thereto) that constitute "*obligations*" under French law and that are issued (or deemed to be issued) outside France according to the Circular of the *Direction générale des impôts* dated 30 September

1998, as amended, replaced or updated from time to time, benefit from the exemption from deduction of tax at source provided for in article 131 *quater* of the *Code général des impôts* (French General Tax Code). Accordingly, such payments do not give the right to any tax credit from any French source. All payments in respect of such Notes and any relative Receipts and Coupons 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 any Tax Jurisdiction unless such withholding or deduction is required by law. In that event, the Issuer shall, to the fullest extent permitted by law, pay such additional amount as may be necessary, in order that each Noteholder, Receiptholder or Couponholder, after deduction or withholding of such taxes, duties, assessments or governmental charges, will receive the full amount then due and payable provided that no such additional amount shall be payable with respect to any Note, Receipt or Coupon:

- (a) presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his being connected with France other than by the mere holding of such Note, Receipt or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below), except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.5); or
- (c) in respect of an issue of Notes which have been privately placed, if the applicable Final Terms indicate that no such additional amounts shall be payable; or
- (d) 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 on the taxation of savings income or any law (whether in or outside the European Union) implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein:

- (i) **Tax Jurisdiction** means the Republic of France or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

## 8. PRESCRIPTION

The Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) thereof.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

## **9. EVENTS OF DEFAULT**

The holder of any Note may give written notice to the Issuer and the Agent that the Note is, and it shall accordingly forthwith become, immediately due and repayable at its Early Redemption Amount, together, if appropriate, with accrued interest, if any of the following events (each an **Event of Default**) shall occur:

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 30 days after the relevant due date; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Conditions and such default is not remedied within 45 days after notice of such default has been given to the Issuer by any Noteholder; or
- (c) the Issuer applies for the appointment of an ad hoc representative (*mandataire ad hoc*) under French bankruptcy law, or enters into an amicable procedure (*procédure de conciliation*) with creditors or ceases its payments, or a judgment is issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or for a transfer of the whole of its business (*cession totale de l'entreprise*), or the Issuer is subject to similar proceedings, or, in the absence of legal proceedings, the Issuer makes a conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors, or a resolution is passed by the Issuer for its winding-up or dissolution, except in connection with a merger or other reorganisation in which all of the Issuer's assets are transferred to, and all of the Issuer's debts and liabilities (including the Notes) are assumed by, another entity which continues the Issuer's activities.

## **10. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced, or destroyed it may be replaced at the specified office of the Agent, upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **11. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

## **12. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of

the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

### **13. NOTICES**

- (a) All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in Europe and (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, [www.bourse.lu](http://www.bourse.lu). It is expected that any such publication in a newspaper will be made in the Financial Times in London, the d' Wort or the Tageblatt in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.
- (b) Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Unless otherwise specified in the applicable Final Terms, any such notice shall be deemed to have been given to the holders of the Notes twenty-four (24) hours after the said notice was given to Euroclear and/or Clearstream, Luxembourg.
- (c) Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

### **14. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including modifying the date of maturity of the Notes or

any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification (except as mentioned above) of the Notes, the Receipts, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

## **15. AGENTS**

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be an Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Agents will act solely as agents of the Issuer and do not assume any obligations or relationship of agency or trust to or with the Noteholders, Receiptholders or Couponholders, except that (without affecting the obligations of the Issuer to the Noteholders, Receiptholders and Couponholders, to repay Notes and pay interest thereon) funds received by the Agent for the payment of the principal of or interest on the

Notes shall be held by it in trust for the Noteholders and/or Receiptholders or Couponholders until the expiration of the relevant period of prescription under Condition 8. The Issuer will agree to perform and observe the obligations imposed upon it under the Agency Agreement. The Agency Agreement contains provisions for the indemnification of the Paying Agents and for relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with the Issuer and any of its subsidiaries without being liable to account to the Noteholders, Receiptholders or the Couponholders for any resulting profit.

## **16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **17. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **17.1 Governing law**

The Agency Agreement, the Deed of Covenant, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

### **17.2 Submission to jurisdiction**

The Issuer irrevocably agrees, for the benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons and accordingly submit to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Noteholders, the Receiptholders and the Couponholders, may take any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes, the Receipts and the Coupons, against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

### **17.3 Appointment of Process Agent**

The Issuer appoints Crédit Industriel et Commercial, London Branch at its registered office at Veritas House, 125 Finsbury Pavement, London EC2A 1NQ as its agent for service of process, and undertakes that, in the event of Crédit Industriel et Commercial, London Branch ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

### **17.4 Other documents**

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

## **18. ADDITIONAL PROVISIONS APPLICABLE TO CREDIT LINKED NOTES**

### **18.1 Payment of Credit Linked Interest upon occurrence of a Credit Event**

#### **(a) Payment of Interest depending on Credit Event**

If payment of Interest under the Notes is conditioned to the occurrence or the non-occurrence of a Credit Event on a Reference Obligation or Reference Entity during the Reference Period, the applicable Final Terms will provide for the formula and/or conditions of such payment.

#### **(b) Credit Event Notice**

If at any time the Calculation Agent determines that a Credit Event has occurred during the Reference Period, whether or not such event is continuing, the Issuer may give a notice (the Credit Event Notice) during the Notice Delivery Period to the Noteholders in accordance with Condition 13 of the occurrence of its event and any consequence attached thereto.

The Credit Event Notice shall be notified to the Noteholders in accordance with Condition 13 and shall:

- (i) describe the grounds on which the Calculation Agent has determined that there has been a Credit Event (but need not assert that a Credit Event is continuing);
- (ii) specify the Event Determination Date; and
- (iii) specify, by reference to the applicable Final Terms, the consequence of the occurrence of such Credit Event.

#### **(c) Determination of the occurrence of a Credit Event**

The Calculation Agent shall determine whether or not a Credit Event has occurred during the Reference Period. The Calculation Agent shall, however, have no duty or responsibility to investigate or check whether such Credit Event has or may have occurred or is continuing on any date and shall be entitled to assume, in the absence of actual knowledge to the contrary of the employees or officers of the Calculation Agent directly responsible for the time being for making determinations hereunder, that no Credit Event has occurred or is continuing.

When determining the existence or occurrence of any Credit Event, the determination shall be made without regard to:

- (i) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or

- (iv) the imposition of or any change in any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

If the Calculation Agent determines in its sole and absolute discretion that a Credit Event has occurred during the Reference Period it shall promptly notify the Issuer and the Agent. The determination by the Calculation Agent of the occurrence of a Credit Event shall (in the absence of wilful default, bad faith or manifest error) be conclusive and binding on all persons (including, without limitation, the Noteholders).

**(d) Calculation Agent and notices**

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent under or pursuant to this Condition shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. In performing its duties pursuant to the Notes, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or discretions under or pursuant to the Notes including, without limitation, the giving of any notice to any party, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and neither the Calculation Agent nor the Issuer shall bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

A notice delivered by the Calculation Agent to the Issuer and/or the Agent on or prior to 5.00 p.m., Luxembourg time on a TARGET Business Day will be effective on such TARGET Business Day. A notice delivered after 5:00 p.m., Luxembourg time will be deemed effective on the next following Business Day regardless of the form in which it is delivered. For the purposes of the two preceding sentences, a notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one TARGET Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice. If that written confirmation is not received within such time, the party obligated to deliver that confirmation will be deemed to have satisfied its obligation to deliver such written confirmation at the time that a written confirmation of the oral notice is received.

## **18.2 Redemption of Credit Linked Notes upon occurrence of a Credit Event**

**(a) Credit Event Notice**

If at any time the Calculation Agent determines that a Credit Event has occurred during the Reference Period, whether or not such event is continuing, the Issuer may give a notice (the **Credit Event Notice**) during the Notice Delivery Period to the Noteholders in accordance with Condition 13 of its intention to redeem the Credit Linked Notes (other than principal protected Credit Linked Notes or as otherwise stated in the applicable Final Terms), and if such notice is so given and the other Conditions to Settlement (as specified in the applicable Final Terms) are satisfied, the Issuer shall, unless otherwise specified in the applicable Final Terms, redeem all but not some only of the Credit Linked Notes then outstanding on the Credit Event Redemption Date, subject to the provisions of Condition 18.14, as determined by the Calculation Agent in its sole discretion. Such redemption shall occur by Physical Settlement and/or, if so specified in the applicable Final Terms, Cash Settlement.

The Credit Event Redemption Date may be a date falling after the originally scheduled Redemption Date in which case the originally scheduled Redemption Date shall be deemed to be replaced by the relevant date specified in the Credit Event Notice or otherwise notified to the Noteholders.

For the avoidance of doubt and notwithstanding any other provision of these Conditions, no amount of interest shall be payable on the Notes as from (and including) the Interest Payment Date (or, if none, the Interest Commencement Date) immediately preceding the date on which the Credit Event occurred, unless otherwise specified in the applicable Final Terms.

The Credit Event Notice shall be notified to the Noteholders in accordance with Condition 13 and shall:

- (i) describe the grounds on which the Calculation Agent has determined that there has been a Credit Event (but need not assert that a Credit Event is continuing);
- (ii) specify the Event Determination Date; and
- (iii) confirm that either (i) the Notes will be redeemed by Delivery of the Deliverable Obligations as specified in the Notice of Physical Settlement (in the case of Physical Settlement and subject to the provisions of Condition 18.13) or (ii) the Notes will be redeemed at their Cash Settlement Amount, in each case on the Credit Event Redemption Date.

Unless otherwise stated in the applicable Final Terms in respect of principal protected Credit Linked Notes or otherwise, once a Credit Event has occurred during the Reference Period and a Credit Event Notice has been issued, the Issuer's only obligation, other than to deliver a Notice of Publicly Available Information (if specified in the applicable Final Terms) and, in the case of Physical Settlement, a Notice of Physical Settlement, shall be to deliver (subject to the provisions of Conditions 18.7, 18.8, 18.9 and 18.10 below) the Deliverable Obligations (in the case of Physical Settlement) and/or, as the case may be, pay the Cash Settlement Amount (in the case of Cash Settlement), on the Credit Event Redemption Date. Upon Delivery of the Deliverable Obligations and/or, as the case may be, payment of the Cash Settlement Amount in respect of each Note, the Issuer shall have discharged all of its obligations in respect of such Note and shall have no other liability or obligation whatsoever in respect thereof.

Where Restructuring is specified in the applicable Final Terms as being an applicable Credit Event, there may be more than one Credit Event Notice delivered in respect of the same Reference Entity, as further described in Condition 18.14 below.

If "First to Default Credit Linked Note" is specified as "Applicable" in the Final Terms, then this paragraph (a) shall apply only to the Reference Entity in respect of which a Credit Event has occurred first in time with respect to the other Reference Entities specified in the Final Terms.

**(b) Determination of the occurrence of a Credit Event**

The Calculation Agent shall determine whether or not a Credit Event has occurred during the Reference Period. The Calculation Agent shall, however, have no duty or responsibility to investigate or check whether such Credit Event has or may have occurred or is continuing on any date and shall be entitled to assume, in the absence of actual knowledge to the contrary of the employees or officers of the Calculation Agent directly responsible for the time being for making determinations hereunder, that no Credit Event has occurred or is continuing.

When determining the existence or occurrence of any Credit Event, the determination shall be made without regard to:

- (i) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (iv) the imposition of or any change in any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

If the Calculation Agent determines in its sole and absolute discretion that a Credit Event has occurred during the Reference Period it shall promptly notify the Issuer and the Agent. The determination by the Calculation Agent of the occurrence of a Credit Event shall (in the absence of wilful default, bad faith or manifest error) be conclusive and binding on all persons (including, without limitation, the Noteholders).

**(c) Calculation Agent and notices**

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent under or pursuant to this Condition shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. In performing its duties pursuant to the Notes, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or discretions under or pursuant to the Notes including, without limitation, the giving of any notice to any party, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and neither the Calculation Agent nor the Issuer shall bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

A notice delivered by the Calculation Agent to the Issuer and/or the Agent on or prior to 5.00 p.m., Luxembourg time on a TARGET Business Day will be effective on such TARGET Business Day. A notice delivered after 5:00 p.m., Luxembourg time will be deemed effective on the next following Business Day regardless of the form in which it is delivered. For the purposes of the two preceding sentences, a notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one TARGET Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice. If that written confirmation is not received within such time, the party obligated to deliver that confirmation will be deemed to have satisfied its obligation to deliver such written confirmation at the time that a written confirmation of the oral notice is received.

### 18.3 Market Disruption

**Market Disruption Event** means the occurrence or existence of a specific circumstance or a combination of circumstances, which in either case the Calculation Agent determines is material and which objectively prevents it from determining whether a Knock-in or Knock-out Event has occurred, at any time during the one hour period that (x) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the event triggers respectively the Knock-in Level or the Knock-out Level or (y) in all other circumstances ends at the relevant Valuation Time.

The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been a Knock-in Determination Day, a Knock-out Determination Day or a Valuation Date.

### 18.4 Knock-in Event and Knock-out Event

If Knock-in Event is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, amendment to the terms of the Notes (as specified in the applicable Final Terms) and/or payment under the relevant Notes subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event.

If Knock-out Event is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, amendment to the terms of the Notes (as specified in the applicable Final Terms) and/or payment under the relevant Notes subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.

If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is the Valuation Time and if any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day, then such Knock-in Determination Day or Knock-out Determination Day will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining the occurrence of a Knock-in Event or a Knock-out Event.

If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is any time or period of time during any Knock-in Determination Day or Knock-out Determination Day and at any time during the one hour period that begins and/or ends at the time on which the Knock-in Level or the Knock-out Level has been triggered, a Market Disruption Event occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred.

For the purposes of this Condition 18:

**Knock-in Event** means an event specified as such in the applicable Final Terms as of the Knock-in Valuation Time on any Knock-in Determination Day and which may be an event *per se*, specified in the applicable Final Terms or depending on being (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Level.

**Knock-in Level** means a level determined as such in the applicable Final terms, subject to adjustment from time to time in accordance with the provisions of "Market Disruption" set out in Condition 18.3 above.

**Knock-in Determination Day** means a day specified as such in the applicable Final Terms, or each Scheduled Trading Day during the Knock-in Determination Period subject to, in

either case, the provisions of "Market Disruption" set out in Condition 18.3 above. For the purposes of a Market Disruption, any Knock-in Determination Day will be treated as a Valuation Date and the provisions contained in the definition of "Valuation Date" set out below shall apply. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Knock-in Determination Day".

**Knock-in Period Beginning Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-in Period Ending Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-in Valuation Time** means the time or period of time on any Knock-in Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

**Knock-out Event** means an event specified as such in the applicable Final Terms as of the Knock-out Valuation Time on any Knock-out Determination Day and which may be an event *per se* or depending on being (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Level.

**Knock-out Level** means a level determined as such in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of "Market Disruption" set out in Condition 18.3 above.

**Knock-out Determination Day** means a day specified as such in the applicable Final Terms, or each Scheduled Trading Day during the Knock-out Determination Period subject to, in either case, the provisions of "Market Disruption" set out in Condition 18.3 above. For the purposes of a Market Disruption, any Knock-out Determination Day will be treated as a Valuation Date and the provisions contained in the definition of "Valuation Date" set out below shall apply. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Knock-out Determination Day".

**Knock-out Determination Period** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**Knock-out Period Beginning Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-out Period Ending Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-out Valuation Time** means the time or period of time on any Knock-out Determination Day specified as such in the applicable Final Terms or in the event that the

applicable Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

## 18.5 Physical Settlement

Where the Issuer is to redeem the Notes by means of Physical Settlement, the redemption of each Note shall, subject as provided in Condition 5.7, be effected by the Delivery by the Delivery Agent on behalf of the Issuer to the Noteholders of the Deliverable Obligations on the Credit Event Redemption Date.

If Unwind Amount is specified as "Applicable" in the Final Terms, then the Delivery Agent on behalf of the Issuer shall deliver the Deliverable Obligations subject to adjustment after taking into consideration the Unwind Amount pursuant to the following:

- (a) if the Unwind Amount results in a net loss to the Issuer, then an amount of the Deliverable Obligations equivalent in value to such net loss shall be sold by the Issuer to compensate it therefor, and the remaining portion of the Deliverable Obligations, if any, shall be delivered; or
- (b) if the Unwind Amount results in a net gain to the Issuer, such net gain shall be paid in cash to the Noteholders in addition to the Deliverable Obligations.

In the case of Deliverable Obligations that are Borrowed Money obligations, (i) the Issuer will Deliver Deliverable Obligations with an outstanding principal balance (including accrued but unpaid interest (as determined by Calculation Agent) if "Include Accrued Interest" is specified in the Final Terms, but excluding accrued but unpaid interest if "Exclude Accrued Interest" is specified in the Final Terms, and if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the Final Terms, excluding accrued but unpaid interest) and (ii) in the case of Deliverable Obligations that are not Borrowed Money obligations, the Issuer will Deliver Deliverable Obligations with a Due and Payable Amount (or, in the case of either (i) or (ii), the equivalent Currency Amount of any such amount), in an aggregate amount as close as possible to the outstanding Aggregate Nominal Amount of the Notes.

The portion of Deliverable Obligations deliverable in respect of each Note shall be determined by reference to the proportion that the Specified Denomination of such Note bears to the outstanding Aggregate Nominal Amount of the Notes. If a Deliverable Obligation by its terms represents or contemplates an obligation to pay an amount greater than the outstanding principal balance of such obligation as of the Delivery Date as a result of the occurrence or nonoccurrence of an event or circumstance, the outstanding principal balance of such obligation shall not include any additional amount that would be payable upon the occurrence or non-occurrence of such event or circumstance.

Unless otherwise specified in the applicable Final Terms, a Notice of Physical Settlement must be delivered by the Issuer to the Noteholders in accordance with Condition 13 on or before the 30th calendar day after the relevant Event Determination Date (such 30th calendar day being the **Physical Determination Date**). For purposes of determining whether such Notice of Physical Settlement has been so delivered by the Physical Determination Date, the date on which the Notice of Physical Settlement is given (whether or not subsequently changed) shall be used.

For the avoidance of doubt, failure to deliver a Notice of Physical Settlement to the Noteholders shall not relieve the Issuer from its obligation to redeem the Notes. If on the Physical Determination Date no Notice of Physical Settlement has been delivered to the

Noteholders in accordance with Condition 13, the Issuer shall be obliged to redeem the Notes in cash at their outstanding Aggregate Nominal Amount as soon as reasonably practicable and the date on which the Notes are redeemed shall be deemed to be the Credit Event Redemption Date.

#### **18.6 Cash Settlement**

Where the Issuer is to redeem the Notes by means of Cash Settlement, the redemption of each Note shall be effected by the payment by the Issuer to the Noteholders of the Cash Settlement Amount on the Cash Settlement Date, such amount to be apportioned pro rata among the Noteholders, rounding the resulting figure downwards to the nearest sub-unit of the relevant currency.

If Unwind Amount is specified as "Applicable" in the Final Terms, then the Issuer shall pay the Cash Settlement Amount, subject to adjustment after taking into consideration the Unwind Amount pursuant to the following:

- (a) if the Unwind Amount results in a net loss to the Issuer, then the net loss shall be deducted from the Cash Settlement Amount; or
- (b) if the Unwind Amount results in a net gain to the Issuer, such net gain shall be paid to the Noteholders in addition to the Cash Settlement Amount.

#### **18.7 Partial Cash Settlement due to illegality or impossibility**

If, due to an event beyond the control of the Issuer or a Noteholder (including, without limitation, failure of the relevant clearing system or due to any law, regulation or court order but excluding market conditions or the failure to obtain any requisite consent with respect to the Delivery of Loans), the Calculation Agent determines in its sole discretion that it is impossible or illegal for the Delivery Agent or the Issuer to Deliver, or (as the case may be) for such Noteholder to accept Delivery of, any portion of the Deliverable Obligations on the Physical Settlement Date, then on such date:

- (a) the Issuer shall, or cause the Delivery Agent to Deliver, and the Noteholder shall take Delivery of, that portion of the Deliverable Obligations which it is possible and legal to Deliver; and
- (b) the Calculation Agent shall provide a description to the Issuer and the relevant Noteholder(s) in reasonable detail of the facts giving rise to such impossibility or illegality and as soon as practicable thereafter the Delivery Agent or, as the case may be, the Issuer shall Deliver and the Noteholder shall take Delivery of the portion of the Deliverable Obligations which has not been Delivered and such date will be deemed to be the Credit Event Redemption Date.

If, upon the determination by the Calculation Agent as aforesaid of the occurrence of any such impossibility or illegality, the Deliverable Obligations is not Delivered to the Noteholder(s) (or any of their designees) on or before the Latest Permissible Physical Settlement Date, Cash Settlement pursuant to the Partial Cash Settlement Terms shall be deemed to apply to such portion of the Deliverable Obligations that cannot be Delivered (the **Undeliverable Obligations**).

## **18.8 Partial Cash Settlement of Loans**

Where the applicable Final Terms provides that "Assignable Loan" and/or "Consent Required Loan" is/are included in the "Deliverable Obligation Characteristics", if any Assignable Loans or Consent Required Loans are not on the Physical Settlement Date capable of being assigned or novated to any particular Noteholder or such Noteholder's designee due to non-receipt of any requisite consents and such consents are not obtained or deemed given by the Latest Permissible Physical Settlement Date (together the **Undeliverable Loan Obligations**), Cash Settlement pursuant to the Partial Cash Settlement Terms shall be deemed to apply to that portion of the Deliverable Obligations that consists of Undeliverable Loan Obligations. In such circumstances the Issuer may satisfy its obligations in respect of such portion of the Deliverable Obligations by payment of the Cash Settlement Amount on the Cash Settlement Date.

## **18.9 Alternative Cash Settlement**

If with respect to a physically settled Notes, (i) the Deliverable Obligations comprise Bonds, Assignable Loans or Consent Required Loans (the Deliverable Assets) and if (ii), in the opinion of the Calculation Agent, any particular Noteholder is not eligible for Physical Settlement for any part of such Deliverable Assets (the Non-Eligible Deliverable Assets) then such Non-Eligible Deliverable Assets will be subject to Cash Settlement pursuant to the Partial Cash Settlement Terms. In such circumstances the Issuer may satisfy its obligations in respect of such Non-Eligible Deliverable Assets by payment to such Noteholder of the Cash Settlement Amount on the Cash Settlement Date.

## **18.10 No Deliverable Obligations**

Where the Issuer is to redeem the Notes by means of Physical Settlement (or by Cash Settlement or in connection with principal protected Credit Linked Notes, in either case when necessary calculations relate to Deliverable Obligations or Deliverable Obligation Characteristics), if a Credit Event occurs with respect to any particular Reference Entity and the Calculation Agent determines in its sole discretion that (a) no Deliverable Obligation exists on the Physical Settlement Date (or the Valuation Date, as the case may be), or (b) the Issuer, or the Delivery Agent on the Issuer's behalf, is for any reason (other than (a) immediately above or as set out in Condition 18.7 or 18.8 above or in the applicable Final Terms), unable to procure any Deliverable Obligations, or a sufficient amount of Deliverable Obligations, by the thirtieth day following the Physical Settlement Date, then the Calculation Agent shall have the right in its sole discretion to either (i) in the case of (a) above, cause all of the Notes to become due and repayable as soon as reasonably practicable at their outstanding Aggregate Nominal Amount (excluding accrued interest) or (ii) in the case of (b) above, either (A) elect Physical Settlement in a *pro rata* fashion that portion of each Note to the extent that the aggregate amount of Deliverable Obligations due exceeds the aggregate amount of Deliverable Obligations available and elect Cash Settlement for the remaining portion of each Note in accordance with (B) below, or (B) elect that Cash Settlement pursuant to the Partial Cash Settlement Terms shall apply to such Deliverable Obligation (such Deliverable Obligation being deemed an Undeliverable Obligation for these purposes) and the Issuer may satisfy its obligations in respect of such Deliverable Obligation by payment to the Noteholder(s) of the Cash Settlement Amount on the Cash Settlement Date, such amount to be apportioned *pro rata* among the Noteholders.

## **18.11 Partial Cash Settlement Terms**

The following terms are deemed to be defined as follows for the purposes of the Partial Cash Settlement Terms referred to in Condition 18.7, 18.8, 18.9 and 18.10 above:

**Cash Settlement** is deemed to be the payment by the Issuer of the Cash Settlement Amount to the Noteholders on the Cash Settlement Date;

**Cash Settlement Amount** is deemed to be, for each Undeliverable Obligation or Undeliverable Loan Obligation, the aggregate of the greater of (i) the aggregate of (A) outstanding principal balance, Due and Payable Amount or Currency Amount, as applicable, of each Undeliverable Obligation or Undeliverable Loan Obligation, multiplied by (B) the Final Price with respect to such Undeliverable Obligation or Undeliverable Loan Obligation and (ii) zero;

**Cash Settlement Date** is deemed to be the date that is three Business Days after the calculation of the Final Price or such other date specified in the relevant Final Terms;

**Dealer** means a dealer, financial institution or fund (which, for the avoidance of doubt, shall include the Issuer or any Affiliate of the Issuer) that deals or invests in obligations of the type of Obligation(s) for which Quotations are to be obtained. The Calculation Agent shall select the Dealers in good faith and in a commercially reasonable manner. Upon a selected Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Dealer(s) for one or more of the foregoing. Any bid quotation provided by the Issuer shall be deemed to be a firm quotation that it would provide to a counterparty in the market;

**Final Price** means the price of the obligation being valued, expressed as a percentage, determined in accordance with the specified Valuation Method. The Calculation Agent shall, as soon as practicable after obtaining all Quotations for a Valuation Date, notify the Issuer of each such Quotation that it receives in connection with the calculation of the Final Price and shall provide the Issuer a written computation showing its calculation of the Final Price;

**Highest** means the highest Quotation obtained by the Calculation Agent (or in accordance with the definition of "Quotation") with respect to any Valuation Date;

**Latest Permissible Physical Settlement Date** means, in respect of Condition 18.7, the date that is 30 calendar days after the Physical Settlement Date and, in respect of Condition 18.8, the date that is fifteen Business Days after the Physical Settlement Date;

**Market** means the Market Value determined by the Calculation Agent with respect to the Valuation Date;

**Market Value** means, with respect to obligations being valued on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest and lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained on any of the next ten Business Days thereafter, (vi) any one Full Quotation on such tenth Business Day, and or if no Full Quotation is obtained, the Market Value shall be the weighted average of any firm quotations obtained from Dealers on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for

which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day;

**Minimum Quotation Amount** shall be as specified in the applicable Final Terms or shall be deemed to be equal to the applicable Specified Denomination of the Notes;

**Quotation** means each Full Quotation, the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day, the Quotations shall be deemed to be any Full Quotation obtained from a Dealer on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations obtained from Dealers on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day;

**Quotation Amount** shall be as specified in the applicable Final Terms or otherwise shall be deemed to be, with respect to each type of Undeliverable Obligation, Undeliverable Loan Obligation or Non-Eligible Deliverable Asset, an amount equal to the outstanding principal balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation or Undeliverable Loan Obligation;

**Quotation Method** shall be as specified in the applicable Final Terms or otherwise shall be deemed to be Bid;

**Valuation Date** is deemed to be the date that is two Business Days after the Latest Permissible Physical Settlement Date;

**Valuation Time** is deemed to be 11:00 a.m. London time, or 11:00 a.m. in the principal trading market of the relevant obligation as determined by the Calculation Agent, unless stated otherwise in the applicable Final Terms;

**Valuation Method** shall be as specified in the applicable Final Terms or otherwise shall be deemed to be, (i) if only one Valuation Date, Highest, or (ii) if more than one Valuation Date, Average Highest, or if "Market" has been designated in the relevant Final Terms, "Market Value" shall apply;

**Weighted Average Quotation** means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Relevant Dealers at the Valuation Time, to the extent reasonably practicable, with an amount of as large a size as available but less than the Quotation Amount that in aggregate are approximately equal to the Quotation Amount.

### **18.12 Maturity Date Extension**

Unless otherwise stated in the applicable Final Terms if, prior to any payment date under the Notes, (a) a Potential Failure to Pay has occurred with respect to one or more of the Obligations; (b) under the terms of such Obligation(s), a grace period is applicable to payments under the Obligation(s); and (c) such grace period does not expire on or prior to such payment date under the Notes, then such Interest Payment Date or, as the case may be, the Maturity Date, shall be postponed until the fifth Business Day after such Potential Failure to Pay has been remedied, provided that a Credit Event shall be deemed to have occurred, and no payment shall be made, if the Potential Failure to Pay has not been remedied during the applicable grace period.

No adjustment shall be made to the amount of any interest as a result of such delay. The Issuer shall endeavour to give notice to the Noteholders in accordance with Condition 13 as soon as reasonably practicable should the Maturity Date or any payment date be postponed pursuant to the foregoing.

### **18.13 Repudiation/Moratorium Maturity Date Extension**

Unless stated otherwise in the applicable Final Terms if, prior to the Maturity Date under the Notes, (a) "Repudiation/Moratorium" is listed as an applicable Credit Event in the applicable Final Terms; (b) a Potential Repudiation/Moratorium has occurred with respect to one or more of the Obligations; and (c) such Potential Repudiation/Moratorium has not been remedied or rescinded prior to the Maturity Date, then the Maturity Date shall be postponed until the fifth Business Day after such Potential Repudiation/Moratorium has been remedied or rescinded, provided that a Credit Event shall be deemed to have occurred, and no payment shall be made, if (i) such Potential Repudiation/Moratorium has not been remedied or rescinded by the sixtieth day after the original Maturity Date (or if the Obligation which is the subject of the Potential Repudiation/Moratorium is a Bond, the later of the sixtieth day or the first payment date under such Bond after the Maturity Date), or (ii) a Restructuring (without regard to the Default Requirement) or a Failure to Pay (determined without regard to the Payment Requirement or any change or amendment to such Obligation as a result of such Restructuring), has occurred with respect to any such Obligation.

No adjustment shall be made to the amount of any interest as a result of such delay. The Issuer shall endeavour to give notice to the Noteholders in accordance with Condition 13 as soon as reasonably practicable should the Maturity Date be postponed pursuant to the foregoing.

### **18.14 Restructuring Credit Event Applicable**

Where Restructuring is specified in the applicable Final Terms as being an applicable Credit Event, unless otherwise specified in the applicable Final Terms with respect to a specific Reference Entity, the Issuer may deliver multiple Credit Event Notices with respect to such Restructuring Credit Event. Accordingly, notwithstanding Conditions 18.1 to 18.13 above, where a Restructuring Credit Event has occurred and the Issuer has delivered a Credit Event Notice for an amount that is less than the outstanding Aggregate Nominal Amount of the Notes outstanding immediately prior to the delivery of such Credit Event Notice (the **Exercise Amount**), the provisions of Conditions 18.1 to 18.13 above shall be deemed to apply to a nominal amount equal to the Exercise Amount only and all the provisions shall be construed accordingly. Each such Note shall be redeemed in part (such redeemed part being equal to the resultant figure of the Exercise Amount divided by the number of Notes outstanding).

The Notes shall be deemed to be redeemed *pro rata* in an amount equal to the Exercise Amount only. The Notes in an amount equal to the Outstanding Amount shall remain outstanding and interest shall accrue on the Outstanding Amount as provided for in Condition 4 (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).

In respect of any subsequent Credit Event Notices delivered:

- (a) the Exercise Amount in connection with a Credit Event Notice describing a Credit Event other than a Restructuring must be equal to the then outstanding Aggregate Nominal Amount of the Notes (and not a portion thereof); and
- (b) the Exercise Amount in connection with a Credit Event Notice describing a Restructuring Credit Event must be an amount that is at least 1,000,000 units of the currency (or, if Japanese Yen, 100,000,000 units) in which the nominal amount is denominated or any integral multiple thereof or the entire then outstanding Aggregate Nominal Amount of the Notes.

*If the provisions of this Condition 18.11 apply in respect of the Notes, on redemption of part of each such Note, the relevant Note or, if the Notes are represented by a Global Note, such Global Note shall be endorsed to reflect such partial redemption.*

If "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" is specified in the applicable Final Terms relating to any particular Reference Entity, and Restructuring is the only Credit Event specified in a Credit Event Notice relating to such Reference Entity, then an obligation can only be a Deliverable Obligation if it (a) is a Fully Transferable Obligation and (b) has a final maturity date not later than the Restructuring Maturity Limitation Date.

If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the applicable Final Terms relating to any particular Reference Entity, and Restructuring is the only Credit Event specified in a Credit Event Notice relating to such Reference Entity, then an obligation can only be a Deliverable Obligation if it (a) is a Conditionally Transferable Obligation and (b) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

### **18.15 General**

For such period of time after the relevant Physical Settlement Date as the Issuer or any other person (other than a Noteholder) shall continue to be the legal owner of the securities, interests or other assets comprising the Deliverable Obligations (the **Intervening Period**), neither the Issuer nor any other such person shall:

- (a) be under any obligation to deliver or procure delivery to such Noteholder(s) or any subsequent beneficial owner of such securities any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such securities; or
- (b) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such securities during the Intervening Period; or
- (c) be under any liability to such Noteholder(s) or any subsequent beneficial owner of such securities in respect of any loss or damage which such Noteholder(s) or subsequent beneficial owner may sustain or suffer as a result, whether directly or

indirectly, of that person being the legal owner of such securities during such Intervening Period (including, without limitation, any loss or damage resulting from the failure to exercise any or all rights (including voting rights) attaching to such securities during the Intervening Period).

#### **18.16 Terms relating to Successor Events**

Unless otherwise specified in the applicable Final Terms, the terms relating to Successor Events shall not apply to ABS Linked Notes.

**(a) Successor**

(1) For the purposes of these Conditions, **Successor** means:

(aa) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set forth below:

- (i) if an entity directly or indirectly succeeds to 75% or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
- (ii) if only one entity directly or indirectly succeeds to more than 25% (but less than 75%) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25% of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25% of the Relevant Obligations will be the sole Successor;
- (iii) if more than one entity each directly or indirectly succeeds to more than 25% of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25% of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25% of the Relevant Obligations will each be a Successor and the Conditions and the Final Terms will be adjusted as provided in paragraph (b) below;
- (iv) if one or more entities each directly or indirectly succeeds to more than 25% of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25% of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will be a Successor and the Conditions and the Final Terms will be adjusted as provided in paragraph (b) below;
- (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25% of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity and the Conditions and the Final Terms will not be changed in any way as a result of the Succession Event; and
- (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25% of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of the Relevant Obligations (or, if two or

more entities succeed to an equal percentage of the Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor.

(bb) In relation to a Sovereign Reference Entity, **Successor** means any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.

(2) In the case of paragraph (1)(aa) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but not earlier than 14 calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under paragraph (1)(aa)(vi) above, as applicable. In calculating whether the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under paragraph (1)(aa)(vi) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information (as defined below). In the case of Notes listed on a stock exchange, the appropriate documentation will be filed with the relevant stock exchange.

**(b) Adjustments following a Succession Event resulting in more than one Successor**

(1) If, pursuant to paragraph (a)(1)(aa)(iii) or (iv) above, more than one Successor has been identified, then each Note shall be deemed, solely for purposes of the partial redemption provisions set out in this paragraph (b), to be divided into the same number of new Notes (each a **New Note**) as there are Successors, with the following terms:

(i) each Successor will be the Reference Entity for the purposes of one of the New Notes; and

(ii) in respect of each New Note, the principal amount will be the principal amount of the Note divided by the number of Successors.

(2) If an Event Determination Date occurs in respect of a Reference Entity in relation to a New Note, each Note will be partially redeemed in an amount equal to the principal amount of the relevant New Note (the aggregate of such principal amounts being the relevant Partial Redemption Amount). In such case, the provisions of this Condition 18 and the other provisions of the Final Terms shall apply to a principal amount of the Notes equal to the Partial Redemption Amount only and all such provisions shall be construed accordingly.

(3) The Notes, in an amount equal to their outstanding principal amount prior to any such partial redemption less the Partial Redemption Amount, shall remain outstanding (the **Principal Amount Outstanding**), subject to the Conditions and the Final Terms, which shall otherwise continue in full force and effect, including, without limitation, the accrual of interest on the Principal Amount Outstanding of such Notes as provided in Condition 4 and in the Final Terms (adjusted to reflect the partial redemption under this paragraph (b) and otherwise in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).

(4) For the avoidance of doubt:

- (i) notwithstanding the occurrence of a Credit Event in respect of a Reference Entity and partial redemption of the Notes as provided in this paragraph (b), nothing shall prevent the Calculation Agent from delivering a further Credit Event Notice in respect of any Credit Event that may occur in respect of any other Reference Entity; and
  - (ii) the provisions of this Condition 18.16 (as a whole) shall apply to the portion of each Note represented by a New Note in the case of any subsequent Succession Event affecting the relevant Reference Entity.
- (5) If the Notes are partially redeemed pursuant to this paragraph (b), each such Note or, if the Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such partial redemption.
- (6) The Calculation Agent shall adjust any other of the Conditions and/or the applicable Final Terms as it, in its sole and absolute discretion acting in a commercially reasonable manner, shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts any of the Conditions and/or the applicable Final Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Notes in accordance with the Definitions.
- (7) Upon the Calculation Agent determining the identity of more than one Successor in accordance with the provisions of this paragraph (b), the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 13), stating the adjustments it has made to the Conditions and/or the applicable Final Terms (including, inter alia, specifying the names of the Successors, setting out the Partial Redemption Amount, and giving brief details of the relevant Succession Event).
- (8) Where:
  - (i) one or more Successors to the Reference Entity have been identified; and
  - (ii) any one or more such Successors have not assumed the Reference Obligation,

a Substitute Reference Obligation will be determined by the Calculation Agent.

**Substitute Reference Obligation** means, for the purposes of this Condition 18, one or more obligations of the Reference Entity (either directly or as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that (i) a Reference Obligation is redeemed in whole or (ii) all Reference Obligations are being bought with respect to an unconditional public offer, or (iii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other

reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.

- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (1) ranks *pari passu* (or, if no such Obligation exists, then, at the Calculation Agent's option, an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the later of (A) the Issue Date and (B) the date on which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such later date), (2) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent in good faith and a commercially reasonable manner, of the delivery and payment obligations under the Notes and (3) is an obligation of a Reference Entity (either directly or as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation(s).
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to the Final Terms, any of the events set forth under sub-paragraph (a) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines in good faith and in a commercially reasonable manner that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation in the Final Terms, any of the events set forth under sub-paragraph (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines in good faith and a commercially reasonable manner that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- (e) If (i) more than one specific Reference Obligation is identified as a Reference Obligation in the Final Terms, any of the events set forth under sub-paragraph (a) above has occurred with respect to all of the Reference Obligations and the Calculation Agent determines in good faith and a commercially reasonable manner that no Substitute Reference Obligation is available for any of the Reference Obligations, or (ii) only one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth under sub-paragraph (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines in good faith and a commercially reasonable manner that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the Scheduled Maturity Date.

For purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

- (9) For the purposes of this paragraph (b), the following definitions shall apply and, where relevant, shall modify the definitions set out elsewhere in the Conditions and/or the applicable Final Terms:

**Best Available Information** means:

- (i) in the case of a Reference Entity which files information (including unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred) with its primary securities regulators or primary stock exchange or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information or, if provided subsequently to unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of this paragraph (b), other information that is contained in any written communication provided by the Reference Entity to its primary securities regulators, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
- (ii) in the case of a Reference Entity which does not file with securities regulators or a stock exchange, or which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of this paragraph (b).

Information which is made available more than 14 days after the legally effective date of the Succession Event shall not constitute Best Available Information.

**Relevant Obligations** means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity to which such Relevant Obligations are transferred on the basis of the Best Available Information. If the date on which the Best Available Information is available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

**Succession Event** means an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity whether by operation of law or pursuant to any agreement. Notwithstanding the foregoing, "Succession Event" shall not include an event in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event.

For the purposes of this Condition 18.16, **succeed** means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to sub-paragraph (a)(1)(aa) above shall be made, in the case

of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of Bonds for which Relevant Obligations have been exchanged.

Subsequent to a Succession Event, the Obligation Characteristics and Deliverable Obligation Characteristics of any Successor shall continue to be the same Obligation Characteristics and Deliverable Obligation Characteristics of the relevant predecessor Reference Entity of such Successor, unless the Calculation Agent notifies the Issuer and the Noteholders that the Obligation Characteristics and/ or Deliverable Obligation Characteristics have been updated to reflect the then market standard based upon each such Successor's geographic region of organisation or jurisdiction.

### **18.17 Consequences of an Early Amortisation of the Reference Obligation**

If the Reference Obligation Notional Amount, as specified in the applicable Final Terms, is subject to reduction as a result of scheduled or accelerated amortisation, acceleration of payment obligations, redemption or otherwise, but excluding any payment in respect of principal representing capitalised interest (an **Early Amortisation**), then the Issuer may elect in its sole and absolute discretion, after giving Notice to the Noteholders in accordance with Condition 13:

- (a) to maintain the terms and conditions of the Notes unaltered;
- (b) to partially redeem each Note within five (5) Business Days following the Early Amortisation Date by an amount (the **Redeemed Amount**) equal to its pro rata share of the Fair Market Value of such portion of the Reference Obligation Notional Amount early amortised on the Early Amortisation Date (as defined below) (where such pro rata share will be determined by reference to the proportion of the outstanding Aggregate Nominal Amount of the Notes), plus interest for the period from and including the Early Amortisation Date to but excluding the redemption date calculated on the basis of a rate of interest equal to the arithmetic mean of EONIA Fixed (as defined below) on the Early Redemption Date. The Specified Denomination, the formula or any other characteristics of the Notes shall be adjusted accordingly by the Calculation Agent to reflect such Early Amortisation. For the avoidance of doubt, the portion of the Notes not affected by the Early Amortisation shall remain outstanding with full force and effect. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 13; or
- (c) to redeem in whole all but not some only of the Notes at their Fair Market Value.

**EONIA Fixed** means the reference rate as determined on the Early Redemption Date equal to:

- (x) the European Overnight Index Average for deposits in Euro as calculated on a daily basis under the supervision of the European Network of Central Banks and broadcast on the immediately following TARGET Business Day on page EONIA of the Reuters Monitor Money Rates Service (or any replacement page on that service) or, if no such service is available, the rate which appears on any other service which displays an average overnight rate for deposits in Euro as calculated on a daily basis selected by the Calculation Agent in its sole and absolute discretion (the **EONIA Screen Rate**); or
- (y) if no EONIA Screen Rate is available, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Calculation Agent at its request

quoted to the Reference Banks by leading banks in the European interbank market on the immediately following TARGET Business Day for overnight deposits in Euro.

## 18.18 Definitions

For the purposes of this Condition 18 (unless otherwise specified in the applicable Final Terms or the context otherwise requires):

**Bankruptcy** means (except in the case of ABS Linked Notes) a Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgement of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (a) to (h) (inclusive);

In the case of ABS Linked Note and where Bankruptcy Credit Event is specified as being applicable in the applicable Final Terms, the definition of Bankruptcy shall be amended as follows: **Bankruptcy** means both (i) a Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (c) institutes or has instituted against it a proceeding seeking a judgment of insolvency of bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (1) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (2) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (d) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation amalgamation or merger); (e) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for its or for all or substantially all its assets (excluding, for the avoidance of doubt, the appointment by the Reference Entity of a trustee, custodian, fiscal agent or similar representative solely for the purposes of an issue of securities by the Reference Entity) (f) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession or any such process is

not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (g) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (f) (inclusive) and (ii) the occurrence of any of the events described in clauses (a) to (g) (inclusive) has given rise to an event of default (howsoever described) under the terms of the Reference Obligation.

**Business Day** means Business Day as defined in Condition 4.2(a) and, in the case of Notes that the Issuer is to redeem by means of Physical Settlement, for the purposes of the Delivery of Deliverable Obligations, a day in any other jurisdiction on which securities settlement systems are open for settlement of the relevant Deliverable Obligations;

**Cash Settlement Amount** means, unless specified otherwise in the applicable Final Terms, for each obligation being valued, including but not limited to each Reference Obligation, the greater of (i) the aggregate of (A) the outstanding principal balance, Due and Payable Amount or Currency Amount, as applicable, of each such Reference Obligation being valued as selected by the Calculation Agent in its sole and absolute discretion in the Reference Obligation Notice, multiplied by the (B) Final Price with respect to such Reference Obligation and (ii) zero;

**Cash Settlement Date** shall be the date that is three Business Days after the calculation of the Final Price or such other date as is specified in the applicable Final Terms;

**Conditionally Transferable Obligation** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition;

**Credit Event** means any one or more of the events specified as such in the applicable Final Terms;

**Credit Event Redemption Date** means (i) in the case of Cash Settlement, the Cash Settlement Date; (ii) in the case of Physical Settlement, the Physical Settlement Date or, (iii) if Physical Settlement applies, but on the Physical Settlement Date, some or all of the Deliverable Obligations specified in the Notice of Physical Settlement cannot be Delivered for any reason as set out in Condition 18.7, 18.8, 18.9 and 18.10 above, the Partial Cash Settlement Terms (as set out in Condition 18.11) will apply. In such case: (A) if all such Deliverable Obligations cannot be Delivered as aforementioned, the Credit Event Redemption Date will be the Cash Settlement Date (as defined in Condition 18.11), or (B) if only some of such Deliverable Obligations cannot be delivered as aforementioned, the Credit Event Redemption Date for all such Deliverable Obligations shall be the later of (1) the Cash Settlement Date that applies to such Deliverable Obligations that cannot be Delivered as aforementioned, and (2) the Physical Settlement Date for such Deliverable Obligations which can be Delivered;

**Default Requirement** means the amount specified as such in the applicable Final Terms, and if none is specified, the amount will be US\$ 10,000,000 or the equivalent in any other currency;

**Deliverable Obligation** means in the case of ABS Linked Notes: Reference Obligation Only, and in all other cases:

- (a) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or Qualifying Policy (if applicable to any monoline insurance company or similar entity if such entity is a Reference Entity) or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) described by the Deliverable Obligation Category and having each of the Deliverable Obligation Characteristics, in each case, as of the Delivery Date (but excluding any Excluded Deliverable Obligation) that is (i) payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than as set out in Condition 18.1(b)(i)-(iii) or right of set off by or of a Reference Entity or any applicable Underlying Obligor, and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
- (b) subject to the second sentence in the definition of "Not Contingent", each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Deliverable Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than as set out in Condition 18.1(b)(i)-(iii)) or right of set off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (d) any other obligation of a Reference Entity specified as such in the applicable Final Terms,

provided that:

- (i) where the Issuer is to redeem the Notes by means of Physical Settlement, if "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" are specified as applicable in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement only if it (A) is a Fully Transferable

Obligation, and (B) has a final maturity date not later than the Restructuring Maturity Limitation Date; and

- (ii) where the Issuer is to redeem the Notes by means of Physical Settlement, if "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" are specified as applicable in the applicable Pricing Circular Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice then a Deliverable Obligation may be specified in the Notice of Physical Settlement only if it (A) is a Conditionally Transferable Obligation, and (B) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

The Deliverable Obligations to be Delivered by the Issuer to the Noteholders shall have an outstanding principal balance (excluding accrued interest) equal to the outstanding Aggregate Nominal Amount of the Notes, subject to Condition 18.10 above.

If the term "Deliverable Obligation" is to apply to Notes to be redeemed by the Issuer by means of Cash Settlement, references to "Delivery Date" shall be deemed to be references to "Valuation Date";

**Delivery Agent** means the Issuer or such other entity designated for such purpose as specified in the applicable Final Terms;

**Disrupted Day** means any day on which a Market Disruption Event has occurred.

**Early Amortisation Date** means the Business Day on which the Redeemed Amount plus accrued interest is actually paid to the as holder of the Reference Obligation;

**Event Determination Date** means, in respect of any Credit Event, the first date on which the related Credit Event Notice and, if specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information are effective in accordance with the Conditions;

**Expected Payment Amount** means (except in the case of ABS Linked Notes) a payment of interest or principal due or scheduled to be paid pursuant to the terms of the Reference Obligation or any financial guarantee insurance policy or similar financial guarantee in respect of the Reference Obligation. In case of ABS Linked Notes, the **Expected Payment Amount** shall not include any amount properly withheld from a payment in respect of the Reference Obligation or any additional amount required to be paid in respect of the Reference Obligation in each case because of any withholding tax. The Expected Payment Amount shall be determined without regard to the effect of any provisions of the Reference Obligation that permit or provide for the limitation of payments or distributions of funds in accordance with the terms of the Reference Obligation pursuant to an available funds cap or otherwise, that provide for the capitalisation or deferral of interest on the Reference Obligation, or that provide for the extinguishing or reduction of such payments or distributions;

**Failure to Pay** means (except in the case of ABS Linked Notes), after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure;

In the case of ABS Linked Notes, **Failure to Pay** means either:

- (a) (i) after the expiration of any applicable Grace Period the occurrence of a non-payment of an Expected Payment Amount on a Scheduled Distribution Date (a **Payment Shortfall**) which is in excess of the Payment Requirement where, for the avoidance of doubt, the occurrence or otherwise of such a non-payment shall be determined after taking into account any payment by or on behalf of the Insurer or Guarantor, if applicable; and;
  - (ii) the satisfaction of one or more of the following conditions:
    - (A) the terms of the Reference Obligation do not provide for the reimbursement of the Payment Shortfall;
    - (B) the terms of the Reference Obligation do not provide for interest to be paid on the Payment Shortfall at a rate equal to or greater than the Scheduled Interest Rate from the day of the Payment Shortfall until the day on which such Payment Shortfall is reimbursed in full; or
    - (C) such non-payment gives rise to an event of default (however described) under the terms of the Reference Obligation or other event allowing the holders (or a trustee acting on behalf of the holders) of the Reference Obligation to accelerate the Reference Obligation; or
- (b) a failure to pay in full the outstanding principal balance of the Reference Obligation, without regard to any restructuring or writedown of the outstanding principal balance of the Reference Obligation (whether or not in accordance with the terms of the Reference Obligation occurring) on or after the Issue Date, at the earlier of: (i) the Maturity Date; and (ii) the day on which the assets designated to fund the Reference Obligation have been disposed of (whether or not in accordance with the terms of the Reference Obligation and whether pursuant to sale or liquidation or otherwise) and all proceeds of those assets have been fully distributed (whether or not in accordance with the terms of the Reference Obligation and whether distributed to holders of the Reference Obligation or to any other person);

**Final Price** means the price, expressed as a percentage, determined in accordance with the Valuation Method specified in the applicable Final Terms;

**Fitch** means Fitch Ratings Ltd;

**Fully Transferable Obligation** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition. For purposes of determining whether a Deliverable Obligation satisfies the requirements of this definition of Fully Transferable Obligation, such determination shall be made as of the Delivery Date, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer;

**Loss Event** means, as determined by the Calculation Agent in its sole and absolute discretion: (i) the occurrence of a Principal Reduction pursuant to the terms of the Reference Obligation; and (ii) the satisfaction of one or more of the following conditions: (a) the terms of the Reference Obligation do not provide for the reinstatement or reimbursement of the Principal Reduction; or, (b) the terms of the Reference Obligation do not provide for interest to be paid,

at the Scheduled Interest Rate, on the Principal Reduction, from the day of the Principal Reduction until the day on which such Principal Reduction is reinstated or reimbursed in full; or, (c) the terms of the Reference Obligation do not provide for interest to be paid, at a rate at least equal to the Scheduled Interest Rate, on the interest which would have accrued on the Principal Reduction from the day of the Principal Reduction until the day on which such Principal Reduction is reinstated or reimbursed in full;

**Modified Restructuring Maturity Limitation Date** means, with respect to a Deliverable Obligation, the date that is the later of (a) the Maturity Date and (b) 60 months following the Restructuring Date in the case of a Restructured Bond or Loan, or 30 months following the Restructuring Date in the case of all other Deliverable Obligations;

**Moody's** means Moody's Investors Service Inc;

**Multiple Holder Obligation** means an Obligation that (a) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (b) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and-two-thirds is required to consent to the event which constitutes a Restructuring Credit Event provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in (b);

**Notice Delivery Period** means the period from and including the Issue Date to and including the Maturity Date;

**Notice of Physical Settlement** means an irrevocable notice from the Issuer that confirms that the Issuer will Deliver the Deliverable Obligations to the Noteholder, containing a detailed description of the type of Deliverable Obligations that the Issuer reasonably expects to Deliver, which may be amended to the extent that the Calculation Agent determines that it is impracticable to Deliver such Deliverable Obligations;

**Notice of Publicly Available Information** means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer and the Principal Paying Agent that cites Publicly Available Information confirming the occurrence of the Credit Event described in the Credit Event Notice. The notice given must contain a copy or a description in reasonable detail of the relevant Publicly Available Information. If Notice of Publicly Available Information is a Condition to Settlement in the Final Terms and a Credit Event Notice cites Publicly Available Information, such Credit Event Notice will also be deemed to be a Notice of Publicly Available Information;

**Not Subordinated** means an obligation that is not Subordinated to (a) the most senior Reference Obligation in priority of payment or (b) if no Reference Obligation is specified in the applicable Final Terms, any unsubordinated Borrowed Money obligation of the Reference Entity. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation shall be determined as of the later of (i) the Issue Date and (ii) the date on which such Reference Obligation was issued or incurred and shall not reflect any change to such ranking in priority of payment after such later date;

**Obligation** means (a) any obligation of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or Qualifying Policy (if applicable to any monoline insurance company or similar entity if such entity is a Reference Entity) or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) described in the Obligation Category and having the Obligation Characteristics

specified in the applicable Final Terms, (b) each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Obligation, and (c) any other obligation of the Reference Entity specified in the applicable Final Terms;

**Obligation Acceleration** means one or more Obligations in an aggregate amount of not less than the Default Requirement (if any) have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations;

**Obligation Default** means one or more Obligations in an aggregate amount of not less than the Default Requirement (if any) have become capable of being declared due and payable before they would otherwise have been due and payable as a result of the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations;

**Outstanding Amount** means, where Notes have been redeemed *pro rata* in an amount equal to the Exercise Amount following the occurrence of a Restructuring Credit Event, the amount of Notes remaining after such redemption, being equal to the outstanding Aggregate Nominal Amount of the Notes prior to such redemption less the Exercise Amount;

**Payment Requirement** means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if Payment Requirement is not so specified, U.S.\$1,000,000 or its equivalent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable;

**Permitted Currency** means (except in the case of ABS Linked Notes) (a) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership); or (b) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard and Poor's or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof;

In the case of ABS Linked Notes, **Permitted Currency** means the Currency in which the Reference Obligation is denominated;

**Physical Settlement** means Delivery of the Deliverable Obligations in accordance with Condition 18.5 above and Condition 11;

**Physical Settlement Date** means the date which is specified as such in the applicable Final Terms;

**Potential Failure to Pay** means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligation, in accordance with the terms of such Obligations at the time of such failure;

**Potential Repudiation/Moratorium** means the occurrence of an event described in part (a) of the definition of "Repudiation/Moratorium";

**Principal Reduction** means a reduction in the principal amount of the Reference Obligation other than in connection with a scheduled or non-scheduled payment of principal. For the avoidance of doubt any such scheduled or non-scheduled payment of principal shall include any scheduled or accelerated amortisation, acceleration of payment obligations with regard to principal or redemption;

**Public Source** means each source of Publicly Available Information specified as such in the applicable Final Terms (or if a source is not specified in the applicable Final Terms, each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources);

In the case of ABS Linked Notes, the definition of “**Publicly Available Information**” in Section 3.5 of the Credit Derivatives Definitions shall be amended by (i) inserting the words “the Guarantor or the Insurer” at the end of subparagraph (a)(ii)(A) thereof, (ii) inserting the words “manager, arranger, servicer” after the words “paying agent” in subparagraph (a)(ii)(B) thereof and (iii) deleting the word “or” at the end of subparagraph (a)(iii) thereof and inserting at the end of subparagraph (a)(iv) thereof the following: “or (v) is information contained in a notice or on a website published by an internationally recognised rating agency that has at any time rated the Reference Obligation”;

**Qualifying Policy** means (i) a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all interest and principal payments (which may exclude certain default interest and indemnities) of an instrument that constitutes borrowed money for which another party (including a special purpose entity or trust) is the obligor, and (ii) an Obligation and Deliverable Obligation (which for the avoidance of doubt, must satisfy the relevant Deliverable Obligation Characteristics in respect of the relevant Reference Entity) in each case a Reference Entity is a monoline insurance company, notwithstanding the relevant Final Terms;

**Quotation** means each Full Quotation, the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Dealers, and if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation shall are not available on any such Business Day, the Quotations shall be deemed to be any Full Quotation obtained from a Dealer on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations obtained from Dealers on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which the firm quotations were not obtained on such day;

**Rating Downgrade:** in the case of ABS Linked Notes, the Credit Derivatives Definitions shall be amended by adding the following as a new Section 4.10:

“**Rating Downgrade**” means, unless otherwise specified in the applicable Final Terms, the occurrence of both of the following: the Reference Obligation has been downgraded to “Ca” or lower by Moody’s Investors Service Inc. and, the Reference Obligation has been downgraded to “CCC-” or lower by Standard & Poor’s. Notwithstanding the indications above, if the Reference Obligation is only rated by one rating agency, such rating will be taken into account”;

**Reference Entity** means (i) each entity specified as such in the applicable Final Terms, and any successor thereof as determined by the Calculation Agent or otherwise in accordance with the Final Terms or (ii) in the case of ABS Linked Notes, each entity specified as such in the applicable Final Terms as of the Trade Date and thereafter the primary obligor in respect of the Reference Obligation from time to time;

References to the Reference Entity in Sections 2.15(a)(iii), 3.5, 4.1, 18.2, 9.1 and 9.2(a) of the Credit Derivatives Definitions and in Section 3(a)(iv) of the form of Novation Agreement set forth in Exhibit E to the Credit Derivatives Definitions shall be deemed to be references to the Reference Entity and the Guarantor in respect of the Qualifying Guarantee or the Insurer in respect of the Qualifying Policy, as applicable

**Reference Obligation Notice** means an irrevocable notice from the Issuer sent not later than thirty (30) calendar days following the relevant Event Determination Date that includes a description of the Reference Obligation(s) to be used for valuation of the Cash Settlement Amount as follows:

- (a) title or designation;
- (b) maturity date; and
- (c) in the case of a Bond, the ISIN or CUSIP number;

**Reference Obligation** means (i) any obligation specified as such or of a type described in the applicable Final Terms and any Substitute Reference Obligation or (ii) In the case of ABS Linked Notes, the Obligation specified in the applicable Final Terms;

**Reference Obligation Notional Amount** shall mean, in the case of ABS Linked Notes, the amount specified as such in the applicable Final Terms, subject to reduction with effect from each day on which any payment of principal is made to the holders of the Reference Obligation in respect of the Reference Obligation (as a result of scheduled or accelerated amortisation, acceleration of payment obligations, redemption or otherwise, but excluding any payment in respect of principal representing capitalised interest);

**Reference Period** means the period from and including the Issue Date until and including the Scheduled Termination Date (without prejudice to Conditions 18.12 and 18.13) or such other period as is specified in the applicable Final Terms;

**Reference Price** means the price specified as such in the applicable Final Terms, and if none is specified, 100 per cent;

**Repudiation/Moratorium** means the occurrence of both of the following events: (a) an authorised officer of a Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement (if any), or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to one or more Obligations in an aggregate amount of not less than the Default

Requirement (if any) and (b) as Failure to Pay, determined without regard to the Payment Requirement or any change or amendment to any such Obligation as a result of (ii) above, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date;

**Repudiation/Moratorium Evaluation Date** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Termination Date, (a) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (i) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (ii) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (b) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium;

**Restructured Bond or Loan** means an Obligation which is a Bond or Loan and in respect of which a Restructuring that is the subject of a Credit Event Notice has occurred;

**Restructuring** means:

- (a) that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement (if any), any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Issue Date and the date as of which such Obligation is issued or incurred:
  - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
  - (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
  - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
  - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
  - (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.
- (b) Notwithstanding the above, none of the following shall constitute a Restructuring: (i) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union; (ii) the occurrence of, agreement to or announcement of any of the events described in sub-paragraphs (a)(i) - (v) above due to any administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and (iii) the occurrence of, agreement to or announcement of any of the events described in sub-

paragraphs (a)(i) - (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, or the Reference Obligation.

- (c) For purposes of (a) and (b) above and (d) below, the term "Obligation" shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if "All Guarantees" is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in (a) shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in (b) shall continue to refer to the Reference Entity.
- (d) Unless Multiple Holder Obligation is specified as not applicable in the applicable Final Terms, then, notwithstanding anything to the contrary in (a), (b) or (c) above, the occurrence of, agreement to or announcement of any of the events described in (a)(i) - (v) shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation;

**Restructuring Date** means, with respect to a Restructured Bond, Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring;

**Restructuring Maturity Limitation Date** means the date that is the earlier of (a) 30 months following the Restructuring Date and (b) the latest final maturity date of any Restructured Bond, Loan, provided, however, that under no circumstances shall the Restructuring Maturity Limitation Date be earlier than the Maturity Date or later than 30 months following the Maturity Date and if it is, it shall be deemed to be the Maturity Date or 30 months following the Maturity Date, as the case may be;

**Scheduled Distribution Date** means, in the case of ABS Linked Notes, each day on which interest and/or principal payments are due or scheduled to be paid pursuant to the terms of the Reference Obligation. For the avoidance of doubt, a deferral of or a failure to make interest and/or principal payments because of insufficient funds does not alter the Scheduled Distribution Date;

**Scheduled Interest Rate** means, in the case of ABS Linked Notes, the applicable rate of interest or, if the Reference Obligation is not in the form of debt, the rate used to calculate periodic distributions pursuant to the terms of the Reference Obligation scheduled to be paid under the terms of the Reference Obligation on the outstanding principal amount of the Reference Obligation. Such interest rate shall be the Scheduled Interest Rate even if interest is not required to be paid or is paid at a lower rate under the terms of the Reference Obligation because, pursuant to an available funds cap or otherwise, sufficient funds are not available;

**Scheduled Termination Date** means the earlier of (i) the date at which the outstanding principal amount of the Reference Obligation has been reduced to zero; and (ii) the date specified as such in the applicable Final Terms;

**Sovereign Restructured Deliverable Obligation** means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject as set out in the definition of "Deliverable Obligation Category", having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the

documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring;

**Standard & Poor's** means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc;

**Unwind Amount** means in respect of any Note the amount specified in the applicable Final Terms or if "**Standard Unwind Costs**" are specified in the applicable Final Terms, an amount determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer in connection with the redemption of the Notes and the related termination, settlement or re-establishment of any hedge or related trading position, such amount to be apportioned *pro rata* in respect of each Note (where such apportionment will be determined by reference to the proportion that the outstanding nominal amount of any Note bears to the outstanding Aggregate Nominal Amount of the Notes).

**Valuation Date** means the date specified in the applicable Final Terms; and

**Valuation Time** means the relevant time specified in the applicable Final Terms, of if "Calculation Agent" is specified, any time (as selected by the Calculation Agent in its sole and absolute discretion) on the Valuation Date during the hours that Dealers customarily bid for obligations such as the Reference Obligation.

The capitalised terms used herein and not otherwise defined herein or in the applicable Final Terms have the meanings set out in the 2003 ISDA Credit Derivatives Definitions as supplemented by the May 2003 Supplement to such Definitions and the Credit Derivatives Physical Settlement Matrix published on 7 March 2005 by the International Swaps and Derivatives Association, Inc. (the **2005 Matrix**), published by the International Swaps and Derivatives Association, Inc. (in each case as supplemented or amended in the applicable Final Terms), save that any references in such definitions to the "related Confirmation" shall be deemed to refer instead to the "applicable Final Terms", references to the "Credit Derivative Transaction" shall be deemed to refer instead to the "Notes", references to the "Buyer" shall be deemed to refer instead to the "Issuer", and references to the "Seller" shall be deemed to refer instead to the "Noteholder(s)".

## **19. ADDITIONAL PROVISIONS APPLICABLE TO CDS INDEX LINKED NOTES**

### **19.1 Market Disruption**

**Market Disruption Event** means, in relation to Notes relating to a single Index or basket of Indices, the occurrence or existence of (i) a Trading Disruption or, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (x) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index triggers respectively the Knock-in Level or the Knock-out Level or (y) in all other circumstances ends at the relevant Valuation Time.

For the purposes of determining whether a Market Disruption Event exists at any time, if a Market Disruption Event occurs in respect of a Component Transaction included in such Index at any time, then the relevant percentage contribution of that Component Transaction to the level of such Index shall be based on a comparison of (x) the portion of the level of such Index attributable to that Component Transaction and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been an Averaging Date, an Observation Date, a Knock-in Determination Day, a Knock-out Determination Day or a Valuation Date.

## **19.2 Adjustments to an Index**

### **(a) Successor Index Sponsor or Publisher Calculates and Reports an Index**

If a relevant Index is (i) not calculated and announced by the Index Sponsor or Publisher but is calculated and announced by a successor sponsor or publisher acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the **Successor Index**) will be deemed to be the Index.

### **(b) Modification and Cessation of Calculation of an Index**

If (i) on or prior to the last Valuation Date, last Observation Date, last Averaging Date, the last Knock-in Determination Day or the last Knock-out Determination Day, the relevant Index Sponsor or Publisher makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent Component Transactions, weighting, eligibility rules, and other routine events, such as, non exclusively, those provided in the Index Rules and Procedures) (an **Index Modification**), or permanently cancels a relevant Index and no Successor Index exists (an **Index Cancellation**), or (ii) on a Valuation Date, an Observation Date, an Averaging Date, a Knock-in Determination Day or Knock-out Determination Day, the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index (an **Index Disruption** and, together with an Index Modification and an Index Calculation, each an **Index Adjustment Event**), then,

- (i) the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate the relevant Settlement Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date, Observation Date, that Averaging Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those Component Transactions that comprised that Index immediately prior to that Index Adjustment Event; or
- (ii) on giving notice to Noteholders in accordance with Condition 13, the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of a Note taking into account the Index Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 13.

### **(c) Notice**

The Calculation Agent shall, as soon as practicable, notify the relevant Agent of any determination made by it pursuant to paragraph (b) above and the action proposed to be taken

in relation thereto and such Agent shall make available for inspection by Noteholders copies of any such determinations.

### **19.3 Correction of Index**

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment of a Redemption Amount and/or Interest Amount, if the Index published on a given day and used or to be used by the Calculation Agent to determine any Redemption Amount and/or Interest Amount, is subsequently corrected and the correction officially published by the relevant Index Sponsor or Publisher within 30 days of the original publication, the level to be used shall be the level of the Index as so corrected. Corrections published after the day which is three Exchange Business Days prior to the relevant Maturity Date or, as the case may be, Interest Payment Date will be disregarded by the Calculation Agent for the purposes of determining any Redemption Amount and/or Interest Amount.

### **19.4 Roll of Index**

The applicable Final Terms may provide "Index Roll" as applicable. In such a case, the Calculation Agent, in its sole and absolute discretion, shall use the Quotation given for a new serie of the CDS Index, as amended following the applicable Index Rules and Procedures.

The Calculation Agent shall make any adjustment as it deems necessary to reflect changes in the characteristics of the new Index series to respect the economic equivalent of the Notes.

For the avoidance of doubt, a Roll of Index shall not be considered as an Adjustment to the Index with respect to the present Additional Provisions.

### **19.5 Additional Disruption Events**

- (a) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:
  - (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to the Multiplier and/or any of the other terms of these Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (ii) redeem the Notes by giving notice to the Noteholders in accordance with Condition 13. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note taking into account the Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 13.
- (b) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the holders in accordance with Condition 13 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

## 19.6 Knock-in Event and Knock-out Event

If Knock-in Event is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, amendment to the terms of the Notes (as specified in the applicable Final Terms) and/or payment under the relevant Notes subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event.

If Knock-out Event is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, amendment to the terms of the Notes (as specified in the applicable Final Terms) and/or payment under the relevant Notes subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.

If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is the Valuation Time and if any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day, then such Knock-in Determination Day or Knock-out Determination Day will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining the occurrence of a Knock-in Event or a Knock-out Event.

If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is any time or period of time during the regular trading hours on which Relevant Dealers are opened for business and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one hour period that begins and/or ends at the time on which the level of the Index triggers the Knock-in Level or the Knock-out Level, a Market Disruption Event occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred.

For the purposes of this Condition 19:

**Knock-in Event** means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Index, that the level of the Index determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is and (B) in the case of a basket of Indices, that the amount for the Basket determined by the Calculation Agent equal to the sum of the values of each Index as the product in respect of each Index of (i) the level of such Index as of the Knock-in Valuation Time on any Knock-in Determination Day and (ii) the relevant weighting is and for both (A) and (B) as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Level.

**Knock-in Level** means (A) in the case of a single Index, the level of the Index specified and (B) in case of a basket of Indices, the level per Basket specified and for both (A) and (B) as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of "Market Disruption" set out in Condition 19.1 above.

**Knock-in Determination Day** means, in the case of a single Index and in the case of a basket of Indices, as specified in the applicable Final Terms, or each Scheduled Trading Day during the Knock-in Determination Period subject to, in either case, the provisions of "Market Disruption" set out in Condition 19.1 above. For the purposes of a Market Disruption, any Knock-in Determination Day will be treated as a Valuation Date and the provisions contained in the definition of "Valuation Date" set out below shall apply. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall

apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Knock-in Determination Day".

**Knock-in Determination Period** means, in respect of a single Index or a basket of Indices the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

**Knock-in Period Beginning Date** means, in respect of a single Index or a basket of Indices the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-in Period Ending Date** means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-in Valuation Time** means, in respect of a single Index or a basket of Indices, the time or period of time on any Knock-in Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

**Knock-out Event** means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Index, that the level of the Index determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is and (B) in the case of a basket of Indices, that the amount for the Basket determined by the Calculation Agent equal to the sum of the values of each Index as the product in respect of each Index of (i) the level of such Index as of the Knock-out Valuation Time on any Knock-out Determination Day and (ii) the relevant weighting is, and for both (A) and (B) as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Level.

**Knock-out Level** means, in the case of a single Index, the level of the Index specified and in the case of a basket of Indices, the level per basket specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of "Market Disruption" set out in Condition 19.1 above.

**Knock-out Determination Day** means, in respect of a single Index and in relation to a basket of Indices, as specified in the applicable Final Terms, or each Scheduled Trading Day during the Knock-out Determination Period subject to, in either case, the provisions of "Market Disruption" set out in Condition 19.1 above. For the purposes of a Market Disruption, any Knock-out Determination Day will be treated as a Valuation Date and the provisions contained in the definition of "Valuation Date" set out below shall apply. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Knock-out Determination Day".

**Knock-out Determination Period** means, in respect of a single Index or a basket of Indices, the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**Knock-out Period Beginning Date** means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-out Period Ending Date** means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-out Valuation Time** means, in respect of a single Index or a basket of Indices, the time or period of time on any Knock-out Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

## 19.7 Automatic Early Redemption Event

If Automatic Early Redemption Event is specified as applicable in the Final Terms, then unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date, an Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date and the Early Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount, less if specified as applicable in the Final Terms, Early Redemption Unwind Costs.

For the purposes of these Conditions:

**Automatic Early Redemption Amount** means (a) an amount in the Specified Currency specified in the applicable Final Terms specified as such in the applicable Final Terms (which may be the Fair Market Value) or if such amount is not specified, (b) the product of (i) the denomination of each Note and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date.

**Automatic Early Redemption Date** means each date specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

**Automatic Early Redemption Event** means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Index, that the level of the Index determined by the Calculation Agent as of the Valuation Time on any Automatic Early Redemption Valuation Date is, and (B) in the case of a Basket of Indices, the amount for the Basket determined by the Calculation Agent equal to the sum of the values of each Index of each Index as the product of (i) the level of such Index as determined by the Calculation Agent as of the Valuation Time on any Automatic Early Redemption Valuation Date and (ii) the relevant weighting is, and for both (A) and (B) as specified in the Final Terms (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Price.

**Automatic Early Redemption Level** means the level of the Index specified as such or otherwise determined in the applicable Final Terms, subject to "Adjustment to the Index" set forth in Condition 19.2 above.

**Automatic Early Redemption Rate** means, in respect of any Automatic Early Redemption Date, the rate specified as such in the applicable Final Terms.

**Automatic Early Redemption Valuation Date** means each date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the provisions relating to

"Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Automatic Early Redemption Valuation Date".

## 19.8 Additional Definitions

For the purposes of this Condition 19:

**Additional Disruption Event** means any of Change of Law, Credit Event, Hedging Disruption and/or Increased Cost of Hedging in each case if specified in the applicable Final Terms.

**Affiliate** means in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **control** means ownership of a majority of the voting power of an entity.

**Average Highest** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

**Averaging Date** means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) If **Omission** is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of **Valuation Date** will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if **Postponement** is specified as applying in the applicable Final Terms, then the provisions of the definition of **Valuation Date** will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if **Modified Postponement** is specified as applying in the applicable Final Terms then:
  - (i) where the Notes are CDS Index Linked Notes relating to a single Index, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for consecutive Scheduled Trading Days equal in number to the Specified Maximum Days of Disruption (up to the Valuation Time on the last such consecutive Scheduled Trading Day) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that

Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of **Valuation Date** below;

- (ii) where the Notes are CDS Index Linked Notes relating to a basket of Indices, the Averaging Date for the Index not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the **Scheduled Averaging Date**) and the Averaging Date for an Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index. If the first succeeding Valid Date in relation to such Index has not occurred for consecutive Scheduled Trading days equal in number to the Specified Maximum Days of Disruption (up to the Valuation Time on the last such consecutive Scheduled Trading Day) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of such Index, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of **Valuation Date** below; and
- (iii) for the purposes of these Conditions **Valid Date** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

**Change of Law** means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (x) it has become illegal to hold, acquire or dispose of relevant security/contract comprised in an Index or (y) it will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**Component Transaction** means each and any of the credit derivative contracts composing the Index, each Reference Entity and/or Reference Obligation as determined from time to time in accordance with the Index Rules and Procedures and which may be listed in an annex to the applicable Final Terms.

**Credit Event**, means any one or more of the events affecting one of the Reference Entity and/or Obligation of a Component Transaction, and specified as applicable in the Final Terms. If no Credit Event is specified in the applicable Final Terms, and Credit Event is specified as applicable, then Failure to Pay and Bankruptcy are considered as being applicable. For the avoidance of doubt, Restructuring shall be deemed to be applicable only if explicitly specified as such in the applicable Final Terms.

**Disrupted Day** means any Scheduled Trading Day on which a Market Disruption Event has occurred.

**Early Closure** means the closure on any Exchange Business Day with respect to such Index of any relevant Exchange(s) relating to securities or contracts that comprise 20 per cent or more of the level of such Index unless such earlier closing time is announced on such

Exchange(s) at least one hour prior to the earlier of (i) the customarily accepted closing time for the regular trading session on such Exchange(s) on such Exchange Business Day, as determined by the Calculation Agent, and (ii) the time at which no counterparty is available to furnish a firm quotation on CDS Index for execution at the Valuation Time on such Exchange Business Day, as determined by the Calculation agent after using reasonable effort to obtain such Quotation.

**Exchange** means in respect of CDS Index Linked Notes and in relation to an Index each over the counter exchange, identified by reference to a Financial Center, specified as such for such Index in the applicable Final Terms, any successor to such exchange or any substitute over the counter or regulated exchange to which trading in the securities or contracts comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities or contracts comprising such Index on such temporary substitute over the counter exchange system as on the original Exchange).

**Exchange Business Day** means the relevant Exchange Business Day specified in the applicable Final Terms. If no Exchange Business Day is specified as applying in the applicable Final Terms, Exchange Business Day shall mean any Scheduled Trading Day on which each Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange closing prior to its Scheduled Closing Time.

**Exchange Disruption** means any event that disrupts or impairs (as determined by the Calculation Agent) the ability of Relevant Dealers in general to effect transactions in, or obtain market values for on any relevant Exchange(s) in securities or contracts that comprise 20 percent or more of the level of the relevant Index.

**Hedging Disruption** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the credit or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Highest** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

**Increased Cost of Hedging** means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risks (including, without limitation, credit risk, foreign exchange risk and interest rate risk) or any other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

**Indices and Index** mean, subject to adjustment in accordance with Condition 19.2, the indices or index specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Index Rules and Procedures** means the rules and procedure relative to the composition and calculation of the Index, as agreed by the Index Sponsor, the Index Publisher and the official Relevant Dealers of the Index, and as amended from time to time.

**Index Sponsor or Index Publisher** means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the Index Rules and Procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date of the Notes is the index sponsor specified for such Index in the applicable Final Terms.

**Market Value** means, with respect to the Index level being valued on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest and lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, an amount as determined by the Calculation Agent on any of the next ten Business Days thereafter on which two or more Full Quotations or a Weighted Average Quotation is obtained; and (vi) if two or more Full Quotations or a Weighted Average Quotation are not obtained within this additional ten Business Days' period, any one Full Quotation on such tenth Business Day, or if no Full Quotation is obtained, the Market Value shall be the weighted average of any firm quotations obtained from Relevant Dealers on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

**Observation Date** means each date specified as an Observation Date in the applicable Final Terms, or if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Observation Date".

**Observation Period** means the period specified as the Observation Period in the applicable Final Terms.

**Quotation** means each Full Quotation, the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date as follows: the Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Relevant Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Relevant Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day, the Quotations shall be deemed to be any Full Quotation obtained from a Relevant Dealer on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations obtained from Relevant Dealers on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a

quotation deemed to be zero for the balance of the Quotation Amount for which the firm quotations were not obtained on such day.

**Quotation Amount** shall be as specified in the applicable Final Terms or otherwise shall be deemed to be, an amount equal to the amount necessary to unwind the hedge of the Issuer in relation with the Notes.

**Quotation Method** shall be as specified in the applicable Final Terms or otherwise shall be deemed to be Bid.

**Relevant Annex** shall mean the Index annex, as published by the Index Publisher on the Markit website, or any successor thereto, which is specified as such in the relevant Final Terms.

**Relevant Dealers** means official bank dealers (other than the Issuer or an Affiliate of the Issuer) of the Index as appointed by the relevant Index Sponsor, or three financial institutions, selected by the Calculation Agent, that significantly deals or invests in CDS Index for which Quotations are to be obtained. The Calculation Agent shall select the Relevant Dealers in good faith and in a commercially reasonable manner. Upon a selected Relevant Dealer no longer being in existence (with no successors), or not being an active dealer in the CDS Index of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Relevant Dealer(s) for one or more of the foregoing. Any bid quotation provided by the Issuer shall be deemed to be a Firm Quotation that it would provide to a counterparty in the market.

**Relevant Level** means the level of the Index as determined by the Calculation agent at Valuation Time on any Valuation Date, using the official fixing eventually calculated and/or published by the Index Sponsor or Publisher if specified as such in the applicable Final Terms; or, if nothing is specified in the Final Terms, the Valuation Method as set out herein.

**Scheduled Closing Time** means, in respect of an Exchange and a Scheduled Trading Day, the scheduled weekday customarily accepted closing time on such Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**Scheduled Interest Rate** means the applicable rate of interest or, if the Reference Obligation is not in the form of debt, the rate used to calculate periodic distributions pursuant to the terms of the Reference Obligation scheduled to be paid under the terms of the Reference Obligation on the outstanding principal amount of the Reference Obligation. Such interest rate shall be the Scheduled Interest Rate even if interest is not required to be paid or is paid at a lower rate under the terms of the Reference Obligation because, pursuant to an available funds cap or otherwise, sufficient funds are not available.

**Scheduled Trading Day** means any day on which, according to the Index Rules and Procedures, Relevant Dealers are scheduled to be opened for business, to bid for the relevant CDS Index and Component Transactions on the Exchange.

**Scheduled Valuation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**Settlement Price** means, unless otherwise specified in the applicable Final Terms, in relation to each Cash Settled Note in respect of CDS Index Linked Notes and as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:

- (a) in the case of CDS Index Linked Notes relating to a basket of Indices, an amount (which shall be deemed to be a monetary amount in the Index Currency) equal to the sum of the values calculated for each Index as the Relevant Level for each Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of each Index determined by the Calculation Agent as set out in the applicable Final Terms at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, multiplied by the relevant multiplier; and
- (b) in the case of CDS Index Linked Notes relating to a single Index, an amount (which shall be deemed to be a monetary amount in the Index Currency) equal to the Relevant Level of the Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent as set out in the applicable Final Terms at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date.

**Specified Maximum Days of Disruption** means ten (10) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the applicable Final Terms.

**Trading Disruption** means any time or day on a Scheduled Trading Day during which the Calculation Agent is unable to obtain a Quotation, as provided by the Valuation Method.

**Valuation Date** means the Coupon Valuation Date and/or the Redemption Valuation Date, as the case may be, specified in the applicable Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Notes are CDS Index Linked Notes relating to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the consecutive Scheduled Trading Days equal in number to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the Settlement Price by determining the level of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security/contract comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/contract on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security/contract as of the Valuation Time on the last such consecutive Scheduled Trading Day); or
- (b) where the Notes are CDS Index Linked Notes relating to a basket of Indices, the Valuation Date for each Index, not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index, affected, as the case may be, (each an **Affected Item**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the consecutive Scheduled

Trading Days equal in number to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price using, in relation to the Affected Item, the level or value as applicable, determined in the manner set out in the applicable Final Terms, or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security/contract comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/contract on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security/contract as of the Valuation Time on the last such consecutive Scheduled Trading Day), and otherwise in accordance with the above provisions.

**Valuation Method** shall be as specified in the applicable Final Terms or otherwise shall be deemed to be, (i) if only one Valuation Date, Highest, or (ii) if more than one Valuation Date, Average Highest, or if "Market" has been designated in the relevant Final Terms, "Market Value" shall apply.

**Valuation Time** means:

- (a) the Relevant Time specified in the applicable Final Terms; and
- (b) if "Calculation Agent is specified in the applicable Final Terms, any time (as selected by the Calculation Agent in its sole and absolute discretion) on the Valuation Date during the hours that Relevant Dealers customarily bid for the relevant CDS Index.

**Weighted Average Quotation** means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Relevant Dealers at the Valuation Time, to the extent reasonably practicable, for an amount of less than the Quotation Amount; that in aggregate are approximately equal to the Quotation Amount.

The capitalised terms used herein and not otherwise defined herein or in the applicable Final Terms have the meanings set out in the 2003 ISDA Credit Derivatives Definitions as supplemented by the May 2003 Supplement to such Definitions and the Credit Derivatives Physical Settlement Matrix published on 7 March 2005 by the International Swaps and Derivatives Association, Inc. (the **2005 Matrix**), published by the International Swaps and Derivatives Association, Inc. (in each case as supplemented or amended in the applicable Final Terms), save that any references in such definitions to the "related Confirmation" shall be deemed to refer instead to the "applicable Final Terms", references to the "Credit Derivative Transaction" shall be deemed to refer instead to the "Notes", references to the "Buyer" shall be deemed to refer instead to the "Issuer", and references to the "Seller" shall be deemed to refer instead to the "Noteholder(s)".

## 20. ADDITIONAL PROVISIONS APPLICABLE TO INDEX LINKED NOTES

### 20.1 Market Disruption

**Market Disruption Event** means, in relation to Notes relating to a single Index or basket of Indices, the occurrence or existence of (i) a Trading Disruption or, (ii) an Exchange

Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (x) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index triggers respectively the Knock-in Level or the Knock-out Level or (y) in all other circumstances ends at the relevant Valuation Time, or (iii) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists at any time, if a Market Disruption Event occurs in respect of a security, a contract or a Component Transaction included in such Index at any time, then the relevant percentage contribution of that security, that contract or that Component Transaction to the level of such Index shall be based on a comparison of (x) the portion of the level of such Index attributable to that security, that contract or that Component Transaction and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been an Averaging Date, an Observation Date, a Knock-in Determination Day, a Knock-out Determination Day or a Valuation Date.

## **20.2 Adjustments to an Index**

### **(a) Successor Index Sponsor Calculates and Reports an Index**

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the **Successor Index**) will be deemed to be the Index.

### **(b) Modification and Cessation of Calculation of an Index**

If (i) on or prior to the last Valuation Date, last Observation Date, last Averaging Date, the last Knock-in Determination Day or the last Knock-out Determination Day, the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts, commodities or Component Transaction and other routine events) (an **Index Modification**), or permanently cancels a relevant Index and no Successor Index exists (an **Index Cancellation**), or (ii) on a Valuation Date, an Observation Date, an Averaging Date, a Knock-in Determination Day or Knock-out Determination Day, the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index (an **Index Disruption** and, together with an Index Modification and an Index Calculation, each an **Index Adjustment Event**), then,

- (i) the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate the relevant Settlement Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date, Observation Date, that Averaging Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities/commodities/Component Transactions that comprised that Index immediately prior to that Index Adjustment Event; or

- (ii) on giving notice to Noteholders in accordance with Condition 13, the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of a Note taking into account the Index Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 13.

**(c) Notice**

The Calculation Agent shall, as soon as practicable, notify the relevant Agent of any determination made by it pursuant to paragraph (b) above and the action proposed to be taken in relation thereto and such Agent shall make available for inspection by Noteholders copies of any such determinations.

**20.3 Correction of Index**

With the exception of any corrections published after the day which is, unless stated otherwise in the applicable Final Terms, three Exchange Business Days prior to the due date for any payment of a Redemption Amount and/or Interest Amount, if the Index published on a given day and used or to be used by the Calculation Agent to determine any Redemption Amount and/or Interest Amount, is subsequently corrected and the correction published by the relevant Index Sponsor within 30 days of the original publication, the level to be used shall be the level of the Index as so corrected. Corrections published after the day which is, unless stated otherwise in the relevant Final Terms, three Exchange Business Days prior to the relevant Redemption Date or, as the case may be, Interest Payment Date will be disregarded by the Calculation Agent for the purposes of determining any Redemption Amount and/or Interest Amount.

**20.4 Additional Disruption Events**

- (a) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:
  - (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to the multiplier and/or any of the other terms of these Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (ii) redeem the Notes by giving notice to the Noteholders in accordance with Condition 13. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note taking into account the Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 13.
- (b) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the holders in accordance with Condition 13 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

## 20.5 Knock-in Event and Knock-out Event

If Knock-in Event is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, amendment to the terms of the Notes (as specified in the applicable Final Terms) and/or payment under the relevant Notes subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event.

If Knock-out Event is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, amendment to the terms of the Notes (as specified in the applicable Final Terms) and/or payment under the relevant Notes subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.

If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is the Valuation Time and if any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day, then such Knock-in Determination Day or Knock-out Determination Day will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining the occurrence of a Knock-in Event or a Knock-out Event.

If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is any time or period of time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one hour period that begins and/or ends at the time on which the level of the Index triggers the Knock-in Level or the Knock-out Level, a Market Disruption Event occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred.

For the purposes of this Condition 20:

**Knock-in Event** means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Index, that the level of the Index determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is and (B) in the case of a basket of Indices, that the amount for the Basket determined by the Calculation Agent equal to the sum of the values of each Index as the product in respect of each Index of (i) the level of such Index as of the Knock-in Valuation Time on any Knock-in Determination Day and (ii) the relevant weighting is and for both (A) and (B) as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Level.

**Knock-in Level** means (A) in the case of a single Index, the level of the Index specified and (B) in case of a basket of Indices, the level per Basket specified and for both (A) and (B) as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of "Market Disruption" set out in Condition 20.1 above.

**Knock-in Determination Day** means, in the case of a single Index and in the case of a basket of Indices, as specified in the applicable Final Terms, or each Scheduled Trading Day during the Knock-in Determination Period subject to, in either case, the provisions of "Market Disruption" set out in Condition 20.1 above. For the purposes of a Market Disruption, any Knock-in Determination Day will be treated as a Valuation Date and the provisions contained in the definition of "Valuation Date" set out below shall apply. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall

apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Knock-in Determination Day".

**Knock-in Determination Period** means, in respect of a single Index or a basket of Indices the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

**Knock-in Period Beginning Date** means, in respect of a single Index or a basket of Indices the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-in Period Ending Date** means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-in Valuation Time** means, in respect of a single Index or a basket of Indices, the time or period of time on any Knock-in Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

**Knock-out Event** means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Index, that the level of the Index determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is and (B) in the case of a basket of Indices, that the amount for the Basket determined by the Calculation Agent equal to the sum of the values of each Index as the product in respect of each Index of (i) the level of such Index as of the Knock-out Valuation Time on any Knock-out Determination Day and (ii) the relevant weighting is, and for both (A) and (B) as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Level.

**Knock-out Level** means, in the case of a single Index, the level of the Index specified and in the case of a basket of Indices, the level per basket specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of "Market Disruption" set out in Condition 20.1 above.

**Knock-out Determination Day** means, in respect of a single Index and in relation to a basket of Indices, as specified in the applicable Final Terms, or each Scheduled Trading Day during the Knock-out Determination Period subject to, in either case, the provisions of "Market Disruption" set out in Condition 20.1 above. For the purposes of a Market Disruption, any Knock-out Determination Day will be treated as a Valuation Date and the provisions contained in the definition of "Valuation Date" set out below shall apply. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Knock-out Determination Day".

**Knock-out Determination Period** means, in respect of a single Index or a basket of Indices, the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**Knock-out Period Beginning Date** means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-out Period Ending Date** means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-out Valuation Time** means, in respect of a single Index or a basket of Indices, the time or period of time on any Knock-out Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

## 20.6 Automatic Early Redemption Event

If Automatic Early Redemption Event is specified as applicable in the Final Terms, then unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date, an Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date and the Early Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount.

For the purposes of these Conditions:

**Automatic Early Redemption Amount** means (a) an amount in the Specified Currency specified in the applicable Final Terms specified as such in the applicable Final Terms or if such amount is not specified, (b) the product of (i) the denomination of each Note and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date.

**Automatic Early Redemption Date** means each date specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

**Automatic Early Redemption Event** means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Index, that the level of the Index determined by the Calculation Agent as of the Valuation Time on any Automatic Early Redemption Valuation Date is, and (B) in the case of a Basket of Indices, the amount for the Basket determined by the Calculation Agent equal to the sum of the values of each Index of each Index as the product of (i) the level of such Index as determined by the Calculation Agent as of the Valuation Time on any Automatic Early Redemption Valuation Date and (ii) the relevant weighting is, and for both (A) and (B) as specified in the Final Terms (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Price.

**Automatic Early Redemption Level** means the level of the Index specified as such or otherwise determined in the applicable Final Terms, subject to "Adjustment to the Index" set forth in Condition 20.2 above.

**Automatic Early Redemption Rate** means, in respect of any Automatic Early Redemption Date, the rate specified as such in the applicable Final Terms.

**Automatic Early Redemption Valuation Date** means each date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in

the definition of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Automatic Early Redemption Valuation Date".

## 20.7 Additional Definitions

For the purposes of this Condition 20:

**Additional Disruption Event** means any of Change of Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case if specified in the applicable Final Terms.

**Affiliate** means in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **control** means ownership of a majority of the voting power of an entity.

**Average Highest** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

**Averaging Date** means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) If **Omission** is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of **Valuation Date** will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if **Postponement** is specified as applying in the applicable Final Terms, then the provisions of the definition of **Valuation Date** will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if **Modified Postponement** is specified as applying in the applicable Final Terms then:
  - (i) where the Notes are Index Linked Notes relating to a single Index, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for consecutive Scheduled Trading Days equal in number to the Specified Maximum Days of Disruption (up to the Valuation Time on the last such consecutive Scheduled Trading Day) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that

Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of **Valuation Date** below;

- (ii) where the Notes are Index Linked Notes relating to a basket of Indices, the Averaging Date for the Index not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the **Scheduled Averaging Date**) and the Averaging Date for an Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index. If the first succeeding Valid Date in relation to such Index has not occurred for consecutive Scheduled Trading days equal in number to the Specified Maximum Days of Disruption (up to the Valuation Time on the last such consecutive Scheduled Trading Day) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of such Index, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of **Valuation Date** below; and
- (iii) for the purposes of these Conditions **Valid Date** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

**Change of Law** means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (x) it has become illegal to hold, acquire or dispose of relevant security/commodity comprised in an Index or (y) it will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**Component Security** means each and any component security of any Index.

**Component Transaction** means each and any combination of any security and/or derivative (including interest rates) contracts composing the Index as determined from time to time by the Relevant Dealers and as defined in the applicable Final Terms.

**Disrupted Day** means any Scheduled Trading Day on which the Exchange or the Related Exchange fails to open for trading during their regular trading session or a Market Disruption Event has occurred.

**Early Closure** means the closure on any Exchange Business Day with respect to such Index of any relevant Exchange(s) relating to securities that comprise 20 per cent or more of the level of such Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**Exchange** means in respect of Index Linked Notes and in relation to an Index each exchange or quotation system or over the counter exchange identified by reference to a Financial Center, specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities/contracts comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities/contracts comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange).

**Exchange Business Day** means the relevant Exchange Business Day specified in the applicable Final Terms. If no Exchange Business Day is specified as applying in the applicable Final Terms, Exchange Business Day shall mean any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Exchange Disruption** means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants and Relevant Dealers in general (A) to effect transactions in, or obtain market values for on any relevant Exchange(s) in securities/commodities/contracts that comprise 20 percent or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures, options or any derivative contracts relating to the relevant Index on any relevant Related Exchange.

**Full Quotation** means, in accordance with the Quotation Method, any firm quotations obtained from Relevant Dealers at the Valuation Time, to the extent reasonably practicable, for an amount of less than the Quotation Amount; that in aggregate are approximately equal to the Quotation Amount.

**Hedging Disruption** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity, credit, interest rates, foreign currency exchange, or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Hedging Components** means the number of securities/commodities/contracts comprised in an Index that the Issuer deems necessary to hedge the equity, credit, interest rates, foreign currency exchange or other price risk of entering into and performing its obligations with respect to the Notes.

**Highest** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

**Increased Cost of Hedging** means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risks (including, without limitation, equity and credit price risk, foreign exchange risk, interest rate risk, and any other price risks) of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

**Increased Cost of Stock Borrow** means that the Issuer and/or any of its Affiliates would incur a rate to borrow any security/commodity comprised in an Index that is greater than the Initial Stock Loan Rate.

**Indices and Index** mean, subject to adjustment in accordance with Condition 20.2, the indices or index specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Index Sponsor** means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date of the Notes is the index sponsor specified for such Index in the applicable Final Terms.

**Initial Stock Loan Rate** means, in respect of a security/commodity/contracts comprised in an Index, the initial stock loan rate specified in relation to such security or commodity in the applicable Final Terms.

**Loss of Stock Borrow** means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any securities/commodities/contracts comprised in an Index in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

**Market Value** means, unless stated otherwise in the applicable Final Terms, with respect to the Index level being valued on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest and lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, an amount as determined by the Calculation Agent on any of the next ten Business Days thereafter on which two or more Full Quotations or a Weighted Average Quotation is obtained; and (vi) if two or more Full Quotations or a Weighted Average Quotation are not obtained within this additional ten Business Days' period, any one Full Quotation on such tenth Business Day, or if no Full Quotation is obtained, the Market Value shall be the weighted average of any firm quotations obtained from Relevant Dealers on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

**Maximum Stock Loan Rate** means, in respect of a security/commodity/contracts comprised in an Index, the Maximum Stock Loan Rate specified in the applicable Final Terms.

**Observation Date** means each date specified as an Observation Date in the applicable Final Terms, or if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in

the definition of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Observation Date".

**Observation Period** means the period specified as the Observation Period in the applicable Final Terms.

**Quotation** means each Full Quotation, the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date as follows: unless stated otherwise in the applicable Final Terms, the Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Relevant Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Relevant Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day, the Quotations shall be deemed to be any Full Quotation obtained from a Relevant Dealer on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations obtained from Relevant Dealers on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which the firm quotations were not obtained on such day.

**Quotation Amount** shall be as specified in the applicable Final Terms or otherwise shall be deemed to be, an amount equal to the amount necessary to unwind the hedge of the Issuer in relation with the Notes.

**Quotation Method** shall be as specified in the applicable Final Terms or otherwise shall be deemed to be Bid.

**Relevant Dealers** means official bank dealers (other than the Issuer or an affiliate of the Issuer) of the Index as appointed by the relevant Index Sponsor, or three financial institutions, selected by the Calculation Agent, that significantly deals or invests in the Index or Component Transactions for which Quotations are to be obtained. The Calculation Agent shall select the Relevant Dealers in good faith and in a commercially reasonable manner. Upon a selected Relevant Dealer no longer being in existence (with no successors), or not being an active dealer in the Index or Component Transactions of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Relevant Dealer(s) for one or more of the foregoing. Any bid quotation provided by the Issuer shall be deemed to be a Firm Quotation that it would provide to a counterparty in the market.

**Relevant Level** means the level of the Index as determined by the Calculation Agent at Valuation Time on any Valuation Date, using as specified in the applicable Final Terms, either (i) the official closing level for such Index, or (ii) the official fixing eventually calculated and/or published by the Index Sponsor; or, if nothing is specified in the Final Terms, the Valuation Method as set out therein.

**Related Exchange** means, in respect of Index Linked Notes and in relation to an Index, each exchange or quotation system or over the counter exchange identified by reference to a Financial Center, on which futures, options or derivatives contracts relating to such Index are traded, or each exchange or quotation system or over the counter exchange identified by reference to a Financial Center, specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or over the counter exchange, or

any substitute exchange or quotation system or over the counter exchange to which trading in futures, options or derivatives contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures, options or derivatives contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, **Related Exchange** shall mean each exchange or quotation system or over the counter exchange where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures, options or derivatives contracts relating to such Index.

**Scheduled Closing Time** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday customarily accepted closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**Scheduled Trading Day** means the relevant Scheduled Trading Day specified in the applicable Final Terms. If no Scheduled Trading Day is specified as applying in the applicable Final Terms, Scheduled Trading Day shall mean any day on which each Exchange and each Related Exchange in respect of each such Index are scheduled to be open for trading for their respective regular trading sessions, and for which and with respect to each over the counter exchange identified by reference to a Financial Center, Relevant Dealers are scheduled to be opened for business, to bid for the relevant Index and Component Transactions.

**Scheduled Valuation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**Screen Page** means the page specified in the applicable Final Terms, or any successor page or service thereto.

**Settlement Price** means, unless otherwise specified in the applicable Final Terms, in relation to each Cash Settled Note in respect of Index Linked Notes and as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:

- (d) in the case of Index Linked Notes relating to a basket of Indices, an amount (which shall be deemed to be a monetary amount in the Index Currency) equal to the sum of the values calculated for each Index as the Relevant Level for each Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of each Index determined by the Calculation Agent as set out in the applicable Final Terms at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, multiplied by the relevant multiplier; and
- (e) in the case of Index Linked Notes relating to a single Index, an amount (which shall be deemed to be a monetary amount in the Index Currency) equal to the Relevant Level of the Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent as set out in the applicable Final Terms at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date.

**Specified Maximum Days of Disruption** means eight (8) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the applicable Final Terms.

**Trading Disruption** means (1) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to securities that comprise 20 percent or more of the level of such Index on any relevant Exchange(s) or (b) in futures, options or derivatives contracts relating to such Index on any relevant Related Exchange; and, (2) in case of Component Transactions scheduled to be quoted on an over the counter exchange identified by reference to a Financial Center, any time or day on a Scheduled Trading Day during which the Calculation Agent is unable to obtain a Quotation, as provided by the Valuation Method.

**Valuation Date** means the Coupon Valuation Date and/or the Redemption Valuation Date, as the case may be, specified in the applicable Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (f) where the Notes are Index Linked Notes relating to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the consecutive Scheduled Trading Days equal in number to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the Settlement Price by determining the level of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security/commodity/derivatives contracts comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity/derivatives contracts on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity/derivatives contracts as of the Valuation Time on the last such consecutive Scheduled Trading Day); or
- (g) where the Notes are Index Linked Notes relating to a basket of Indices, the Valuation Date for each Index, not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index, affected, as the case may be, (each an **Affected Item**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the consecutive Scheduled Trading Days equal in number to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price using, in relation to the Affected Item, the level or value as applicable, determined in the manner set out in the applicable Final Terms, or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security/commodity/derivatives

contracts comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity/derivatives contracts on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity/derivatives contracts as of the Valuation Time on the last such consecutive Scheduled Trading Day),

and otherwise in accordance with the above provisions.

**Valuation Method** shall be as specified in the applicable Final Terms or otherwise shall be deemed to be, (i) if only one Valuation Date, Highest, or (ii) if more than one Valuation Date, Average Highest, or if “Market” has been designated in the relevant Final Terms, “Market Value” shall apply.

**Valuation Time** means:

- (h) the Relevant Time specified in the applicable Final Terms; and
- (i) if “Calculation Agent” is specified in the applicable Final Terms, any time (as selected by the Calculation Agent in its sole and absolute discretion) on the Valuation Date during the hours that Relevant Dealers customarily bid for the relevant Index or any of its Component Transactions; and
- (j) the Scheduled Closing Time on the Exchange on the Valuation Date. If the Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

**Weighted Average Quotation** means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Relevant Dealers at the Valuation Time, to the extent reasonably practicable, for an amount of less than the Quotation Amount, that in aggregate are approximately equal to the Quotation Amount.

## **21. ADDITIONAL PROVISIONS APPLICABLE TO EQUITY LINKED NOTES**

### **21.1 Market Disruption**

**Market Disruption Event** means, in relation to Notes relating to a single Share or a basket of Shares, in respect of a Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent in its sole and absolute discretion, determines is material, at any time during the one hour period that (x) for the purpose of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time on which the price of the Shares triggers respectively the Knock-in Price or a Knock-out Price or (y) in all other circumstances ends at the relevant Valuation Time, or (iii) an Early Closure.

The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date, an Observation Date, a Knock-in Determination Date, a Knock-out Determination Day or a Valuation Date.

### **21.2 Potential Adjustment Events, Merger Event, Tender Offer, De-listing, Nationalisation and Insolvency**

- (a) **Potential Adjustment Event** means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing Noteholders by way of bonus, capitalisation or similar issue;
  - (ii) a distribution, issue or dividend to existing Noteholders of the relevant Shares of (a) such Shares or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company or Share Company, as the case may be, equally or proportionately with such payments to Noteholders of such Shares or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Company or Share Company, as the case may be, as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or certificates or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
  - (iii) an extraordinary dividend as determined by the Calculation Agent;
  - (iv) a call by a Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;
  - (v) a repurchase by the Basket Company or its subsidiaries or Share Company or its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
  - (vi) in respect of a Basket Company or Share Company, as the case may be, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Basket Company or Share Company, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, certificates, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
  - (vii) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.
- (b) Following the declaration by the Basket Company or Share Company, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery Notes) and/or the multiplier and/or any of the other terms of these Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and (ii) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by

reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 stating the adjustment to any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery Notes) and/or the multiplier and/or any of the other terms of these Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event.

- (c) **De-Listing** means, in respect of any relevant Shares, the Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

**Insolvency** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Basket Company or Share Company, as the case may be, (i) all the Shares of that Basket Company or Share Company, as the case may be, are required to be transferred to a trustee, liquidator or other similar official or (ii) Noteholders of the Shares of that Basket Company or Share Company, as the case may be, become legally prohibited from transferring them.

**Merger Date** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**Merger Event** means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Basket Company or Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Basket Company or Share Company, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its subsidiaries or the Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before (a) in the case of Cash Settled Notes, the last occurring Valuation Date or where Averaging is specified in the applicable Final Terms, the final Averaging Date in respect of the relevant Note or (b) in the case of Physical Delivery Notes, the relevant Maturity Date.

**Nationalisation** means that all the Shares or all or substantially all the assets of the Basket Company or Share Company, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**Tender Offer** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 50 per cent. and less than 100 per cent. (the **Percentage Range**) of the outstanding voting shares of the Basket Company or Share Company, as the case may be, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

**Tender Offer Date** means, in respect of a Tender Offer, the date on which the voting shares in the amount of the Percentage Range are actually purchased or otherwise obtained, as determined by the Calculation Agent.

If a Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency occurs in relation to a Share, the Issuer in its sole and absolute discretion may take the action described in (i), (ii), (iii), (iv) or (v) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery Notes) and/or the multiplier and/or any of the other terms of these Conditions and/or the applicable Final Terms to account for the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The relevant adjustments may include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Notes. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency made by any options exchange to options on the Shares traded on that options exchange; or
- (ii) in the case of Equity Linked Notes relating to a basket of Shares redeem the Notes in part by giving notice to Noteholders in accordance with Condition 13. If the Notes are so redeemed in part the portion (the **Redeemed Amount**) of each Note representing the affected Share(s) shall be redeemed and the Issuer will (i) pay to each Noteholder in respect of each Note held by him an amount equal to the fair market value of the Redeemed Amount, taking into account the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (unless provided for in the applicable Final Terms), all as determined by the Calculation Agent in its sole and absolute discretion; and (ii) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery Notes) and/or the multiplier and/or any of the other terms of these Conditions and/or the applicable Final Terms to account for such redemption in part. For the avoidance of doubt the remaining part of each Note after such cancellation

and adjustment shall remain outstanding with full force and effect. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 13; or

- (iii) unless Delayed Redemption on Occurrence of Extraordinary Events is specified as being applicable in the applicable Final Terms, on giving notice to Noteholders in accordance with Condition 13, redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of a Note taking into account the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (unless provided for in the applicable Final Terms), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 13; or
- (iv) if Delayed Redemption on Occurrence of Extraordinary Event is specified as being applicable in the Final Terms, the Calculation Agent shall calculate the fair market value of each Note taking into account the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the **Calculated Amount**) as soon as practicable, following the occurrence of the Extraordinary Event (the **Calculated Amount Determination Date**) and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to the Calculated Amount plus interest accrued from and including the Calculated Amount Determination Date to but excluding the Maturity Date at a rate specified in the applicable Final Terms, or if no such specification, at a rate equal to Issuer's funding cost at such time.
- (v) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the Options Exchange), require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery Notes) and/or the multiplier and/or any of the other terms of these Conditions and/or the applicable Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery Notes) and/or the multiplier and/or any of the other terms of these Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.
- (vi) If the applicable Final Terms provide that **Share Substitution** is applicable, then on or after the relevant Merger Date, Tender Offer Date, or the date of

the Nationalisation, Insolvency or Delisting (as the case may be) the Calculation Agent may adjust the Basket to include a share selected by it (the **Substitute Shares**) in place of the Shares (the **Affected Share(s)**) which are affected by such Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting and the Substitute Shares and their issuer will be deemed "Shares" and a **Share Company** and **Basket Company** for the purposes of the Notes, respectively, and the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery Notes) and/or the multiplier and/or the weighting and/or any of the other terms of these Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate.

Such substitution and the relevant adjustment to the Basket will be deemed to be effective as of the date selected by the Calculation Agent (the **Substitution Date**) in its absolute discretion and specified in the notice referred to in sub-paragraph (c) below which may, but need not, be the Merger Date or Tender Offer Date or the date of the Nationalisation, Insolvency or Delisting (as the case may be).

The weighting of each Substitute Share in the Basket will be equal to the weighting of the relevant Affected Share.

In order to be selected as Substitute Shares, the relevant shares must be a share which, in the sole and absolute discretion of the Calculation Agent:

- (A) is not already comprised in the Basket;
  - (B) belongs to a similar economic sector as the Affected Share; and
  - (C) is of comparable market capitalisation, international standing and exposure as the Affected Share.
- (d) Upon the occurrence of a Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, the Issuer shall give notice as soon as practicable to the holders in accordance with Condition 13 of the General Conditions stating the occurrence of the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto, including, in the case of Substitute Shares, the identity of the Substitute Shares and the Substitution Date.

### **21.3 Correction of Share Price**

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment of any Redemption Amount and/or Interest Amount, if the price of the relevant Share published on a given day and used or to be used by the Calculation Agent to determine any Redemption Amount and/or Interest Amount, is subsequently corrected and the correction published by the relevant Exchange or Related Exchange, as the case may be, within 30 days of the original publication, the price to be used shall be the price of the relevant Share as so corrected. Corrections published after the day which is three Exchange Business Days prior to the relevant Redemption Date or, as the case may be, Interest Payment Date will be disregarded by the Calculation Agent for the purposes of determining any Redemption Amount and/or Interest Amount.

## 21.4 Issuer's Option to substitute Assets or to pay the Alternate Cash Redemption Amount

If prior to the redemption of Physical Delivery Notes, the Calculation Agent determines, in its sole and absolute discretion, that the Relevant Asset(s) comprise(s) Shares which are not freely tradable, the Issuer may, in its sole and absolute discretion, elect either (i) to substitute for such Shares freely tradeable shares with a value equivalent to the Shares (as determined by the Calculation Agent in its sole and absolute discretion)(the **Substitute Asset(s)**) or (ii) not to deliver or procure the delivery of the Asset Amount or the Substitute Asset(s), as the case may be, but in lieu thereof to pay to the Noteholders on the Settlement Date an amount equal to the fair market value of the Asset Amount on the Valuation Date as determined by the Calculation Agent in its sole and absolute discretion by reference to such sources as it considers appropriate (the **Alternate Cash Redemption Amount**). Notification of any such election will be given to Noteholders in accordance with Condition 13.

For the purposes hereof, a **freely tradable** share shall mean (i) with respect to the United States, a share which is registered under the Securities Act or not restricted under the Securities Act and which is not purchased from the issuer of such share and not purchased from an affiliate of the issuer of such share or which otherwise meets the requirements of a freely tradable share for the purposes of the Securities Act, in each case, as determined by the Calculation Agent, in its sole and absolute discretion or (ii) with respect to any other jurisdiction, a share not subject to any legal restrictions on transfer in such jurisdiction.

## 21.5 Additional Disruption Events

- (a) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:
- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Asset Amount (in each case with respect to Physical Delivery Notes) and/or the multiplier and/or any of the other terms of these Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (ii) unless Delayed Redemption on occurrence of Additional Disruption Event is specified as being applicable in the applicable Final Terms, redeem the Notes by giving notice to the Noteholders in accordance with Condition 13. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note taking into account the Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 13.
  - (iii) if Delayed Redemption on Occurrence of Additional Disruption Event is specified as being applicable in the Final Terms, the Calculation Agent shall calculate the fair market value of each Note taking into account the Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the **Calculated Additional Disruption Amount**) as soon as practicable, following the occurrence of the Extraordinary Event (the **Calculated Additional Disruption Amount Determination Date**) and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to

the Calculated Additional Disruption Amount plus interest accrued from and including the Calculated Additional Disruption Amount Determination Date to but excluding the Maturity Date at a rate specified in the applicable Final Terms, or if no such specification, at a rate equal to Issuer's funding cost at such time.

- (b) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the holders in accordance with Condition 13 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

## 21.6 Knock-in Event and Knock-out Event

If Knock-in Event is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, amendment to the terms of the Notes (as specified in the applicable Final Terms) and/or payment and/or delivery under the relevant Notes subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event.

If Knock-out Event is specified as applicable in the Final Terms, then unless otherwise specified in such Final Terms, amendment to the terms of the Notes, as specified in the applicable Final Terms, and/or payment and/or delivery under the relevant Notes subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.

If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is the Valuation Time and if any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day, then such Knock-in Determination Day or Knock-out Determination Day will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining the occurrence of a Knock-in Event or a Knock-out Event.

If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is any time or period of time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one hour period that begins and/or ends at the time on which the price of the Share triggers the Knock-in Price or the Knock-out Price, a Market Disruption Event occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred.

For the purposes of these Conditions:

**Knock-in Event** means (unless otherwise specified in the applicable Final Terms) (A) in case of a single Share that the price of the Share determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is and (B) in case of a share Basket, that the amount for the Basket determined by the Calculation Agent equal to the sum of the values for the Shares of each Company as the product of (i) the price of such Share as determined by the Calculation Agent as of the Knock-in Valuation Time on the relevant Exchange on any Knock-in Determination Day and (ii) the relevant Number of Shares comprised in the Basket is as specified in the applicable Final Terms, and for both (A) and (B) (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Price.

**Knock-in Determination Day** means in the case of a single Share and in the case of a basket of Shares, as specified in the applicable Final Terms, or each Scheduled Trading Day during the Knock-in Determination Period subject to, in either case, the provisions of "Market

Disruption" set out in Condition 21.1 above. For the purposes of a Market Disruption, any Knock-in Determination Day will be treated as a Valuation Date and the provisions contained in the definition of "Valuation Date" set out below shall apply. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply mutatis mutandis as if references in such provisions to "Averaging Date" were to "Knock-in Determination Day".

**Knock-in Determination Period** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

**Knock-in Period Beginning Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-in Period Ending Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-in Price** means, (A) in case of a single Share, the price per Share and (B) in the case of a share Basket, the price per Basket and for both (A) and (B) specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Condition 21.2 above and this Condition 21.6.

**Knock-in Valuation Time** means the time or period of time on any Knock-in Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

**Knock-out Event** means (unless otherwise specified in the applicable Final Terms), (A) in case of a single Share that the price of the Share determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is, and (B) in the case of a share Basket, the amount for the Basket determined by the Calculation Agent equal to the sum of the values for the Shares of each Company as the product of (i) the price of such Share as determined by the Calculation Agent as of the Knock-in Valuation Time on the relevant Exchange on any Knock-in Determination Day and (ii) the relevant Number of Shares comprised in the Basket is, and for both (A) and (B) as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Price.

**Knock-out Price** means, (A) in the case of a single Share, the price per Share or (B) in the case of a share Basket the price per Basket and for both (A) and (B) specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Condition 21.2 above and this Condition 21.6.

**Knock-out Determination Day** means in the case of a single Share and in the case of a basket of Shares, as specified in the applicable Final Terms, or each Scheduled Trading Day during the Knock-out Determination Period subject to, in either case, the provisions of "Market Disruption" set out in Condition 21.1 above. For the purposes of such Condition 21.1, any Knock-out Determination Day will be treated as a Valuation Date and the provisions contained in the definition of "Valuation Date" set out below shall apply. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging

Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Knock-out Determination Day".

**Knock-out Determination Period** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**Knock-out Period Beginning Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-out Period Ending Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-out Valuation Time** means the time or period of time on any Knock-out Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

## 21.7 Automatic Early Redemption Event

If Automatic Early Redemption Event is specified as applicable in the Final Terms, then unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date, an Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date and the Early Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount.

For the purposes of this Condition 21:

**Automatic Early Redemption Amount** means (a) an amount in the Specified Currency specified in the applicable Final Terms specified as such in the applicable Final Terms or if such amount is not specified, (b) the product of (i) the denomination of each Note and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date.

**Automatic Early Redemption Date** means each date specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

**Automatic Early Redemption Event** means (unless otherwise specified in the applicable Final Terms) (A) in case of a single Share that the price of the Share determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Automatic Early Redemption Valuation Date is, and (B) in the case of a share Basket, the amount for the Basket determined by the Calculation Agent equal to the sum of the values for the Shares of each Company as the product of (i) the price of such Share as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Automatic Early Redemption Valuation Date and (ii) the relevant Number of Shares comprised in the Basket is, and for both (A) and (B) as specified in the applicable Final Terms (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Price.

**Automatic Early Redemption Price** means the price per Share specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in this Condition 21.7.

**Automatic Early Redemption Rate** means, in respect of any Automatic Early Redemption Date, the rate specified as such in the applicable Final Terms.

**Automatic Early Redemption Valuation Date** means each date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, subject to, in either case, the provisions of "Market Disruption" set out in Condition 21.1 above. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Automatic Early Redemption Valuation Date".

## 21.8 Additional Definitions

Unless otherwise specified in the applicable Final Terms:

**Additional Disruption Event** means any of Change of Law, Failure to Deliver, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing and/or Loss of Stock Borrow, in each case if specified in the applicable Final Terms.

**Affiliate** means in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes control means ownership of a majority of the voting power of an entity.

**Averaging Date** means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) If **Omission** is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of **Valuation Date** will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if **Postponement** is specified as applying in the applicable Final Terms, then the provisions of the definition of **Valuation Date** will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if **Modified Postponement** is specified as applying in the applicable Final Terms then:
  - (i) where the Notes are Equity Linked Notes relating to a single share, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for consecutive Scheduled

Trading Days equal in number to the Specified Maximum Days of Disruption (up to Valuation Time on such last consecutive Scheduled Trading Day) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether the last such consecutive Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of **Valuation Date** below;

- (ii) where the Notes are Equity Linked Notes relating to a basket of Shares, the Averaging Date for each Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the **Scheduled Averaging Date**) and the Averaging Date for an Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Share. If the first succeeding Valid Date in relation to such Share has not occurred for consecutive Scheduled Trading Days equal in number to the Specified Maximum Days of Disruption (up to the Valuation Time on the last such consecutive Scheduled Trading Days) Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of such Share, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of **Valuation Date** below.

**Basket Company** means a company whose shares are included in the basket of Shares and **Basket Companies** means all such companies;

**Change of Law** means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (x) it has become illegal to hold, acquire or dispose of any relevant Share or (y) it will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**Disrupted Day** means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

**Early Closure** means the closure on any Exchange Business Day of relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**Exchange** means, in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

**Exchange Business Day** means the relevant Exchange Business Day specified in the applicable Final Terms. If no Exchange Business Day is specified as applying in the applicable Final Terms, Exchange Business Day shall mean any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Exchange Disruption** means, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the shares on the relevant Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant share on any relevant Related Exchange.

**Failure to Deliver** means failure of the Issuer and/or any of its Affiliates to deliver, when due, the relevant Shares under the Notes, where such failure to deliver is due to illiquidity in the market for such Shares.

**Hedging Disruption** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Hedging Shares** means the number of Shares that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

**Increased Cost of Hedging** means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

**Increased Cost of Stock Borrow** means that the Issuer and/or any of its Affiliates would incur a rate to borrow any Share that is greater than the Initial Stock Loan Rate.

**Initial Stock Loan Rate** means, in respect of a Share, the initial stock loan rate specified in relation to such Share in the applicable Final Terms.

**Insolvency Filing** means that a Share Company or Basket Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or

organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company or Basket Company shall not be deemed an Insolvency Filing.

**Loss of Stock Borrow** means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

**Maximum Stock Loan Rate** means, in respect of a Share, the Maximum Stock Loan Rate specified in the applicable Final Terms.

**Observation Date** means each date specified as an Observation Date in the applicable Final Terms, or if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Observation Date".

**Observation Period** means the period specified as the Observation Period in the applicable Final Terms.

**Related Exchange** means in respect of Equity Linked Notes and in relation to a Share, each exchange or quotation system on which option contracts or futures contracts relating to such Share are traded, or each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, **Related Exchange** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share.

**Scheduled Closing Time** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**Scheduled Trading Day** means the relevant Scheduled Trading Day specified in the applicable Final Terms. If no Scheduled Trading Day is specified as applying in the applicable Final Terms, Scheduled Trading Day shall mean any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

**Scheduled Valuation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**Screen Page** means the page specified in the applicable Final Terms, or any successor page or service thereto.

**Settlement Price** means, unless otherwise specified in the applicable Final Terms, in relation to each Cash Settled Note in respect of Equity Linked Notes, and as referred to in **Valuation Date** below or **Averaging Date** above, as the case may be:

- (d) in the case of Equity Linked Notes relating to a basket of Shares, an amount equal to the sum of the values calculated for each Share at the official closing price (or the price at the Relevant Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share) on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and (or if in the opinion of the Calculation Agent, any such official closing price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the relevant Share whose official closing price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be determined based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent in its sole and absolute discretion) engaged in the trading of the relevant Share or on such other factors as the Calculation Agent shall decide, multiplied by the relevant multiplier, each such value to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and the sum of such converted amounts to be the Settlement Price, all as determined by or on behalf of the Calculation Agent; and
- (e) in the case of Equity Linked Notes relating to a single Share, an amount equal to the official closing price (or the price at the Relevant Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and (or if, in the opinion of the Calculation Agent, any such official closing price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as

selected by the Calculation Agent in its sole and absolute discretion) engaged in the trading of the Share or on such other factors as the Calculation Agent shall decide, such amount to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Calculation Agent.

**Shares** and **Share** mean in the case of an issue of Notes relating to a basket of Shares, each share and, in the case of an issue of Notes relating to a single Share, the share, specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Share Company** means, in the case of an issue of Notes relating to a single Share, the company that has issued such share.

**Specified Maximum Days of Disruption** means eight (8) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the applicable Final Terms.

**Trading Disruption** means, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to the share or (b) in futures or options contracts relating to such share on any relevant Related Exchange.

**Valuation Date** means the Coupon Valuation Date and/or Redemption Valuation Date, as the case may be, specified in the applicable Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (f) where the Notes are Equity Linked Notes relating to a single Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the consecutive Scheduled Trading Days equal in number to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the Settlement Price in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on that the last such consecutive Scheduled Trading Day; or
- (g) where the Notes are Equity Linked Notes relating to a basket of Shares, the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Share affected, as the case may be, (each an **Affected Item**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the consecutive Scheduled Trading Days equal in number to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price using, in relation to the Affected Item, the level or value as applicable, determined in the manner set out in the applicable Final Terms, and, in the case of a Share, a price determined in the manner set out in the applicable Final Terms or, if not set out or if

not practicable, using its good faith estimate of the value for the Affected Item as of the Valuation Time on the last such consecutive Scheduled Trading Day,

and otherwise in accordance with the above provisions.

**Valuation Time** means the Relevant Time specified in the applicable Final Terms or, if no Relevant Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date or Averaging Date, as the case may be, in relation to each Share to be valued provided that if the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

## 22. ADDITIONAL PROVISIONS APPLICABLE TO INFLATION LINKED NOTES

### 22.1 Delay in Publication

If the Calculation Agent determines that, in relation to Notes relating to a single Index or a basket of Indices, a Delayed Index Level Event in respect of an Index has occurred with respect to any Determination Date, then the Relevant Level with respect to any Reference Month which is to be used in any calculation or determination to be made by the Calculation Agent with respect to such Determination Date (the **Substitute Index Level**) shall be determined by the Calculation Agent (subject to Condition 22.3(a) "Adjustments-Substitute Index Level" below), as follows:

- (a) if Related Bond is specified as applicable in the applicable Final Terms, the Calculation Agent shall determine the Substitute Index Level by reference to the corresponding index level determined under the terms and conditions of the Related Bond; or
- (b) if (I) Related Bond is specified as not applicable in the applicable Final Terms, or (II) the Calculation Agent is not able to determine a Substitute Index Level under (i) above, the Calculation Agent shall determine the Substitute Index Level by reference to the following formula:

Substitute Index Level = Base Level x (Latest Level/Reference Level); or

- (c) otherwise in accordance with any formula specified in the applicable Final Terms,

where:

**Base Level** means the level of the Index (whether definitive or provisional) published or announced by the Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined.

**Latest Level** means the latest level of the Index (whether definitive or provisional) published or announced by the Index Sponsor prior to the month in respect of which the Substitute Index Level is being calculated.

**Reference Level** means the level of the Index (whether definitive or provisional) published or announced by the Index Sponsor in respect of the month that is 12 calendar months prior to the month referred to in "Latest Level" above.

The Issuer shall promptly give notice to the holders of the Notes in accordance with Condition 13 of any Substitute Index Level.

If the Relevant Level is published or announced at any time on or after the relevant Cut-Off Date specified in the applicable Final Terms, such Relevant Level will not be used in any calculations. The Substitute Index Level so determined pursuant to this Condition 22.1 will be the definitive level for that Reference Month.

## **22.2 Successor Index**

If in relation to Notes relating to a single Index or a basket of Indices, the Calculation Agent determines that the level of an Index is not calculated and announced by the Index Sponsor for two consecutive months and/or the Index Sponsor announces that it will not longer continue to publish or announce the Index and/or the Index Sponsor cancels the Index then the Calculation Agent shall determine a successor index (**a Successor Index**) (in lieu of any previously applicable Index) for the purposes of the Notes as follows:

- (a) if Related Bond is specified as applicable in the applicable Final Terms, the Calculation Agent shall determine a "Successor Index" by reference to the corresponding successor index determined under the terms and conditions of the Related Bond;
- (b) if Related Bond is specified as not applicable in the Final Terms or a Related Bond Redemption Event has occurred, the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Index should be. If between four and five responses are received, and of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the "Successor Index". If three responses are received, and two or more leading independent dealers state the same index, this index will be deemed the "Successor Index";
- (c) If no Successor Index has been deemed under (i) above or if fewer than three responses are received under (ii) above by the Cut-Off Date the Calculation Agent will determine an appropriate alternative index for the relevant Payment Date, and such index will be deemed a "Successor Index"; or
- (d) if the Calculation Agent determines that there is no appropriate alternative index, there will be deemed to be no Successor Index and an Index Cancellation will be deemed to have occurred.

For the avoidance of doubt, the Calculation Agent shall determine the date on which the Successor Index shall be deemed to replace the Index for the purposes of the Notes. Notice of the determination of a Successor Index, the effective date of the Successor Index or the occurrence of an Index Cancellation will be given to holders of the Notes by the Issuer in accordance with Condition 13.

## **22.3 Adjustments**

### **(a) Substitute Index Level**

If the Calculation Agent determines a Substitute Index Level in accordance with Condition 22.1 "Delay of Publication" above, the Calculation Agent may make any adjustment or adjustments (without limitation) to (I) the Substitute Index Level

determined in accordance with Condition 22.1 "Delay of Publication" above and/or (II) the final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes, in each case, as the Calculation Agent deems necessary. The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Condition 13.

**(b) Successor Index**

If a Successor Index is determined in accordance with Condition 22.2 "Successor Index" above, the Calculation Agent may make any adjustment or adjustments (without limitation) to the final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes as the Calculation Agent deems necessary. The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Condition 13.

**(c) Index Level Adjustment Correction**

(i) If, within thirty days of publication or at any time prior to a Determination Date in respect of which a Relevant Level will be used in any calculation or determination in respect of such Determination Date, the Calculation Agent determines that the Index Sponsor has corrected the Relevant Level to correct a manifest error, the Calculation Agent may make any adjustment to the final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes as the Calculation Agent deems appropriate as a result of such correction and/or determine the amount (if any) that is payable as a result of that correction. The Issuer shall give notice to the holders of the Notes of any such adjustment and/or amount in accordance with Condition 13.

(ii) If a Relevant Level is published or announced at any time after the Cut-Off Date in respect of a Determination Date in respect of which a Substitute Index Level was determined, the Calculation Agent may either (A) determine that such Relevant Level shall not be used in any calculation or determination under the Notes and that the Substitute Index Level shall be deemed to be the definitive Relevant Level for the relevant Reference Month, or (B) make any adjustment to the final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes as it deems appropriate as a result of the announcement or publication of the Relevant Level and/or determine the amount (if any) that is payable as a result of such publication or announcement. The Issuer shall give notice to the holders of the Notes of any determination in respect of (A) or (B), together with any adjustment or amount in respect thereof, in accordance with Condition 13.

(iii) Currency

If the Calculation Agent determines that any event occurs affecting the Specified Currency (whether relating to its convertibility into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the final Redemption Amount, and/or any other relevant term of the Notes (including the date on which any amount is payable by the Issuer), the Calculation Agent may make such adjustment or adjustments to the final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes as the Calculation

Agent deems necessary. The Calculation Agent shall give notice to the holders of the Notes of any such adjustment in accordance with Condition 13.

**(d) Rebasing**

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the **Rebased Index**) will be used for purposes of determining the Relevant Level from the date of such rebasing; provided, however, that the Calculation Agent may make (A) if Related Bond is specified as applicable in the applicable Final Terms, any adjustments as are made pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as before the rebasing, and/or (B) if Related Bond is specified as not applicable in the applicable Final Terms or a Related Bond Redemption Event has occurred, the Calculation Agent may make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased, and in each case the Calculation Agent may make any adjustment(s) to the final Redemption Amount, interest payable under the Notes (if any) and/or any other term of the Notes as the Calculation Agent may deem necessary. If the Calculation Agent determines that neither (A) nor (B) above would produce a commercially reasonable result, the Calculation Agent may redeem each Note on a date notified by the Issuer to Noteholders in accordance with Condition 13 at its fair economic value as determined by the Calculation Agent (unless otherwise provided in the applicable Final Terms) as at the date of redemption taking into account the rebasing, less the cost to the Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the applicable Final Terms). Notice of any adjustment, redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with Condition 13.

**(e) Index Modification**

- (i) If, in relation to Notes relating to a single Index or a basket of Indices on or prior to the Cut-Off Date in respect of any Determination Date, the Calculation Agent determines that an Index Modification has occurred the Calculation Agent may (A) if Related Bond is specified as applicable in the applicable Final Terms, make any adjustments to the Index, any Relevant Level and/or any other relevant term of the Notes (including, without limitation, the final Redemption Amount and/or interest payable under the Notes (if any)), consistent with any adjustments made to the Related Bond as the Calculation Agent deems necessary, or (B) if Related Bond is specified as not applicable in the Final Terms or a Related Bond Redemption Event has occurred, make only those adjustments to the relevant Index, any Relevant Level and/or any other term of the Notes (including, without limitation, the final Redemption Amount and/or interest payable under the Notes (if any)), as the Calculation Agent deems necessary for the modified Index to continue as the Index and to account for the economic effect of the Index Modification.
- (ii) If the Calculation Agent determines that an Index Modification has occurred at any time after the Cut-Off Date in respect of any Determination Date, the Calculation Agent may determine either to ignore such Index Modification for the purposes of any calculation or determination made by the Calculation Agent with respect to such Determination Date, in which case the relevant Index Modification will be deemed to have occurred with respect to the

immediately succeeding Determination Date such that the provisions of subparagraph (i) above will apply, or, notwithstanding that the Index Modification has occurred following the Cut-Off Date, to make any adjustments as the Calculation Agent deems fit in accordance with subparagraph (i) above.

**(f) Index Cancellation**

If the Calculation Agent determines that an Index Cancellation has occurred, the Issuer may redeem each Note on the date notified by the Issuer to Noteholders in accordance with Condition 13 at its fair economic value (as determined by the Calculation Agent) as at the date of redemption taking into account the Index Cancellation, less the cost to the Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the applicable Final Terms). Notice of any redemption of the Notes pursuant to this paragraph shall be given to Noteholders in accordance with Condition 13.

**(g) Change in law**

If the Calculation Agent determines that a Change in Law has occurred, the Issuer may redeem each Note on the date notified by the Issuer to Noteholders in accordance with Condition 13 at its fair economic value (as determined by the Calculation Agent) as at the date of redemption taking into account the Change in Law, less the cost to the Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the applicable Final Terms). Notice of any redemption of the Notes pursuant to this paragraph shall be given to Noteholders in accordance with Condition 13.

**(h) Additional Definitions**

**Change in Law** means that, on or after the Issue Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of any change in the interpretation by any court, tribunal or regulatory authority), the Issuer determines that in its sole and absolute discretion that it is unable to perform its obligations in respect of the Notes or it has become illegal to hold, acquire or dispose of any relevant hedge positions in respect of the Notes.

**Cut-Off Date** means, in respect of a Determination Date, five Business Days prior to such Determination Date, unless otherwise stated in the applicable Final Terms.

**Delayed Index Level Event** means, in respect of any Determination Date, that the Index Sponsor fails to publish or announce the level of the Index (the **Relevant Level**) in respect of any Reference Month which is to be used in any calculation or determination to be made by the Calculation Agent in respect of such Determination Date, at any time on or prior to the Cut-Off Date.

**Fallback Bond** means a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the Index relates and which pays a coupon or redemption amount which is calculated by reference to the Index, with a maturity date which falls on (a) the same day as the Maturity Date, (b) the next longest maturity after the Maturity Date if there is no such bond maturing on the Maturity Date, or (c) the next shortest maturity before the Maturity Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the Index relates to the

level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Germany, Italy or Spain, and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

**Index or Indices** means the index or indices specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Index Cancellation** means a level for the Index has not been published or announced for two consecutive months and/or the Index Sponsor cancels the Index and/or the Index Sponsor announces that it will no longer continue to publish or announce the Index and no Successor Index exists.

**Index Modification** means the Index Sponsor announces that it will make (in the opinion of the Calculation Agent) a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index.

**Index Sponsor** means in relation to an Index, the corporation or entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day which as of the Issue Date of the Notes is the index sponsor in the applicable Final Terms.

**Rebased Index** has the meaning given to it under Condition 22.3(d) "Rebasing" above.

**Reference Month** means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced. If the period for which the Relevant Level was reported is a period other than a month, the Reference Month shall be the period for which the Relevant Level was reported.

**Related Bond** means, if specified as applicable in the applicable Final Terms, means the bond specified as such in the applicable Final Terms. If the Related Bond specified in the applicable Final Terms is "Fallback Bond", then for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If no bond is specified in the applicable Final Terms as the Related Bond and "Fallback Bond: Not Applicable" is specified in the applicable Final Terms there will be no Related Bond. If a bond is selected as the Related Bond in the applicable Final Terms and that bond redeems or matures before the relevant Maturity Date, unless "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination.

**Related Bond Redemption Event** means, if specified as applicable in the applicable Final Terms, at any time prior to the Maturity Date, (i) the Related Bond is redeemed, repurchased or cancelled, (ii) the Related Bond becomes repayable prior to its stated

date of maturity for whatever reason, or (iii) the issuer of the Related Bond announces that the Related Bond will be redeemed, repurchased or cancelled prior to its stated date of maturity.

**Relevant Level** has the meaning given to it in the definition of Delayed Index Level Event.

**Scheduled Trading Day** means the relevant Scheduled Trading Day specified in the applicable Final Terms. If no Scheduled Trading Day is specified as applying in the applicable Final Terms, Scheduled Trading Day shall mean any day on which each Exchange and each Related Exchange in respect of each such Index are scheduled to be open for trading for their respective regular trading sessions.

**Successor Index** has the meaning given to it in under Condition 22.2 "Successor Index" above.

**Substitute Index Level** means, in respect of a Delayed Index Level Event, the index level determined by the Calculation Agent in accordance with Condition 22.3(a) "Substitute Index Level" above.

#### **22.4 Knock-in Event and Knock-out Event**

If Knock-in Event is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, amendment to the terms of the Notes (as specified in the applicable Final Terms) and/or payment under the relevant Notes subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event.

If Knock-out Event is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, amendment to the terms of the Notes (as specified in the applicable Final Terms) and/or payment under the relevant Notes subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.

For the purposes of this Condition 22:

**Knock-in Event** means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Index, that the level of the Index determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is and (B) in the case of a basket of Indices, that the amount for the Basket determined by the Calculation Agent equal to the sum of the values of each Index as the product in respect of each Index of (i) the level of such Index as of the Knock-in Valuation Time on any Knock-in Determination Day and (ii) the relevant weighting is and for both (A) and (B) as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Level.

**Knock-in Level** means (A) in the case of a single Index, the level of the Index specified and (B) in case of a basket of Indices, the level per Basket specified and for both (A) and (B) as such or otherwise determined in the applicable Final Terms.

**Knock-in Determination Day** means, in the case of a single Index and in the case of a basket of Indices, as specified in the applicable Final Terms, or each Scheduled Trading Day during the Knock-in Determination Period.

**Knock-in Determination Period** means, in respect of a single Index or a basket of Indices the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

**Knock-in Period Beginning Date** means, in respect of a single Index or a basket of Indices the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-in Period Ending Date** means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-in Valuation Time** means, in respect of a single Index or a basket of Indices, the time or period of time on any Knock-in Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

**Knock-out Event** means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Index, that the level of the Index determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is and (B) in the case of a basket of Indices, that the amount for the Basket determined by the Calculation Agent equal to the sum of the values of each Index as the product in respect of each Index of (i) the level of such Index as of the Knock-out Valuation Time on any Knock-out Determination Day and (ii) the relevant weighting is, and for both (A) and (B) as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Level.

**Knock-out Level** means, in the case of a single Index, the level of the Index specified and in the case of a basket of Indices, the level per basket specified as such or otherwise determined in the applicable Final Terms.

**Knock-out Determination Day** means, in respect of a single Index and in relation to a basket of Indices, as specified in the applicable Final Terms, or each Scheduled Trading Day during the Knock-out Determination Period.

**Knock-out Determination Period** means, in respect of a single Index or a basket of Indices, the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**Knock-out Period Beginning Date** means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-out Period Ending Date** means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-out Valuation Time** means, in respect of a single Index or a basket of Indices, the time or period of time on any Knock-out Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

**Scheduled Trading Day** means the relevant Scheduled Trading Day specified in the applicable Final Terms.

## **23. ADDITIONAL PROVISIONS APPLICABLE TO CURRENCY LINKED NOTES**

### **23.1 Determination of Disruption Event**

If, in the opinion of the Calculation Agent, a Disruption Event (as defined below) has occurred and is continuing on any Determination Date, then such Determination Date shall be postponed to the first following Business Day in respect of which there is no such Disruption Event; provided, however, that in no event shall the Determination Date be later than the eighth Business Day after the Maturity Date or the Early Redemption Date, as the case may be, and, if a Disruption Event in relation to an Exchange Rate is continuing on such eighth Business Day, the Determination Date shall be such eighth Business Day and the Issuer shall pay in lieu of payment of the Redemption Amount or the Early Redemption Amount on the Maturity Date or Early Redemption Date, as the case may be, the Disruption Redemption Amount (as defined below) on the third Business Day following such eighth Business Day. All determinations made by the Calculation Agent pursuant to this Condition will be conclusive and binding on the Noteholders and the Issuer except in the case of manifest error.

Notice of the Disruption Redemption Amount, determined in accordance with this Condition will be given to holders of the relevant Notes by the Issuer in accordance with Condition 13.

**Disruption Event**, in respect of Currency Linked Notes, means the occurrence of any of the following events:

- (a) Price Source Disruption;
- (b) Illiquidity Disruption;
- (c) Dual Exchange Rate,

which in either case the Calculation Agent determines is material, at any time during the one hour period that (x) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Exchange Rate triggers respectively the Knock-in Level or the Knock-out Level or (y) in all other circumstances ends at the relevant Valuation Time;

- (d) any other event that, in the opinion of the Calculation Agent, materially affects dealings in the Notes of any Series or affects the ability of the Issuer to meet any of its obligations under the Notes of any Series or under any related hedge transactions.

### **23.2 Calculation of Rates for Certain Settlement Rate Options**

- (a) If any of the Exchange Rates specified in the applicable Final Terms are published or announced by more than one price source and the price source referred to in such applicable Final Terms fails to publish or announce that Exchange Rate on the Rate Calculation Date (or, if different, the day on which rates for that date would, in the ordinary course, be published or announced by such price source), then the Spot Rate for that Rate Calculation Date will be determined by the Calculation Agent in its absolute discretion.
- (b) If the Exchange Rates specified in the applicable Final Terms are reported, sanctioned, recognised, published, announced or adopted (or are the subject of other similar action) by the relevant Governmental Authority (as defined below), and such Exchange Rate ceases to exist and is replaced by a successor currency exchange rate that is reported, sanctioned, recognised, published, announced or adopted (or other

similar action) by such Governmental Authority (the **Official Successor Rate**), then the Spot Rate for the relevant Rate Calculation Date will be determined by the Calculation Agent in its absolute discretion.

- (c) For the purposes of determining the Spot Rate for any Rate Calculation Date in any case where the Spot Rate for a Rate Calculation Date is based on information obtained from the Reuters Monitor Money Rates Service or the Dow Jones Telerate Service, the Spot Rate will be subject to the corrections, if any, to that information subsequently displayed by that source within one hour of the time when such rate is first displayed by such notice.

Notwithstanding the preceding paragraph, in any case where the Spot Rate for a Rate Calculation Date is based on the information published or announced by a Governmental Authority in the relevant country, the Spot Rate will be subject to the correction, if any, to that information subsequently published or announced by that source within the shorter of the period of five days from the Rate Calculation Date and the period expiring on the Business Day prior to the Maturity Date or Early Redemption Payment Date, as the case may be.

### **23.3 Knock-in Event and Knock-out Event**

If Knock-in Event is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, amendment to the terms of the Notes (as specified in the applicable Final Terms) and/or payment under the relevant Notes subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event.

If Knock-out Event is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, amendment to the terms of the Notes (as specified in the applicable Final Terms) and/or payment under the relevant Notes subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.

If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is the Valuation Time and if any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day, then such Knock-in Determination Day or Knock-out Determination Day will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining the occurrence of a Knock-in Event or a Knock-out Event.

If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is any time or period of time during the regular trading hours on which Relevant Dealers are opened for business and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one hour period that begins and/or ends at the time on which the level of the Exchange Rate triggers the Knock-in Level or the Knock-out Level, a Market Disruption Event occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred.

For the purposes of this Condition 23:

**Knock-in Event** means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Exchange Rate, that the level of the Exchange Rate determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is and (B) in the case of Exchange Rates, that the amount for the basket determined by the Calculation Agent equal to the sum of the values of each Exchange Rate as the product in respect of each Exchange Rate of (i) the level of such Exchange Rate as of the Knock-in

Valuation Time on any Knock-in Determination Day and (ii) the relevant weighting is and for both (A) and (B) as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Level.

**Knock-in Level** means (A) in the case of a single Exchange Rate, the level of the Exchange Rate specified and (B) in case of a basket of Exchange Rates, the level per Basket specified and for both (A) and (B) as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of "Disruption Event" set out in Condition 23.1 above.

**Knock-in Determination Day** means, in the case of a single Exchange Rate and in the case of a basket of Exchange Rates, as specified in the applicable Final Terms, or each Scheduled Trading Day during the Knock-in Determination Period subject to, in either case, the provisions of "Disruption Event" set out in Condition 23.1 above. For the purposes of a Disruption Event, any Knock-in Determination Day will be treated as a Valuation Date and the provisions contained in the definition of "Valuation Date" set out below shall apply. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Knock-in Determination Day".

**Knock-in Determination Period** means, in respect of a single Exchange Rate or a basket of Exchange Rates the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

**Knock-in Period Beginning Date** means, in respect of a single Exchange Rate or a basket of Exchange Rates the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-in Period Ending Date** means, in respect of a single Exchange Rate or a basket of Exchange Rates, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-in Valuation Time** means, in respect of a single Exchange Rate or a basket of Exchange Rates, the time or period of time on any Knock-in Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

**Knock-out Event** means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Exchange Rate, that the level of the Exchange Rate determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is and (B) in the case of a basket of Exchange Rates, that the amount for the Basket determined by the Calculation Agent equal to the sum of the values of each Exchange Rate as the product in respect of each Exchange Rate of (i) the level of such Exchange Rate as of the Knock-out Valuation Time on any Knock-out Determination Day and (ii) the relevant weighting is, and for both (A) and (B) as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Level.

**Knock-out Level** means, in the case of a single Exchange Rate, the level of the Exchange Rate specified and in the case of a basket of Exchange Rates, the level per basket specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time

to time in accordance with the provisions of "Market Disruption" set out in Condition 23.1 above.

**Knock-out Determination Day** means, in respect of a single Exchange Rate and in relation to a basket of Exchange Rates, as specified in the applicable Final Terms, or each Scheduled Trading Day during the Knock-out Determination Period subject to, in either case, the provisions of "Market Disruption" set out in Condition 23.1 above. For the purposes of a Market Disruption, any Knock-out Determination Day will be treated as a Valuation Date and the provisions contained in the definition of "Valuation Date" set out below shall apply. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Knock-out Determination Day".

**Knock-out Determination Period** means, in respect of a single Exchange Rate or a basket of Exchange Rates, the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**Knock-out Period Beginning Date** means, in respect of a single Exchange Rate or a basket of Exchange Rates, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-out Period Ending Date** means, in respect of a single Exchange Rate or a basket of Exchange Rates, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-out Valuation Time** means, in respect of a single Exchange Rate or a basket of Exchange Rates, the time or period of time on any Knock-out Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

#### 23.4 Additional definitions

**Averaging Date** means, in respect of each Valuation Date, each date specified or otherwise determined in the manner specified in the Final Terms (or if such day is not a Scheduled Trading Day, the next following Scheduled Trading Day).

**Disrupted Day** means any Scheduled Trading Day on which a relevant Exchange or Related Exchange fails to open for trading during its regular trading session or on which a Disruption Event has occurred.

**Dual Exchange Rate** means with respect to any Exchange Rate, that the Exchange Rate splits into dual or multiple currency exchange rates.

**Exchange Rate** means the rate of exchange of the Currency of one country for the Currency of another country, as specified in the applicable Final Terms.

**Governmental Authority** means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial market (including the central bank) of the countries for which the Relevant Currencies are the lawful currencies.

**Illiquidity Disruption** means in relation to an Exchange Rate the occurrence of an event whereby it becomes impossible to obtain a firm quote of the Settlement Rate for an amount to be determined by the Calculation Agent on the Valuation Date (or, if different, the day on which rates for that Valuation Date would, in the ordinary course, be published or announced by the relevant price source).

**Price Source Disruption** means in relation to an Exchange Rate in respect of a Currency Linked Note, means it becomes impossible to obtain the Settlement Rate on the Valuation Date (or, if different, the day on which rates for that Valuation Date would, in the ordinary course, be published or announced by the relevant price source).

**Rate Calculation Date** means Valuation Date or the Averaging Date, as appropriate.

**Relevant Currencies** means those currencies specified in the applicable Final Terms which comprise each Exchange Rate.

**Scheduled Trading Day** means the relevant Scheduled Trading Day specified in the applicable Final Terms. If no Scheduled Trading Day is specified as applying in the applicable Final Terms, Scheduled Trading Day shall mean any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

**Settlement Rate** means, in relation to an Exchange Rate, for any Valuation Date in respect of a Maturity Date or an Early Redemption Date (as the case may be) the currency exchange rate equal to (i) the Settlement Rate specified or otherwise determined as provided in the applicable Final Terms or, (ii) if a Settlement Rate or a means of determining a Settlement Rate is not so specified, the Spot Rate for that Valuation Date.

**Spot Rate** means, for any date, the exchange rate(s) determined in accordance with the method specified in the applicable Final Terms, or if not specified, the exchange rate at the time at which such exchange rate(s) is/are to be determined for foreign exchange transactions in the relevant Currencies for value on that date as determined by the Calculation Agent in its absolute discretion.

**Valuation Date** means, in relation to a particular series of Notes, the date specified as such in the applicable Final Terms (or, if such date is not an Exchange Business Day the next following Business Day) unless there is a Disrupted Day in respect of any relevant underlying security or Index on that day in which event Condition 22.1 will apply and provided that such date is at least two Business Days prior to the Maturity Date (other than where the Notes are redeemed early pursuant to Conditions 6.2 to 6.5 in which case it will be the second Business Day preceding the Early Redemption Date).

## **24. ADDITIONAL PROVISIONS APPLICABLE TO HYBRID NOTES**

Any market disruption, general disruption, adjustment and/or termination provisions relating to Hybrid Notes will be set out in the applicable Final Terms.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit. If, in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## **DESCRIPTION OF THE ISSUER**

Information on the Issuer is set out in the Issuer's *Document de Référence* filed with the *Autorité des marchés financiers* under n° D.07-417 on 4 May 2007 and incorporated herein by reference.

## RECENT DEVELOPMENTS

CIC group quarterly data				September 2007		
Net banking income (€ millions)	Actual Q3 2007	Actual Q3 2006	Change Q3 2007/ Q3 2006	Actual Sept. 2007	Actual Sept. 2006	Change Sept. 2007/ Sept. 2006
Retail banking	700	676	+3.6%	2,153	2,117	+1.7%
Financing and capital markets	13	214	-93.9%	396	558	-29.0%
Private banking	105	91	+15.4%	328	300	+9.3%
Private equity	64	49	+30.6%	332	187	+77.5%
Headquarters and holding company services	(32)	25	n.m.	(1)	57	n.m.
<b>Total net banking income</b>	<b>850</b>	<b>1,055</b>	<b>-19.4%</b>	<b>3,208</b>	<b>3,219</b>	<b>-0.3%</b>

### Retail banking

Net banking income generated by retail banking operations represents 67.1% of group net banking income.

Third-quarter 2007 net banking income for the retail banking business advanced 3.6% on third-quarter 2006 and edged up 1.7% compared with 2006 on a cumulative basis.

### Financing and capital markets

Net banking income generated by financing and capital markets operations represents 12.3% of group net banking income.

Compared to the buoyant performance in the third quarter of 2006, the capital markets business retreated in third-quarter 2007 following a downturn in equity markets and widening credit spreads throughout bond and securitization portfolios (asset-backed securities/residential mortgage-backed securities). However, the group's only exposure to subprime loans relates to €150 million in asset-backed securities, half of which are rated AAA and half investment grade.

### Private banking

Net banking income generated by the private banking business represents 10.2% of group net banking income.

Third-quarter 2007 net banking income for private banking operations jumped 15% compared with the same year-ago period on the back of robust business. On a cumulative basis, net banking income climbed 9% compared with 2006.

### Private equity

Net banking income generated by private equity operations represents 10.3% of group net banking income.

Third-quarter 2007 net banking income for private equity activities surged 31% compared with the

same year-ago period, buoyed by strong business momentum. On a cumulative basis, net banking income leapt 77% compared with 2006.

**Significant events**

There are no significant events to report.

Unaudited figures.



## TAXATION

### France

Under the provisions of French tax laws currently in force, payments in respect of Notes constituting "*obligations*" under French law will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France, as provided by article 131 *quater* of the French *Code général des impôts*, if issued outside France. Notes will be issued (or deemed to be issued) outside France:

- (i) in the case of syndicated or non-syndicated issues of Notes, if they are denominated in Euro as provided in the Circular of the *Direction Générale des Impôts* dated 30 September 1998;
- (ii) in the case of internationally syndicated issues of Notes denominated in currencies other than Euro, if, *inter alia*, the Issuer and the relevant Dealers agree, in connection with their initial distribution, not to offer the Notes to the public in the Republic of France. Such Notes may be offered in the Republic of France only through an international syndicate to "qualified investors" as described in article L.411-2 of the French *Code monétaire et financier*; or
- (iii) in the case of non-syndicated issues of Notes denominated in currencies other than Euro, if each of the subscribers is domiciled or resident for tax purposes outside the Republic of France and can show that it is so domiciled or resident in accordance with French law.

### EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1st July, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

This Directive has been implemented in French law under Article 242 *ter* of the French *Code général des impôts*.

### Luxembourg

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

### Withholding Tax

#### (i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15 per cent. during the first three-year period starting 1 July 2005, at a rate of 20 per cent. for the subsequent three-year period and at a rate of 35 per cent. thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 15 per cent.

**(ii) Resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

**Switzerland**

The following statements and discussions of certain Swiss tax considerations relevant to the purchase, ownership and disposition of Notes are of a general nature only and do not address every potential tax consequence of an investment in Notes under Swiss law. This summary is based on treaties, laws, regulations, rulings and decisions currently in effect, all of which are subject to change. Potential investors will therefore need to consult their own tax advisers to determine the special tax consequences of the receipt, ownership and sale or other disposition of Notes. In particular, the precise tax treatment of a holder of Notes needs to be determined for each issue with reference to the full Conditions of the Notes specified in the applicable Final Terms under the law and practice at the relevant time.

**(i) Issue Stamp Tax and Securities Transfer Tax**

Neither the issue of Notes nor the transfer of Notes is normally subject to Issue Stamp Tax ("*Emissionsabgabe*") and Securities Transfer Tax ("*Umsatzabgabe*"). Exceptions to these rules apply with regard to the Securities Transfer Tax imposed on Notes which, due to specific features, are considered financing instruments, share-like or fund-like products for purposes of Swiss tax law. In this case, a Securities Transfer Tax of up to 0.3% of the consideration could be due on secondary market transactions in Notes if a Swiss securities dealer ("*Effekthändler*"), as defined in art. 13 para. 3 of the Swiss Federal Act on Stamp

Duties ("*Stempelabgabengesetz*"), is a party to the transaction or acts as an intermediary thereto. This applies likewise for primary market transactions of fund-like Notes.

If upon exercise or redemption of a Note an underlying security is delivered to the holder of the Note, the transfer of the underlying security may be subject to Swiss Securities Transfer Tax (i) of up to 0.15% in the case of an underlying security which has been issued by a Swiss resident issuer or (ii) of up to 0.3% in the case of an underlying security which has been issued by a non Swiss issuer, provided in both cases that a Swiss securities dealer is a party to the transaction or acts as an intermediary thereto. Certain exemptions may, *inter alia*, apply with regard to institutional investors such as mutual funds, life insurance companies and social security institutions.

**(ii) Swiss Withholding Tax**

Notes issued by a foreign resident issuer, not acting through a Swiss branch, are not subject to Swiss withholding tax.

**(iii) Income Taxation of Swiss Resident Individuals holding Notes as Part of their Private Property**

Gains or losses realised upon a sale or other disposition by individuals holding a Note as part of their private property (private capital gains or losses) are, as a rule, not subject to income tax or are not deductible from taxable income, respectively. The same is true for option premiums received or paid by the holder of Notes which are classified for Swiss taxes as transparent structured products consisting of debt/bond and option components.

Capital gains may, however, be subject to income tax if a Note or a distinguishable part thereof qualifies as a bond whose annual yield is predominantly honoured in a one time payment ("*überwiegende Einmalverzinsung*"). Losses arising from predominant one time interest bearing bonds may be deducted from gains from similar instruments in the same tax period.

Income derived from a Note which is neither a private capital gain, as set out above, nor a repayment of paid in capital (or face value in case of share-like instruments) nor an option premium is, as a rule, subject to income tax. Therefore, taxable are, *inter alia*, any issuance discounts, repayment premiums, other guaranteed payments (except repayment of capital or option premium) or any combinations thereof. Payments or credits received by a holder because of dividends, interest etc. of the underlying security may be subject to income tax for such holder. This may apply likewise to payments or credits derived from underlying mutual funds.

**(iv) Income Taxation of Swiss Resident Entities or Individuals holding Notes as Part of their Business Property**

Income realised and losses justified by business reasons incurred on Notes as part of the business property of individuals (including deemed securities dealers due to frequent dealing, debt financing or similar criteria *Wertschriftenhändler*) or entities resident in Switzerland are included in the taxable income or may be deducted from the taxable income, respectively, of such person or entity.

**(v) Wealth Taxation of Swiss Resident Individuals**

The market value of Notes may be subject to wealth tax levied on the overall net wealth of Swiss resident individuals regardless of whether the Notes are held as part of the private or business property.

## SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (the **Programme Agreement**) dated 21 November 2007, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### Belgium

Each dealer has represented and agreed that it will not sell Notes to any person qualifying as a consumer within the meaning of Article 1.7 of the Belgian law of 14th July 1991 on consumer protection and trade practices unless such sale is made in compliance with this law and its implementing regulation.

### European Economic Area

*Please note that, in relation to EEA States, additional selling restrictions may apply in respect of any specific EEA State, including those set out below in relation to the United Kingdom, France and Italy.*

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on dates specified in such prospectus or Final Terms, as applicable;
- (b) at any time 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;
- (c) at any time 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 €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

## **France**

### **(a) Notes denominated in euro:**

In respect of Notes constituting *obligations* under French law issued in euro whether on a syndicated or non-syndicated basis, each of the Dealers and the Issuer has represented and agreed that:

#### **(i) Offer to the public in France:**

it has only made and will only make an offer of Notes to the public (*appel public à l'épargne*) in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* (**AMF**), on the date of its publication or, (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, all in accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF, and ending at the latest on the date which is 12 months after the date of the approval of the Base Prospectus; or

#### **(ii) Private placement in France:**

it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the base prospectus, the applicable Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*) other than individuals all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

### **(b) Syndicated issues of Notes denominated in currencies other than euro:**

In respect of Notes constituting *obligations* under French law issued in currencies other than euro on a syndicated basis, each of the Dealers and the Issuer 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 France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the applicable Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France through an international syndicate to qualified

investors (*investisseurs qualifiés*) other than individuals, as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

**(c) Non-syndicated issues of Notes denominated in currencies other than euro:**

In respect of Notes constituting *obligations* under French law issued in currencies other than euro on a non-syndicated basis, each of the Dealers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed in France, the Base Prospectus, the applicable Final Terms or any other offering material relating to the Notes, and each subscriber will be domiciled or resident for tax purposes outside France.

To the extent that the Notes do not constitute *obligations* under French law, these selling restrictions will be amended in the applicable Final Terms.

**Hong Kong**

Each Dealer has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

**Indonesia**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered and sold and will not offer and sell any Notes in the Republic of Indonesia or to Indonesian citizens, nationals, corporations or residents in a manner which constitutes a public offering of the Notes under the laws and regulations of the Republic of Indonesia.

**Malaysia**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge that the offer of Notes in Malaysia can only be made to investors specified in Schedules 2, 3 and 5 of the Securities Commission Act 1993 (i.e. sophisticated investors, e.g. unit trust schemes, licensed dealers, closed-end funds, fund managers, licensed financial institutions, licensed offshore banks, licensed insurance companies, corporations with total net assets exceeding ten million Malaysian ringgit or its equivalent in foreign currencies, statutory bodies and pension funds).

**People Republic of China**

Each Dealer has represented and agreed that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the People's Republic of China (excluding Hong Kong, Macau and Taiwan) (the **PRC**) as part of the initial distribution of the Notes. This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC.

The issuer does not represent that this Base Prospectus or any Final Terms may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any Notes or distribution of this document in the PRC. Accordingly, the Notes are not being offered or sold within the PRC by means of this Base Prospectus, any Final Terms or any other document. Neither this Base Prospectus or any Final Terms, nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

### **Republic of Italy**

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to professional investors (*operatori qualificati*) (the **Professional Investors**), as defined in Article 31, second paragraph, of CONSOB (the Italian Securities Exchange Commission) Regulation No. 11522 of 1 July 1998, as amended (Regulation No. 11522); or
- (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended (Regulation No. 11971).

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Regulation No. 11522 and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB.

### **Singapore**

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the **Securities and Futures Act**). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant

person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Notes, namely a person who is:

(a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the notes under Section 275 of the Securities and Futures Act except:

(i) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act;

(ii) where no consideration is given for the transfer; or

(iii) by operation of law.

### **Switzerland**

The Dealers have agreed, and each further dealer appointed under the Programme will be required to agree, that it will comply with any laws, regulations or guidelines in Switzerland from time to time, including, but not limited to, any regulations made by the Swiss National Bank, in relation to the offer, sale, delivery or transfer of the Notes or the distribution of any offering material in respect of such Notes.

### **Taiwan**

The Notes may not be offered, sold or delivered, or offered, sold or delivered to any person for reoffering, resale or redelivery, in any such case directly or indirectly, in Taiwan or to any resident of Taiwan in contravention of any applicable laws.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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 FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, 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 any Notes in, from or otherwise involving the United Kingdom.

## **United States**

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 in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

## **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefore.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

## GENERAL INFORMATION

- (1) No authorisation procedures are required of the Issuer by French law for the establishment or update of the Programme.

To the extent that Notes issued by the Issuer under the Programme may constitute *obligations* under French law, the issue of such Notes has been authorised by a resolution of the Issuer's *Directoire* (Management Board) dated 2 April 2007 who has delegated to each of Messrs Philippe VIDAL, Christian KLEIN and Daniel ROHFRITSCH, the power to decide issues of *obligations* and assimilated securities for a maximum aggregate nominal amount of EUR 2,000,000,000 within a period of one year as from the date of such resolution.

- (2) The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

- (3) Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Directive on markets in financial instruments (Directive 2004/39/EC).

- (4) For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available free of charge for inspection from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in Luxembourg and Paris in each case at the address given at the end of this Base Prospectus, on any week days (except Saturdays, Sundays and public holidays):

- (a) the *Statuts* of the Issuer;
- (b) the Issuer's audited consolidated audited financial statements in respect of the financial years ended 31 December 2005 and 31 December 2006;
- (c) the Issuer's unaudited consolidated financial statements for the six-month period ended 30 June 2007;
- (d) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer, in each case together with any audit or review reports prepared in connection therewith. The Issuer currently prepares unaudited consolidated interim accounts on a semi annual basis. The Issuer does publish interim non consolidated financial statements;
- (e) the Programme Agreement, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons and the Deed of Covenant;
- (f) a copy of this Base Prospectus;
- (g) any future Base Prospectus, prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic

Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and

- (h) in the case of each issue of Notes admitted to trading on the Luxembourg Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

In addition, copies of this Base Prospectus, documents incorporated by reference herein each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu).

- (5) The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.
- (6) Save as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer or the **Group** (being the Issuer and its consolidated subsidiaries taken as a whole), since 31 December 2006 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2006.
- (7) Save as disclosed in this Base Prospectus, the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings including any such proceedings which are pending or threatened of which the Issuer is aware in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.
- (8) The auditors of the Issuer are Barbier Frinaut & Autres, Ernst & Young and PricewaterhouseCoopers Audit, members of the *Compagnie Nationale des Commissaires aux Comptes*. They have audited the consolidated financial statements of the Issuer for the years ended 31 December 2005 and 31 December 2006.
- (9) The Issuer will not provide any post-issuance information in relation to any underlying of a Note except if required by any applicable laws and regulations.
- (10) Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.
- (11) To the knowledge of the Issuer, the duties owned by the members of the *Directoire* (Management Board) and of the *Conseil de Surveillance* (Supervisory Board) do not give rise to any potential conflicts of interest with such members' private interests or other duties.
- (12) To the knowledge of the Issuer, there are no arrangements the operation of which may at a subsequent date result in a change in control of the Issuer.
- (13) The Issuer has not entered into contracts outside the ordinary course of the Issuer's business, which could result in the Issuer or any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to holders of Notes in respect of the Notes being issued.
- (14) A legal notice relating to the issue of Notes offered to the public in France or listed on Eurolist by Euronext Paris S.A. will be published in the *Bulletin des Annonces légales obligatoires* (BALO) prior to such offering or listing.

**Issuer**

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France  
Telephone number +33 (0)1 45 96 81 90

**Dealers**

**Banque de Luxembourg**

14, boulevard Royal  
L- 2449 Luxembourg  
Luxembourg

**Crédit Industriel et Commercial**

6, avenue de Provence  
75009 Paris  
France

**Société Nancéenne Varin Bernier**

4, place André Maginot  
54000 Nancy  
France

**Issuing Agent, Principal Paying Agent and Listing Agent**

**BNP Paribas Securities Services, Luxembourg Branch**

33 rue de Gasperich, Howald-Esperange L-2085 Luxembourg  
Luxembourg

**Paying Agent**

**BNP Paribas Securities Services, London Branch**

55 Moorgate, London EC2R 6PA  
United Kingdom

**Calculation Agent**

**BNP Paribas Securities Services, Luxembourg Branch**

33 rue de Gasperich, Howald-Esperange L-2085 Luxembourg  
Luxembourg

**Auditors to the Issuer**

**Barbier Frinaut & Autres**

**Ernst & Young**

41, rue Ybry  
92576 Neuilly-sur-Seine  
France

**PricewaterhouseCoopers Audit**

63, rue de Villiers  
92200 Neuilly-sur-Seine  
France

**Legal advisers To the Issuer and Dealers as to English and French law**

**Allen & Overy LLP**

26, boulevard des Capucines  
75009 Paris  
France