

Secured Asset Finance Company B.V.

(a private company with limited liability incorporated under the laws of The Netherlands, having its statutory seat in Amsterdam)

EUR 20,000,000 Secured Index and Credit Linked Note due 2016

Conditionally but irrevocably guaranteed as to payment by Bank of America Corporation (a Delaware (U.S.A.) corporation).

EUR 20,000,000 Secured Index and Credit Linked Note due 2016 (the "**Series 2 Note**") issued by Secured Asset Finance Company B.V. (the "**Issuer**") is constituted by and secured pursuant to a trust deed (the "**Trust Deed**") dated 20 September 2011 (the "**Issue Date**") made between (amongst others) the Issuer and BNY Mellon Corporate Trustee Services Limited, in its capacity as trustee (the "**Trustee**").

Bank of America Corporation (the "**Guarantor**") has, in a guarantee dated 20 September 2011 (the "**Guarantee**"), conditionally but irrevocably guaranteed the obligations of the Issuer to pay principal of and interest on the Series 2 Note. The Guarantee is governed by and construed in accordance with the laws of the State of New York.

The issue price of the Series 2 Note was 100 per cent of the principal amount of the Series 2 Note (with no additional expenses or taxes charged to subscribers).

This document, including any documents incorporated by reference into this document, constitutes listing particulars (the "**Listing Particulars**") in respect of the Series 2 Note to be approved by the Irish Stock Exchange for the purposes of the application to admit the Series 2 Note to the Official List and to trading on the Global Exchange Market of the Irish Stock Exchange.

Application has been made to the Irish Stock Exchange for the approval of this document as Listing Particulars and for the Series 2 Note to be admitted to the Official List of the Irish Stock Exchange and to trading on its Global Exchange Market which is the exchange regulated market of the Irish Stock Exchange.

The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC.

The Series 2 Note bears interest on its outstanding principal amount from, and including, the Issue Date at an index-linked rate determined in accordance with Condition 5 (*Interest*) of the Terms and Conditions of the Series 2 Note (the "**Conditions**" and each a "**Condition**"). Interest Amounts on the Series 2 Note will be payable annually on each Payment Date as set forth in Condition 5 (*Interest*).

The Series 2 Note will be subject to optional redemption by the Issuer for tax or illegality reasons or following an Index Adjustment Event or an Additional Disruption Event as further described herein. The Series 2 Note will be subject to mandatory redemption prior to its Scheduled Maturity Date in case of a termination of the Swap Agreement. See Condition 6 (*Redemption and Purchase*).

The Redemption Amount in respect of the Series 2 Note is credit linked to the credit of the Reference Entity, as set out in full herein. Following satisfaction of the Conditions to Settlement, the Redemption Amount at maturity in respect of the Series 2 Note shall be the lesser of the principal amount outstanding thereof and the Cash Redemption Amount. In addition, on any Early Redemption Date, the Redemption Amount shall be increased by any positive Close-out Amount and reduced by any negative Close-out Amount and/or any Unwind Costs.

The Series 2 Note is not principal protected and on any Early Redemption Date, or on the Final Redemption Date if the Conditions to Settlement have been satisfied, an Investor in the Series 2 Note may lose some or all of their principal investment.

The Series 2 Note will not be rated by any rating agency.

See "*Risk Factors*" below for a discussion of certain factors to be considered in connection with an investment in the Series 2 Note.

On issue, the Series 2 Note was subscribed for by Merrill Lynch International in its capacity as initial purchaser of the offering of the Series 2 Note (the "**Initial Purchaser**").

None of the Series 2 Note, the Guarantee or the Series 2 Collateral (as defined in the Conditions) has been or will be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state of the United States or any other jurisdiction. The offering of the Series 2 Note has been made outside the United States to persons who are not U.S. persons (as defined in Regulation S, "**U.S. persons**") in offshore transactions in compliance with Regulation S ("**Regulation S**") under the Securities Act. None of the Issuer, the Guarantor, the Guarantee or the Series 2 Collateral will be registered under the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**"). Each purchaser of the Series 2 Note, in making its purchase, will be deemed to have made certain acknowledgements, representations and agreements as set out herein under "*Subscription and Sale*". The Series 2 Note may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Series 2 Note is subject to certain restrictions on transfer. See "*Subscription and Sale*".

Capitalised terms used and not otherwise defined herein shall have the meanings set forth in "*Terms and Conditions of the Series 2 Note*" in these Listing Particulars.



The date of these Listing Particulars is 1 November 2011.

The Issuer accepts responsibility for the information contained in these Listing Particulars save for the information regarding the Guarantor and for the section headed "Description of the Trustee and Agents including the Custodian" and confirms that, to the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Guarantor accepts responsibility for the information contained in these Listing Particulars regarding the Guarantee and the Guarantor only, and confirms that, to the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information regarding the Guarantee and the Guarantor contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Trustee and the Agents including the Custodian takes responsibility for the information provided about themselves respectively contained in the section headed "Description of the Trustee and Agents including the Custodian" and confirms that, to the best of its knowledge (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than those contained in these Listing Particulars and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor, the Trustee or the Initial Purchaser.

The distribution of these Listing Particulars and the offering of the Series 2 Note in certain jurisdictions may be restricted by law. Persons into whose possession these Listing Particulars come are required by the Issuer, the Guarantor, the Trustee and the Initial Purchaser to inform themselves of any such restrictions. For a description of certain further restrictions on offers and sales of the Series 2 Note and the distribution and issue of these Listing Particulars and other documents, see "Subscription and Sale" below.

The Bank of New York Mellon (Ireland) Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Series 2 Note and is not itself seeking admission to trading of the Series 2 Note to the Global Exchange Market of the Irish Stock Exchange for the purposes of the Global Exchange Market Rules.

These Listing Particulars do not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Trustee or the Initial Purchaser to subscribe for, or purchase, the Series 2 Note.

The Series 2 Note has not been, and will not be, registered under the Securities Act. The Series 2 Note has been offered outside the United States by the Initial Purchaser in accordance with Regulation S, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

Save for as set out above, no other party has separately verified the information contained herein. Neither the Initial Purchaser nor the Trustee makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in these Listing Particulars or any further information, notice or other document which may at any time be supplied in connection with the Series 2 Note or its offering save that the Trustee takes responsibility for the information provided about itself contained in the section headed "Description of the Trustee and Agent including the Custodian". Neither these Listing Particulars nor any other documents incorporated by reference herein are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Initial Purchaser or the Trustee that any recipient of these Listing Particulars or any other documents incorporated by reference herein should purchase the Series 2 Note. Each potential purchaser of the Series 2 Note should determine for itself the relevance of the information contained in these Listing Particulars and its purchase of the Series 2 Note should be based upon such investigation as it deems necessary.

In these Listing Particulars, unless otherwise specified or the context otherwise requires, all references to "dollar", "USD", "Dollar" and "\$" are to the lawful currency of the United States, and all references

to "euro", "EUR", "Euro", and "€" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended from time to time.

Information as to placement

The Series 2 Note will be represented on issue by a note in registered form without interest coupons or principal receipts, deposited with and registered in the name of The Bank of New York (Depository) Nominees Limited, as nominee of The Bank of New York Mellon, London Branch, as common depository (the "**Common Depository**") for Euroclear Bank S.A./N.V. as operator of the Euroclear system ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") on or about the Issue Date. See "*The Series 2 Note*" and "*Subscription and Sale*" herein.

These Listing Particulars have been prepared by the Issuer solely for use in connection with the listing of the Series 2 Note described herein. The Issuer and the Initial Purchaser reserves the right to reject any offer to purchase the Series 2 Note in whole or in part for any reason, or to sell less than the stated initial principal amount of the Series 2 Note offered hereby. These Listing Particulars are personal to each offeree to whom it has been delivered by the Issuer (or any Affiliate (as defined below) thereof) and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Series 2 Note. Distribution of these Listing Particulars to any persons other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

GENERAL NOTICE

EACH PURCHASER OF THE SERIES 2 NOTE MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS THE SERIES 2 NOTE OR POSSESSES OR DISTRIBUTES THESE LISTING PARTICULARS AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF THE SERIES 2 NOTE UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUER, THE GUARANTOR, THE TRUSTEE OR ANY AGENT SPECIFIED HEREIN OR ANY OF THEIR RESPECTIVE AFFILIATES SHALL HAVE ANY RESPONSIBILITY THEREFOR.

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OVERVIEW

*The following overview refers to certain provisions of the terms and conditions to the Series 2 Note and must be read in conjunction with the Listing Particulars as a whole, including the documents incorporated by reference. Capitalised terms not specifically defined in this Overview have the meanings set out in Condition 1 (Definitions) under "Terms and Conditions of the Series 2 Note" below or are defined elsewhere in these Listing Particulars. References to a "**Condition**" are to the specified condition in the "Terms and Conditions of the Series 2 Note" below. For a discussion of certain risk factors to be considered in connection with an investment in the Series 2 Note, see "Risk Factors".*

Issuer	Secured Asset Finance Company B.V., a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>) incorporated under the laws of The Netherlands
Guarantor	Bank of America Corporation
Trustee	BNY Mellon Corporate Trustee Services Limited
Custodian	The Bank of New York Mellon., London Branch
Registrar	The Bank of New York Mellon (Luxembourg) S.A.
Paying Agent and Account Bank	The Bank of New York Mellon, London Branch
Swap Counterparty	Merrill Lynch International
Calculation Agent	Merrill Lynch International
Initial Purchaser	Merrill Lynch International
Issue Date	20 September 2011
Status of the Series 2 Note	The Series 2 Note is an unsubordinated, secured obligation of the Issuer which is conditionally but irrevocably guaranteed by Bank of America Corporation.
Guarantee	<p>Pursuant to the Guarantee, the Guarantor has conditionally but irrevocably guaranteed to the Trustee for the benefit of the holder of the Series 2 Note, the payment of any Shortfall (as defined below). Any and all obligations of the Guarantor under the Guarantee are conditional and secondary, it being understood and agreed under the terms of the Guarantee that the Trustee (acting for the benefit of the Holder) shall have no right to proceed under the Guarantee without first fully pursuing and exhausting all of the rights and remedies that the Trustee and Holder may have against the Series 2 Collateral pursuant to the Trust Deed and applicable law (the "Collateral Enforcement Efforts").</p> <p>Subject as provided in the Guarantee, if the proceeds and other amounts received by the Trustee after exhausting all Collateral Enforcement Efforts are insufficient to pay all principal interest and any other amounts then due and payable by the Issuer under the Series 2 Note (the "Shortfall"), the Guarantee provides that the Guarantor has agreed to pay to the Trustee promptly upon demand such additional amounts as are necessary to ensure that the Holder receives the full amount that it would have received under the Series 2 Note had there been no Shortfall.</p>

The obligations of the Guarantor under the Guarantee, save for such exceptions as may be provided by applicable laws and regulations or judicial order, rank *pari passu* with its other present and future unsecured and unsubordinated contractual obligations.

Counterparty Credit Risk	The Series 2 Noteholder is exposed to the credit risk of the Issuer, the Guarantor, the Swap Counterparty, the Custodian, the Paying Agent, the Account Bank and the Chargor.
Issue price of Series 2 Note	100 per cent of the principal amount of the Series 2 Note (with no additional expenses or taxes charged to subscribers).
Series 2 Note	EUR 20,000,000 Secured Index and Credit Linked Note due 2016.
Denomination	The Series 2 Note is issued in a single denomination of EUR 20,000,000.
Interest on the Series 2 Note	Interest Amounts in respect of the Series 2 Note are linked to the performance of the Index. See Condition 5 (<i>Interest</i>). Further information in relation to the Index is provided in the Appendix to these Listing Particulars, " <i>Information Relating to the Index</i> " consisting of the rules and methodology of the Index as provided by the Index Sponsor as of 10 August 2011 (the " Index Rules "). The Index Rules are subject to modification by the Index Sponsor without notice to the Series 2 Noteholder.
Payment Dates	The 20th day of September in each year, commencing on and including 20 September 2012 up to and including the Scheduled Maturity Date, provided that (i) if an Early Redemption Date occurs, the Early Redemption Date shall not be a Payment Date and no further Payment Dates shall occur and (ii) if any Payment Date would otherwise fall on a day which is not a Payment Business Day, it shall be postponed to the next day that is a Payment Business Day.
Security for the Series 2 Note	The Issuer's obligations under the Series 2 Note are secured on, among other things, the Series 2 Collateral. See Condition 4 (<i>Security</i>) and "The Series 2 Collateral" herein.
Redemption Amount	In respect of the Series 2 Note: <ul style="list-style-type: none">(a) on the Final Redemption Date where the Conditions to Settlement have not been satisfied on or prior to such date, the principal amount thereof Outstanding on such date;(b) on the Final Redemption Date where the Conditions to Settlement have been satisfied on or prior to such date, the lesser of the principal amount thereof Outstanding on such date and the Cash Redemption Amount;(c) on an Early Redemption Date where the Conditions to Settlement have not been satisfied on or prior to such date, (i) the principal amount thereof Outstanding on such date plus (ii) the Close-out Amount, minus (iii) the Unwind Costs; or(d) on an Early Redemption Date where the Conditions to Settlement have been satisfied on or prior to such date, (i) the lesser of the principal amount thereof

Outstanding on such date and the Cash Redemption Amount, plus (ii) the Close-out Amount (without double counting of the Floating Amount II (as defined in the Swap Agreement) payable to the Counterparty in respect of the Cash Redemption Amount), minus (iii) the Unwind Costs,

in each case, subject to a minimum of zero.

The Series 2 Note is not principal protected and on any Early Redemption Date, or on the Final Redemption Date if the Conditions to Settlement have been satisfied, an Investor in the Series 2 Note may lose some or all of their principal investment.

Redemption of the Series 2 Note

The Series 2 Note is subject to redemption in the following circumstances:

- (a) on the Final Redemption Date at its applicable Redemption Amount – see Condition 6(a) (*Final Redemption*);
- (b) at its applicable Redemption Amount, at the option of the Issuer subject to not less than 15 days' (nor more than 30 days') notice, following the occurrence of a Tax Event or a Loan Tax Event - see Condition 6(b)(i) (*Redemption following Tax Event*);
- (c) at its applicable Redemption Amount, at the option of the Issuer subject to not less than 15 calendar days' (nor more than 30 calendar days') notice following the occurrence of an illegality in respect of the Issuer's obligations under the Series 2 Note - see Condition 6(b)(ii) (*Redemption for Illegality Reasons*);
- (d) at its application Redemption Amount following the early termination of the Swap Agreement – see Condition 6(b)(iii) (*Mandatory Redemption Event*);
- (e) at its applicable Redemption Amount, at the option of the Issuer, following the occurrence of an Index Adjustment Event or an Additional Disruption Event – see Condition 6(b)(iv) (*Redemption following an Index Adjustment Event or an Additional Disruption Event*); and
- (f) at its applicable Redemption Amount, at the discretion of the Trustee or at the direction of the Series 2 Noteholder if an Event of Default occurs and is continuing – see Condition 9(b) (*Acceleration*).

Scheduled Redemption Date

The Payment Date falling on or nearest to 20 September 2016.

Final Redemption Date

The later of (a) the Maturity Date, and (b) the Auction Redemption Date or the Cash Settlement Date (if relevant).

Governing Law

The Series 2 Note, the Trust Deed, the Deed of Charge, the Agency Agreement and the Custody Agreement and the Swap Agreement are governed by English law.

The Guarantee is governed by, and construed in accordance

with, the laws of the State of New York.

The Offering

The Series 2 Note has been offered outside the United States to non-U.S. persons in "offshore transactions" in accordance with Regulation S.

**Form, Registration and
Transfer of the Series 2 Note**

The Series 2 Note is represented by a global note ("**Series 2 Note**") in registered form, without interest coupons or principal receipts, which has been deposited on the Issue Date with, and registered in the name of a nominee of, The Bank of New York Mellon, London Branch, as Common Depositary. Ownership of the Series 2 Note is shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg and their respective participants. In each case, purchasers and transferees of the Series 2 Note will be deemed to have made and in some cases will be required to make certain representations and agreements. See "*Subscription and Sale*" herein.

A note in definitive form will not be issued in exchange for the Series 2 Note in global form.

Tax Status

See Condition 8 (*Taxation*).

Listing

The Series 2 Note will be listed on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market (GEM) of the Irish Stock Exchange.

Withholding Tax

All payments of principal and interest in respect of the Series 2 Note shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the jurisdiction of the incorporation of the Issuer, or any political sub-division or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. See Condition 8 (*Taxation*).

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have been filed with the United States Securities and Exchange Commission (the "SEC"), shall be deemed to be incorporated by reference in, and form part of, these Listing Particulars:

- (a) the Guarantor's Annual Report on Form 10-K for the year ended 31 December 2010 (the "**Guarantor 2010 Annual Report**");
- (b) the Guarantor's unaudited Quarterly Report on Form 10-Q for the period ended 31 March 2011 (the "**Guarantor 1Q 2011 Quarterly Report**") and the Guarantor's unaudited Quarterly Report on Form 10-Q for the period ended 30 June 2011 (the "**Guarantor 2Q 2011 Quarterly Report**");
- (c) the Guarantor's Current Reports on Form 8-K and Form 8-K/A filed on 3 January 2011 (the "**Guarantor 3 January 2011 Form 8-K**"), 21 January 2011 (the "**Guarantor 21 January 2011 Form 8-K**"), 31 January 2011 (the "**Guarantor 31 January 2011 Form 8-K**"), 16 March 2011 (the "**Guarantor 16 March 2011 Form 8-K**"), 17 March 2011 (the "**Guarantor 17 March 2011 Form 8-K**"), 23 March 2011 (the "**Guarantor 23 March 2011 Form 8-K**"), 15 April 2011 (two filings) (respectively the "**First Guarantor 15 April 2011 Form 8-K**" and the "**Second Guarantor 15 April 2011 Form 8-K**"), 2 May 2011 (the "**Guarantor 2 May 2011 Form 8-K**"), 11 May 2011 (the "**Guarantor 11 May 2011 Form 8-K**"), 13 June 2011 (the "**Guarantor 13 June 2011 Form 8-K**"), 29 June 2011 (the "**Guarantor 29 June 2011 Form 8-K**"), 6 July 2011 (the "**Guarantor 6 July 2011 Form 8-K/A**"), 19 July 2011 (the "**Guarantor 19 July 2011 Form 8-K**"), 25 August 2011 (the "**Guarantor 25 August 2011 Form 8-K**"), 29 August 2011 (the "**Guarantor 29 August 2011 Form 8-K**"), 1 September 2011 (the "**Guarantor 1 September 2011 Form 8-K**"), 7 September 2011 (the "**Guarantor 7 September 2011 Form 8-K**") and 18 October 2011 (the "**Guarantor 18 October 2011 Form 8-K**", together with the Guarantor 3 January 2011 Form 8-K, the Guarantor 21 January 2011 Form 8-K, the Guarantor 31 January 2011 Form 8-K, the Guarantor 16 March 2011 Form 8-K, the Guarantor 17 March 2011 Form 8-K, the Guarantor 23 March 2011 Form 8-K, the First Guarantor 15 April 2011 Form 8-K, the Second Guarantor 15 April 2011 Form 8-K, the Guarantor 2 May 2011 Form 8-K, the Guarantor 11 May 2011 Form 8-K, the Guarantor 13 June 2011 Form 8-K, the Guarantor 29 June 2011 Form 8-K, the Guarantor 6 July 2011 Form 8-K/A, the Guarantor 19 July 2011 Form 8-K, the Guarantor 25 August 2011 Form 8-K, the Guarantor 29 August 2011 Form 8-K, the Guarantor 1 September 2011 Form 8-K, the Guarantor 7 September 2011 Form 8-K and the Guarantor 7 October 2011 Form 8-K, the "**Guarantor Forms 8-K**") (other than, with respect to these reports, information that is furnished but deemed not to have been filed under the rules of the SEC),

provided that any documents incorporated by reference into the above documents do not form part of these Listing Particulars.

The financial information of the Guarantor on a consolidated basis for the years ended 31 December 2009 and 31 December 2010 is contained in the Guarantor 2010 Annual Report.

These Listing Particulars should be read together with information contained in the documents incorporated by reference into these Listing Particulars as if all such information were included in these Listing Particulars. Copies of all such reports will be available for inspection without charge at the office of the Issuer by physical and electronic means.

The Guarantor's filings with the SEC are available through (1) the SEC's website at www.sec.gov or the SEC's Public Reference Room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, and (2) the Guarantor's website at www.bankofamerica.com. References to web addresses in these Listing Particulars are included as inactive textual references only. Except as specifically incorporated by reference into these Listing Particulars, information on these websites is not part of these Listing Particulars.

RISK FACTORS

An investment in the Series 2 Note involves certain risks, including risks relating to the Series 2 Collateral securing the Series 2 Note and risks relating to the structure and rights of the Series 2 Note and the related arrangements. An Investor should carefully consider the following factors, in addition to the matters set forth elsewhere in this document, prior to investing in the Series 2 Note. Terms not defined in this section and not otherwise defined above have the meanings set out in Condition 1 (Definitions) of the "Terms and Conditions of the Series 2 Note". Additional risks and uncertainties not presently known to the Issuer or the Guarantor or that either the Issuer or the Guarantor believes to be immaterial could also have a material impact on the Issuer's or the Guarantor's business operations or the Series 2 Note. An Investor should consult their own financial, legal, tax and other professional advisors as to the risks arising from an investment in the Series 2 Note and the suitability of the investment for the investor.

Risk factors relating to the Guarantor, and its ability to perform under the Guarantee, may be found in the Guarantor 2010 Form 10-K under "Part I, Item 1A, Risk Factors" and in the Guarantor 2Q 2011 Quarterly Report under "Item 1A, Risk Factors".

The Series 2 Note may not be a suitable investment for an Investor

Any potential investor in the Series 2 Note must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to evaluate the Series 2 Note, the merits and risks of investing in the Series 2 Note;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Series 2 Note and the impact the Series 2 Note will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Series 2 Note;
- (d) understand thoroughly the terms of the Series 2 Note, including the redemption features and the effect of the same on the value of the Series 2 Note, and the Index; and
- (e) 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.

In addition, because the Series 2 Note is index and credit-linked, an investment in the Series 2 Note may entail significant risks not associated with investments in conventional debt securities. A potential investor should not invest in the Series 2 Note unless it has the expertise (either alone or with a financial adviser) to evaluate how the Series 2 Note will perform under changing conditions, the resulting effects on the value of the Series 2 Note and the impact this investment will have on the potential investor's overall investment portfolio.

The Series 2 Note is not principal protected

The Series 2 Note is not principal protected and following the occurrence of a Credit Event or any of the circumstances described in the Conditions in which the Series 2 Note may or will be subject to an early redemption, an investor may lose some or all of its full principal investment in the Series 2 Note.

Risks relating to the Series 2 Note (including credit linkage related risks, risks relating to the Index and/or risks relating to the Charged Collateral and the credit-worthiness of the Issuer, the Guarantor and the Reference Entity) may be correlated or compounded and such correlation and/or compounding may result in increased volatility in the value of the Series 2 Note and/or in increased losses for an Investor in the Series 2 Note.

No Credit Rating

The terms and conditions of the Series 2 Note have not and will not be reviewed by an independent third party and the payment of principal and interest on the Series 2 Note will not be rated by a rating agency. A potential investor should ensure that it does not require a rating and carries out an appropriate level of due diligence in respect of its investment in the Series 2 Note.

The Guarantee is an unsecured obligation of the Guarantor

The obligations of the Guarantor under the Guarantee, save for such exceptions as may be provided by applicable laws and regulations or judicial order, rank *pari passu* with its other present and future unsecured and unsubordinated obligations.

Since the Guarantor is a holding company, the right of the Guarantor, and hence the right of creditors of the Guarantor (including the Series 2 Noteholder), to participate in any distribution of the assets of any subsidiary upon its liquidation or reorganisation or otherwise is necessarily subject to the prior claims of creditors of the subsidiary, except to the extent that claims of the Guarantor itself as a creditor of the subsidiary may be recognised. In addition, dividends, loans and advances from certain subsidiaries to the Guarantor are restricted by net capital requirements under the Securities Exchange Act 1934 and under the rules of certain exchanges and other regulatory bodies.

In the event of the Guarantor's insolvency, any claim by the Series 2 Noteholder under the Guarantee would be subject to applicable bankruptcy law and there can be no assurance given that the full amount, or any amount, would be paid pursuant to such claim.

Many factors will determine the price of the Series 2 Note in the secondary market and such market may be illiquid

It is not possible to predict the price at which the Series 2 Note will trade in the secondary market. In addition, neither the Initial Purchaser nor the Issuer can assure the Series 2 Noteholder that a trading market for the Series 2 Note will ever develop or be maintained.

The Issuer, the Initial Purchaser, the Guarantor, or any of the Guarantor's Affiliates may, but are not obliged to, at any time purchase the Series 2 Note at any price in the open market or by tender or private treaty for their own account for business reasons or in connection with their hedging arrangements. The Series 2 Note so purchased may be held or resold or surrendered for cancellation. The Issuer, the Initial Purchaser, the Guarantor, or any of the Guarantor's Affiliates may, but are not obliged to, be a market-maker for the Series 2 Note. Even if the Issuer or such other entity is a market-maker for the Series 2 Note, the secondary market for the Series 2 Note may be limited. These activities may affect the price of such obligations or securities in a manner that would be adverse to the Series 2 Noteholder's investment in the Series 2 Note. In particular, because other dealers are not likely to make a market for the Series 2 Note, the price at which an investor may be able to trade the Series 2 Note is likely to depend on the price, if any, at which the Issuer, the Initial Purchaser, the Guarantor or a Guarantor Affiliate is willing to buy the Series 2 Note. Moreover, the price at which the Issuer, the Initial Purchaser, the Guarantor or a Guarantor Affiliate may be willing to purchase the Series 2 Note from an investor in the secondary market, if at all, may be lower than the original issue price and, therefore, any sale prior to the Final Redemption Date may result in a loss to an Investor. The Issuer, the Initial Purchaser, the Guarantor and the Guarantor's Affiliates have not considered, and are not required to consider, the interest of an Investor as the Series 2 Noteholder in connection with entering into any of the above mentioned transactions.

The yield on the Series 2 Note may be less than the yield on a conventional debt security of comparable maturity

Any yield that an investor may receive on the Series 2 Note may be less than the return an investor would earn if the investor purchased a conventional debt security with the same maturity date. As a result, an investment in the Series 2 Note may not reflect the full opportunity cost to an investor when factors that affect the time value of money are considered.

Movements in the level of the Index or in the performance or credit-worthiness of the Reference Entity will affect the performance and/or value of the Series 2 Note

The level of the Index and the performance and perceived credit-worthiness of the Reference Entity may be subject to significant fluctuations. These factors may affect the Interest Amounts and/or applicable Redemption Amount of the Series 2 Note, including if a Credit Event does not occur but the Series 2 Note is subject to early redemption in accordance with its terms, because in such case the Redemption Amount is calculated with reductions to the full principal amount of the Series 2 Note to reflect the Close-out Amount and any applicable Unwind Costs, as described in the Conditions. Please see "*Index Linked Risk Factors*" and "*Credit Linked Risk Factors*" below for further detail.

Legal investment considerations may restrict certain investments

The investment activities of an Investor 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 (i) the Series 2 Note is a legal investment for it, (ii) the Series 2 Note can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase, pledge or charge of the Series 2 Note. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Series 2 Note under any applicable risk-based capital, or similar, rules.

Payments on the Series 2 Note are subject to the credit risk of the Issuer and the Guarantor, and the value of the Series 2 Note will be affected by a credit rating reduction of the Guarantor

The amount payable or deliverable on the Series 2 Note at maturity is dependent upon the ability of the Issuer and the Guarantor to repay their respective obligations on the Final Redemption Date. No assurance can be given as to what the Issuer's or the Guarantor's financial condition will be on the Final Redemption Date. The value of the Series 2 Note is expected to be affected, in part, by an Investor's general appraisal of the Guarantor's creditworthiness and actual or anticipated changes in the Guarantor's credit ratings prior to the maturity date may affect the value of the Note. Such perceptions are generally influenced by the ratings accorded to the Guarantor's outstanding securities by standard statistical rating services, such as Moody's Investors Service Inc., Standard & Poor's Financial Services LLC and Fitch Ratings Inc. A reduction (or anticipated reduction) in the rating, if any, accorded to outstanding debt securities of the Guarantor by one of these rating agencies could result in a reduction in the trading value of the Series 2 Note. A credit rating is not a recommendation to buy, sell, or hold the Series 2 Note and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The value of the Series 2 Note may be affected by the insolvency of the Issuer

Save to the extent satisfied out of the proceeds of enforcement of the security over the Series 2 Collateral (and pursuant to the Guarantee), all payments by the Issuer in respect of the Series 2 Note are subject to the solvency of the Issuer. The Series 2 Note may lose some or all of its value if the Issuer becomes insolvent. Furthermore, in such a case, a reduction in the market value in EUR of the Series 2 Collateral (due either to a reduction in the market value of the Series 2 Collateral in the currency in which it is denominated, or to adverse movements in the EUR exchange rate relative to the currency in which such Series 2 Collateral is denominated) may result in a loss of all or part of the Series 2 Noteholder's investment or a reduction in the expected yield on the Series 2 Note.

Liability of the Trustee

Under certain provisions of the Trust Deed, the Trustee's liability may be limited notwithstanding its failure to show the degree of care and diligence required of it as trustee having regard to the provisions of the Trust Deed or any other Transaction Document conferring on it any trusts, powers, authorities or discretions, other than in respect of:

- (a) any liability for breach of trust; or
- (b) any liability which by virtue of any rule of law would otherwise attach to it,

in respect of any negligence, wilful default, wilful misconduct or fraud on the part of the Trustee in relation to its duties under the Trust Deed.

An Investor in the Series 2 Note should therefore be aware that under the Trust Deed the Trustee is entitled to and may seek to avoid liability for inadvertent or unintentional breach by it of its duties as trustee under the Trust Deed or any other Transaction Document.

United States Transfer Restriction

The Trust Deed and Conditions provide that if the Series 2 Note is offered, sold, resold, traded, pledged, charged, redeemed, transferred or delivered, directly or indirectly, within the United States (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (the "**United States**") or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") other than in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements under the Securities Act and/or any offer, sale, resale, trade, charge, pledge, redemption, transfer or delivery, directly or indirectly, of the Series 2 Note is not made (a) in a principal amount outstanding of not less than EUR 20,000,000, or (b) in accordance with all applicable securities laws of the United States, the States of the United States and any other applicable jurisdiction, then any such transfer will be of no force and effect, will be void ab initio and will not operate to transfer any rights to the transferee, notwithstanding any instructions to the contrary to the Issuer, the Guarantor, the Trustee or any intermediary.

Risks relating to the Charged Collateral

There is no requirement that the Chargor substitute new assets for any Charged Collateral that ceases to satisfy the Eligibility Criteria

Whilst each asset comprising the Charged Collateral is required to conform to the definition of Eligible Asset (as defined in the Deed of Charge) as at the Issue Date (or, in the case of Replacement Collateral (as defined in the Deed of Charge), as at the relevant date of substitution), there is no requirement that any such asset continue to satisfy the definition of Eligible Asset thereafter, and the Chargor is under no obligation to substitute any assets that cease to satisfy the definition of Eligible Asset.

The Issuer, the Chargor or the Guarantor may have other interests or business relationships without regard to the interests of the Series 2 Noteholder

The Issuer, the Chargor or the Guarantor may have or develop business relationships with the obligors of the Charged Collateral (including lending, depository, risk management, advisory and banking relationships) and it will act as it deems necessary or appropriate to protect interests arising therefrom without regard to the consequences for the Series 2 Noteholder.

The Issuer, the Chargor and the Guarantor and/or any of their respective Affiliates or agents may engage in activities that may result in conflicts of interests between their and their respective Affiliates' or agents' financial interests on the one hand and the interests of an investor in the Series 2 Note on the other hand. The Issuer, the Chargor and/or the Guarantor and/or any of their respective Affiliates or agents may also engage in trading activities (including hedging activities) related to the Index or the Reference Entity and other instruments or derivative products based on or related to the Index or the Reference Entity for their proprietary accounts or for other accounts under their management. The Issuer, the Chargor or the Guarantor or any of their Affiliates or agents may also issue other derivative instruments in respect of the Index or the Reference Entity.

The Index is developed, owned, calculated and maintained by Merrill Lynch International, which will perform its role as the index sponsor and calculation agent and may make such modifications or adjustments to the Index or cease to calculate and publish the Index in its discretion as permitted under the Index Rules, all as an independent index sponsor and calculation agent without regard to the effect of the exercise (or non-exercise) of such discretions on the Series 2 Note or other instruments linked to the Index. Merrill Lynch International may engage in hedging or other proprietary transactions which may (directly or indirectly) affect the level of the Index from time to time.

In addition, the Index is not a product of the research departments of Merrill Lynch International or any of its Affiliates, any of which may publish research, express opinions or provide recommendations that are inconsistent with investing in instruments linked to the Index (including research, opinions or recommendations which may or may not recommend that an Investor buys or holds the relevant

underlying components of the Index) and which could affect the value and or performance of the Index or of instruments linked to the Index and which may be revised at any time.

Payments and other amounts received by the Chargor pursuant to the assets comprising the Charged Collateral will not form part of the Charged Collateral

The Issuer has assigned, in favour of the Trustee, for the benefit of the Series 2 Noteholder, by way of security all of the Issuer's present and future rights (and all entitlements or other benefits relating thereto) in and to the Charged Collateral and the proceeds thereof under the Deed of Charge. However, coupon payments, redemption amounts and other Collateral Distributions received by the Chargor in respect of Charged Collateral from time to time will not form part of the Charged Collateral and all such amounts will be released to the Issuer for onward transfer and/or release to the Chargor. Subject to the maintenance of the Haircut Market Value Amount at equal to or greater than the Collateralisation Amount, there is no requirement for the Chargor to substitute any Charged Collateral which is redeemed or repaid, the proceeds of which will be paid to the Chargor, following which the Series 2 Note will no longer be secured by any Charged Collateral so redeemed.

Security over the Charged Collateral may be released in certain circumstances

Provided no Event of Default has occurred and is continuing, the Issuer (in its capacity as Chargee) shall be deemed to have released from the security constituted pursuant to the Deed of Charge (i) any Charged Collateral which is to be substituted; (ii) any Return Amount and (iii) Collateral Distributions, each to be delivered and/or released pursuant to and in accordance with the Deed of Charge. In the event of any substitution of Charged Collateral pursuant to the terms of the Deed of Charge, there is no requirement that the Trustee must consent to any such substitution or countersign any instructions to the Custodian from the Issuer relating to the release of the Charged Collateral. As a result, the control exercised over the Charged Collateral by the Trustee as beneficiary of the security granted pursuant to the Trust Deed over all of the Issuer's present and future rights (and all entitlements or other benefits relating thereto) in and to the Charged Collateral, the proceeds thereof and under the Deed of Charge, will be limited, and it is possible that in certain circumstances the Series 2 Note may not be fully secured.

The Charged Collateral comprising Charged Securities will be held by the Custodian either through its accounts with Euroclear or Clearstream, Luxembourg, or through its sub-custodians who will in turn hold such Charged Collateral either directly or through a clearing system. Those Charged Securities held in clearing systems will not be held in special purpose accounts and will be fungible with other securities from the same issue held in the same accounts on behalf of the other customers of the Custodian or its sub-custodians, as the case may be.

The security interest over the Charged Collateral comprising Charged Securities created pursuant to the Deed of Charge is likely to take effect as a security interest over the contractual right of the Issuer to require delivery of equivalent Charged Securities or cash from the Custodian in accordance with the terms of the Custody Agreement as opposed to a security interest over a direct proprietary interest in the Charged Securities. The Issuer and the Series 2 Noteholder may therefore be restricted in their ability to enforce part or all of the security in the event of the insolvency of the Custodian or a sub-custodian. Furthermore, to the extent that the Charged Securities are held on trust for the Issuer or otherwise segregated from the other assets of the Custodian or a sub-custodian pursuant to any insolvency proceedings, the Issuer and the Series 2 Noteholder may have only a co-proprietary interest in the pool of assets held by the Custodian or sub-custodian which are of the same type as the Charged Securities and, therefore, may only be entitled to a pro rata share thereof.

The Charged Collateral comprising loans shall be held by the Chargor on its own books subject to the Deed of Charge, and shall be identified by means of a list of included loans which shall be as notified by the Chargor to the Issuer from time to time.

The security over the Charged Collateral may not be immediately enforceable in the event of the insolvency of the Chargor or the Issuer in certain circumstances but may be subject to any moratorium to which creditors of the Chargor or the Issuer are subject. No assurance can be given that any such moratorium would not apply; and if such a moratorium did apply, the Trustee's ability to realise some or all of the Charged Collateral could be subject to delays, additional expenses and competing administrative and control rights of any administrator, administrative receiver or other similar

insolvency officer appointed with the sanction of the court and applicable powers under relevant insolvency laws.

Merrill Lynch International as the Calculation Agent shall have sole discretion to make certain determinations regarding the Series 2 Note

Merrill Lynch International, in its capacity as Calculation Agent, will determine in its sole discretion the applicable Redemption Amount, Interest Amounts, Delivery Amounts, Return Amounts and the Haircut Market Value. The Calculation Agent is also the parent of the Issuer and conflicts of interest may therefore arise in the Calculation Agent making determinations in respect of the Series 2 Note in its sole and absolute discretion.

The Series 2 Noteholder should be aware that any determination made by the Calculation Agent may have an impact on the value and financial return of the Series 2 Note. Any such discretion exercised by, or any calculation made by, the Calculation Agent (in the absence of manifest error) shall be binding on the Series 2 Noteholder.

The Calculation Agent has assumed no obligations or relationship of agency or trust to or with the Series 2 Noteholder.

In addition, many of the assets comprising the Charged Collateral are difficult to value. As a result, following an enforcement action, the Trustee may have difficulty valuing such assets and the value of the portfolio may be highly volatile.

The Issuer is subject to counterparty risk

The Issuer will be exposed to the credit risk of the Account Bank and the Custodian to the extent of, respectively, all cash of the Issuer held in the Charged Cash Account and the Charged Collateral held by the Custodian.

In the event that the Account Bank or the Custodian becomes insolvent, the Issuer or, in an enforcement event, the Series 2 Noteholder, may be unable to take control over cash held in the Charged Cash Accounts or the Charged Collateral held by the Custodian, as the case may be.

The portfolio of assets comprising the Charged Collateral may be subject to default risk, concentration risk and currency exchange risk

The portfolio of assets comprising the Charged Collateral are not required to meet any minimum rating criteria and there are no requirements for the Chargor to maintain diversity in the portfolio. As a result, following an enforcement action, the value of the portfolio will be subject to a risk of default by the obligors to the underlying assets. Furthermore, the risk that the value of the portfolio could be adversely affected by defaults on the underlying assets will increase to the extent that the portfolio is concentrated in any one obligor, industry, region or country as a result of the increased potential for correlated defaults in respect of a single issuer or within a single industry, region or country as a result of downturns relating generally to such industry, region or country.

To the extent that the Trustee sells or otherwise disposes of an asset comprising part of the Charged Collateral, the proceeds of such sale or disposition are likely to be less than the unpaid principal and interest of that asset. In addition, the Trustee may incur additional expenses to the extent it seeks recoveries upon the default of an obligor to an underlying asset or participates in the restructuring of an asset. Even in the absence of a default with respect to any of the underlying assets, the potential volatility and lack of liquidity at any time will vary and may vary substantially from the price at which such assets were initially purchased and from the principal amount of such asset. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition of the assets comprising the Charged Collateral at any time, or that the proceeds of any such sale or disposition would be sufficient to repay a corresponding par amount of principal of and interest on the Series 2 Note. Moreover, there can be no assurance as to the timing of any recovery.

In addition, although the Charged Collateral is valued in Euro, the Eligible Assets forming part of the Charged Collateral may be denominated in Euro or the lawful currency of any of the United States of America, Japan, Canada, the United Kingdom, Australia or Switzerland. Therefore, changes in the rates

of exchange between EUR and the currency of the underlying asset may have an adverse effect on the value of the Charged Collateral as calculated in Euro.

Regulatory Risk

The Issuer is not conducting banking or financial services activity requiring licenses or consent from regulators in its jurisdiction of incorporation. The Issuer seeks to comply with all applicable laws and regulations applicable to it and of which it is aware in all jurisdictions with which the transaction is connected. However, the possibility cannot be excluded that, either by reason of a change in law or regulation or their interpretation in any applicable jurisdiction, or by reason of law or regulation of which the Issuer is unaware, certain of its activities or those of its agents in relation to the issue and offering of the Series 2 Note may constitute the provision of cross border banking or financial services which are regulated in other jurisdictions. Should it be determined that the Issuer has failed to comply with any applicable licence or consent requirements under any applicable banking or financial services law or regulation in any jurisdiction in relation to the issue and offering of the Series 2 Note, the regulators in such jurisdiction could, to the extent they have authority to do so, impose sanctions on certain of the parties involved, including the Issuer, seeking the immediate cessation of such parties' activities in that jurisdiction, liquidation of the transactions conducted by it in that jurisdiction or with an Investor in or from that jurisdiction, and even the imposition of criminal sanctions.

Index Linked Risk Factors

Factors affecting the performance of the Index may adversely affect the value of the Series 2 Note

The Index tracks an excess return notional investment strategy in a basket of diversified component indices linked to various asset classes as further described in the rules and methodology of the Index ("**Index Rules**"). As such, the performance of the Index is dependent upon the performance of such underlying asset classes, which may depend on interest rates, currency developments, political factors, market factors such as the general trends in capital markets or broad based indices and/or reference entity-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy. If the Index does not perform as expected, this will materially and adversely affect the Interest Amounts payable on and the value of the Series 2 Note.

Returns on the Series 2 Note do not reflect a direct investment in underlying assets by reference to which the Index is calculated. The return payable on the Series 2 Note may not reflect the return a potential investor would realise if it actually owned the relevant assets comprising the components of the Index or owned a different form of interest in the Index.

A change in the composition or discontinuance of the Index could adversely affect the market value of the Series 2 Note.

Exposure to Index Modification, Index Cancellation, Index Disruption, Additional Disruption Events and correction of Index Levels

The Calculation Agent has broad discretion to make certain determinations and adjustments, to replace the original Index with another and/or to cause early redemption of the Series 2 Note, any of which may be adverse to an investor in the Series 2 Note, in connection with an event that is an Index Modification, an Index Cancellation, an Index Disruption or an Additional Disruption Event. The Calculation Agent may (subject to the terms and conditions of the Series 2 Note) also amend the relevant Index Level due to corrections in the level reported by the Index Sponsor. The consequences of such amendments could adversely affect the market value of the Series 2 Note.

Credit Linked Risk Factors

General risks relating to credit linkage in the Series 2 Note

An Investor in the Series 2 Note should be aware that depending on the performance of the Reference Entity (i) the payment of the applicable Redemption Amount may occur at a different time than expected and (ii) they may lose all or a substantial portion of their investment.

The value of the Series 2 Note may be volatile and will be affected by, amongst other things, the time remaining to the redemption date or settlement date, as applicable, prevailing credit spreads and the

creditworthiness of the Reference Entity which in turn may be affected by the economic, financial and political events in Italy or other jurisdictions.

Actions of the Reference Entity may adversely affect the value of the Series 2 Note. The views of market participants and/or legal counsel may differ as to how the terms of market standard credit default swaps, and the corresponding terms of the Series 2 Note, should be interpreted in the context of such actions, or such terms may operate in a manner contrary to the expectations of market participants and/or adversely to the interests of an Investor in the Series 2 Note. None of the Issuer, the Initial Purchaser, the Guarantor or any of their respective Affiliates makes any representation regarding the Reference Entity or the prospects of entering into an investment linked thereto.

An Investor may be affected by Credit Events that occur before the Issue Date

An Investor in the Series 2 Note may suffer a loss of some or all of their investment if one or more Credit Events occur on or after the Credit Event Backstop Date (which may fall prior to the Issue Date). None of the Calculation Agent, the Issuer, the Initial Purchaser, the Guarantor or any of their respective Affiliates has any responsibility to avoid or mitigate the effects of a Credit Event that has taken place prior to the Issue Date or at any other time.

The Issuer, the Guarantor, the Initial Purchaser and the Calculation Agent have no duty to disclose non-public information with respect to the Reference Entity

The Issuer, the Guarantor, the Initial Purchaser, the Calculation Agent or any of their respective Affiliates may have acquired, or during the term of the Series 2 Note may acquire, non-public information with respect to the Reference Entity that they may not disclose. An Investor must therefore make an investment decision based upon their own due diligence and purchase the Series 2 Note in the knowledge that non-public information which the Issuer, the Guarantor, the Initial Purchaser, the Calculation Agent or any of their respective Affiliates may have will not be disclosed to an Investor. None of the Issuer, the Guarantor, the Initial Purchaser, the Calculation Agent or any of their respective Affiliates is under any obligation (i) to review on an Investor's' behalf, the business, financial conditions, prospects, creditworthiness, status or affairs of the Reference Entity or conduct any investigation or due diligence into the Reference Entity or (ii) other than as may be required by applicable rules and regulations relating to the Series 2 Note, to make available (a) any information relating to the Series 2 Note or (b) any non-public information they may possess in respect of the Reference Entity.

A Credit Event may occur even if the Issuer does not suffer any loss

The Issuer's obligations in respect of the Series 2 Note 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.

Risks relating to Auction Settlement

If a Credit Derivatives Determinations Committee publishes auction settlement terms in respect of the Reference Entity, then the Calculation Agent will determine the Auction Final Price in accordance with such auction settlement terms. The losses determined pursuant to a market auction process may be greater than the losses which would have been determined in the absence of the auction. In particular, the auction process may be affected by technical factors or operational errors which would not otherwise apply or may be the subject of actual or attempted manipulation. Auctions may be conducted by ISDA or by a relevant third party. None of the Calculation Agent, the Initial Purchaser, the Issuer, the Guarantor or any of their respective affiliates has any responsibility for verifying that any auction price is reflective of current market values for establishing any auction methodology or for verifying that any auction has been conducted in accordance with its rules. If the Initial Purchaser, the Guarantor, the Calculation Agent, the Issuer or any of their respective Affiliates participates in any auction for the purposes of such an auction, then it will do so without regard to the interests of the holders of the Series 2 Note. Such participation may have a material effect on the outcome of the relevant auction.

Risks relating to Cash Settlement

If a Fallback Settlement Method Event has occurred, the Calculation Agent will be required to seek quotations in respect of selected obligations of the Reference Entity on a Valuation Date selected by the Calculation Agent in its sole and absolute discretion that is not later than 365 calendar days following the relevant Event Determination Date. Such quotations may not be available, or the level of such quotations may be substantially reduced as a result of illiquidity in the relevant markets or as a result of factors other than the credit risk of the Reference Entity (for example, liquidity constraints affecting market dealers). Accordingly, any quotations so obtained may be significantly lower than the value of the relevant obligation which would be determined by reference to (for example) the present value of related cashflows. Quotations may be deemed to be zero in the event that no such quotations are available. This could result in a lower or zero recovery rate for an Investor in the Series 2 Note. In addition, the Valuation Date may occur after the Scheduled Maturity Date of the Series 2 Note resulting in a delay to repayment of the applicable Redemption Amount which may be significant.

If the Calculation Agent has discretion to choose the portfolio of obligations to be valued or delivered following a Credit Event in respect of the Reference Entity, it is likely that the portfolio of obligations selected will be obligations of the Reference Entity with the lowest market value that are permitted to be selected pursuant to the terms of the Series 2 Note. This could result in a lower recovery value and hence greater losses for an Investor in the Series 2 Note.

Modification of the terms of the Series 2 Note

An Investor should note that the Calculation Agent may modify the terms of the Series 2 Note without the consent of the Series 2 Noteholder to the extent necessary (as determined by the Calculation Agent) to incorporate and/or reflect further or alternative documents or to reflect market standard terms or market trading conventions for credit derivatives, transactions and/or where applicable, to account for any resolution of a Credit Derivatives Determinations Committee.

Risks relating to a Credit Derivatives Determinations Committee

The institutions represented on any Credit Derivatives Determinations Committee owe no duty to the holders of the Series 2 Note and have the ability to make determinations that may materially affect the holders of the Series 2 Note. A Credit Derivatives Determinations Committee will be able to make determinations without action or knowledge of the holders of the Series 2 Note. Holders of the Series 2 Note will have no role in the composition of any Credit Derivatives Determinations Committee. Separate criteria apply with respect to the selection of dealer and non-dealer institutions to serve on a Credit Derivatives Determinations Committee and the holders of the Series 2 Note will have no role in establishing such criteria. In addition, the composition of a Credit Derivatives Determinations Committee will change from time to time in accordance with the Rules, as the term of an institution may expire or an institution may be required to be replaced. To the extent applicable, the Series 2 Note will be subject to the determinations made by such selected institutions in accordance with the Rules.

Holders of the Series 2 Note will have no recourse against either the institutions serving on any Credit Derivatives Determinations Committee or any external reviewers. Institutions serving on a Credit Derivatives Determinations Committee and the external reviewers, among others, disclaim any duty of care or liability arising in connection with the performance of duties or the provision of advice under the Rules, except in the case of gross negligence, fraud or wilful misconduct. Furthermore, the institutions on a Credit Derivatives Determinations Committee do not owe any duty to the holders of the Series 2 Note and the holders of the Series 2 Note will be prevented from pursuing claims with respect to actions taken by such institutions under the Rules.

Holders of the Series 2 Note should also be aware that institutions serving on a Credit Derivatives Determinations Committee have no duty to research or verify the veracity of information on which a specific determination is based. In addition, a Credit Derivatives Determinations Committee is not obligated to follow previous determinations and, therefore, could reach a conflicting determination on a similar set of facts. If the Issuer, the Guarantor, the Initial Purchaser or the Calculation Agent or any of their respective Affiliates serve as a member of any Credit Derivatives Determinations Committee at any time, then they will act without regard to the interests of the holders of the Series 2 Note.

Holders of the Series 2 Note are responsible for obtaining information relating to deliberations of any relevant Credit Derivatives Determinations Committee. Notices of questions referred to the Credit Derivatives Determinations Committees, meetings held to deliberate such questions and the results of binding votes will be published on the ISDA website and none of the Issuer, the Calculation Agent, the Initial Purchaser or the Guarantor or any of their respective Affiliates shall be obliged to inform the holders of the Series 2 Note of such information (other than as expressly provided in the Conditions).

Holders of the Series 2 Note should also be aware that following the occurrence of a Credit Event Resolution Request Date in respect of the Reference Entity, any obligation of the Issuer to redeem or cancel or otherwise settle the Series 2 Note or pay any amount in respect thereof may be suspended until the occurrence of a DC Credit Event Announcement or a DC No Credit Event Announcement or the relevant Credit Derivatives Determinations Committee has resolved to dismiss the relevant DC Question.

TERMS AND CONDITIONS OF THE SERIES 2 NOTE

The following are the terms and conditions (such terms and conditions including the Index Linked Provisions and the Credit Linked Provisions being the "**Conditions**") of the Series 2 Note that shall be applicable to the Series 2 Note. The full text of these Conditions will be attached to the Series 2 Note.

The issue of EUR 20,000,000 Secured Index and Credit Linked Note due 20 September 2016 (the "**Series 2 Note**") of Secured Asset Finance Company B.V. (the "**Issuer**") is constituted by a trust deed (together with any other security document entered into in respect of the Series 2 Note and any deed supplemental thereto, the "**Trust Deed**") dated on or about the Issue Date and between (amongst others) the Issuer, Merrill Lynch International as calculation agent (the "**Calculation Agent**", which term shall include any successor or substitute calculation agent appointed from time to time) and BNY Mellon Corporate Trustee Services Limited, in its capacity as trustee for the Series 2 Noteholder (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed). The payment obligations only (but not any other obligations) of the Issuer in respect of the Series 2 Note are guaranteed by the conditional and irrevocable guarantee of Bank of America Corporation, a corporation organised under the laws of the State of Delaware (the "**Guarantor**") in its capacity as the Guarantor pursuant to a guarantee dated 20 September 2011 (the "**Guarantee**"). References herein to the "**Series 2 Note**" shall be to the Series 2 Note that is issued and Outstanding or deemed to be issued and Outstanding from time to time.

These Conditions of the Series 2 Note include summaries of, and are subject to, the detailed provisions of the Trust Deed. On or about the Issue Date the Issuer has entered into an agency agreement in relation to the Series 2 Note (the "**Agency Agreement**") between (amongst others) the Issuer, Merrill Lynch International as chargor (the "**Chargor**", which term shall include any successor or substitute chargor), The Bank of New York Mellon, London Branch as paying agent and account bank (respectively, the "**Paying Agent**" and the "**Account Bank**", which terms shall include any successor or substitute paying agent or account bank, respectively, appointed pursuant to the terms of the Agency Agreement from time to time), The Bank of New York Mellon (Luxembourg) S.A. as registrar (the "**Registrar**", which term shall include any successor or substitute registrar appointed pursuant to the terms of the Agency Agreement from time to time) and the Trustee; a custody agreement (the "**Custody Agreement**") between the Issuer, the Trustee, the Chargor and The Bank of New York Mellon, London Branch as custodian (the "**Custodian**" which term shall include any successor or substitute custodian appointed from time to time); a 2002 ISDA Master Agreement and Schedule thereto, together with a confirmation evidencing a credit derivative and index linked transaction entered into thereunder (altogether, the "**Swap Agreement**") between the Issuer and Merrill Lynch International as swap counterparty (the "**Counterparty**"); and an English law governed deed of charge in relation to the Charged Collateral (the "**Deed of Charge**") between the Chargor, the Custodian and the Issuer as the chargee (the "**Chargee**", which term shall include any successor or substitute Chargee) to secure the obligations of Merrill Lynch International under an inter-company loan agreement in relation to the grant of a loan from the Issuer to Merrill Lynch International (the "**Inter-company Loan Agreement**").

Copies of the Trust Deed, the Agency Agreement, the Custody Agreement, the Swap Agreement, the Deed of Charge and the Inter-company Loan Agreement are available for inspection during normal business hours at the offices of the Paying Agent. The Series 2 Noteholder is entitled to the benefit of, is bound by and is deemed to have notice of all the provisions of, the Trust Deed and is deemed to have notice of all the provisions of the Agency Agreement and the Deed of Charge applicable to it.

1. Definitions

Capitalised terms used in these Conditions and not otherwise defined shall have the meanings ascribed to them in the Index Linked Provisions and the Credit Linked Provisions.

"**Affiliate**" or "**Affiliated**" means with respect to a Person:

- (a) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person; or
- (b) any other Person who is a director, officer or employee:
 - (i) of such Person;

- (ii) of any subsidiary or parent company of such Person; or
- (iii) of any Person described in paragraph (a) above.

For the purposes of this definition, control of a Person shall mean the power, direct or indirect, (A) to vote in respect of more than 50 per cent. of the securities having ordinary voting power for the election of directors of such Person, or (B) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"**Agent**" means each of the Paying Agent, the Account Bank, the Registrar and the Calculation Agent, appointed pursuant to the terms of the Agency Agreement from time to time, and the Custodian, appointed pursuant to the terms of the Custody Agreement from time to time, and each of their permitted successors or assigns appointed as agents of the Issuer pursuant to the Agency Agreement or the Custody Agreement, as applicable and "Agents" shall be construed accordingly.

"**Charged Cash Account**" means a cash account established prior to the Issue Date in the name of the Issuer into which the Issuer will procure payment of principal, interest or any other amount received pursuant to the Inter-company Loan Agreement.

"**Charged Collateral**" has the meaning given to such term in the Deed of Charge.

"**Clearing System**" means, where the context admits, any or all of Euroclear, Clearstream, Luxembourg and any other clearing system approved by the Issuer and the Trustee.

"**Clearstream, Luxembourg**" means Clearstream Banking, *société anonyme*.

"**Close-out Amount**" means the "Early Termination Amount" in respect of (and as defined in) the Swap Agreement determined in accordance with Section 6(e) of the Swap Agreement, where a "Close-out Amount" due from the Counterparty to the Issuer shall constitute a positive Close-out Amount and a "Close-out Amount" due from the Issuer to the Counterparty shall constitute a negative Close-out Amount.

"**Collateral Business Day**" has the meaning given to such term in the Deed of Charge.

"**Credit Linked Provisions**" means the additional terms and conditions relating to the credit linked provisions of the Series 2 Note, attached as Appendix 2 to, and forming part of, these Conditions.

"**Delivery Amount**" has the meaning given to such term in the Deed of Charge.

"**Disrupted Day**" means, in relation to the Index, any Scheduled Trading Day on which a Market Disruption Event has occurred (provided that the Calculation Agent may, in its discretion, determine that such event instead results in the occurrence of an Index Disruption).

"**Early Redemption Date**" means any date on which the Series 2 Note is redeemed prior to the Scheduled Maturity Date pursuant to Condition 6 (*Redemption and Purchase*) including the date on which the Series 2 Note is accelerated pursuant to Condition 9 (*Events of Default*), or in each case, if such day is not a Payment Business Day, the next following day that is a Payment Business Day.

"**Euro**", "**EUR**" and "**€**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Event of Default**" means each of the events defined as such in Condition 9(a) (*Events of Default*).

"**Final Redemption Date**" means the later of (a) the Maturity Date, and (b) the Auction Redemption Date or Cash Settlement Date (if relevant).

"**Index**" has the meaning given to such term in Condition 5 (*Interest*).

"**Index Linked Provisions**" means the additional terms and conditions relating to the index linked provisions of the Series 2 Note, attached as Appendix 1 to, and forming part of, these Conditions.

"**Index Sponsor**" has the meaning given to such term in Condition 5 (*Interest*).

"**Interest Amount**" shall have the meaning specified in Condition 5(b) (*Interest*).

"**Interest Determination Date**" means the date which is five Payment Business Days preceding each Payment Date, provided that if such date is a Disrupted Day, then the Interest Determination Date shall be the earlier of (i) the next Payment Business Day which is not a Disrupted Day, and (ii) the date which is two Payment Business Days that are not Disrupted Days preceding the relevant Payment Date.

"**Issue Date**" means 20 September 2011.

"**Issuer's Non-Series Assets**" has the meaning given to such term in the Trust Deed.

"**Loan Tax Event**" means, at any time, as a result of the introduction of a new, or any change in any, home jurisdiction or foreign tax statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation (whether proposed, temporary or final), interest payments due to the Issuer under the Inter-company Loan Agreement becoming properly subject to the imposition of home jurisdiction or foreign withholding tax (other than where the requirement to withhold is eliminated pursuant to a double taxation treaty so that the Issuer as holder thereof is held completely harmless from the full amount of such withholding tax on an after tax basis).

"**London Business Day**" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange currency deposits) in London, and on which the TARGET System is open.

"**Market Disruption Event**" means the failure by the Index Sponsor to calculate and publish the level of the Index on any Scheduled Trading Day, or, in respect of such Scheduled Trading Day, within the scheduled timeframe for publication.

"**Market Value**" has the meaning given to such term in the Deed of Charge.

"**Maturity Date**" means:

- (a) the Scheduled Maturity Date, or if later,
- (b) the date which is two Payment Business Days following the earlier of:
 - (i) the date on which the Cancellation Notice is given; or
 - (ii) the Extended Maturity Date.

"**Outstanding**" means, in relation to the Series 2 Note as of any date of determination, the Series 2 Note to the extent not redeemed, purchased or cancelled.

"**Payment Business Day**" means (save to the extent otherwise defined) a day:

- (a) on which commercial banks and foreign exchange markets settle payments in London and New York and Singapore (other than a Saturday or a Sunday) and a day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) system (the "**TARGET System**") is open; and
- (b) for the purposes of the definition of Presentation Date, in relation to any place, on which commercial banks and foreign exchange markets settle payments in that place, where the holder presents or is entitled to present a Series 2 Note for payment.

"Payment Date" means the 20th day of September in each year, commencing on and including 20 September 2012 up to and including the Scheduled Maturity Date, provided that (i) if an Early Redemption Date occurs, the Early Redemption Date shall not be a Payment Date and no further Payment Dates shall occur and (ii) if any Payment Date would otherwise fall on a day which is not a Payment Business Day, it shall be postponed to the next day that is a Payment Business Day.

"Person" means an individual, corporation (including a business trust), partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.

"Presentation Date" means a day which (subject to Condition 11 (*Prescription*)):

- (a) is a Payment Business Day;
- (b) is or falls after the relevant due date or, if the due date is not or was not a Payment Business Day in the place of presentation, is or falls after the next following day which is a Payment Business Day in the place of presentation; and
- (c) is a Payment Business Day in which the account specified by the payee is open.

"Record Date" means, in relation to a Payment Date, one Business Day prior to such Payment Date.

"Redemption Amount" means, in respect of the Series 2 Note:

- (a) on the Final Redemption Date where the Conditions to Settlement have not been satisfied on or prior to such date, the principal amount thereof Outstanding on such date;
- (b) on the Final Redemption Date where the Conditions to Settlement have been satisfied on or prior to such date, the lesser of the principal amount thereof Outstanding on such date and the Cash Redemption Amount;
- (c) on an Early Redemption Date where the Conditions to Settlement have not been satisfied on or prior to such date, (i) the principal amount thereof Outstanding on such date plus (ii) the Close-out Amount, minus (iii) the Unwind Costs; or
- (d) on an Early Redemption Date where the Conditions to Settlement have been satisfied on or prior to such date, (i) the lesser of the principal amount thereof Outstanding on such date and the Cash Redemption Amount, plus (ii) the Close-out Amount (without double counting of the Floating Amount II (as defined in the Swap Agreement) payable to the Counterparty in respect of the Cash Redemption Amount), minus (iii) the Unwind Costs,

in each case, subject to a minimum of zero.

"Register" means the register of the Series 2 Note maintained by the Paying Agent.

"Relevant Date" means whichever is the later of:

- (a) the date on which any payment first becomes due; and
- (b) if the full amount payable has not been received by the Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Series 2 Noteholder in accordance with Condition 14 (*Notices*).

"Return Amount" has the meaning given to such term in the Deed of Charge.

"Scheduled Maturity Date" means the Payment Date falling on or nearest to 20 September 2016.

"**Scheduled Trading Day**" means, in respect of the Index, any day on which the Index Sponsor is scheduled to publish the level of the Index.

"**Secured Obligations**" means all present and future obligations and liabilities (whether actual or contingent) of the Issuer to:

- (a) the Series 2 Noteholder pursuant to these Conditions and the provisions of the Trust Deed;
- (b) the Counterparty pursuant to the Swap Agreement;
- (c) the Trustee pursuant to the Trust Deed and any receiver appointed pursuant to the Trust Deed; and
- (d) the Agents pursuant to the Agency Agreement and the Custody Agreement.

"**Secured Party**" means each of the Series 2 Noteholder, the Counterparty, the Agents and the Trustee and "**Secured Parties**" means any two or more of them as the context so requires.

"**Series 2 Collateral**" means the property, assets and rights described in Condition 4(a) (*Security*) which are charged and/or assigned to the Trustee and/or held on trust from time to time for the benefit of the Secured Parties pursuant to the Trust Deed.

"**Series 2 Noteholder**" means, at any time, the person who is for the time being shown in the records of the Clearing System through which the interest in the Series 2 Note is held as the holder of the Series 2 Note for all purposes.

"**Series of Issuer's Notes**" has the meaning given to such term in the Trust Deed.

"**Tax Event**" means, at any time, the introduction of a new, or any change in any, home jurisdiction or foreign tax statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation (whether proposed, temporary or final) which results in (or would on the next Payment Date result in) any payment of principal or interest on the Series 2 Note becoming subject to any withholding tax.

"**Transaction Documents**" means the Trust Deed, the Agency Agreement, the Swap Agreement, the Custody Agreement, the Inter-company Loan Agreement and the Deed of Charge.

"**Unwind Costs**" means (without duplication of the Close-out Amount) an amount in EUR determined by the Calculation Agent in its sole discretion equal to the sum of (without duplication) all costs, expenses (including, without limitation, loss of funding and break funding charges and fees), tax and duties incurred by the Issuer and/or any of its Affiliates and/or agents in connection with the redemption or cancellation, as applicable, of the Series 2 Note and the related termination, settlement or re-establishment of any hedge or related trading position (or which would have been so incurred had the Issuer and/or its Affiliates entered into and/or elected to unwind one or more such transactions, positions or arrangements).

2. **Form and Denomination**

The Series 2 Note shall be in registered form in the denomination of EUR 20,000,000 and shall be represented on issue by a Series 2 Note deposited with, or with a common depositary for, the Clearing System. The person for the time being appearing in the books of the relevant Clearing System as the holder of the Series 2 Note shall be treated for all purposes, by the Issuer, the Trustee, the Agents and the relevant Clearing System as the holder thereof, notwithstanding any notice to the contrary.

3. **Status and Guarantee**

(a) **Status**

The Series 2 Note constitutes a direct, general, secured, limited recourse and unconditional obligation of the Issuer. The Series 2 Note is secured in the manner described in Condition 4(a) (*Security*).

(b) **Guarantee**

The Guarantor has entered into the Guarantee for the benefit of the Series 2 Noteholder whereby the Guarantor has guaranteed the payment obligations of the Issuer to pay principal and interest on the Series 2 Note to the extent that payment due under the Series 2 Note is not satisfied by the Issuer and the Series 2 Collateral. Any and all obligations of the Guarantor under the Guarantee are conditional and secondary. The Trustee (acting for the benefit of the Series 2 Noteholder) has no right to proceed under the Guarantee without first pursuing and exhausting all of the rights and remedies that the Trustee and the Series 2 Noteholder may have against the Issuer under the Series 2 Note and in respect of the Series 2 Collateral under applicable law.

4. **Security**

(a) **Security**

Pursuant to the Trust Deed, the Issuer as security for the Secured Obligations grants, with full title guarantee, in favour of the Trustee, for the benefit of itself and the other Secured Parties:

- (i) a first fixed charge over all moneys held from time to time by the Paying Agent and any other Agent for payment of principal, interest or other amounts (if any) on the Series 2 Note;
- (ii) a first fixed charge over all present and future rights of the Issuer in respect of the Charged Cash Account and all money from time to time standing to the credit of the Charged Cash Account;
- (iii) an assignment by way of security of all the Issuer's present and future rights (and all entitlements or other benefits relating thereto) under the Deed of Charge and in and to the Charged Collateral and the proceeds thereof (including, following any enforcement thereof, the Issuer's rights against the Custodian in respect of its holding of any Charged Collateral);
- (iv) a first fixed charge over all of the Issuer's rights, title and interest in and to the Swap Agreement and any sums received or receivable thereunder;
- (v) an assignment by way of security over all of the Issuer's rights, title and interests in and to the Swap Agreement and any sums received or receivable thereunder; save for the Issuer's rights against the Counterparty under the Swap Agreement to receive payments, the right to receive which is set-off or netted in accordance with the terms of the Swap Agreement against payment obligations due from the Issuer to the Counterparty in order to determine a single net close-out amount, it being provided that the Issuer's rights to receive any such single net close-out amount from the Counterparty shall also be assigned by way of security in accordance with this paragraph (v); and
- (vi) an assignment by way of security of all the Issuer's present and future rights (and all entitlements or other benefits relating thereto) under the Agency Agreement and the Custody Agreement.

If, for any reason, the purported assignment by way of security of, and/or the grant of first fixed charge over, the property, assets, and rights described in this Condition 4(a) (*Security*) is found to be ineffective in respect of any such property, assets, and rights (together, the "**Affected Collateral**"), the Issuer shall hold the benefit of the Affected Collateral and any sums received in respect thereof or any security interest, guarantee or indemnity or undertaking of whatever nature given to secure such Affected Collateral (together, the "**Trust Collateral**") on trust for the Trustee and shall (i) account to the Trustee for or otherwise apply all sums received in respect of such Trust Collateral as the Trustee may direct (provided that,

subject to these Conditions, if no Event of Default has occurred and is continuing, the Issuer shall be entitled to apply the benefit of such Trust Collateral and such sums in respect of such Trust Collateral received by it under this clause without prior direction from the Trustee), (ii) exercise any rights it may have in respect of the Trust Collateral at the direction of the Trustee and (iii) at its own cost take such action and execute such documents as the Trustee may in its sole discretion require.

(b) **Benefit of Security**

The security created pursuant to Condition 4(a) (*Security*) is granted to the Trustee for itself and as trustee for the Secured Parties as continuing security for the payment of the Secured Obligations. The security will extend to the ultimate balance of all sums payable by the Issuer in respect of the above, regardless of any intermediate payment or discharge in whole or in part.

(c) **Independent Valuations**

The Series 2 Noteholder may, on any one (but no more than one) Collateral Business Day in each calendar year that it may select, request the Calculation Agent to obtain independent valuations of one or more items of the Charged Collateral in support of its calculation of the Market Value. The Series 2 Noteholder shall make such request for an independent valuation by written notice specifying the items of the Charged Collateral in respect of which it would like independent valuations (an "**Independent Valuation Request Notice**") (in the form attached in schedule 3 to the Trust Deed or any other reasonably similar manner or form) to the Calculation Agent.

Following receipt of a duly completed Independent Valuation Request Notice, the Calculation Agent shall within ten clear Collateral Business Days obtain independent valuations for each asset listed in such Independent Valuation Request Notice, utilising in respect of each asset forming part of the Charged Collateral method (i) or method (ii) below in its sole discretion:

- (i) obtaining an indicative quotation relating to the relevant item of the Charged Collateral from an independent dealer selected by the Calculation Agent in its sole discretion for any notional amount, or
- (ii) obtaining an indicative price for the relevant item of the Charged Collateral from an independent source or valuation agent (for the avoidance of doubt, a Bank of America business affiliate shall qualify as an independent source or valuation agent for these purposes), selected by the Calculation Agent in its sole discretion

(the market value of each relevant asset determined by the Calculation Agent on the basis of such indicative quotations obtained in accordance with (i) above or indicative prices obtained in accordance with (ii) above being its "**Independent Market Value**").

If, within ten clear Collateral Business Days following the receipt of the Independent Valuation Request Notice, the Calculation Agent cannot determine the Independent Market Value with respect to any items of the Charged Collateral which are the subject of an Independent Valuation Request Notice in accordance with (i) or (ii) above, then the market value(s) determined by the Calculation Agent for such items of the Charged Collateral in accordance with its usual determination process on the relevant Collateral Business Day shall be the Independent Market Value for such items of the Charged Collateral.

Upon the determination of the Independent Market Value, the Calculation Agent will notify the Series 2 Noteholder of the Independent Market Value for the relevant items of the Charged Collateral, with detailed information as to the Independent Market Value for each relevant item of Charged Collateral, and shall recalculate the applicable Delivery Amount or Return Amount for the purposes of the Deed of Charge accordingly.

(d) **Restrictions on the Issuer**

As more fully described in the Trust Deed, for so long as the Series 2 Note remains Outstanding, save as expressly contemplated in these Conditions, the Trust Deed and any

other Transaction Document, the Issuer covenants to the Series 2 Noteholder that (to the extent applicable) it will not (i) without the prior written consent of the Trustee, sell, factor, discount, transfer, assign, lend or otherwise dispose of any of its right, title or interest in or to the Series 2 Collateral, nor will it create or permit to be outstanding any mortgage, pledge, lien, charge, encumbrance or other security interest over the Series 2 Collateral; (ii) amend any term or condition of the Series 2 Note (save in accordance with these Conditions and the Trust Deed); and (iii) agree to any amendment to any provision of, or grant any waiver or consent under the Trust Deed, the Agency Agreement, the Swap Agreement and the Deed of Charge (save in accordance with the Trust Deed or these Conditions).

5. **Interest**

(a) **Payment Dates**

The Series 2 Note bears interest from and including the Issue Date in accordance with this Condition 5 (*Interest*) and such interest will be payable annually on each Payment Date. In case of any redemption of the Notes prior to the Maturity Date in accordance with Condition 6 (*Redemption and Purchase*), no amount will be payable on account of accrued interest. No interest shall accrue after the Scheduled Maturity Date.

(b) **Interest**

(i) **Determination of Interest Amount**

In respect of each Payment Date, the Calculation Agent will, on each Interest Determination Date, determine the Interest Amount payable in respect of the Series 2 Note on the relevant Payment Date.

The Interest Amount shall be determined in accordance with the following formula, subject to the Index Linked Provisions:

Where:

$$\text{Interest Amount} = \text{Notional} \times \left[\text{Fixed Rate} + \left(P \times \text{Max} \left(0; \frac{\text{Index Ratio (N)}}{N} \right) \right) \right]$$

"**Fixed Rate**" means 1.50 per cent.;

"**Index**" means the BofAML Multi-Asset Enhanced Strategic Target Return Overlay Index, subject to the Index Linked Provisions, in particular as to modification or cancellation of the Index or determination of any successor index;

"**Index Level**" means, in respect of the Index and on any Interest Determination Date, the level of the Index determined by the Calculation Agent by reference to the "Index Value" published on such Interest Determination Date by the Index Sponsor on the Index Price Source, provided that if the Index Level cannot be determined by the Calculation Agent on an Interest Determination Date because of the occurrence of one or more Market Disruption Events the Calculation Agent shall determine the relevant Index Level in its sole discretion by reference to the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day, and if it cannot make such determination then the Index Ratio shall be deemed to be zero on such Interest Determination Date;

"**Index Price Source**" means BloombergTM page MLFPMSTR <Index> or any successor financial information service used by the Index Sponsor and determined as such by the Calculation Agent in its sole and absolute discretion;

"**Index Ratio**" means, on any Interest Determination Date, (i) the Index Level on such Interest Determination Date divided by the Initial Index Level (expressed as a percentage) minus (ii) 100 per cent.;

"**Index Ratio (N)**" means, in respect of the Payment Date corresponding to each value of N, the Index Ratio on the Interest Determination Date immediately preceding such Payment Date;

"**Index Sponsor**" means Merrill Lynch International;

"**Initial Index Level**" means 160.56 (being the Index Level on 13 September 2011, as determined by the Calculation Agent);

"**Max**" followed by a series of amounts inside brackets means whichever is the greater of the amounts separated by a semi-colon inside those brackets;

"**N**" means, in respect of each Payment Date, the number shown opposite such Payment Date in the table below:

Payment Date falling in:	"N"
September 2012	1
September 2013	2
September 2014	3
September 2015	4
September 2016	5

"**Notional**" means the Outstanding principal amount of the Series 2 Note; and

"**P**" means 235 per cent..

(c) **Publication of Interest Amounts**

The Calculation Agent will cause the Interest Amount and the principal amount Outstanding of the Series 2 Note as of the applicable Payment Date to be notified in writing to the Issuer, the Paying Agent and the Counterparty as soon as possible after their determination but in no event later than the fourth Payment Business Day thereafter.

The Interest Amounts in respect of the Series 2 Note so published may subsequently be amended prior to the relevant Payment Date in case of Index Correction in accordance with the provisions of Appendix 1.

(d) **Notifications, etc to be Final**

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5 (*Interest*), whether by the Calculation Agent or any of its successors, will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Paying Agent, the Custodian, and the Series 2 Noteholder and no liability to the Issuer or the Series 2 Noteholder shall attach to the Calculation Agent or any of its successors in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition 5 (*Interest*).

6. **Redemption and Purchase**

(a) **Final Redemption**

Save to the extent previously redeemed or purchased and cancelled, the Series 2 Note will be redeemed at the applicable Redemption Amount on the Final Redemption Date. The Series 2 Note may not be redeemed or purchased other than in accordance with this Condition 6 (*Redemption and Purchase*).

If the Conditions to Settlement have been satisfied on or prior to the Final Redemption Date or Early Redemption Date (as applicable), upon payment of the applicable Redemption Amount, the Issuer shall have discharged its obligations in respect of the Series 2 Note and shall have no other liability or obligations whatsoever in respect thereof. For the avoidance of doubt, the Redemption Amount may be less than the Outstanding principal amount of the Series 2 Note,

in which case neither the Issuer nor the Guarantor shall be liable for the difference between the Outstanding principal amount of the Series 2 Note and the Redemption Amount.

(b) **Early Redemption**

(i) *Redemption following Tax Event*

In the event of the occurrence of a Tax Event or a Loan Tax Event, the Issuer may at its discretion on any Payment Date at any time, subject to not less than 15 nor more than 30 calendar days notice to the Trustee, the Paying Agent, the Calculation Agent, the Counterparty and the Series 2 Noteholder in accordance with Condition 14 (*Notices*), elect that the Series 2 Note shall be redeemed, in whole but not in part, on the Early Redemption Date designated by the Calculation Agent, at the applicable Redemption Amount.

(ii) *Redemption for Illegality Reasons*

If the Issuer determines in good faith that the performance of any of its obligations under the Series 2 Note shall have, or will become, in whole or in part, unlawful, illegal or otherwise contrary to any present or future law, rule, regulation, judgment, order, directive, policy or request of any governmental administrative, legislative or judicial authority or powers (but, if not having the force of law, only if compliance with it is in accordance with the general practice of persons to whom it is intended to apply), or any change in the interpretation thereof, then the Issuer may at its discretion at any time, subject to not less than 15 nor more than 30 calendar days notice to the Trustee, the Paying Agent, the Calculation Agent, the Counterparty and the Series 2 Noteholder in accordance with Condition 14 (*Notices*), elect that the Series 2 Note shall be redeemed, in whole but not in part, on the Early Redemption Date designated by the Calculation Agent, at the applicable Redemption Amount.

(iii) *Mandatory Redemption Event*

If the Swap Agreement is terminated prior to its scheduled maturity, the Issuer will notify (or procure the notification of) the Series 2 Noteholder, the Trustee and each Agent accordingly (such event being a "**Mandatory Redemption Event**").

Upon the occurrence of a Mandatory Redemption Event, the Series 2 Note shall be redeemed at its applicable Redemption Amount on an Early Redemption Date to be designated by the Calculation Agent not fewer than three Payment Business Days nor more than ten Payment Business Days following the occurrence of the Mandatory Redemption Event, provided that where the Close-out Amount fails to be determined by the Issuer, the Calculation Agent shall determine the amount of such payment on the Issuer's behalf.

The foregoing provisions relating to a Mandatory Redemption Event should not be viewed as in lieu of, or in any way prejudicial with respect to, the rights of the Trustee or the Series 2 Noteholder to proceed or take any action with respect to any Event of Default.

(iv) *Redemption following an Index Adjustment Event or an Additional Disruption Event*

Following the occurrence of an Index Adjustment Event or an Additional Disruption Event, the Series 2 Note may be redeemed in whole, but not in part, at its applicable Redemption Amount on an Early Redemption Date to be designated by the Calculation Agent in accordance with the Index Linked Provisions.

(c) **Cancellation**

The Series 2 Note when redeemed in full, will be cancelled and may not be reissued or resold. Cancellation of the Series 2 Note as required by the Conditions will be effected by a reduction in the principal amount of the Series 2 Note to zero.

(d) **Purchase**

The Issuer or any Affiliate thereof may at any time at its discretion purchase the Series 2 Note in the open market or otherwise, at any price, and may hold, resell or cancel the Series 2 Note.

(e) **Notice of Redemption**

The Issuer shall procure that notice of any redemption in accordance with this Condition 6 (*Redemption and Purchase*) is given to the Trustee and the Series 2 Noteholder in accordance with Condition 14 (*Notices*) and, for so long as the Series 2 Note is listed on the Global Exchange Market of the Irish Stock Exchange, the Irish Stock Exchange. Notice of the Redemption Amount payable in respect of the Series 2 Note to be redeemed will be given to the Series 2 Noteholder no later than 3 Payment Business Days prior to the Early Redemption Date or the Final Redemption Date (as applicable) on which the Series 2 Note is to be so redeemed.

(f) **Notifications, etc. to be Final**

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6 (*Redemption and Purchase*), whether by the Calculation Agent or any of its successors will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Paying Agent, the Custodian, and the Series 2 Noteholder and no liability to the Issuer or the Series 2 Noteholder shall attach to the Calculation Agent or any of its successors in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition 6 (*Redemption and Purchase*).

7. **Payments**

(a) **Method of Payment**

Payments of principal and interest in respect of the Series 2 Note shall be made against presentation and, if no further payment falls to be made in respect of the Series 2 Note, surrender of the Series 2 Note to or to the order of the Paying Agent. On each occasion on which a payment of interest or principal is to be made in respect of the Series 2 Note, the Paying Agent shall endorse a record of such payment on the Series 2 Note which endorsement shall be prima facie evidence that such payment has been made in respect of the Series 2 Note. The payment of interest shall be made to the holder of the Series 2 Note appearing on the Register at the close of business on the Record Date at its address shown on the Register on the Record Date.

(b) **Payments**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8 (*Taxation*). No commission shall be charged to the Series 2 Noteholder.

(c) **Payments on Presentation Dates**

The Series 2 Noteholder shall be entitled to present the Series 2 Note for payment only on a Presentation Date and shall not, except as provided in Condition 5 (*Interest*), be entitled to any further interest or other payment if a Presentation Date falls after the due date.

If the Series 2 Note is presented for payment at a time when, as a result of differences in time zones, it is not practicable to transfer the relevant amount to an account as referred to above for value on the relevant Presentation Date, the Issuer shall not be obliged so to do but shall be obliged to transfer the relevant amount to the account for value on the first practicable date after the Presentation Date. In such event, no further interest or other payment shall accrue in respect of such delay.

(d) **Paying Agent**

The name of the initial Paying Agent and its initial specified office is set out herein. The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and appoint additional or other agents, provided that (i) it will maintain a Paying Agent having a specified office in a major European city and (ii) it will appoint an additional paying agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to the Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2007. The Issuer shall procure that it shall at all times maintain a Paying Agent and Calculation Agent. Notice of any change in any of the Paying Agent or Calculation Agent or of their specified offices will promptly be given to the Trustee and the Series 2 Noteholder by the Issuer in accordance with Condition 14 (*Notices*).

(e) **Discharge of Obligation**

The Series 2 Noteholder shall be the only person entitled to receive payments in respect of the Series 2 Note and the obligations of the Issuer will be discharged by payment to, or to the order of, the Series 2 Noteholder in respect of each amount so paid. Each of the persons shown in the records of the relevant Clearing System as the holder of the Series 2 Note must look solely to such Clearing System for its share of each payment so made. No person other than the Series 2 Noteholder shall have any claim against the Issuer in respect of any payments due on the Series 2 Note.

8. **Taxation**

All payments of principal and interest in respect of the Series 2 Note shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the jurisdiction of the incorporation of the Issuer, or any political sub-division or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. For the avoidance of doubt, the Issuer is not and shall not be under any obligation to gross up any payments made to the Series 2 Noteholder and shall withhold or deduct from any such payments any amounts on account of tax where so required by law or any relevant taxing authority. Any such withholding or deduction shall not constitute an Event of Default under Condition 9(a) (*Events of Default*).

9. **Events of Default**

(a) **Events of Default**

The occurrence of any of the following events shall constitute an "**Event of Default**":

- (i) the Issuer fails to pay the Redemption Amount payable on the Final Redemption Date in respect of the Series 2 Note and such failure to pay continues for a period of at least 10 Payment Business Days from the due date for payment thereof;
- (ii) the Issuer fails to pay the Interest Amount and/or any other amount that becomes due and payable in respect of the Series 2 Note and such failure to pay continues for a period of at least 10 Payment Business Days from the due date for payment thereof;
- (iii) a court having jurisdiction shall have entered a decree or order granting relief with respect to the Issuer or Merrill Lynch International in an involuntary proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, trustee, assignee, custodian or sequestrator (or similar official) of the Issuer or Merrill Lynch International or of all or substantially all of its property or for the winding up or liquidation of its affairs, and such decree or order shall have remained in force and unstayed for a period of 60 consecutive calendar days; or
- (iv) the Issuer or Merrill Lynch International shall institute proceedings for relief under any applicable bankruptcy, insolvency or any other similar law now or hereafter in effect, or shall consent to the institution of any such proceedings against it, or shall consent to the appointment of a receiver, liquidator, trustee, assignee, custodian or sequestrator (or

similar official) of it or of all or substantially all of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due, or shall take any corporate action in furtherance of any of the foregoing.

(b) **Acceleration**

- (i) If an Event of Default occurs and is continuing, the Trustee may, at its discretion, and shall, at the direction of the Series 2 Noteholder (subject to being indemnified and/or secured including where so required by the Trustee, by way of pre-funding, to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith), give notice to the Issuer that the Series 2 Note is to be immediately due and payable.
- (ii) Upon any such notice being given to the Issuer in accordance with paragraph (i) of this Condition 9(b) (Acceleration), the Outstanding principal amount of the Series 2 Note shall immediately become due and repayable at its applicable Redemption Amount.

10. **Enforcement**

(a) **Security Becoming Enforceable**

Subject as provided in paragraph (b) of this Condition 10 (*Enforcement*), the security constituted under the Trust Deed over the Series 2 Collateral shall become enforceable upon an acceleration of the maturity of the Series 2 Note pursuant to Condition 9(b) (*Acceleration*) or following any failure to redeem the Series 2 Note on its Final Redemption Date.

(b) **Enforcement**

- (i) At any time after the Series 2 Note becomes due and payable and the security under the Trust Deed over the Series 2 Collateral becomes enforceable, the Trustee may, at its discretion and without further notice, take such proceedings and/or actions as it may think fit against or in relation to the Issuer to enforce its obligations under the Series 2 Note and the Trust Deed and take action to enforce the security over the Series 2 Collateral, in each case without any liability as to the consequence of any action provided however that the Trustee shall not be bound to institute any such proceedings or take any such other action, unless:
 - (A) it is directed by the Series 2 Noteholder at such time; and
 - (B) the Trustee is indemnified and/or secured (including where so required by the Trustee, by way of pre-funding) to its satisfaction against all liabilities, proceedings, claims, charges and expenses which may be incurred by it in connection therewith.
- (ii) In taking any enforcement action to enforce the security (including, where so required by the Trustee, by way of pre-funding) over the Series 2 Collateral granted pursuant to the Trust Deed, the Trustee may in particular but without limitation:
 - (A) in respect of any of the Series 2 Collateral not in the form of cash:
 - (1) sell all or any of the Series 2 Collateral in any manner permitted by law upon such terms as the Trustee shall in its absolute discretion determine; or
 - (2) collect, recover or compromise and give a good discharge for any monies payable to the Issuer in respect of any of the Series 2 Collateral; and
 - (B) in respect of any of the Series 2 Collateral which is in the form of cash immediately or at any subsequent time, without any prior notice to the Issuer, apply or appropriate the Series 2 Collateral in or towards the payment or

discharge of any amounts payable by the Issuer with respect to any Secured Obligations in accordance with the application of proceeds set out in Condition 10(c) (*Application of Proceeds*).

- (iii) The Trustee shall notify the Series 2 Noteholder, the Issuer and the Agents in the event that it takes any enforcement action pursuant to this Condition 10(b) (*Enforcement*).

(c) **Application of Proceeds**

The proceeds of enforcement of the security over the Series 2 Collateral shall be applied as follows:

- (i) first, in payment or satisfaction of all amounts due and unpaid to the Trustee pursuant to the Trust Deed;
- (ii) second, on a *pro rata* basis, in payment or satisfaction of all amounts due and unpaid to any of the Agents (other than the Calculation Agent) pursuant to the Transaction Documents;
- (iii) third, in payment of any amount owing to the Calculation Agent under the indemnity contained in the Agency Agreement;
- (iv) fourth, in or towards payment of the applicable Redemption Amount;
- (v) fifth, in payment of amounts due to the Counterparty under the Swap Agreement; and
- (vi) sixth, in payment of the balance (if any) to the Issuer.

(d) **Only Trustee to Act**

Only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Series 2 Noteholder or of any of the other Secured Parties under the Trust Deed and the Series 2 Note and neither the Series 2 Noteholder nor any other Secured Party may proceed directly against the Issuer or any of its assets unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable period of time following the instance of the obligation to proceed having arisen and such failure or neglect is continuing. After realisation of the security which has become enforceable and the distribution of the net proceeds, none of the Series 2 Noteholder or other Secured Parties may take any further steps against the Issuer to recover any sum still unpaid in respect of the Series 2 Note subject to the Series 2 Noteholder's rights under the Guarantee and subject to the Series 2 Noteholder's claim (having taken into account the realisation proceeds from enforcement of the security constituted by the Trust Deed) being limited to the applicable Redemption Amount.

11. **Prescription**

Claims in respect of principal and interest payable on redemption in full of the Series 2 Note will become void unless presentation for payment is made as required by Condition 7 (*Payments*) within a period of five years, in the case of interest, and ten years, in the case of principal, from the appropriate Relevant Date.

12. **Decisions of the Series 2 Noteholder, Modification, Waiver and Substitution**

(a) **Decisions of the Series 2 Noteholder**

Decisions may be taken by the Series 2 Noteholder by way of Consent (as defined in the Trust Deed) provided that the Trustee shall not be required to take any action (or refrain from taking any action) unless it has been indemnified and/or secured (including, where so required by the Trustee, by way of pre-funding) to its satisfaction against any liability it may incur by so acting (or refraining from acting).

(b) **Modification and Waiver**

The Trust Deed provides that, without the Consent of the Series 2 Noteholder and without any requirement for the Trustee to consult with the Series 2 Noteholder concerning such amendments, modifications, supplements or waivers to the extent they fall within paragraphs (i) to (ii) (inclusive) below, the Issuer may amend, modify, supplement and/or waive the relevant provisions of the Trust Deed (subject to the consent of the Counterparty) and/or any other Transaction Document (subject to the consent of the other parties thereto provided that the Trustee shall execute any documents required to give effect to any such amendments, modifications, supplements or waivers to any Transaction Document which fall within paragraphs (i) to (ii) (inclusive) below without any additional requirement for the Consent of or consultation with the Series 2 Noteholder) (as applicable) for any of the following purposes:

- (i) to make any modification of any of the provisions of the Trust Deed or any other Transaction Document which, in the opinion of the Trustee, is of a formal, minor or technical nature or is made to correct a manifest error or cure any ambiguity; and
- (ii) to make any other modification (save as otherwise provided in the Trust Deed or the relevant Transaction Document), and/or give any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any other Transaction Document which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Series 2 Noteholder.

Any such modification, authorisation or waiver shall be binding on the Series 2 Noteholder and shall be notified to the Series 2 Noteholder as soon as practicable in accordance with Condition 14 (*Notices*).

Notwithstanding the foregoing, the Issuer has agreed that it shall make no amendment to the Conditions or any Transaction Document without (a) obtaining the prior written consent of the Counterparty and (b) to the extent that any such amendment would have a material effect on (i) the amount, value or characteristics of the Series 2 Collateral or (ii) the ability of the Trustee or the Series 2 Noteholder to enforce the security over the Series 2 Collateral, obtaining the prior written consent of the Guarantor.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances, including provisions relieving it from instituting proceedings to enforce repayment or to enforce the security constituted by or pursuant to the Trust Deed. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. The Trustee is exempted from any liability in respect of any loss or theft or reduction in value of the Series 2 Collateral or from any obligation to insure against any of the foregoing. The Trustee shall not be responsible for the performance by the Paying Agent of any of its duties under the Agency Agreement, or for the performance by any other person appointed by the Issuer as paying agent in relation to the Series 2 Note. The Trustee shall not have any responsibility for the administration, sufficiency, adequacy, management or operation of the Series 2 Collateral and furthermore the Trustee shall not have any responsibility for the enforceability of the security constituted by the Trust Deed.

The Trust Deed contains provisions for the retirement of the Trustee and the removal of the Trustee with the Consent of the Series 2 Noteholder, but no such retirement or removal shall become effective until a successor trustee is appointed.

14. Notices

Notices to the Series 2 Noteholder may be given by, and shall be deemed to have been delivered to the Series 2 Noteholder upon, delivery of the relevant notice to the Clearing System for communication by it to entitled account holders and (for so long as the Series 2 Note is listed on the Global Exchange Market of the Irish Stock Exchange and the guidelines of the Irish Stock Exchange so require) shall be sent to the Company Announcements Office

of the Irish Stock Exchange. Any such notice shall be deemed to have been given on the date of delivery to the Clearing System.

The Trustee shall be at liberty to sanction some other method of giving notice to the Series 2 Noteholder if, in its opinion, such other method is reasonable having regard to market practice then prevailing and provided that notice of such other method is given to the Series 2 Noteholder in such manner as the Trustee shall require.

15. **Third Party Rights**

No person shall have any right to enforce any term or condition of the Series 2 Note under the Contracts (Rights of Third Parties) Act 1999.

16. **Limited Recourse and Non-Petition**

(a) **Limited Recourse to Proceeds of Series 2 Collateral**

At any time following enforcement and the application of proceeds of enforcement of the security over the Series 2 Collateral in accordance with these Conditions and the Trust Deed, and after fully pursuing and exhausting all of the rights and remedies that the Trustee and the Series 2 Noteholder may have against the Series 2 Collateral, if the proceeds and other amounts received by the Trustee on behalf of the Series 2 Noteholder are insufficient to pay all principal and interest then due and payable by the Issuer under the Series 2 Note, the Trustee shall be entitled to demand from the Guarantor in accordance with the Guarantee such additional amounts (the "**Shortfall**") as are necessary to ensure that the Series 2 Noteholder receives the full amount due and payable by the Issuer provided that if, at any time after the determination of the Shortfall, the Guarantor is subject to any liquidation, examination, insolvency, bankruptcy, composition, reorganisation or other similar proceedings ("**Guarantor Insolvency Proceedings**"), and all of the assets relating to all Series of Issuer's Notes other than the Series 2 Note have been fully realised and distributed in respect of each of the applicable Series of Issuer's Notes, the Trustee may (in addition to filing a claim for the Shortfall in the applicable Guarantor Insolvency Proceedings) proceed against the Issuer's Non-Series Assets to claim the Shortfall from the Issuer in accordance with applicable law ("**Issuer Shortfall Claim Proceedings**") and the obligation of the Issuer to pay amounts due and payable in respect of the Series 2 Note and to the Secured Parties at any time shall be limited to the proceeds available at such time to make such payment in accordance with the foregoing provisions of this Condition 16(a) (*Limited Recourse to Proceeds of Series 2 Collateral*), and following the application of such available proceeds the rights of the Series 2 Noteholder and the Secured Parties to receive any further amounts in respect of such obligation of the Issuer shall be extinguished and none of the Series 2 Noteholder, the Trustee or any other Secured Party may take any further action to recover such amounts.

(b) **Non-Petition**

None of the Series 2 Noteholder, the Trustee or any other Secured Parties (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer, any bankruptcy, reorganisation, arrangement, insolvency, winding-up or liquidation proceedings, or the appointment of a liquidator, administrator or similar official, or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Series 2 Note, the Trust Deed or any other Transaction Document relating thereto, save for filing of any claim by the Trustee in connection with an Issuer Shortfall Claim Proceedings or lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer in relation thereto.

For the avoidance of doubt nothing contained in this Condition 16(b) (*Non-Petition*) above shall affect the right of the Trustee to initiate the Issuer Shortfall Claim Proceedings against the Issuer in accordance with the Trust Deed.

17. **Calculations and Determinations**

The Calculation Agent shall not have any responsibility for good faith errors or omissions in its calculations and determinations, whether caused by negligence or otherwise. The calculations and determinations of the Calculation Agent shall be made in accordance with the Conditions or the Transaction Documents, as applicable, having regard in each case to the criteria stipulated therein and (where relevant) on the basis of information provided to or obtained by employees or officers of the Calculation Agent responsible for making the relevant calculation or determination and shall, in the absence of manifest error, be final, conclusive and binding on the Series 2 Noteholder. The Calculation Agent assumes no obligation or relationship of agency or trust or of a fiduciary nature for or with the Series 2 Noteholder. Nothing in these Conditions shall exclude or restrict any duty or liability arising under the regulatory framework applicable to any person authorised by the Financial Services Authority.

18. **Governing Law**

(a) **Governing Law**

The Trust Deed and the Series 2 Note and any dispute, controversy, proceedings or claim of whatever nature (whether contractual, non-contractual or otherwise) arising out of or in any way relating to the Trust Deed or the Series 2 Note shall be governed by and shall be construed in accordance with English law. The Guarantee shall be governed by and construed in accordance with New York law.

(b) **Jurisdiction**

The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Series 2 Note, and accordingly any legal action or proceedings arising out of or in connection with the Series 2 Note ("**Proceedings**") may be brought in such courts. Notwithstanding the above, nothing shall limit the right of the Issuer to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings by the Issuer in any other jurisdiction (whether concurrently or not) and to the extent permitted by applicable law.

For greater certainty, the Guarantor has not submitted to the jurisdiction of the English courts in the Guarantee, and claims under the Guarantee are required to be initiated in the federal court in the Borough of Manhattan in the City and State of New York.

APPENDIX 1: Index Linked Provisions

1. Adjustments and Corrections to an Index

(a) Consequences of a Successor Index

If the Index is 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 the Index, then in each case that index (the "Successor Index") will be deemed to be the Index.

(b) Modification and Cessation of Calculation of the Index

If (i) on or prior to an Interest Determination Date (or other relevant date, as determined by the Calculation Agent), the Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating the Index or in any other way materially modifies the 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 or contracts and other routine events) (an "**Index Modification**"), or permanently cancels the Index and no Successor Index exists (an "**Index Cancellation**"), or (ii) on an Interest Determination Date (or other relevant date, as determined by the Calculation Agent), the Index Sponsor fails to calculate and announce the "Index Value" of the Index, and the Calculation Agent does not determine that such event instead results in the occurrence of a Disrupted Day (an "**Index Disruption**" and, together with an Index Modification and an Index Cancellation, each an "**Index Adjustment Event**"), then the action described in (A) or (B) below may be taken:

- (A) the Calculation Agent may determine if such Index Adjustment Event has a material effect on the Series 2 Note and, if so, calculate the relevant Index Levels using, in lieu of a published level for the Index, the level for the Index as at each relevant Interest Determination Date in its sole discretion in accordance with the formula for and method of calculating the Index last in effect prior to the change, failure or cancellation, but using only those constituent components that comprised the Index immediately prior to that Index Adjustment Event; or
- (B) the Issuer may in its sole and absolute discretion, on giving notice to the Series 2 Noteholder in accordance with Condition 14 (*Notices*), redeem the Series 2 Note in whole but not in part at the applicable Redemption Amount on an Early Redemption Date to be designated by the Calculation Agent.

Upon the occurrence of an Index Adjustment Event, the Issuer shall give notice as soon as reasonably practicable to the Series 2 Noteholder and the Counterparty in accordance with Condition 14 (*Notices*), as applicable, giving details of the action proposed to be taken in relation thereto, provided that any failure to give, or non-receipt of, such notice will not affect the validity of such action. The Issuer shall make available for inspection by the Series 2 Noteholder copies of any such determinations.

(c) Corrections to the Index

If the level of the Index published on any Interest Determination Date (or other relevant date, as determined by the Calculation Agent) by the Index Sponsor which is utilised for any calculation or determination made for the purposes of the Series 2 Note (a "**Relevant Calculation**") is subsequently corrected ("**Index Correction**") and the correction (the "**Corrected Index Level**") is published by the Index Sponsor no later than two Payment Business Days prior to the date on which payment of any amount may have to be made pursuant to such Relevant Calculation, then such Corrected Index Level shall be deemed to be the Index Level on such Interest Determination Date (or other relevant date, as determined by the Calculation Agent).

2. Additional Disruption Events

"**Additional Disruption Event**" means the occurrence of any of a Capital Treatment Event, Change in Law, Hedging Disruption, Inconvertibility Event and/or Increased Cost of Hedging.

"Capital Treatment Event" means that, as a result of any amendment to, or change in, any applicable laws or regulations, the Calculation Agent determines in its sole and absolute discretion that the Series 2 Note and ancillary transactions entered into in relation thereto will be subject to materially less favourable treatment for the purposes of the relevant capital adequacy guidelines, as then in effect and applicable to the Chargor, the Guarantor or any of their Affiliates other than was applicable as of the Issue Date.

"Change in Law" means that, on or after the Issue Date (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) 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 Calculation Agent determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant security or derivative comprised in the Index or (B) the Issuer will incur a materially increased cost in performing its obligations in relation to the Series 2 Note (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its affiliates).

"Hedging Disruption" means that the Issuer and/or any of its Affiliates or agents is unable, after using commercially reasonable efforts, to (i) 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 Series 2 Note, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"Inconvertibility Event" means the occurrence, as determined by the Calculation Agent in its sole and absolute discretion, of any action, event or circumstance whatsoever which, from a legal or practical perspective:

- (a) has the direct or indirect effect of hindering, limiting or restricting (i) the convertibility of the relevant currency into Euro, or (ii) the transfer of the relevant currency or Euro to countries other than the countries for which the relevant currency or Euro, as the case may be, is the lawful currency (including without limitation, by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions); and
- (b) results in the unavailability of any relevant currency or Euro in the interbank foreign exchange market in any relevant financial centre(s) in accordance with normal commercial practice.

"Increased Cost of Hedging" means that the Issuer and/or any of its Affiliates or agents acting on its behalf would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) 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 Series 2 Note, or (ii) 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 or agents shall not be deemed an Increased Cost of Hedging.

If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (a) or (b) below:

- (a) 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 the terms of these Conditions to account for the Additional Disruption Event and determine the effective date of that adjustment; or

- (b) give notice to Series 2 Noteholder in accordance with Condition 14 (*Notices*) that it will redeem the Series 2 Note in whole but not in part at the applicable Redemption Amount on an Early Redemption Date to be designated by the Calculation Agent.

Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Series 2 Noteholder and the Counterparty stating the occurrence of the Additional Disruption Event, giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

APPENDIX 2: Credit Linked Provisions

1. REFERENCE ENTITY

For the purposes of the Series 2 Note, the following terms shall apply:

Reference Entity:	Republic of Italy (or any Successor thereof)
Reference Obligation:	ISIN: US465410AH18
Credit Events:	<p>Failure to Pay.</p> <p>Payment Requirement: USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.</p> <p>Grace Period Extension: Not Applicable.</p> <p>Restructuring.</p> <p>Restructuring Maturity Limitation and Fully Transferable Obligation: Not Applicable.</p> <p>Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Not Applicable.</p> <p>Default Requirement: USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event.</p> <p>Repudiation/Moratorium.</p>
Obligation:	<p>Obligation Category: Borrowed Money</p> <p>Obligation Characteristics: None</p> <p>Settlement Currency: EUR</p>
All Guarantees / Qualifying Affiliate Guarantees:	Applicable
Reference Amount/Floating Rate Payer Calculation Amount:	The principal amount Outstanding of the Series 2 Note.
Settlement Method:	Auction Settlement
Fallback Settlement:	If a Fallback Settlement Method Event occurs, the Cash Settlement Amount shall be determined by reference to the Final Price.
Final Price:	As determined by the Calculation Agent in its sole and absolute discretion, the highest Quotation received by the Calculation Agent for the Portfolio or, if the Portfolio comprises more than one Deliverable Obligation, the weighted average of the highest Quotation received by the Calculation Agent for each such Deliverable

	Obligation, expressed in each case as a percentage and in each case as determined by the Calculation Agent.
Portfolio:	Deliverable Obligations as selected by the Calculation Agent in its sole discretion, having an Outstanding Principal Balance (or the equivalent Currency Amount) on the Valuation Date up to the aggregate principal amount Outstanding of the Series 2 Note. Such Deliverable Obligations may comprise the Reference Obligation and/or any obligation of the Reference Entity (either directly or as provider of a Qualifying Guarantee) as selected by the Calculation Agent in its sole and absolute discretion which is included in the Deliverable Obligation Category (as specified below) and has the Deliverable Obligation Characteristics (as specified below).
Valuation Date:	A London Business Day selected by the Calculation Agent in its sole and absolute discretion that is not later than 365 calendar days following the Event Determination Date.
Valuation Time:	11.00 a.m. in the principal trading market for the Deliverable Obligation or such other time as selected by the Calculation Agent in its sole discretion.
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Specified Currency: Standard Specified Currencies. Not Contingent. Maximum Maturity: 30 years Assignable Loan (Loans only). Consent Required Loan (Loans only). Not Bearer (Bonds only). Transferable (Bonds only)

2. NOTICES

- (a) The Calculation Agent may deliver an Extension Notice at any time prior to 11.00 a.m. (London time) on the first London Business Day prior to the Scheduled Maturity Date. As soon as reasonably practicable after receiving an Extension Notice from the Calculation Agent, the Issuer shall promptly inform the Series 2 Noteholder in accordance with Condition 14 (Notices).
- (b) The Calculation Agent may deliver a Credit Event Notice and (if applicable) a Notice of Publicly Available Information to the Issuer (copied to the Trustee, the Counterparty and the Paying Agent) at any time during either (i) the Notice Delivery Period or (ii)

the period set out in sub-paragraph (a)(ii) of the definition of "**Event Determination Date**", provided that if an Event Determination Date occurs without the giving of notices pursuant to paragraph (b) of the definition of "**Event Determination Date**", the Calculation Agent shall not (save as required by paragraph (b) of the definition of "**Event Determination Date**") be obliged to give such Credit Event Notice and (if applicable) Notice of Publicly Available Information in order for an Event Determination Date to occur. Any failure by the Calculation Agent to copy any notice that is required to be copied to the Trustee, the Counterparty or the Paying Agent pursuant to these Conditions shall not affect the validity or effectiveness of such notice.

- (c) In the case where the Issuer receives a Credit Event Notice and (if applicable) a Notice of Publicly Available Information from the Calculation Agent, the Issuer shall give notice or shall procure that notice is given (the "**Event Determination Notice**") to the Series 2 Noteholder (in accordance with Condition 14 (*Notices*)), the Paying Agent, the Counterparty and the Trustee that an Event Determination Date has occurred as soon as reasonably practicable after receiving such Credit Event Notice and (if applicable) Notice of Publicly Available Information from the Calculation Agent. In the case where an Event Determination Date occurs without the giving of any notices pursuant to paragraph (b) of the definition of "**Event Determination Date**", the Issuer shall not be obliged to give or procure the giving of an Event Determination Notice. The failure by the Issuer to give an Event Determination Notice to the Series 2 Noteholder (or any other party) shall not affect the validity of such Credit Event Notice and (if applicable) Notice of Publicly Available Information.
- (d) Where Repudiation/Moratorium is specified in respect of a Reference Entity as being an applicable Credit Event, the Calculation Agent may give a Repudiation/Moratorium Extension Notice (which may also be deemed to be an Extension Notice).
- (e) Any notice delivered at or prior to 6.00 p.m. (London time) on a London Business Day is effective on such date and if delivered after such time or on a day that is not a London Business Day, is deemed effective on the next following London Business Day.

3. **SUCCESSION EVENTS**

- (a) Where a Succession Event has occurred and more than one Successor has been identified, the Conditions will be adjusted at the sole and absolute discretion of the Calculation Agent so as to provide for commercially equivalent credit linkage to that provided in respect of the original Reference Entity, in relation to each Successor as a Reference Entity in respect of a number of equal portions of the principal amount Outstanding of the Series 2 Note that is equal to the number of such Successors.
- (b) Where a Credit Event occurs in respect of a Reference Entity after such a Succession Event, the provisions relating to redemption following satisfaction of the Conditions to Settlement, extension of maturity of the Series 2 Note on delivery of an Extension Notice, cessation or suspension of accrual of interest shall be deemed to apply to the principal amount represented by that Reference Entity only (the "**Partial Principal Amount**") and all the provisions of this Appendix 2 shall be construed accordingly.
- (c) The provisions of this Appendix 2 shall apply to any subsequent Credit Event Notices delivered in respect of any of the other Reference Entities that are identified as a result of the Succession Event.
- (d) Any determinations (including (without limitation) as to the division of the credit linkage in respect of the Series 2 Note) and calculations and adjustment to the Conditions relating to, connected with or as a result of a Succession Event shall be made by the Calculation Agent (to the extent such determinations are not made by the Credit Derivatives Determinations Committee) in its sole discretion and, in the absence of manifest error, shall be conclusive and binding on all parties. The Conditions and the Swap Agreement may be amended and restated at such time to reflect the effect of a

Succession Event without the consent of the Series 2 Noteholder and the Series 2 Noteholder is deemed to agree to this provision by the purchase of the Series 2 Note.

4. **SETTLEMENT SUSPENSION**

If, following the determination of an Event Determination Date in accordance with sub-paragraph (a) of the definition of Event Determination Date but prior to a Valuation Date, ISDA publicly announces that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, the timing requirements of the definitions of Cash Settlement Date, Valuation Date, and any other Condition as determined by the Calculation Agent in its sole discretion, shall become and remain suspended until such time as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved (a) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (b) not to determine such matters. Once ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved (i) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (ii) not to determine such matters, the relevant timing requirements of the Conditions that have previously been suspended shall resume on the London Business Day following such public announcement by ISDA.

5. **AMENDMENT OF CONDITIONS AND CREDIT-LINKED DEFINITIONS MODULE IN ACCORDANCE WITH MARKET CONVENTION**

- (a) The Calculation Agent may from time to time amend the Conditions of the Series 2 Note to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent determines in a commercially reasonable manner are necessary to reflect or govern market practice for credit derivative transactions.
- (b) The Calculation Agent may, at any time in its sole and absolute discretion, amend the Deliverable Obligation Category and Deliverable Obligation Characteristics to correspond with the most recently published Credit Derivatives Physical Settlement Matrix version.
- (c) If, following the occurrence of a Fallback Settlement Method Event, the Calculation Agent determines that:
 - (i) a Reference Entity has proposed an exchange of all or substantially all of the obligations of such Reference Entity (ignoring for this purpose all indebtedness owed to Affiliates and all bilateral indebtedness) into cash, securities and/or other assets (or any combination thereof);
 - (ii) prior to any agreement to exchange such obligations, one or more of such obligations would have constituted Deliverable Obligations ("**Qualifying Deliverable Obligations**");
 - (iii) such cash, securities and other assets may not constitute Qualifying Deliverable Obligations; and
 - (iv) the exchange has been agreed in a form that binds the majority of the holders of the relevant Qualifying Deliverable Obligations or has been formally sanctioned by any governmental authority,

the Calculation Agent may elect in its sole and absolute discretion to:

- (A) determine the Final Price by reference to such cash, securities and other assets, acting in a commercially reasonable manner; or

- (B) amend any of the Conditions of the Series 2 Note to reflect such exchange and to preserve the economic equivalence of the Series 2 Note, or any combination of thereof, and the Conditions of the Series 2 Note shall be deemed to be amended to reflect such election.

6. **DEFINITIONS**

All capitalised terms not otherwise defined in this Appendix 2 shall have the meanings given to them in the Credit-Linked Definitions Module (set out below) unless otherwise specified in the Conditions. In the event of any inconsistency between the above terms of this Appendix 2 and the Credit-Linked Definitions Module, the above terms of this Appendix 2 shall prevail.

CREDIT-LINKED DEFINITIONS MODULE

1. DEFINITIONS

The following capitalised terms used in the Conditions and the Trust Deed in respect of the Series 2 Note into which this Credit-Linked Definitions Module is incorporated shall have the meanings set out below, except where the context otherwise requires or as may be modified and/or supplemented by the Conditions and/or Trust Deed in respect of the Series 2 Note:

"2005 Monoline Provisions" means the "Additional Provisions for Physically Settled Default Swaps – Monoline Insurer as Reference Entity" published on 21st January, 2005 by ISDA.

"Accelerated or Matured" means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Valuation Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws.

"Accreted Amount" means, with respect to an Accreting Obligation, an amount equal to (A) the sum of (i) the original issue price of such obligation and (ii) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (B) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in clause (A)(ii) above), in each case calculated as of the earlier of (x) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (y) the Valuation Date. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent) only if **"Include Accrued Interest"** is specified as being applicable in respect of the Reference Entity. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such Obligation's yield to maturity is not specified in, nor implied from, the terms of such Obligation, then, for the purposes of (A)(ii) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (x) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (y) the applicable Valuation Date. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities into which such obligation is exchangeable.

"Accreting Obligation" means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (i) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (ii) periodic cash interest is also payable.

"Assignable Loan" means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent, and, if specified as applicable to a Deliverable Obligation Category, the Assignable Loan Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Loans.

"Auction" has the meaning set forth in the relevant Transaction Auction Settlement Terms.

"**Auction Cancellation Date**" has the meaning set forth in the Transaction Auction Settlement Terms with respect to the relevant Reference Entity.

"**Auction Covered Transaction**" has the meaning set forth in the Transaction Auction Settlement Terms.

"**Auction Final Price**" means the price, if any, specified to be the relevant Auction Final Price in the Transaction Auction Settlement Terms with respect to the relevant Reference Entity (expressed as a percentage) or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-Off Date, the price, if any, specified to be the Auction Final Price in the applicable Parallel Auction Settlement Terms with respect to the Reference Entity (expressed as a percentage).

"**Auction Final Price Determination Date**" means the day, if any, on which the Auction Final Price is determined pursuant to the Transaction Auction Settlement Terms with respect to the relevant Reference Entity.

"**Auction Redemption Date**" means the third Payment Business Day following the Auction Settlement Date.

"**Auction Settlement Date**" means the date that is the number of London Business Days specified in the relevant Transaction Auction Settlement Terms (or, if a number of London Business Days is not so specified, five London Business Days) immediately following the Auction Final Price Determination Date.

"**Bankruptcy**" means 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 judgment 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 (i) 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 (ii) 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 clauses (a) to (g) (inclusive).

"**Best Available Information**" means:

- (a) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred 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 and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of "**Successor**", other relevant information that is contained in any written communication provided by the Reference Entity to its

primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or

- (b) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (a) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of "**Successor**", provided that information which is made available more than 14 calendar days after the legally effective date of the Succession Event shall not constitute Best Available Information.

"**Bond**" means any obligation of a type included in the "**Borrowed Money**" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money.

"**Bond or Loan**" means any obligation that is either a Bond or a Loan.

"**Borrowed Money**" means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit).

"**Cancellation Notice**" means:

- (a) notice given by the Calculation Agent on or after the Scheduled Maturity Date prior to the Extended Maturity Date upon making a determination in respect of a Reference Entity that:
 - (i) no Credit Event or (if Grace Period Extension Date is applicable) Potential Failure to Pay or (if Potential Repudiation/Moratorium is applicable) Potential Repudiation/Moratorium has occurred on or prior to the Scheduled Maturity Date;
 - (ii) if a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date, promptly upon making a determination that no Failure to Pay has occurred with respect to the relevant obligation; or
 - (iii) if a Potential Repudiation/Moratorium has occurred on or prior to the Scheduled Maturity Date, promptly upon making a determination that no Repudiation/Moratorium has occurred with respect to the relevant obligation (such determination being made prior to the Repudiation/Moratorium Evaluation Date); or
- (b) if a Convened DC resolves that a Credit Event of the type referenced in the relevant DC Question has not occurred, then a Cancellation Notice shall be deemed to be given by the Calculation Agent to the Issuer and the Conditions shall be construed accordingly.

"**Cash Redemption Amount**" means the Reference Amount minus the Cash Settlement Amount.

"**Cash Settlement Amount**" means, an amount in EUR equal to "**CSA**" as determined by the Calculation Agent in accordance with the formula below on the Auction Final Price Determination Date or (following the occurrence of a Fallback Settlement Method Event) the Valuation Date:

$$CSA = (RA \times (100\% - MD))$$

Where:

"**RA**" means the Reference Amount in respect of the relevant Reference Entity.

"**MD**" means the Auction Final Price or, if a Fallback Settlement Method Event has occurred, the Final Price.

Provided that CSA shall be subject to (A) a minimum of zero and (B) a maximum equal to the Credit Event Portion of the Series 2 Note.

"**Cash Settlement Date**" means, subject to paragraph 4 (Settlement Suspension) of Appendix 2, three Payment Business Days after the date on which the Final Price is determined.

"**Certificate Balance**" means, in the case of an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, the unit principal balance, certificate balance or similar measure of unreimbursed principal investment.

"**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 of "**Conditionally Transferable Obligation**".

For purposes of determining whether a Deliverable Obligation satisfies the requirements of the definition of Conditionally Transferable Obligation, such determination shall be made as of the Valuation Date for the Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer or Counterparty.

In the event that a Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of this definition, and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument.

References in this definition to the guarantor and guaranteeing shall be deemed to include the insurer and insuring, respectively.

"**Conditions to Settlement**" shall be deemed to be satisfied by the occurrence of an Event Determination Date to the extent that such Event Determination Date is not subsequently reversed prior to the Auction Final Price Determination Date, a Valuation Date or the Scheduled Maturity Date, as applicable.

"**Consent Required Loan**" means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent, and, if specified as applicable to a Deliverable Obligation Category, the Consent Required Loan Deliverable Obligation Characteristic shall be applicable only in respect of obligations within the Deliverable Obligation Category that are Loans.

"**Convened DC**" has the meaning given to that term in the Rules.

"**Convertible Obligation**" means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

"Credit Derivatives Auction Settlement Terms" means any Credit Derivatives Auction Settlement Terms published by ISDA, in accordance with the Rules, a form of which will be published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and may be amended from time to time in accordance with the Rules.

"Credit Derivatives Definitions" means the 2003 ISDA Credit Derivatives Definitions as supplemented by (i) the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions and (ii) the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions, each as published by ISDA.

"Credit Derivatives Determinations Committees" means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions, as more fully described in the Credit Derivatives Determinations Committees Rules as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof (the **"Rules"**).

"Credit Event" means one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Repudiation/Moratorium or Restructuring as specified in respect of the Reference Entity. If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon: (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 (which, for the purposes of this definition, includes the Insured Obligor) to enter into any Underlying Obligation (which, for the purposes of this definition, shall include Insured Instruments), (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.

"Credit Event Backstop Date" means (a) for purposes of any event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in sub-paragraph (ii) of the definition of Repudiation/Moratorium has occurred with respect to the relevant Reference Entity or Obligation thereof), the date that is 60 calendar days prior to the Credit Event Resolution Request Date or (b) otherwise, the date that is 60 calendar days prior to the earlier of (i) the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer (copied to the Trustee, Counterparty and Paying Agent) and are effective during the Notice Delivery Period and (ii) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in subparagraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (C) the Credit Event Notice and the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer (copied to the Trustee, Counterparty and Paying Agent) and are effective not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any business day convention.

"Credit Event Notice" means an irrevocable notice from the Calculation Agent to the Issuer (copied to the Trustee, the Counterparty and the Paying Agent) that describes a Credit Event that occurred on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time).

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

A Credit Event Notice shall be subject to the requirements regarding notices set out in paragraph 2(e) (*Notices*) of Appendix 2.

"Credit Event Portion" means, in the case of any Credit Event, a principal amount of the Series 2 Note equal to 100 per cent. of the then aggregate Outstanding principal amount of the Series 2 Note

"Credit Event Resolution Request Date" means, with respect to a notice to ISDA, delivered in accordance with the ISDA Credit Derivatives Determinations Committee Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Credit Event has occurred with respect to the relevant Reference Entity or Obligation thereof; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event, the date, as publicly announced by ISDA to be the date that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the ISDA Credit Derivatives Determinations Committee Rules, of Publicly Available Information with respect to the DC Resolutions referred to in sub-clauses (a) and (b) above.

"Currency Amount" means with respect to a Deliverable Obligation that is denominated in a currency other than the Settlement Currency, an amount converted to the relevant Settlement Currency using a conversion rate determined by reference to the Currency Rate.

"Currency Rate" means with respect to a Deliverable Obligation, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Amount of such Deliverable Obligation is denominated that is either (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time or (ii) if such rate is not available at such time, determined by the Calculation Agent.

"Currency Rate Source" means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee.

"DC Credit Event Announcement" means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved that (a) an event that constitutes a Credit Event has occurred with respect to such Reference Entity (or an Obligation thereof) and (b) such event occurred on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)). A DC Credit Event Announcement will be deemed not to have occurred unless (i) the Credit Event Resolution Request Date with respect to such Credit Event occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date) and (ii) the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

"DC No Credit Event Announcement" means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, that the event that is the subject of the notice to ISDA resulting in the occurrence of such Credit Event Resolution Request Date does not constitute a Credit Event with respect to such Reference Entity (or an Obligation thereof).

"**DC Question**" has the meaning given to that term in the Rules.

"**DC Resolution**" has the meaning given to that term in the Rules.

"**Dealer**" means, a dealer in obligations of the type of Obligation for which quotations are to be obtained (as selected by the Calculation Agent) and may include the Calculation Agent or its Affiliate as one Dealer.

"**Default Requirement**" means the amount specified in respect of the Reference Entity.

"**Deliverable Obligation**" means:

- (a) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or Qualifying Policy or, if All Guarantees is specified as applicable in respect of the Reference Entity, as provider of any Qualifying Guarantee), as selected by the Calculation Agent in its absolute and sole discretion, described by the Deliverable Obligation Category and having each of the Deliverable Obligation Characteristics, in each case, as of the Valuation 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 the definition of "**Credit Event**") or right of set off by or of a Reference Entity or any applicable Underlying Obligor (and which, for the purpose of this definition, shall include where the Reference Obligation is a Qualifying Policy the Insured Obligor), and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Valuation 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 valued apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation (and which, for the purpose of this definition, shall include where the Reference Obligation is a Qualifying Policy Insured Instrument) shall not be considered a procedural requirement;
- (b) subject to the second paragraph in the definition of "**Not Contingent**", each Reference Obligation, unless specified in the Conditions 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 the definition of "**Credit Event**") 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 Valuation 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 valued 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 Conditions.

"**Deliverable Obligation Category**" means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan as specified in respect of the Reference Entity. If any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan and Consent Required Loan are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.

"Deliverable Obligation Characteristics" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Transferable, Maximum Maturity, Accelerated or Matured, Not Derivative Obligation, Not Structured Note and Not Bearer.

"Deliverable Obligation Provisions" has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

"Deliverable Obligation Terms" has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

"Dividend Linked" means an obligation which (i) by its terms (or otherwise) is scheduled to pay, directly or indirectly, a coupon, interest rate, dividend or other periodic cash distribution (each a "Scheduled Payment"); and (ii) such Scheduled Payment is expressed to be either linked to or contingent upon the Reference Entity's declaration of, payment of or ability to pay distributions or dividends (howsoever called) on its equity or any class thereof.

"Domestic Currency" means the currency specified as such in respect of the Reference Entity and any successor currency. If no currency is so specified, the Domestic Currency shall be the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

"Downstream Affiliate" means an entity, whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity.

"Due and Payable Amount" means the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Valuation Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

"Eligible Bidders" means 5 or more Dealers.

"Eligible Transferee" means:

- (a) any
 - (i) bank or other financial institution;
 - (ii) insurance or reinsurance company;
 - (iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in clause (c) (i) below); and
 - (iv) registered or licensed broker or dealer (other than a natural person or proprietorship),

provided, however, in each case that such entity has total assets of at least U.S.\$500 million;

- (b) an Affiliate of an entity specified in the preceding clause (a);
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
 - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least U.S.\$100 million or

- (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least U.S.\$100 million; or
- (ii) that has total assets of at least U.S.\$500 million; or
- (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in clauses (a), (b), (c)(ii) or (d); and
- (d) a Sovereign, Sovereign Agency or Supranational Organisation; and where all references in this definition to U.S.\$ include equivalent amounts in other currencies.

"Enabling Obligation" means an outstanding Deliverable Obligation that (i) is a Fully Transferable Obligation or a Conditionally Transferable Obligation, as applicable, and (ii) has a final maturity date occurring on or prior to the Scheduled Maturity Date and following the Limitation Date immediately preceding the Scheduled Maturity Date (or, in circumstances where the Scheduled Maturity Date occurs prior to the 2.5-year Limitation Date, following the final maturity date of the Latest Maturity Restructured Bond or Loan, if any).

"Equity Securities" means:

- (a) in the case of a Convertible Obligation, equity securities (including options and warrants) of the issuer of such obligation or depositary receipts representing those equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and
- (b) in the case of an Exchangeable Obligation, equity securities (including options and warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time.

"Event Determination Date" means, in respect of any Credit Event:

- (a) subject to sub-paragraph (b) below, if neither a DC Credit Event Announcement nor a DC No Credit Event Announcement has occurred, the first date on which both the Credit Event Notice and the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer (copied to the Trustee, the Counterparty and the Paying Agent) and are effective during either:
 - (i) the Notice Delivery Period; or
 - (ii) the period (I) from, and including, the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date, (II) to, and including, the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Issue Date)); or
- (b) notwithstanding sub-paragraph (a) above, if a DC Credit Event Announcement has occurred, either:
 - (i) the Credit Event Resolution Request Date, if either:
 - (I) (1) the relevant Credit Event is not a Restructuring; and
 - (2) either:

- (x) if the Settlement Method is Auction Settlement, the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable; or
 - (y) if the Settlement Method is not Auction Settlement, the Trade Date occurs on or prior to the relevant DC Credit Event Announcement; or
- (II) (1) the relevant Credit Event is a Restructuring; and
- (2) the Credit Event Notice is delivered by the Calculation Agent to the Issuer on or prior to the London Business Day following the Exercise Cut off Date; or
- (A) the first date on which the Credit Event Notice is delivered by the Calculation Agent to the Issuer during (I) the Notice Delivery Period or (II) the period from, and including, the date on which ISDA publicly announces the occurrence of the relevant DC Credit Event Announcement to, and including, the date that is fifteen London Business Days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if:
- (I) the relevant Credit Event is not a Restructuring;
 - (II) the Settlement Method is not Auction Settlement; and
 - (III) the Trade Date occurs following the relevant DC Credit Event Announcement,

provided that in respect of sub-paragraph (b) above:

- (c) no Maturity Date has occurred on or prior to the date on which the DC Credit Event Announcement occurs;
- (d) if any Valuation Date has occurred as of the date on which the DC Credit Event Announcement occurs, an Event Determination Date shall be deemed to have occurred only with respect to the portion of the Floating Rate Payer Calculation Amount, if any, with respect to which no Valuation Date has occurred; and
- (e) no Credit Event Notice specifying a Restructuring as the only Credit Event has previously been delivered by the Calculation Agent to the Issuer, (a) unless the Restructuring specified in such Credit Event Notice is also the subject of the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date or (b) unless, and to the extent that, the Exercise Amount specified in any such Credit Event Notice was less than the then outstanding Floating Rate Payer Calculation Amount.

No Event Determination Date will occur, and any Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, prior to the Auction Final Price Determination Date, a Valuation Date or the Scheduled Maturity Date, as applicable, a DC No Credit Event Announcement Date occurs with respect to the relevant Reference Entity or Obligation thereof.

If, in accordance with the provisions above and/or the provisions of paragraph 4 (Settlement Suspension) of Appendix 2, (i) following the determination of an Event Determination Date, such Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Event

Determination Date or (B) not to have occurred or (ii) an Event Determination Date is deemed to have occurred prior to a preceding Payment Date, the Calculation Agent will determine in its sole discretion any related adjustment in respect of the Cash Redemption Amount and Cash Settlement Amount (if applicable) and/or any Interest Amounts payable to the Series 2 Noteholder.

"**Event Determination Notice**" has the meaning given to it in paragraph 2 (Notices) of Appendix 2.

"**Exchangeable Obligation**" means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

"**Excluded Deliverable Obligation**" means any obligation of a Reference Entity specified as such or of a type described in respect of the Reference Entity.

"**Excluded Obligation**" means any obligation of a Reference Entity specified as such or of a type described in respect of the Reference Entity.

"**Exercise Cut-off Date**" means, with respect to a Credit Event:

- (a) if such Credit Event is a Restructuring and neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as "Applicable" in respect of the Reference Entity, either:
 - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
 - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
 - (iii) the date that is 21 calendar days following the No Auction Announcement Date, if any,as applicable; or
- (b) if such Credit Event is a Restructuring and either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as "Applicable" in respect of the Reference Entity and:
 - (i) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is five Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules; or
 - (ii) a No Auction Announcement Date occurs pursuant to sub-paragraph (a) of the definition thereof the date that is 21 calendar days following such No Auction Announcement Date.

"**Extended Maturity Date**" means, where an Extension Notice has been served, the later of (i) the date that is 15 London Business Days after the Extension Date or (ii) if a Credit Event Resolution Request Date occurs during the Notice Delivery Period, 15 Business Days after (a) the related DC No Credit Event Announcement or (b) the date on which the Credit Derivatives Determinations Committee Resolves not to determine the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date.

"Extension Date" means the latest of (a) the Scheduled Maturity Date, (b) the Grace Period Extension Date if (i) Grace Period Extension is specified to apply in respect of the Reference Entity, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (c) the Repudiation/Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which a Failure to Pay (determined without regard to the Payment Requirement) or a Restructuring (determined without regard to the Default Requirement) occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) the Repudiation/Moratorium Extension Condition is satisfied.

"Extension Notice" means a notice from the Calculation Agent to the Issuer (copied to the Trustee, the Paying Agent and the Counterparty) giving notice of the following in relation to a Reference Entity:

- (a) without prejudice to sub-paragraphs (c) and (d) below, that a Credit Event has occurred or may occur on or prior to the Scheduled Maturity Date; or
- (b) without prejudice to sub-paragraph (c) and (d) below, that a Credit Event Resolution Request Date has occurred or may occur on or prior to the last day of the Notice Delivery Period; or
- (c) that a Potential Failure to Pay has occurred or may occur on or prior to the Scheduled Maturity Date; or
- (d) that a Potential Repudiation/Moratorium has occurred or may occur on or prior to the Scheduled Maturity Date. For the purposes of this sub-paragraph (d), the giving of a Repudiation/Moratorium Extension Notice (if on or prior to the Scheduled Maturity Date) shall be deemed to satisfy the requirement to give notice under this definition of **"Extension Notice"**. However, the giving of an Extension Notice in accordance with this sub-paragraph (d) shall not in any way preclude the subsequent giving of a Repudiation/Moratorium Extension Notice so long as the Repudiation/Moratorium Extension Condition is satisfied. An Extension Notice shall be subject to the requirements regarding notices set out in paragraph 2 (Notices) of Appendix 2.

"Failure to Pay" means, 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.

"Fallback Settlement Method" means the fallback settlement method specified above.

"Fallback Settlement Method Event" means:

- (i) an Auction Cancellation Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, a Parallel Auction Cancellation Date occurs;
- (ii) a No Auction Announcement Date occurs (and, in circumstances where such No Auction Announcement Date occurs pursuant to sub-paragraph (b) of the definition of

No Auction Announcement Date, the Calculation Agent has not exercised the Movement Option);

- (iii) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date; or
- (iv) an Event Determination Date was determined pursuant to sub-paragraph (a) of the definition of "**Event Determination Date**" and no Credit Event Resolution Request Date has occurred on or prior to the date falling three London Business Days after such Event Determination Date.

"**Final List**" has the meaning given to that term in the Rules.

"**Floating Rate Payer Calculation Amount**" shall be as set out in respect of the Reference Entity and is also referred to as the "Reference Amount".

"**Full Quotation**" means, in relation to any Deliverable Obligation forming part of the Portfolio, each firm bid quotation (expressed as a percentage) obtained from an Eligible Bidder at the Valuation Time, to the extent reasonably practicable, for an amount equal to or greater than the outstanding principal amount of such Deliverable Obligation comprised in the Portfolio (or its equivalent in the Obligation Currency as determined by the Calculation Agent by reference to rates in effect at the time such quotation is being obtained).

"**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 Valuation Date for the relevant Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer.

In the event that a Fully Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of this definition and, if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument.

"**Governmental Authority**" means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

"**Grace Period**" means, subject to sub-clause (i) and (ii) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred, provided that (i) if Grace Period Extension is specified in respect of the Reference Entity as applicable, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in respect of the Reference Entity or, if no period is specified, 30 calendar days; and (ii) if, as of the date as of

which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than 3 Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of 3 Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applicable in respect of the Reference Entity, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

"Grace Period Business Day" means, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the Obligation Currency.

"Grace Period Extension Date" means, if (a) Grace Period Extension is specified as applicable in respect of the Reference Entity and (b) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay. If Grace Period Extension is not specified as applicable in respect of the Reference Entity, Grace Period Extension shall not apply. If (i) Grace Period Extension is specified as applicable in respect of the Reference Entity, (ii) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) an Event Determination Date in respect of that Failure to Pay does not occur on or prior to the last day of the Notice Delivery Period, the later of the Scheduled Maturity Date and the Grace Period Extension Date will be the Maturity Date (even if a Failure to Pay occurs after the Scheduled Maturity Date).

"Hypothetical CDS Transaction" means a hypothetical market standard credit derivative transaction entered into by the Issuer as "Buyer" as defined in the Credit Derivatives Definitions, incorporating the Credit Derivatives Definitions and in respect of which the "Reference Entity" is the Reference Entity, the "Trade Date" is the Trade Date, the "Scheduled Termination Date" is the Scheduled Maturity Date and the "Transaction Type" is "Western European Sovereign".

"Instrument Payments" means (A) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Certificate Balance on or prior to the ultimate distribution of the Certificate Balance and (y) the ultimate distribution of the Certificate Balance on or prior to a specified date and (B) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (A) and (B) (1) determined without regard to limited recourse or reduction provisions of the type described in the third paragraph of the definition of Not Contingent and (2) excluding sums in respect of default interest, indemnities, tax gross-ups, make whole amounts, early redemption premiums and other similar amounts (whether or not guaranteed or insured by the Qualifying Policy).

"Insured Instrument" has the meaning given thereto in the definition of **"Qualifying Policy"**.

"Insured Obligor" has the meaning given thereto in the definition of **"Qualifying Policy"**.

"ISDA" means International Swaps and Derivatives Association, Inc.

"Limitation Date" means the first of March 20, June 20, September 20 or December 20 in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the **"2.5-year Limitation Date"**), 5 years (the **"5-year Limitation Date"**), 7.5 years, 10 years, 12.5 years, 15 years, or 20 years (the **"20-year Limitation Date"**), as applicable. Limitation Dates shall not be subject to adjustment in accordance with any business day convention.

"Listed" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange and, if specified as applicable to an Obligation Category, the Listed Obligation Characteristic shall be applicable only in respect of obligations within that Obligation

Category that are Bonds or, if specified as applicable to a Deliverable Obligation Category, the Listing Deliverable Obligation Characteristics shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.

"Loan" means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money.

"Market Value" means, with respect to a Reference Obligation or Deliverable Obligation on a Valuation Date, (a) if more than 3 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 or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (b) if exactly 3 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 value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (c) if exactly 2 Full Quotations are obtained, the arithmetic mean of such Full Quotations; (d) if fewer than 2 Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (e) if fewer than 2 Full Quotations are obtained and no Weighted Average Quotation is obtained, an amount is determined by the Calculation Agent on the next London Business Day on which at least 2 Full Quotations or Weighted Average Quotation are obtained; and (g) if the Quotations are deemed to be zero, the Market Value shall be zero.

"Maximum Maturity" means an obligation that has a remaining maturity from the Valuation Date of not greater than 30 years.

"Minimum Quotation Amount" means the lower of (a) U.S.\$1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation

"Modified Eligible Transferee" means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

"Modified Restructuring Maturity Limitation Date" means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, provided that, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as "Applicable" in respect of the Reference Entity and the Scheduled Maturity Date is later than the 2.5-year Limitation Date and prior to the 5-year Limitation Date, a Restructured Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Maturity Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only.

Subject to the foregoing, in the event that the Scheduled Maturity Date is later than (A) the 2.5-year Limitation Date and no Enabling Obligation exists or (B) the 20-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

"Movement Option" means, if:

- (a) either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as "Applicable" in respect of the relevant Reference Entity; and
- (b) a No Auction Announcement Date has occurred pursuant to sub-paragraph (b) of the definition of No Auction Announcement Date,

the option of the Calculation Agent to apply to the Series 2 Note, for the purposes of determining the Auction Final Price, the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that could be specified in respect of the Reference Entity (provided that if more than one such set of Parallel Auction Settlement Terms are published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Deliverable Obligations shall apply). If the Calculation Agent does not deliver an effective Notice to Exercise Movement Option on or prior to the Movement Option Cut-off Date, the Fallback Settlement Method shall apply.

"Movement Option Cut-off Date" means the date that is four Relevant City Business Days following the Exercise Cut-off Date.

"Multiple Holder Obligation" means an Obligation that (i) 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 (ii) 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 (ii) above.

"Next Currency Fixing Time" means 4:00 p.m. (London time) on the London Business Day immediately following the date on which the Notice of Physical Settlement or relevant NOPS Amendment Notice, as applicable, is effective.

"No Auction Announcement Date" means, with respect to a Credit Event, the date on which ISDA first publicly announces that:

- (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published;
- (b) following the occurrence of a Restructuring for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as "Applicable" in respect of the Reference Entity only, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published; or
- (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by ISDA to the contrary.

"Not Bearer" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream International or any other internationally recognised clearing system, and, if specified as applicable to a Deliverable Obligation Category, the Not Bearer Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.

"Not Contingent" means any obligation having as of the Valuation Date and all times thereafter an Outstanding Principal Balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall constitute Deliverable Obligations that are Not Contingent if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Valuation Date.

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Deliverable Obligation only if the rights referred to in clauses (A) and (B) above have not been exercised (or such exercise has been effectively rescinded) on or before the Valuation Date.

An Insured Instrument will not be regarded as failing to satisfy the Not Contingent Deliverable Obligation Characteristic solely because such Insured Instrument is subject to provisions limiting recourse in respect of such Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments owing under such Insured Instrument, provided that such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such limitation or reduction.

"Not Derivative Obligation" means any obligation that does not arise under an ISDA master agreement.

"Not Domestic Currency" means any obligation that is payable in any currency other than the Domestic Currency.

"Not Domestic Issuance" means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

"Not Domestic Law" means any obligation that is not governed by the laws of (A) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (B) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign.

"Not Sovereign Lender" means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as **"Paris Club debt"**.

"Not Structured Note" means any obligation that is not a credit linked security, an equity linked security, capital protected security or asset backed security (each a "Structured Note") provided that an obligation shall not be a Structured Note if it is Dividend Linked. The Not Structured Note Deliverable Obligation Characteristic shall be applicable only in respect of obligations within the Deliverable Obligation Category that are Bonds.

"Not Subordinated" means an obligation that is not Subordinated to (i) the most senior Reference Obligation in priority of payment or (ii) if no Reference Obligation is specified in respect of the Reference Entity, any unsubordinated Borrowed Money obligation of the Reference Entity; provided that, if any of the events set forth under the definition of **"Substitute Reference Obligation"** has occurred with respect to all of the Reference Obligations or if, pursuant to the definition of **"Successor"** a Substitute Reference Obligation will be determined in accordance with the definition of **"Substitute Reference Obligation"** with respect to the Reference Obligation (each, in each case, a **"Prior Reference Obligation"**) and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, as applicable, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. 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 or each Prior Reference Obligation, as applicable, shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred and shall not reflect any change to such ranking in priority of payment after such date.

"Notice Delivery Period" means the period from and including the Issue Date to and including the date that is 15 London Business Days after the Extension Date.

"Notice of Publicly Available Information" means an irrevocable notice (from the Calculation Agent to the Issuer (copied to the Trustee, the Counterparty and the Paying Agent) that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both clauses (i) and (ii) of the definition of Repudiation/Moratorium.

The notice must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applicable in respect of the Reference Entity and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information.

A Notice of Publicly Available Information shall be subject to the requirements regarding notices set out in paragraph 2 (*Notices*) of Appendix 2.

"Notice to Exercise Movement Option" has the meaning given in the Credit Derivatives Definitions.

"Obligation" means (a) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or Qualifying Policy or, if All Guarantees is specified as applicable in respect of the Reference Entity, as provider of any Qualifying Guarantee) described by the Obligation Category specified in respect of the Reference Entity, and having the Obligation Characteristics specified in respect of the Reference Entity (but excluding any Excluded Obligation), in each case, as of the date of the event which constitutes the Credit Event which is the subject of either the Credit Event Notice or the Credit Event Resolution Request Date, as applicable, (b) each Reference Obligation, unless specified in respect of the Reference Entity as an Excluded Obligation, and (c) any other obligation of a Reference Entity specified as such in respect of the Reference Entity.

"Obligation Acceleration" means one or more Obligations in an aggregate amount of not less than the Default Requirement 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 Category" means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in respect of the Reference Entity.

"Obligation Characteristics" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance as specified in respect of the Reference Entity.

"Obligation Currency" means the currency or currencies in which an Obligation is denominated.

"Officer's Certification" means a certificate signed by a Director (or other substantively equivalent title) of the Calculation Agent which shall certify the occurrence of a Credit Event with respect to a Reference Entity or Obligation.

"Outstanding Principal Balance" means:

- (a) with respect to any Accreting Obligation, the Accreted Amount thereof;

- (b) with respect to any Exchangeable Obligation that is not an Accreting Obligation, the outstanding principal balance of such obligation excluding any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities into which such obligation is exchangeable; and
- (c) with respect to any other Obligation, the outstanding principal balance of such Obligation.

"Parallel Auction" means **"Auction"** as defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Cancellation Date" means **"Auction Cancellation Date"** as defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Final Price Determination Date" means **"Auction Final Price Determination Date"** as defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Settlement Date" means **"Auction Settlement Date"** as defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Settlement Terms" means, following the occurrence of a Restructuring and provided that either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as "Applicable" in respect of the Reference Entity, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions and for which the Hypothetical CDS Transaction would not be an Auction Covered Transaction.

"Payment" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money.

"Payment Requirement" means the amount specified in respect of the Reference Entity.

"Permissible Deliverable Obligations" has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included on the Final List pursuant to the Deliverable Obligation Terms that are applicable to that Auction.

"Permitted Currency" means (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 Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by S&P, Aaa or higher assigned to it by Moody's or AAA or higher assigned to it by Fitch.

"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 (if any) 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 Obligations, 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 clause (i) of the definition of "Repudiation/Moratorium".

"Public Source" means each source of Publicly Available Information specified as such in respect of the Reference Entity (or, if a source is not so specified, 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).

"Publicly Available Information" means information that reasonably confirms any of the facts relevant to the determination that the Credit Event or Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice has occurred and which (a) has been published in or on not less than 2 Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information; provided that, if the Calculation Agent or any of its Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless the Calculation Agent or its Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (b) is information received from or published by (i) a Reference Entity that is not a party to the relevant Swap Agreement (or a Sovereign Agency in respect of a Reference Entity which is a Sovereign) or (ii) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (c) is information contained in paragraph (d) of the definition of "Bankruptcy" against or by a Reference Entity or (d) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body. In the event that the Calculation Agent is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for the Obligation with respect to which a Credit Event has occurred and (ii) a holder of such Obligation, the Calculation Agent shall be required to deliver an Officer's Certification. In relation to any information of any type described in (b), (c) and (d) above, the party receiving such information may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information. Publicly Available Information need not state:

- (a) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
- (b) that such occurrence:
 - (i) has met the Payment Requirement or Default Requirement;
 - (ii) is the result of exceeding any applicable Grace Period; or
 - (iii) has met the subjective criteria specified in certain Credit Events.

"Qualifying Affiliate Guarantee" means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

"Qualifying Guarantee" means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **"Underlying Obligation"**) for which another party is the obligor (the **"Underlying Obligor"**). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being delivered together with the delivery of the Underlying Obligation.

In the event that an Obligation or a Deliverable Obligation is a Qualifying Guarantee, the following will apply:

- (i) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.
- (ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics, if any, specified in respect of the Reference Entity from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in respect of the Reference Entity, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
- (iii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in respect of the Reference Entity from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (iv) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.

The terms "**Outstanding Principal Balance**" and "**Due and Payable Amount**" (as they are used in the Conditions), when used in connection with Qualifying Guarantees are to be interpreted to be the then "**Outstanding Principal Balance**" or "**Due and Payable Amount**", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

"**Qualifying Policy**" means a financial guarantee insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments of an instrument that constitutes Borrowed Money (modified as set forth below) (the "**Insured Instrument**") for which another party (including a special purpose entity or trust) is the obligor (the "**Insured Obligor**"). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments). The benefit of a Qualifying Policy must be capable of being delivered together with the delivery of the Insured Instrument.

In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, the terms of the second paragraph of the definition of "**Qualifying Guarantee**" will apply, with references to the Qualifying Guarantee, the Underlying Obligation and the Underlying Obligor deemed to include the Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively, except that:

- (a) the Obligation Category "**Borrowed Money**" and the Obligation Category and Deliverable Obligation Category "**Bond**" shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category "**Bond**" shall be deemed to include such an Insured Instrument, and the terms "**obligation**" and "**obligor**" as used in the Credit Derivatives Definitions in respect of such an Insured Instrument shall be construed accordingly;
- (b) references in the definitions of "**Assignable Loan**" and "**Consent Required Loan**" to the guarantor and guaranteeing shall be deemed to include the insurer and insuring, respectively;

- (c) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of "**Accelerated or Matured**", whether or not that characteristic is otherwise specified as applicable in respect of the Reference Entity;
- (d) if the "**Assignable Loan**", "**Consent Required Loan**" or "**Transferable Deliverable Obligation Characteristics**" are specified in respect of the Reference Entity and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument;
- (e) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "**outstanding principal balance**" shall mean the outstanding Certificate Balance and "**maturity**", as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur;
- (f) sub-paragraph (ii) in the second paragraph of the definition of "**Qualifying Guarantee**" shall be deemed to be amended by the deletion of "**Not Subordinated**"; and
- (g) for purposes of application of the Obligation Characteristics or Deliverable Obligation Characteristics, only the Qualifying Policy must satisfy on the relevant date the Obligation Characteristic or the Deliverable Obligation Characteristic, if any, specified in respect of the Reference Entity.

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

- (a) The Calculation Agent shall attempt to obtain Full Quotations from at least five Dealers (one of whom may be the Counterparty or any of its Affiliates), collectively being the Eligible Bidders, with respect to the Valuation Date. If the Calculation Agent is unable to obtain from the Eligible Bidders two Full Quotations on the Valuation Date, then the Calculation Agent shall attempt to obtain Full Quotations from all Eligible Bidders on each subsequent Business Day or until the date on which at least two Full Quotations are obtained. If the Calculation Agent is unable to obtain from the Eligible Bidders two full Quotations on or before the third Business Day following the Valuation Date, then the Calculation Agent shall on each subsequent Business Day attempt to obtain (a) Full Quotations from all Eligible Bidders and (b) (from the Counterparty and/or Dealers only) a Weighted Average Quotation. If the Calculation Agent is unable to obtain two Full Quotations from Eligible Bidders or (from the Counterparty and/or Dealers) a Weighted Average Quotation on or before the tenth Business Day following the Valuation Date, then the Calculation Agent shall on each subsequent Business Day attempt to obtain either (a) one Full Quotation from all Eligible Bidders or (b) (from the Counterparty and/or Dealers) a Weighted Average Quotation. If the Calculation Agent is unable to obtain one Full Quotation from an Eligible Bidder or (from the Counterparty and/or Dealers) a Weighted Average Quotation in the period from and including the eleventh Business Day following the Valuation Date to and including the fifteenth Business Day following the Valuation Date, the Final Price shall be deemed to be zero.
- (b)
 - (i) if "**Include Accrued Interest**" is specified in respect of the Reference Entity in respect of Quotations, such Quotations shall include accrued but unpaid interest;
 - (ii) if "**Exclude Accrued Interest**" is specified in respect of the Reference Entity in respect of Quotations, such Quotations shall not include accrued but unpaid interest; and

- (iii) if neither "**Include Accrued Interest**" nor "**Exclude Accrued Interest**" is specified in respect of the Reference Entity in respect of Quotations, the Calculation Agent shall determine based on then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (c) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

"**Quotation Amount**" means:

- (i) with respect to a Reference Obligation, the amount specified in respect of the Reference Entity (which may be specified by reference to an amount in a currency or by reference to Representative Amount) or, if no amount is so specified, the Reference Amount (or, 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); and
- (ii) with respect to each type or issue of Deliverable Obligation to be valued on the Valuation Date, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency as calculated in the same manner as (i) above) of such Deliverable Obligation.

"**Reference Amount**" shall be as set out above and is also referred to as the "**Floating Rate Payer Calculation Amount**".

"**Reference Entity**" or "**Reference Entities**" means the reference entity or reference entities specified. Any Successor to a Reference Entity either (a) identified by the Calculation Agent pursuant to the definition of "**Successor**" on or following the Trade Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules shall, in each case, be the Reference Entity for the Series 2 Note, the terms of which as may be modified pursuant to paragraph 3 (*Succession Events*) of Appendix 2.

"**Reference Obligation**" means (a) the Reference Obligation specified in respect of the Reference Entity and (b) any Substitute Reference Obligation.

"**Reference Obligations Only**" means any obligation that is a Reference Obligation and no Obligation Characteristics or, as the case may be, Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only.

"**Reference Price**" means the percentage specified as such in respect of the Reference Entity or, if a percentage is not so specified, one hundred per cent.

"**Relevant City Business Day**" has the meaning given to that term in the Rules.

"**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 which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes 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.

"Representative Amount" means an amount that is representative for a single transaction in the relevant market and at the relevant time such amount to be determined by the Calculation Agent.

"Repudiation/Moratorium" means the occurrence of both of the following events: (i) an authorised officer of a Reference Entity or a Governmental Authority (a) 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 or (b) 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 and (ii) a Failure to Pay, determined without regard to the Payment Requirement, 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 Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) 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 (ii) 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; provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied. If (i) the Repudiation/Moratorium Extension Condition is satisfied and (ii) an Event Determination Date in respect of that Repudiation/Moratorium does not occur on or prior to the final day of the Notice Delivery Period, the later of the Scheduled Maturity Date and the Repudiation/Moratorium Evaluation Date will be the Maturity Date (even if a Repudiation/Moratorium occurs after the Scheduled Maturity Date).

"Repudiation/Moratorium Extension Condition" is satisfied (i) if ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) or (ii) otherwise, by the delivery of a Repudiation/Moratorium Extension Notice and, if specified as applicable in respect of the Reference Entity, Notice of Publicly Available Information by the Calculation Agent to the Issuer (copied to the Trustee, the Counterparty and the Paying Agent) are each effective on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date. In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)).

"Repudiation/Moratorium Extension Notice" means an irrevocable notice (which may be in writing and/or by telephone) from the Calculation Agent to the Issuer (copied to the Trustee, the Counterparty and the Paying Agent) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Date (determined by reference to

Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)). A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

A Repudiation/Moratorium Extension Notice shall be subject to the requirements regarding notices set out in paragraph 2 (Notices) of Appendix 2.

"**Resolve**" has the meaning given to that term in the Rules, and "**Resolved**" and "**Resolves**" shall be interpreted accordingly.

"**Restructured Bond or Loan**" means an Obligation that is a Bond or Loan and in respect of which the relevant Restructuring 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, 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 (i) the Credit Event Backstop Date and (ii) 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 provisions of (a) above, none of the following shall constitute a Restructuring:
 - (i) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted 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 (a)(i) to (v) due to an 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 (a)(i) to (v) 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, in the case of Qualifying Policy and an Insured Instrument, where (A) the Qualifying Policy continues to guarantee or insure, as applicable,

that the same Instrument Payments will be made on the same dates on which the Qualifying Policy guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the Qualifying Policy.

- (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 respect of the Reference Entity, 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 respect of the Reference Entity, 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) to (v) shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.
- (e) For the purposes of (a), (b) and (d) above, the term Obligation shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the Reference Entity in (a) above shall be deemed to refer to the Insured Obligor and the reference to the Reference Entity in (b) above shall continue to refer to the Reference Entity.
- (f) In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, the terms of the second paragraph of the definition of "**Qualifying Guarantee**" will apply, with references to the Qualifying Guarantee, the Underlying Obligation and the Underlying Obligor deemed to include the Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively, except that:
 - (g) (i) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms "**obligation**" and "**obligor**" as used in the Credit Derivatives Definitions in respect of such an Insured Instrument shall be construed accordingly;
 - (ii) references in the definitions of Assignable Loan and Consent Required Loan to the guarantor and guaranteeing shall be deemed to include the insurer and insuring, respectively;
 - (iii) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured, whether or not that characteristic is otherwise specified as applicable in respect of the Reference Entity;
 - (iv) if the Assignable Loan, Consent Required Loan or Transferable Deliverable Obligation Characteristics are specified in respect of the Reference Entity and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument;
 - (v) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "**outstanding principal balance**" shall mean the outstanding Certificate Balance and "**maturity**", as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as

applicable, that the ultimate distribution of the Certificate Balance will occur; and

- (vi) for the avoidance of doubt, sub-paragraph (ii) in the second paragraph of the definition of "**Qualifying Guarantee**" shall not be construed to apply to Qualifying Policies and Insured Instruments.

"**Restructuring Date**" means 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, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, provided that, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a "**Latest Maturity Restructured Bond or Loan**") and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

In the event that the Scheduled Maturity Date is later than (i)(A) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (B) the 2.5-year Limitation Date, and, in either case, no Enabling Obligation exists or (ii) the 20-year Limitation Date, the Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

With respect to an Insured Instrument, the term "**final maturity date**", as such item is used in this definition in the form of a pass-through certificate or similar funded beneficial interest, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.

"**Settlement Currency**" means EUR.

"**Sovereign**" means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof.

"**Sovereign Agency**" means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

"**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 respect of the Reference Entity, and, subject as set out in the definition of "Deliverable Obligation Category", having each of the Deliverable Obligation Characteristics, if any, specified in respect of the Reference Entity, 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.

"**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such in respect of the Reference Entity (or, if Specified Currency is specified in respect of the Reference Entity and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies may be referred to collectively as the "**Standard Specified Currencies**").

"**Subordination**" means, with respect to an obligation (the "**Subordination Obligation**") and another obligation of the Reference Entity to which such obligation is being compared (the "**Senior Obligation**"), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the

holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "**Subordinated**" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall not be taken into account where the Reference Entity is a Sovereign.

"**Substitute Reference Obligation**" means one or more obligations of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or Qualifying Policy or, if All Guarantees is specified as applicable in respect of the Reference Entity, 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) 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 or Insured Instrument, as the case may be, with a Qualifying Guarantee or Qualifying Policy, as the case may be, 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* in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligation and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date), (2) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent of the delivery and payment obligations of the parties to the Swap Agreement and (3) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or Qualifying Policy or, if All Guarantees is specified as applicable in respect of the Reference Entity, 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 or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth under (a) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines 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, any of the events set forth under (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines 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, any of the events set forth in (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines 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 in section (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines 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 Extension Date. If (i) the Reference Obligation is the only Deliverable Obligation and (ii) on or prior to the Extension Date, a Substitute Reference Obligation has not been identified, then until any such Substitute Reference Obligation is identified, the Series 2 Note and this Credit-Linked Definitions Module shall be read and construed as if there is no Reference Obligation in relation to the Reference Entity; and if, following the occurrence of a Fallback Settlement Method Event, on the last London Business Day which is capable of being a Valuation Date a Final Price is required to be determined and no Substitute Reference Obligation or other Deliverable Obligation has yet been identified (subject to the provisions of paragraph 5(c) (*Amendment of Conditions and Credit-Linked Definitions Module in accordance with Market Convention*)), then the Final Price shall be deemed to be 100 per cent on such Valuation Date.
- (f) 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.

"Succession Event" means (i) with respect to a Reference Entity that is not a Sovereign, 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 or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. Notwithstanding the foregoing, **"Succession Event"** shall not include an event (A) 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 or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)).

"Succession Event Backstop Date" means (i) for purposes of any event that constitutes a Succession Event, as determined by DC Resolution, the date that is 90 calendar days prior to the Succession Event Resolution Request Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) or (ii) otherwise, the date that is 90 calendar days prior to the earlier of (A) the date on which the Calculation Agent determines that a Succession Event has occurred and (B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of **"Succession Event Resolution Request Date"** are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (III) the Calculation Agent determines that a Succession Event has occurred not more than fifteen London Business Days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date. The Succession Event Backstop Date shall not be subject to adjustment in accordance with any business day convention.

"Succession Event Resolution Request Date" means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Succession Event has occurred with respect to the relevant Reference Entity; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, (A) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event or (B) with respect to a Reference Entity that is a Sovereign, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

"Successor" means:

- (a) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set out below:
 - (i) if one entity directly or indirectly succeeds to 75 per cent. 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 per cent. (but less than 75 per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25 per cent. of the Relevant Obligations will be the sole Successor;
 - (iii) if more than one entity each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent. of the Relevant Obligations will each be a Successor, and the provisions of paragraph 3 (Succession Events) of Appendix 2 will apply;
 - (iv) if one or more entities each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor, and the provisions of paragraph 3 (*Succession Events*) of Appendix 2 will apply;
 - (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 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity 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 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if 2 or more entities succeed to an equal percentage of 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;
- (b) with respect to a Sovereign Reference Entity, "Successor" means each entity which becomes a direct or indirect successor to such Reference Entity by way of Succession Event, irrespective of whether any such successor assumes any of the obligations of such Reference Entity.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the date of the occurrence of the relevant Succession Event), and with effect from the date of the occurrence of the Succession Event, each Sovereign and/or entity, if any, that qualifies under (b) above; provided that the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in (b) above, and subparagraphs (a) and (b)(B) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred.

In the case of (a) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than 14 calendar days after the legally effective date of the relevant Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set out in (a) (i) to (vi) above have been met, or which entity qualifies under (a) (vi) above, as applicable; provided that the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in (a) above, and subparagraphs (a) and (b)(A) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. In calculating the percentages used to determine whether the relevant thresholds set out in (a) above have been met, or which entity qualifies under (a) (vi) above, as applicable, the Calculation Agent shall use, with respect to each applicable Relevant Obligation included in such calculation, the amount of the liability with respect to such Relevant Obligation listed in the Best Available Information.

For the purposes of this definition of "**Successor**", "**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 or insurer with respect to such Relevant Obligations (or, as applicable, obligations).

Where:

- (A) a Reference Obligation is specified with respect to a Reference Entity; and
- (B) one or more Successors to the Reference Entity have been identified; and
- (C) any one or more such Successors have not assumed the Reference Obligation, a Substitute Reference Obligation will be determined in accordance with the definition of "**Substitute Reference Obligation**".

"**Supranational Organisation**" means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of 2 or more Sovereigns and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

"**Trade Date**" means 10 August 2011.

"Transaction Auction Settlement Terms" means, with respect to a Credit Event, the Credit Derivatives Auction Settlement Terms for the Hypothetical CDS Transaction, being for such purposes an Auction Covered Transaction.

"Transaction Type" means in respect of a Reference Entity, the transaction type specified in respect of such Reference Entity.

"Transferable" means an obligation that is transferable to an institutional Investor without any contractual, statutory or regulatory restriction provided that none of the following shall be considered contractual, statutory or regulatory restrictions:

- (A) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
- (B) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds, and, if specified as applicable to a Deliverable Obligation Category, the Transferable Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are not Loans.

"Voting Shares" shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

"Weighted Average Quotation" means, in relation to any Deliverable Obligation forming part of the Portfolio, the weighted average of firm bid quotations obtained from Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Deliverable Obligation with an outstanding principal balance of as large a size as available (but less than the outstanding principal amount of such Deliverable Obligation comprised in the Portfolio) that are in the aggregate approximately equal to the outstanding principal amount of such Deliverable Obligation comprised in the Portfolio (or its equivalent in the Obligation Currency as determined by the Calculation Agent by reference to rates in effect at the time such quotation is being obtained).

2. **STATUTORY PROVISIONS**

Save where the context otherwise requires, references in any Transaction Document or this Appendix 2 to any statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof or to any statutory instrument, order or regulation made thereunder or under any such re-enactment.

3. **AMENDMENTS**

References in any Transaction Document or this Appendix 2 to that or any other Transaction Document, agreement, deed or document shall be deemed also to refer to such module, agreement, deed or document as amended, supplemented, varied, replaced or novated (in whole or in part) from time to time and to modules, agreements, deeds and documents executed pursuant thereto.

4. **SCHEDULES**

Any Schedule, Appendix or Exhibit annexed to a Transaction Document or this Appendix 2 forms part of such Transaction Document or this Appendix 2 and shall have the same force and effect as if set out in the body of such Transaction Document or this Appendix 2. Any reference to a Transaction Document or this Appendix 2 shall include any such Schedule, Appendix or Exhibit.

5. **HEADINGS**

Headings in any Transaction Document or this Appendix 2 and herein are for ease of reference only.

6. **NUMBER**

In any Transaction Document or this Appendix 2 and herein, save where the context otherwise requires, words importing the singular number include the plural and vice versa.

7. **SUCCESSORS**

Save where the context otherwise requires, references in any Transaction Document or this Appendix 2 and herein to any party to the Transaction Documents or this Appendix 2 shall include references to its successors (or, in the case of a Reference Entity, its Successors (as defined above)) and assigns, whether in security or otherwise, whomsoever.

8. **BUSINESS DAY CONVENTION**

In the event that the last day of any period calculated by reference to calendar days in this Appendix 2 falls on a day that is not a London Business Day, such period shall be extended so that the last day thereof falls on the next following London Business Day for purposes of payment and accrual; provided that if the last day of any period is the Credit Event Backstop Date or the Succession Event Backstop Date, such last day shall not be subject to any such adjustment unless otherwise specified in the Conditions.

9. **CALCULATION AGENT**

All references to "**Calculation Agent**" for the purposes of this Appendix 2 shall be deemed to be references to the Calculation Agent in respect of the Swap Agreement relating to the Series 2 Note, unless the context otherwise requires. For the avoidance of doubt, Section 1.14 of the Credit Derivatives Definitions shall apply to the Calculation Agent except that all references to "(after consultation with the parties)" shall be deemed to be deleted.

10. **MISCELLANEOUS**

In each Transaction Document or this Appendix 2, unless the contrary intention appears, a reference to:

(a) "**assets**" includes properties, revenues and rights of every description;

an "**authorisation**" includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration and notarisation;

a "**month**" is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that, if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that calendar month;

a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental body, agency, department or regulatory, self-regulatory or other authority or organisation; and

(b) a time of day is a reference to London time.

USE OF PROCEEDS

The net proceeds of the issue of the Series 2 Note after payment of the fees and expenses payable on or about the Issue Date was EUR 20,000,000. The Issuer will use the proceeds of the Series 2 Note to lend EUR 20,000,000 to Merrill Lynch International under the Inter-company Loan Agreement.

THE SERIES 2 NOTE

The Series 2 Note is represented by a note deposited on the Issue Date with the Common Depositary. The beneficial interest in the Series 2 Note may be held only through Euroclear or Clearstream, Luxembourg at any time. By acquisition of the beneficial interest in the Series 2 Note, the purchaser thereof will be deemed to represent, among other things that it is (a) not a U.S. person; and (b) acquiring the Series 2 Note for its own account or for one or more accounts (if any), none of which is a U.S. person.

The Initial Purchaser acknowledges that the Series 2 Note has not been and will not be registered under the Securities Act or the Investment Company Act. The Initial Purchaser further agrees and acknowledges that the Series 2 Note may not be offered, sold, resold, traded, pledged, exercised, redeemed, delivered or otherwise transferred directly or indirectly and it will not offer, sell, resell, trade, pledge, exercise, redeem, deliver or otherwise transfer directly or indirectly the Series 2 Note within the United States or to, or for the account or benefit of, U.S. persons at any time or in any circumstances.

The holder of the Series 2 Note will not be entitled to receive physical delivery of a definitive Series 2 Note.

THE ISSUER

General

The Issuer is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands on 29 April 2011 having its corporate seat in Amsterdam and its registered office at Herengracht 469, 1017-BS Amsterdam, The Netherlands. The telephone number of the Issuer at its registered office is +31 (0) 205571606. The Issuer is registered in the commercial register of the Chamber of Commerce and Industries for Amsterdam (*handelsregister van de Kamers van Koophandel*) in The Netherlands under number 52626555. The VAT number of the Issuer is 8505.26.759.

Business Overview

The Issuer has been established as a wholly owned subsidiary of Merrill Lynch International ("MLI") for the purpose of issuing series notes each of which will be secured by separate collateral. The Issuer does not have any prior operating experience other than its issuance of a Series 1 Note (the "**Series 1 Note**") and has not carried on any business or activities other than those incidental to its incorporation, the authorisation and issuance of the Series 1 Note and the Series 2 Note, the on-lending of the proceeds of the issue of the Series 1 Note and the Series 2 Note and activities incidental thereto.

Holding Structure

The entire issued share capital of the Issuer is owned by MLI.

MLI is an English company formed on 2 November 1988. MLI is registered with the Registrar of Companies as a private unlimited liability company in England and Wales (registration number 02312079).

MLI is regulated by the Financial Services Authority (the "FSA"), and is an authorised person under the Financial Services and Markets Act 2000 of the United Kingdom (the "FSMA"), and is subject to their rules. MLI and certain of its affiliates are members of various exchanges and are subject to their rules, including those of the London Stock Exchange plc and the London International Financial Futures and Options Exchange. Certain affiliates of MLI are also subject to regulation by the FSA.

MLI's principal activities are to provide a wide range of finance services globally for business originated in Europe, the Middle East and Africa (EMEA), Asia Pacific and the Americas, to act as a broker and dealer in financial instruments and to provide corporate finance services.

The registered office of MLI is 2 King Edward Street, London, United Kingdom EC1A 1HQ, telephone number +44 20 7628 1000.

The Issuer's ultimate parent company is Bank of America Corporation, a publicly owned corporation organised under the laws of the State of Delaware. Bank of America Corporation is a bank holding company and a financial holding company and is registered with the SEC under registration number 0000070858.

The Issuer is not aware of any arrangements the operation of which might at a subsequent date result in a change of control of the Issuer.

None of the Trustee, Agents (other than the Calculation Agent), or any company affiliated with any of them, directly or indirectly, owns any of the share capital of the Issuer.

Subsidiaries

The Issuer has no subsidiaries.

Financial Statements

The Issuer has not prepared financial statements as of the date of these Listing Particulars. It intends to publish its first annual financial statements in respect of the year ending on 31 December 2011. The Issuer will not prepare interim financial statements.

The auditors of the Issuer are PricewaterhouseCoopers Accountants N.V., of Thomas R. Maltusstraat 5, 1066 JR Amsterdam, who are qualified to practice as auditors in The Netherlands.

Directors

The administrative, management and supervisory bodies of the Issuer comprise its Board of Directors. Set forth below is the name, title and other principal activities of the Issuer's Directors:

Name	Title	Other Principal Activities
Armstrong E. Okobia	Managing Director A	Vice President, Bank of America
James M. Frazer	Managing Director B	Director, Merrill Lynch Pierce Fenner & Smith
Robertus H.L. de Groot	Managing Director B	Senior Manager, TMF Nederland B.V..

The business address of Mr. Okobia is Herengracht 469, 1017-BS Amsterdam, The Netherlands. The business address of Mr. Frazer is One Bryant Park, New York NY 10036, USA. The business address of Mr. De Groot is Parnassustoren 1, 1076 AZ Amsterdam, The Netherlands. There are no conflicts between the private interests of the Managing Directors and their duties to the Issuer.

Capitalisation of the Issuer

The share capital of the Issuer consists of 18,000 fully paid up ordinary shares with a nominal value of EUR 1 each together with a share premium contribution of EUR 1,983,000 contributed pursuant to a share premium contribution agreement dated 12 May 2011.

The issuer has issued the following Series of secured guaranteed notes:

Series	Date of Issue	Description
Series 1 Note	18 May 2011	USD 400,000,000 Secured Floating Rate Series 1 Note due 2017
Series 2 Note	20 September 2011	EUR 20,000,000 Secured Index and Credit Linked Note due 2016

Expenses of the Admission to Trading

The Issuer expects to incur total expenses of approximately EUR 4,940 in relation to the admission to trading of the Series 2 Note on the Global Exchange Market of the Irish Stock Exchange.

GUARANTOR

The Guarantor is a Delaware corporation, a bank holding company, and a financial holding company. The Guarantor was incorporated on 31 July 1998 (for an unlimited duration) as a part of the merger of BankAmerica Corporation with NationsBank Corporation. The Guarantor was initially registered with the State of Delaware, Secretary of State, Division of Corporations on 31 July 1998 under registration number 2927442. The Guarantor operates under the General Corporation Law of the State of Delaware, Title 8 of the Delaware Code 1953, sections 101 through 398, known as the "Delaware General Corporation Law". The Guarantor's registered office in Delaware is at the Corporation Trust Company, Corporate Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States. The Guarantor's headquarters and principal place of business are located at 100 North Tryon Street, Charlotte, North Carolina 28255, United States, telephone number (704) 386-5681. The Guarantor's objects and purposes are to engage in any lawful act or activity for which corporations may be organised and incorporated in the General Corporation Law of the State of Delaware, as specified in paragraph 2 of the Guarantor's amended and restated certificate of incorporation.

Business Segment Operations

The Guarantor, together with its subsidiaries, provides a diversified range of banking and non-banking financial services and products in all 50 states of the United States, the District of Columbia, and more than 40 non-U.S. countries. The Guarantor provides these services and products through six business segments: (1) *Deposits*, (2) *Global Card Services*, (3) *Consumer Real Estate Services*, (4) *Global Commercial Banking*, (5) *Global Banking & Markets* and (6) *Global Wealth & Investment Management*.

Acquisition and Disposition Activity

As part of its operations, the Guarantor regularly evaluates the potential acquisition of, and holds discussions with, various financial institutions and other businesses of a type eligible for financial holding company ownership or control. In addition, the Guarantor regularly analyses the values of, and submits bids for, the acquisition of customer-based funds and other liabilities and assets of such financial institutions and other businesses. The Guarantor also regularly considers the potential disposition of certain of its assets, branches, subsidiaries, or lines of businesses. As a general rule, the Guarantor publicly announces any material acquisitions or dispositions when a definitive agreement has been reached.

Board of Directors

As of the date of this Listing Particulars, the Directors of the Guarantor are:

Director	Function
Charles O. Holliday, Jr.	Chairman, Non-employee director
Mukesh D. Ambani	Non-employee director
Susan S. Bies	Non-employee director
Frank P. Bramble, Sr.	Non-employee director
Virgis W. Colbert	Non-employee director
Charles K. Gifford	Non-employee director
D. Paul Jones, Jr.	Non-employee director
Monica C. Lozano	Non-employee director
Thomas J. May	Non-employee director
Brian T. Moynihan	Chief Executive Officer and President
Donald E. Powell	Non-employee director
Charles O. Rossotti	Non-employee director
Robert W. Scully	Non-employee director

The business address of each Director is 100 North Tryon Street, Charlotte, North Carolina, 28255, United States. There are no conflicts between the private interests of the Directors of the Guarantor and their duties to the Guarantor.

Subsidiaries

The Guarantor acts as the holding company of over 2,000 subsidiary undertakings worldwide which are all operative within the financial services sector. Details of the Guarantor's principal subsidiaries, each of which is wholly owned, directly or indirectly, by the Guarantor, are set out below:

Name	Address	Principal Activity
Bank of America, N.A.	101 South Tryon Street Charlotte, North Carolina 28255	Commercial and consumer banking
FIA Card Services, N.A.	1100 North King Street Wilmington, Delaware 19884	Consumer credit
Merrill Lynch & Co., Inc.	Bank of America Corporate Center 100 North Tryon Street Charlotte, North Carolina 28255	Through its subsidiaries, investment banking, capital markets, advisory and wealth management

Board Practices

Audit Committee

The Guarantor's Audit Committee, which currently consists of five independent members of the Guarantor's Board of Directors, provides direct oversight of the corporate audit function and the independent registered public accounting firm of the Guarantor.

The members of the Audit Committee are Charles O. Rossotti (Chair), Susan S. Bies, D. Paul Jones, Jr., Donald E. Powell and Robert W. Scully.

Corporate Governance

The Guarantor has complied in all material respects with the corporate governance regime of the State of Delaware and all applicable provisions of Delaware General Corporation Law.

Recent Developments

On 21 September 2011, Moody's Investors Service, Inc. announced that it had downgraded the Guarantor's long-term senior debt rating to Baa1 (Negative). Such credit rating may be adjusted over time, so there is no assurance that such credit rating will be effective after the date of these Listing Particulars. A credit rating is not a recommendation to buy, sell or hold any securities of the Guarantor.

THE SERIES 2 COLLATERAL

The Series 2 Note is secured by the grant by the Issuer in favour of the Trustee for the benefit of itself and the Secured Parties of the following security interests pursuant to the Trust Deed:

- (a) a first fixed charge over all moneys held from time to time by the Paying Agent for payment of principal, interest or other amounts (if any) on the Series 2 Note;
- (b) a first fixed charge over all present and future rights of the Issuer in respect of the Charged Cash Account and all money from time to time standing to the credit of the Charged Cash Account;
- (c) an assignment by way of security of all the Issuer's present and future rights (and all entitlements or other benefits relating thereto) under the Deed of Charge and in and to the Charged Collateral and the proceeds thereof (including, following any enforcement thereof, the Issuer's rights against the Custodian in respect of its holding of any Charged Collateral);
- (d) a first fixed charge over all of the Issuer's rights, title and interest in and to the Swap Agreement and any sums received or receivable thereunder;
- (e) an assignment by way of security over all of the Issuer's rights, title and interests in and to the Swap Agreement and any sums received or receivable thereunder; save for the Issuer's rights against the Counterparty under the Swap Agreement to receive payments, the right to receive which is set-off or netted in accordance with the terms of the Swap Agreement against payment obligations due from the Issuer to the Counterparty in order to determine a single net close-out amount, it being provided that the Issuer's rights to receive any such single net close-out amount from the Counterparty shall also be assigned by way of security in accordance with this paragraph (e); and
- (f) an assignment by way of security of all the Issuer's present and future rights (and all entitlements or other benefits relating thereto) under the Agency Agreement and the Custody Agreement.

Pursuant to the Deed of Charge, Merrill Lynch International as chargor (the "**Chargor**") has granted to the Issuer as chargee (the "**Chargee**") an assignment by way of security and/or a floating charge over a portfolio of loans, securities and cash (and all of the Chargor's rights in respect thereof including, without limitation, all monies received in respect thereof, all dividends or distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, or in respect thereof or in substitution therefor and the proceeds of sale, replacement and redemption thereof) (the "**Charged Collateral**").

The Charged Collateral comprising Charged Securities will be held by the Custodian either through its accounts with Euroclear or Clearstream, Luxembourg, or through its sub-custodians who will in turn hold such Charged Collateral either directly or through a clearing system. Those Charged Securities held in clearing systems will not be held in special purpose accounts and will be fungible with other securities from the same issue held in the same accounts on behalf of the other customers of the Custodian or its sub-custodians, as the case may be.

The Collateral comprising loans shall be held by the Chargor on its own books subject to the Deed of Charge, and shall be identified by means of a list of included loans which shall be as notified by the Chargor to the Issuer from time to time.

Description of the Deed of Charge

Pursuant to the Deed of Charge, the Chargor is required to transfer Eligible Securities and/or Eligible Cash to the Charged Accounts and/or identify Eligible Loans as being Charged Loans in accordance with the Deed of Charge such that the Haircut Market Value Amount is at least equal to the Collateralisation Amount.

Prior to the charge becoming enforceable in accordance with its terms, the Chargor has the right, but not the obligation, from time to time to substitute Charged Collateral ("**Substituted Collateral**") with one or more Eligible Assets ("**Replacement Collateral**") provided that the Haircut Market Value

Amount of the Charged Collateral after each substitution shall in aggregate be not less than the Collateralisation Amount (each as determined by the Calculation Agent).

The Chargor is required to transfer Eligible Securities and/or Eligible Cash to the Charged Accounts and/or identify Eligible Loans as Charged Loans in accordance with the Deed of Charge from time to time in order to ensure that the Haircut Market Value Amount will on each Valuation Date be at least equal to the Collateralisation Amount (each as determined by the Calculation Agent).

On or promptly following a Valuation Date, if the Delivery Amount for that Valuation Date equals or exceeds the Minimum Transfer Amount (each as determined by the Calculation Agent), then the Chargor will transfer Eligible Securities and/or Eligible Cash to the Charged Accounts and/or identify Eligible Loans as being Charged Loans in accordance with the Deed of Charge having an aggregate Haircut Market Value as of the date of transfer and/or identification of Charged Loans at least equal to the applicable Delivery Amount (each as determined by the Calculation Agent).

The "**Delivery Amount**" for any Valuation Date will equal the amount by which (as calculated by the Calculation Agent):

- (i) the Collateralisation Amount
exceeds
- (ii) the Haircut Market Value Amount on that Valuation Date (as adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant settlement day falls on or after such Valuation Date).

On or promptly following a Valuation Date, if the Return Amount for that Valuation Date exceeds zero (each as determined by the Calculation Agent), then the Chargor may request (in writing) the Custodian to transfer from the Charged Accounts to the Chargor's own accounts, Charged Securities and/or Charged Cash identified by the Chargor at its discretion (and notified in writing to the Custodian) and/or identify Eligible Loans as ceasing to be Charged Loans in accordance with the Deed of Charge, such Charged Collateral having an aggregate Haircut Market Value as of the date of transfer and/or identification of Charged Loans as close as practicable to, but not more than, the applicable Return Amount (each as determined by the Calculation Agent).

The "**Return Amount**" for any Valuation Date will equal the amount (as calculated by the Calculation Agent) by which:

- (i) the Haircut Market Value Amount on that Valuation Date (as adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant settlement day falls on or after such Valuation Date)
exceeds
- (ii) the Collateralisation Amount.

The Deed of Charge further provides that on receipt of any Collateral Distributions in respect of Charged Collateral, the security and trust constituted by the Deed of Charge over such Collateral Distributions are automatically released and terminated and to the extent applicable, the Custodian shall transfer such Collateral Distributions from the Charged Accounts to the Chargor's own accounts.

At any time after the security constituted under the Trust Deed shall have become enforceable or upon the Inter-company Loan Agreement becoming immediately due and payable in accordance with its terms, and provided such event is continuing unremedied, the Chargee (acting under the direction of the Trustee) shall be entitled to enforce the security interests created under the Deed of Charge.

The Deed of Charge is governed by English law.

In the Deed of Charge, the following defined terms have the following meanings:

"Charged Accounts" means the Charged Securities Account and the Charged Custody Cash Account;

"Charged Cash" means Eligible Cash from time to time credited to the Charged Custody Cash Account;

"Charged Collateral" means the Charged Loans, the Charged Securities and the Charged Cash and all of the right, title and interest of the Chargor in and to the Charged Loans, the Charged Securities and the Charged Cash credited from time to time to the Charged Accounts;

"Charged Custody Cash Account" means the cash account with GSP account number: 522438 linked to the Charged Securities Account;

"Charged Loans" means, as of the Issue Date, the Eligible Loans held on the books of the Chargor identified in accordance with the Deed of Charge and, subsequently on each Collateral Business Day, Eligible Loans held on the books of the Chargor identified in accordance with the Deed of Charge and as updated in accordance with the Deed of Charge;

"Charged Securities" means Eligible Securities from time to time credited to the Charged Securities Account and all entitlements of the Chargor relating to or arising from such Eligible Securities;

"Charged Securities Account" means the omnibus pledge securities account in Euroclear with the number 18026 which is linked to the Charged Custody Cash Account and GSP account number 522438;

"Collateral Business Day" means:

- (a) in relation to a transfer of cash, a day on which commercial banks are opened for business (including dealings in foreign exchange and foreign currency deposits) in London and the principal financial centre of the jurisdiction of the relevant currency being transferred;
- (b) in relation to an adjustment to add and/or remove any loans from the list of Charged Loans, a day on which commercial banks are opened for business in London; and
- (c) in relation to a transfer of securities, a day on which Euroclear is open for the acceptance and execution of settlement instructions or, if delivery of the securities is contemplated by other means, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and New York and on which the relevant payment, clearance and/or settlement systems are open for the acceptance and settlement of the relevant settlement instructions;

"Collateral Distributions" means all amounts received in respect of the Charged Collateral whether by way of interest, principal, premium, dividend, return of capital or otherwise, and whether in cash or in kind standing to the credit of the Charged Securities Account or the Charged Custody Cash Account or (in respect of the Charged Loans) received directly into the accounts of the Chargor;

"Collateralisation Amount" means, in respect of any Valuation Date, an amount equal to the outstanding principal amount under the Inter-company Loan Agreement;

"Eligibility Criteria" means, in respect of Eligible Loans and Eligible Securities, each of the following criteria:

- (a) it is denominated in Euro or the lawful currency of any of the United States of America, Japan, Canada, the United Kingdom, Australia or Switzerland; and
- (b) it is not an obligation of, or explicitly guaranteed by, the Chargor (or any Affiliate of the Chargor), provided that securitisations sponsored or originated by the Chargor or its Affiliates shall not be treated as obligations of, or explicitly guaranteed by, the Chargor or any of its Affiliates.

For the avoidance of doubt, assets which satisfy the Eligibility Criteria as of the date on which they first become Charged Collateral shall not cease to satisfy the Eligibility Criteria should they subsequently fail to satisfy any of the above listed criteria;

"Eligible Assets" means Eligible Cash, Eligible Loans and Eligible Securities;

"Eligible Cash" means cash in EUR;

"Eligible Loans" means loans which comply with the Eligibility Criteria;

"Eligible Securities" means money market funds and financial instruments including, but not limited to corporate bonds, convertible bonds, preferred securities, sovereign and sovereign agency securities, commercial paper, asset backed securities (including without limitation repackagings comprising notes secured over one or more underlying financial assets) and structured products which comply with the Eligibility Criteria;

"Haircut Market Value" means (i) with respect to an Eligible Asset in the form of Eligible Cash, the amount of such Eligible Cash, (ii) with respect to an Eligible Asset in the form of Eligible Securities and being (a) securities issued by a sovereign or sovereign agency where such sovereign is, at the relevant time, a member of The Group of Seven (G-7), (b) securities issued by a supranational entity, (c) commercial paper or (d) bank deposits, 100 per cent. of the Market Value of such Eligible Asset and (iii) with respect to any other Eligible Asset 95.23809 per cent. of the Market Value of such Eligible Asset;

"Haircut Market Value Amount" means the sum of the Haircut Market Values of all Charged Collateral;

"Market Value" means in respect of any Eligible Loan or Eligible Security the market value expressed in EUR of such Eligible Loan or Eligible Security determined by the Calculation Agent (in its sole and absolute discretion) in accordance with its internal policies and procedures, subject to adjustment in accordance with Condition 4(c) (Independent Valuations) of the Conditions;

"Minimum Transfer Amount" means EUR 1,000,000; and

"Valuation Date" means each Collateral Business Day.

FORM OF THE GUARANTEE

FOR VALUE RECEIVED, the receipt of which is hereby acknowledged, BANK OF AMERICA CORPORATION, a corporation duly organised and existing under the laws of the State of Delaware ("**BAC**"), hereby conditionally but irrevocably guarantees (the "**Guarantee**") to the Trustee for the benefit of the holder (the "**Holder**") of the EUR 20,000,000 Secured Index and Credit Linked Note due 2016 (the "Series 2 Note") issued by Secured Asset Finance Company B.V., a *besloten vennootschap met beperkte aansprakelijkheid* incorporated under the laws of The Netherlands (the "**Issuer**") and a wholly-owned subsidiary of Merrill Lynch International, a private company with unlimited liability organised under the laws of England and Wales, under the terms of the Trust Deed dated 20 September 2011 (as the same may be amended, supplemented and/or restated from time to time in accordance with the terms thereof, the "**Trust Deed**") entered into between, amongst others, BAC, the Issuer and BNY Mellon Corporate Trustee Services Limited as Trustee, the payment of any Shortfall (as defined below). Any and all obligations of BAC hereunder are conditional and secondary, it being understood and agreed that the Trustee (acting for the benefit of the Holder) shall have no right to proceed under this Guarantee without first fully pursuing and exhausting all of the rights and remedies that the Trustee and the Holder may have against the Series 2 Collateral (as defined in the Series 2 Note) pursuant to the Trust Deed and applicable law (the "**Collateral Enforcement Efforts**").

Subject as provided below, in the event that the proceeds and other amounts received by the Trustee after exhausting all Collateral Enforcement Efforts are insufficient to pay all principal, interest and any other amounts then due and payable by the Issuer under the Series 2 Note (the "**Shortfall**"), BAC hereby agrees to pay to the Trustee promptly upon demand such additional amounts as are necessary to ensure that the Holder receives the full amount that it would have received under the Series 2 Note had there been no Shortfall; such demand may only be made by the Trustee upon written notice to BAC at Bank of America Corporation, Bank of America Corporate Center, Attention: Corporate Treasury—Global Funding Transaction Management, NC1-007-06-10, 100 North Tryon Street, Charlotte, North Carolina, U.S.A., with a copy sent to BAC at Bank of America Corporation, Legal Department, Attention: General Counsel, NC1-027-20-05, 214 North Tryon Street, Charlotte, North Carolina 28255, U.S.A.; provided however, so long as the Trustee (acting for the benefit of the Holder) has exhausted all Collateral Enforcement Efforts, that delay in making such demand shall in no event affect BAC's obligations under this Guarantee. This Guarantee shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any amount guaranteed hereunder, in whole or in part, is rescinded or must otherwise be returned by the Trustee or a Holder upon the insolvency, bankruptcy or reorganisation of the Issuer or otherwise, all as though such payment had not been made.

Notwithstanding the foregoing, a cheque may not be delivered to an address in, a credit or transfer may not be delivered to an address in, and an amount may not be transferred to an account at a bank located in, the United States, its territories or its possessions and other areas subject to its jurisdiction by any office or agency of the Issuer, BAC, or the Trustee.

BAC hereby agrees that, so long as the Trustee (acting for the benefit of the Holder) has exhausted all Collateral Enforcement Efforts, its payment obligations hereunder shall not be impaired or made invalid as a result of: any flaw in the validity, regularity or enforceability (except as may result from any applicable statute of limitations) of the Series 2 Note; any waiver or consent by the Holder concerning any provisions thereof; the rendering of any judgment against the Issuer or any action to enforce the same; any change in the Issuer's name, or any reorganisation (whether by way of reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) of the Issuer or its business; any consent by the Issuer to judicial proceedings relating to itself under any applicable bankruptcy, liquidation, insolvency, composition, reorganisation or other similar laws; or any other circumstances that might otherwise constitute a legal or equitable discharge of a guarantor or a defence of a guarantor. BAC covenants that, subject as provided below, this Guarantee will not be discharged except by complete payment of the amounts equal to any Shortfall. This Guarantee shall continue to be effective if the Issuer merges or consolidates with or into another entity, loses its separate legal identity or ceases to exist.

Provided that the Trustee (acting for the benefit of the Holder) has exhausted all Collateral Enforcement Efforts, BAC, with respect to the Shortfall, hereby waives diligence, presentment, protest, notice of protest, dishonour, filing of claims with any court in the event of insolvency or bankruptcy of the Issuer and any right to proceed first against the Issuer.

Notwithstanding any payment or payments made by BAC hereunder, BAC shall not be entitled to be subrogated to any of the rights of the Trustee or the Holder to any Series 2 Collateral or right of offset held by the Trustee or the Holder for the payment of the Shortfall, nor shall BAC seek or be entitled to seek any contribution or reimbursement from the Issuer in respect of payments made by BAC hereunder, until all amounts owing to the Trustee and the Holder by the Issuer on account of the Shortfall are paid in full.

BAC hereby represents and warrants that this Guarantee constitutes the valid and binding obligation of BAC and is enforceable in accordance with its terms.

The obligations of BAC under this Guarantee, save for such exceptions as may be provided by applicable laws and regulations or judicial order, rank *pari passu* with its other present and future unsecured and unsubordinated contractual obligations.

This Guarantee shall not be valid or become obligatory for any purpose with respect to the Series 2 Note until such Note shall have been authenticated as provided in the Trust Deed and the Agency Agreement.

Terms and expressions defined in the Trust Deed and the Conditions shall have the same meanings when used in this Guarantee, except where the context otherwise requires.

This Guarantee shall be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed in the State of New York.

The Series 2 Note is governed by English law; however, BAC has not submitted to the jurisdiction of the English courts for the purpose of determining any legal action or proceeding relating to the Series 2 Note, this Guarantee or for any other purpose relating to the Series 2 Note, and any legal action or proceeding arising out of or relating to this Guarantee shall be subject to the exclusive jurisdiction of the federal courts in the Borough of Manhattan in the City and State of New York.

IN WITNESS WHEREOF, BAC has caused this Guarantee to be executed in its corporate name by its duly authorised representative on 20 September 2011.

BANK OF AMERICA CORPORATION

DESCRIPTION OF THE TRUSTEE AND AGENTS (INCLUDING THE CUSTODIAN)

THE TRUSTEE

BNY Mellon Corporate Trustee Services Limited (the "**Trustee**") has been appointed pursuant to the Trust Deed as Trustee in respect of the Series 2 Notes.

The Trustee was formerly known as J.P. Morgan Corporate Trustee Services Limited. On 2nd October, 2006 the Trustee changed its name to BNY Corporate Trustee Services Limited and, subsequently, on 1st March, 2011 the Trustee changed its name to BNY Mellon Corporate Trustee Services Limited.

The Trustee is a wholly owned subsidiary of BNY International Financing Corporation and administers a substantial and diverse portfolio of corporate trusteeships for both domestic and foreign companies and institutions.

The Trustee's registered office and principal place of business is at One Canada Square, London E14 5AL.

The Trustee will not be responsible for (a) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and the Trustee will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties, or (b) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents. The Trustee will not be liable to the Series 2 Noteholder or other Secured Party for any failure to make or to cause to be made on its behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Series 2 Collateral and has no responsibility in relation to the legality, validity, sufficiency and enforceability of such security and/or the Transaction Documents.

THE BANK OF NEW YORK MELLON (formerly The Bank of New York)

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

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

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

SUBSCRIPTION AND SALE

General

Merrill Lynch International (in its capacity as initial purchaser, the "**Initial Purchaser**") subscribed and paid for the Series 2 Note at the issue price of 100 per cent. of the principal amount outstanding of the Series 2 Note.

No action has been or will be taken by the Issuer or any other person that would permit a public offering of the Series 2 Note or possession or distribution of these Listing Particulars or any other offering material in relation to the Series 2 Note in any jurisdiction where action for the purpose is required. No offers, sales or deliveries of the Series 2 Note, or distribution of these Listing Particulars or any other offering material relating to the Series 2 Note, may be made in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer.

United Kingdom

The Initial Purchaser has agreed that:

- (1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of the Series 2 Note in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Series 2 Note in, from or otherwise involving the United Kingdom.

United States

None of the Series 2 Note, the Guarantee or the Series 2 Collateral has been or will be registered under the Securities Act or the securities laws of any state of the United States and may not be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, within the United States (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (the "**United States**") or offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements under the Securities Act. Any purchaser of the Series 2 Note agrees to be bound by the foregoing restriction on transfers. Terms used in this paragraph have the meanings given to them by Regulation S. The Initial Purchaser has represented, and each further purchaser of the Series 2 Note will be deemed to represent and required to agree, that it:

- (i) is not a U.S. person and is not located in the United States and was not solicited to purchase the Series 2 Note while present in the United States;
- (ii) will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, the Series 2 Note to or for the account or benefit of any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of any U.S. person;
- (iii) is acquiring the Series 2 Note for its own account or for one or more accounts (if any), none of which is a U.S. Person; and
- (iv) will not make offers, sales, resales, trades, pledges, exercises, redemptions, transfers or deliveries of the Series 2 Note, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. Person.

The Trust Deed and Conditions provide that if the Series 2 Note is offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an

exemption from the registration requirements under the Securities Act and/or any offer, sale, resale, trade, pledge, redemption, transfer or delivery, directly or indirectly, of the Series 2 Note is not made (a) in a principal amount outstanding of not less than EUR 20,000,000, or (b) in accordance with all applicable securities laws of the United States, the states of the United States and any other applicable jurisdiction, then any such transfer in violation of the foregoing will be of no force and effect, will be void ab initio and will not operate to transfer any rights to the transferee, notwithstanding any instructions to the contrary to the Issuer, the Guarantor, the Trustee or any intermediary.

These Listing Particulars have been prepared by the Issuer for use in connection with the sale of the Series 2 Note outside the United States to non-U.S. persons in offshore transactions. The Issuer reserves the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the principal amount of Series 2 Note which may be offered. These Listing Particulars do not constitute an offer to any U.S. person. Distribution of these Listing Particulars to any U.S. person or to any person within the United States is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Initial Purchaser has represented and agreed 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 the Series 2 Note to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Series 2 Note 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, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Series 2 Note to the public in that Relevant Member State at any time:

- (i) 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;
- (ii) 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; or
- (iii) in any other circumstances which do not require the publication by the Issuer of a Prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of the Notes to the public" in relation to the Series 2 Note 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 Series 2 Note to be offered so as to enable an investor to decide to purchase or subscribe the Series 2 Note, 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 as amended and includes any relevant implementing measure in each Relevant Member State. These Listing Particulars do not constitute a Prospectus for the purposes of Article 5 of the Prospectus Directive.

Singapore

No information memorandum or any other offering document has been or will be registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**"). Accordingly, any information memorandum, offering document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Series 2 Note may not be circulated or distributed, nor may the Series 2 Note be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities & Futures Act of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Series 2 Note is subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) 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 of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Series 2 Note pursuant to an offer made under Section 275 or the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

GENERAL INFORMATION

1. Consents and Authorisations

Each of the Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations in The Netherlands and the United States, respectively, in connection with the issue and performance of the Series 2 Note and the giving of the Guarantee. The issue of the Series 2 Note was authorised by resolution of the Board of Directors of the Issuer on 16 September 2011 and the giving of the Guarantee by the Guarantor was authorised by resolution of the Board of Directors of the Guarantor on 11 May 2011 and a Committee duly appointed by the Board of Directors of the Guarantor on 16 September 2011.

2. Clearing Systems

The Series 2 Note has been accepted for clearance through Euroclear and Clearstream, Luxembourg with a Common Code of 067791916. The International Securities Identification Number ("ISIN") for the Series 2 Note is XS0677919168.

3. Listing

The listing of the Series 2 Note on the Official List of the Irish Stock Exchange and the admission of the Series 2 Note to trading on the Global Exchange Market of the Irish Stock Exchange is expected to be granted on 1 November 2011.

4. Documents Available for Inspection

For the period of 12 months following the date of these Listing Particulars, copies of the following documents will be available without charge during usual business hours on any weekday (Saturdays and public holidays excepted) for inspection at the offices of the Issuer by physical and electronic means.

- (a) the Trust Deed constituting the Series 2 Note, which includes the form of the Series 2 Note;
- (b) the Guarantee;
- (c) the Agency Agreement;
- (d) the Custody Agreement;
- (e) the Deed of Charge;
- (f) the Swap Agreement;
- (g) the Deed of Incorporation, containing the Articles of Association, of the Issuer;
- (h) the Amended and Restated Certificate of Incorporation and Bylaws, each as amended, of the Guarantor;
- (i) the Guarantor 2010 Annual Report;
- (j) the Guarantor 1Q 2011 Quarterly Report;
- (k) the Guarantor 2Q 2011 Quarterly Report; and
- (l) the Guarantor Forms 8-K.

5. Significant Change or Material Adverse Change

Guarantor

There has been no significant change in the financial or trading position of the Guarantor and its subsidiaries on a consolidated basis, except as disclosed herein or in the documents

incorporated by reference, since 30 June 2011, which is the date of the most recently published interim unaudited financial statements of the Guarantor, and, except as disclosed herein or in the documents incorporated by reference, there has been no material adverse change in the prospects of the Guarantor and its subsidiaries on a consolidated basis since 31 December 2010, which is the date of the most recently published audited financial statements of the Guarantor.

6. **Litigation and Regulatory Matters**

Issuer

The Issuer has not been involved in any governmental, legal or arbitration proceedings during the 12 months preceding the date of these Listing Particulars which may have, or have had in such period, significant effects on the Issuer's financial position or profitability nor so far as the Issuer is aware is any such litigation or arbitration pending or threatened.

Guarantor

Save as disclosed on pages 20 and 196 to 205 of the Guarantor 2010 Annual Report, pages 176 to 180 and 198 of the Guarantor 1Q 2011 Quarterly Report and pages 189 to 195 and 219 of the Guarantor 2Q 2011 Quarterly Report, neither the Guarantor nor any subsidiary of the Guarantor is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Guarantor is aware) in the 12 months preceding the date of these Listing Particulars which may have or have in such period had significant effects on the financial position or profitability of the Guarantor and its subsidiaries on a consolidated basis.

Representations and Warranties Obligations

For information regarding the Guarantor's representations and warranties obligations and liabilities and other mortgage-related matters, please see pages 51 through 62 of the Management's Discussion and Analysis section of the Guarantor 2Q 2011 Quarterly Report and Note 9—Representations and Warranties Obligations and Corporate Guarantees to the Consolidated Financial Statements on pages 173 through 183 of the Guarantor 2Q 2011 Quarterly Report.

7. **Accounts**

Issuer

Since the date of its incorporation, the Issuer has not produced accounts.

Guarantor

The financial statements of the Guarantor as of 31 December 2010 and 31 December 2009 and for each of the three years in the period ended December 31, 2010, which are incorporated by reference in these Listing Particulars, have been audited by PricewaterhouseCoopers LLP (U.S.A.), an independent registered public accounting firm with respect to the Guarantor within the meaning of the applicable rules and regulations adopted by the SEC and the Public Company Accounting Oversight Board (United States), as stated in the report incorporated in the Guarantor 2010 Annual Report. PricewaterhouseCoopers LLP (U.S.A.) is a member of the American Institute of Certified Public Accountants and is registered with the Public Company Accounting Oversight Board (United States). The address of PricewaterhouseCoopers LLP (U.S.A.) is 214 North Tryon Street, Suite 3600, Charlotte, North Carolina 28202, United States.

8. **Post-issuance information**

The Issuer does not intend to provide any post-issuance information.

APPENDIX

Information Rating to the Index

Index Sponsor

Merrill Lynch International

The following are the Index Rules as of 10 August 2011, as provided to the Issuer by the Index Sponsor. The latest version of these Index Rules will be made available by the Index Sponsor from time to time on Bloomberg page <MLQS>. Information about the past and future performance and volatility of the Index is available from Bloomberg page <MLFPMSTR>.

1. INDEX OBJECTIVE

The BofAML Multi-Asset Enhanced Strategic Target Return Overlay index (the “**Index**”) tracks an excess return notional investment strategy in a basket of diversified BofAML Indices linked to various asset classes, implementing a proprietary quantitative asset-allocation strategy created, managed and maintained by the BofAML Quantitative Alpha Strategies Team. The investment strategy’s objective is to achieve stable returns with low volatility in various market environments. Defined terms which are not defined in the body of the Index Rules are defined in Section 4 below.

2. INDEX OVERVIEW AND MANAGEMENT

2.1. Overview

The Index implements a proprietary quantitative asset-allocation strategy created by the BofAML Quantitative Alpha Strategies Team (the “**Strategy**”).

The Strategy is designed to control the individual volatility risk of a selection of BofAML Indices as set out in Section 2.2. below (the “**Underlying Index Components**”) through the implementation of the target volatility mechanism (the “**Target Volatility Mechanism**”).

In respect of each Underlying Index Component, there shall be a sub-index which comprises a notional investment in the relevant Underlying Index Component in an amount determined by the Target Volatility Mechanism and a notional hedging charge (the “**Sub Index**”). The Target Volatility Mechanism will measure the volatility risk for each Underlying Index Component using an exponentially-weighted volatility calculation on the Underlying Index Component’s realised returns. The Target Volatility Mechanism follows quantitative rules that increase the notional exposure of a Sub-Index to the respective Underlying Index Component when the Underlying Index Component’s volatility risk is measured to be below a target of 4%, subject to a maximum notional exposure of 200%. On the other hand, when the Underlying Index Component’s measured volatility risk is greater than 4%, the Target Volatility Mechanism will decrease the relevant Sub-Index’s notional exposure to that Underlying Index Component, subject to a minimum notional exposure of 0%.

On a quarterly basis, the Strategy calculates and ranks the performances of each Sub-Index over the preceding quarter and allocates a notional weight for the next quarter of 32.5% to the best performer, 27.5% to the second best, 22.5% to the third best performer and 17.5% to the fourth best performer (the “**Optimal Portfolio**”).

Finally, the Strategy aims to control the volatility risk involved with the Index’s exposure to the Optimal Portfolio by applying the Target Volatility Mechanism to the Optimal Portfolio. The risk involved is measured by calculating the exponentially-weighted volatility of the Optimal Portfolio’s realised returns. When the measured volatility risk is below 2%, the Target Volatility Mechanism will increase the Index’s notional exposure to the Optimal Portfolio, subject to a maximum notional exposure of 200%. When the measured volatility

risk is greater than 2%, the Target Volatility Mechanism will decrease the Index's notional exposure to the Optimal Portfolio, subject to a minimum notional exposure of 0%.

By construction the Index is an excess return index.

2.2. Underlying Index Components¹

The Index has a notional exposure to the following Underlying Index Components:

i	Underlying Index Component (Ui)	Asset Class	Bloomberg Ticker	Currency
1	ML Enhanced Short-End Arbitrage USD Index	Fixed Income	MLSRONXU Index	USD
2	ML Commodity Index eXtra A6LS ER Index	Commodity	MLCXA6LS Index	USD
3	ML Factor Model	Cross Asset	MLEIFCTR Index	USD
4	ML European Absolute Return Buy-Write Index	Equity	MLFPPEAR Index	EUR ²

2.2.1. ML Enhanced Short-End Arbitrage USD Index

The ML Enhanced Short-End Arbitrage USD Index is a long/short momentum strategy that aims to profit from trends in the forward rate market. The strategy is designed to capture the trends in the 4th and 5th quarterly LIBOR 3 month futures contracts. The trends are monitored using two indicators:

- 1st indicator: Number of business days in the previous 50 business days where the 3 month cash rate increased from one business day to the next (triggered if the number of days is above 30)
- 2nd indicator: The difference between the average of the 3 month cash rate in the last and first 25 days in the previous 50 business days (triggered if the difference is above 0.30%)

Further details in relation to the ML Enhanced Short-End Arbitrage USD Index can be found on Bloomberg Page MLQS.

2.2.2. ML Commodity Index eXtra A6LS ER Index

The ML Commodity Index eXtra A6LS ER Index is a long/short index replicating the outperformance of the MLCXA06 Index over the DJUBS Index. The MLCXA06 Index benefits from an optimised roll schedule and a methodology to generate alpha over the DJUBS Index.

Further details in relation to the ML Commodity Index eXtra A6LS ER Index can be found on Bloomberg Page MLQS.

2.2.3. ML Factor Model

The ML Factor Model seeks to emulate the performance of investable hedge fund alternatives, including funds of funds and investable hedge fund index products, using liquid, publicly tradable index components. The allocations for the index components are computed dynamically on a month basis using a rules based, discretion-free algorithm.

¹ A 0.50 per cent. per annum hedging charge is applied to each of the Underlying Index Components. Regarding Underlying Index Component 3, an extra funding cost equal to the USD LIBOR is applied to convert the Index into an excess return format.

² All values of the Underlying Index Components are provided in USD except the ML European Absolute Return Buy-Write Index, which is given in EUR. This EUR value will be converted into the equivalent USD value for the purposes of the Index.

Further details in respect of the ML Factor Model can be found on <http://www.merrillinvest.ml.com/Index.aspx?p=f9e381e8-2e07-47a3-b255-a93dd0b7bd9b>.

2.2.4. **ML European Absolute Return Buy-Write Index**

The ML European Absolute Return Buy-Write Index mechanically replicates the returns of a short volatility strategy which systematically sells call and put spreads on the Euro Stoxx 50 Price Return index. Implied volatility in short-dated options tends to lead to realised volatility being lower in a period of rising volatility and higher in a period of falling volatility. However, on average, implied volatility significantly exceeds subsequently realised volatility. The ML European Absolute Return Buy-Write Index is long cash and short both a leveraged out of the money call spread and an out of the money put spread to benefit from the spread between implied and realised volatility.

Further details in relation to the ML European Absolute Return Buy-Write Index can be found on Bloomberg Page MLQS.

2.3. **Index Management**

2.3.1. **Index Sponsor**

The Index Sponsor is Merrill Lynch International. The Index Sponsor is responsible for the day-to-day management and maintenance of the Index, as well as the publication of the Index Values. Whilst the Index Sponsor currently employs the rules, procedures and methodology described in the Index Rules, no assurance can be given that market, regulatory, judicial, fiscal or other circumstances will not arise that would, in the view of the Index Sponsor, necessitate a modification or change to the Index Rules.

The Index Sponsor will ensure that the latest version of the Index Rules is available on Bloomberg Page MLQS.

2.3.2. **Index Calculation Agent**

The Index Calculation Agent is Merrill Lynch International. The Index Calculation Agent will employ the methodology described in the Index Rules to determine the Value on each Index Valuation Date (subject always to Section 3). Unless otherwise provided in the Index Rules, any determination made by the Index Calculation Agent will be made in good faith and a commercially reasonable manner. Its determinations in the application of such methodology shall be final, except in the case of manifest error.

2.3.3. **Index Committee**

The Index Committee will at all times be composed of no fewer than eight members, consisting of senior representatives (or their proxies) from different areas within Merrill Lynch International (or its affiliates) including representatives from Compliance and Market Risk; provided however that the quorum for any Index Committee meeting to be held shall be the representative from Compliance, along with four of the other seven members (or their proxies). The Index Committee will convene no less frequently than on a monthly basis as well as whenever required by the Index Sponsor in relation to any Index Disruption Events or any issue or concern that has arisen and which, in the sole opinion of the Index Sponsor, may have a material impact on the Index.

The Index Committee will discuss and decide on any necessary action to be taken in relation to the Index from time to time in accordance with the Index Rules, including updating and/or making amendments to the Index Rules.

The Index Committee will have no obligation to take into account, at any time or in any manner, the interests of any particular Investor or group of investors when taking any actions in relation to the Index or the Index Rules.

2.3.4. **Index Publication**

Subject to Section 3 below, the Index Sponsor shall publish the Index Value on each Index Valuation Date on Bloomberg page MLFPMSTR <Index>, or any successor financial information service as determined by the Index Sponsor in its sole and absolute discretion. The Index Sponsor shall publish the Index Value as calculated by the Index Calculation Agent and rounded to the two nearest decimals (0.005 being rounded up), and as expressed in USD.

If an erroneous Index Value is published, the Index Sponsor reserves the right to publish any corrected Index Value determined by the Index Calculation Agent within 30 Business Days of the date of publication of the erroneous Index Value.

3. INDEX DISRUPTION EVENTS, TERMINATION OR AMENDMENT

3.1 Index Disruption Events

On any Index Valuation Date if, in the determination of the Index Sponsor, an Index Disruption Event occurs or has occurred, the Index Sponsor, in its sole and absolute discretion, may suspend, delay or postpone the publication of the Index Value.

If any Index Disruption Event occurs or has occurred, the Index Sponsor in its sole and absolute discretion will convene its Index Committee to determine what action, if any, is appropriate in accordance with the Index Rules.

Any event which in the opinion of the Index Sponsor, in its sole and absolute discretion, materially disrupts, or impairs the accuracy of, any procedure normally used in the determination of the Index Value, will be an "Index Disruption Event". The following is a non-exhaustive list of Index Disruption Events:

- (a) There has been a material delay or failure to publish the value of any of the Underlying Index Components or Spot Rate 4;
- (b) An event resulting in the breakdown in any means of communication which is utilised in the determination of the Index Value where, as a consequence, in the sole and absolute discretion of the Index Sponsor, the last reported Index Value should not be relied upon;
- (c) Any event preventing the prompt or accurate determination of the Index Value by the Index Calculation Agent; or
- (d) A determination by the Index Sponsor (acting through its Index Committee) that there should be a change to the Index Rules and it is impractical for the Index Calculation Agent to continue calculation of the Index and/or for the Index Sponsor to continue publication of the Index in the meantime.

3.2 Termination and Amendment

3.2.1 Amendment

As detailed above in section 2.3.3, the Index Sponsor may require the Index Committee to convene as and when to consider any issue or concern that has arisen and which the Index Sponsor in its sole opinion believes to have a material impact on the Index.

The Index Sponsor (acting always through its Index Committee) reserves the right to take any such actions that it believes are necessary and/or appropriate in order to preserve or enhance the ability of the Index to achieve its objectives; or to modify the principles underlying the Index, as set forth in the Index Rules, from time to time, if it believes such modifications to be necessary and/or appropriate.

The Index Sponsor will endeavour to publish any amendment or modification to the Index Rules on Bloomberg Page MLQS prior to such amendment or modification being implemented. However, prior publication may not always be possible or practicable, and the Index Rules may change without prior publication.

3.2.2 Termination

The Index may be terminated at any time and for any reason by a decision of the Index Committee in its sole and absolute discretion.

3.2.3 Events Leading to Amendment or Termination

The following is a non-exhaustive list of events whereby the Index Committee may determine that it is appropriate to amend or terminate the Index:

- a) The Index Notional has fallen below the level where it is considered justifiable and economical to maintain the Index;
- b) A material increase in the costs incurred by the Index Sponsor or the Index Calculation Agent in the maintenance and publication or, as the case may be, calculation of the Index;
- c) Any Underlying Index Component is terminated or is materially amended;
- d) A Change in Law.

4. DEFINED TERMS

Base Currency	means USD;
BofAML Indices	means an index in respect of which the index sponsor is Bank of America Corporation or an affiliate of Bank of America Corporation;
Business Day	means any day other than a Saturday or Sunday and on which banking institutions in both of London and New York are generally open for business;
Change in Law	means (a) the adoption of, or any change in, applicable law or regulation (including, without limitation, any tax law) or (b) 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 action taken by a taxing authority) which, in the determination of the Index Sponsor (in its sole discretion) would (i) make it illegal for the Index Sponsor to perform its duties or (ii) cause the Index Sponsor to incur a materially increased cost of performing its obligations under the Index Rules (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
EUR	means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty;
Index Calculation Agent	means Merrill Lynch International;
Index Committee	means a committee consisting of Merrill Lynch International representatives as further described in Section 2.3.3;

Index Disruption Event	has the meaning given to it in Section 3.1;
Index Notional	means the notional value of any over the counter derivatives, funds, securities or other financial products which reference the Index;
Index Rules	means the entire contents of the Index rules dated 10 August 2011 (as set out in this Appendix);
Index Sponsor	means Merrill Lynch International;
Index Valuation Date	means any Business Day on which the values of all Underlying Index Components are scheduled to be published in accordance with their respective terms;
Index Value	means, in relation to an Index Valuation Date, the value of the Index, expressed as a number of points, as determined by the Index Calculation Agent in accordance with these Index Rules and published by the Index Sponsor;
USD	means the official currency of the United States of America;
USD LIBOR	means the LIBOR USD 3 Month (Bloomberg page: <US0003M Index>).

5. **DISCLAIMER**

MERRILL LYNCH INTERNATIONAL IS THE INDEX SPONSOR AND INDEX CALCULATION AGENT FOR THE INDEX.

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